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326, 3rd Floor, Kolkata -700 001.

Chennai
3rd Floor, 16, Surya Flats,
2nd Cross Street, Seethammal Colony Ext.,
Teynampet, Chennai - 600 018.

Hyderabad
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Sultan Bazar, Hyderabad - 500 095.

Ahmedabad
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Complaints if any should be addressed to:

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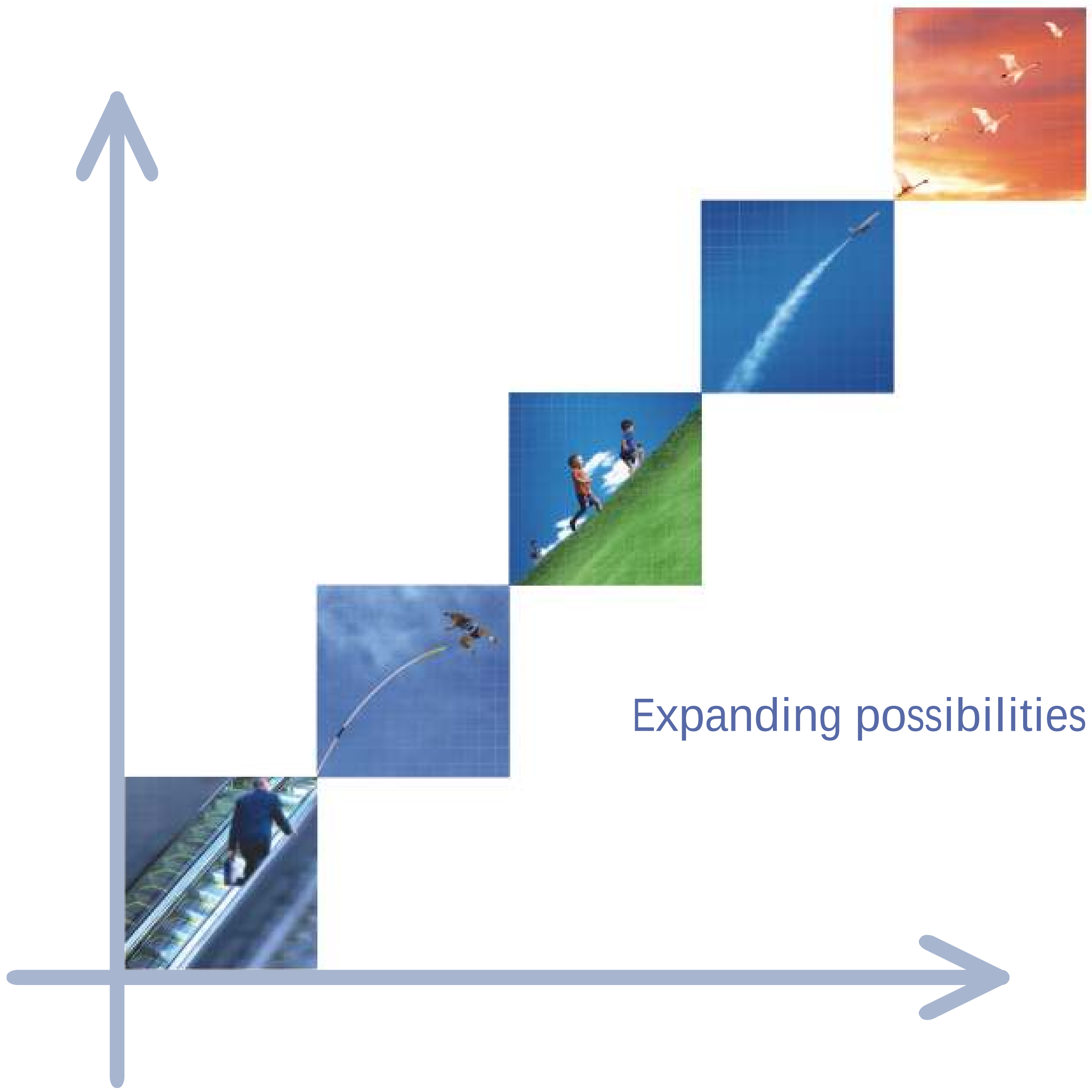
Designed by MX

Financial Technologies
Powering e-Xchange Markets



Expanding possibilities

ANNUAL REPORT 2004-2005

Prologue

Unlimited Growth. Two words that aptly sum up our performance in the last financial year - A year marked by comprehensive growth in terms of spawning opportunities, augmenting profits extending product lines, striking alliances, spreading wings geographically and most importantly exceeding the expectations of the shareholders.

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From The CMD's Desk

Letter

Dear Shareholders,

India transforms almost at the speed of thought. Its technology base cemented in place, Internet has leapfrogged across the country, distances are dying, information flows are freeing up, and the Indian mind is valued at home as much as it has been abroad. The financial market reflects this health and, more importantly, is becoming a key driver of the nation's growth.

At Financial Technologies (India) Ltd. (FTIL), we drive the market that drives India. Much like the robust and scalable technology solutions at FT, the organization has buttressed its leadership position and grown exponentially, extending product lines, drawing from its deep domain knowledge of financial markets.

Exchange Licences have more than doubled, physical presence and service have grown impressively and strategic alliances have opened up the world for us. In this growth spiral, we have not forgotten our core strengths - being nimble to change, sensitive to clients and paying attention to detail.

Looking back over the past year, I cannot deny the sense of satisfaction that comes from giving enormous shareholder value and living up to the trust you repose in us. I dedicate this magical performance to the FTIL family.

Year 2004 - 2005: Key Achievements

Looking back, FTIL has consolidated its position as the market leader in all its technology components. The client roster includes the nation's largest brokers, banks, Financial Institutions, Asset Management Companies amongst others. FTIL's end-to-end solutions suites have enabled clients in automating their complete trade life cycle including order management, execution and settlement.

During the year FTIL has garnered over 250 brokerage houses as clients with 18000 trading terminals. A significant share of Indian stock market volumes relies on FTIL's solutions for smooth processing. The trading terminals offered by FTIL are multi-exchange and multi segment, which have capabilities to provide integrated trading in over six market segments through one window. The choice of trading front-end ranges from desktops to hand held devices & PDA's.

MCX (ISO9001:2000), the FTIL initiative, has recorded astonishing growth over the year with a ten-fold increase in turnover. As a premier exchange of the country, it has been playing a leadership role, developing commodities futures markets and is regarded as a pioneer in more ways than one. FTIL drives the trading engines at MCX and its robustness and scalability have been critical to scripting MCX's success story.

In November, FTIL along with MCX forged an alliance in gold with the Dubai Metals & Commodities Centre (DMCC), a strategic initiative of the Government

of Dubai, to set up Dubai Gold & Commodities Exchange (DGCX). Headquartered in Dubai, DGCX is the first international exchange to be set up by an Indian company and aims to draw the best of East and West. FTIL will be providing the technology base and applications to the exchange and to its members in the future.

The year saw your company's subsidiary, MCX, establish alliances with Tokyo Commodity Exchange (TOCOM) and Baltic Exchange, London.

The end of the financial year saw yet another initiative. National Spot Exchange Limited for Agricultural Produce (NSEAP), a three-way handshake between FTIL, MCX and National Agricultural Cooperative Marketing Federation of India Limited. (NAFED), aims at integrating price information across the country and disseminating it to commodities market participants including farmers and thus creating a common Indian market, a dream espoused by our honorable President, Dr. A.P.J. Abdul Kalam and our honorable Prime Minister Dr. Manmonhan Singh. A move at the grassroots level, it is expected to remove, slowly but surely, the bottlenecks of price discovery in agricultural markets and metamorphose the Indian agricultural landscape at large.

Thus, the year 2004-2005 has been a very eventful year with your company showing excellent results not only in its technology operations but also in the operations of its subsidiaries, as well as on the alliance front.

Technology Highlights

The year saw the markets on a roll. ODIN™, the integrated multi-exchange, multi-segment front-office solution suite, has become a catalyst for the impressive growth we have witnessed at FT. The early test bed of MCX challenged as also helped us in riding the learning curve of a hitherto uncharted area of operations. With the launch of ODIN™ for commodity segment, we have seen the signs of an ensuing revolution in the commodity markets.

FT looks at this repository of potential as the commodities market expands and if the past year's performance is a weather vane, the future is our imagination.

The robustness and sustainability of ODIN™ consolidated market leadership and our R&D with active product development ensured it. Even competing exchanges benefit from ODIN™ and, you will agree, that there cannot be a better testimonial than from competitors.

STPGate™ snared a large market share in the FI segment, rising from scratch to over 40%. This continues to be on the growth phase of the market life cycle.

The success of MCX, in 04-05, fired by FT engines, encourages us to look at the global scene with DGCX, the next window of opportunity.

Financial Highlights

We have continued to consolidate our dominant market share in the traditional segments of brokers and exchanges.

The year 2004-2005 saw a 22% increase in the top-line of the company. The total income increased to Rs. 3351 lakhs as compared to 2765.49 in the previous year. Highlight of the year has been the consolidated revenue of FTIL and its subsidiaries which has increased to Rs.6274 lakhs as compared to Rs.2307 lakhs in the previous year, whereas the net profit has increased to Rs.2025 lakhs as compared to Rs.465 lakhs in the previous year.

The Board of Directors is pleased to recommend a dividend of 20% on par value. But what has been the forerunner of FTIL's business model is the ability to spin viable business models around a sound technology platform. The case in point - MCX - has not only been operationally successful but also pioneered developments and developed the commodities futures markets at large. As volumes continue to grow, FTIL's product line stands the test of scale and trade density. FTIL's niche positioning creates unique spaces and business opportunities by leveraging technology to create business models rather than being a plain supplier of solutions to existing business.

Along these lines, FTIL has been the incubating centre for other technology driven aspirations. The roll call of such ventures continues with DGCX, NSEAP and NBHC.

Three Foreign Institutional Investors (FIIs) have made investments in Financial Technologies (India) Ltd (FTIL) to the extent of 6.53% of the Capital through the preferential route The preferential offer of Equity shares was for 28,73,951 Equity Shares at a price of Rs.262/- (Face value Rs.2/- and Rs.260/- being premium).

I firmly believe that the momentum has been set and in the near future we will reach the critical mass for being a global player. Our stability, here, can be metamorphosed into a threshold for bigger opportunities in larger arenas. As we start enjoying the economies of scale, I am sure that the Board together with the FTIL family is poised today for a fulfilling tomorrow.

Jignesh Shah

Chairman & Managing Director
Financial Technologies (India) Ltd.

OVERVIEW

Synopsis

Financial Technologies (India) Ltd. (FTIL), listed on National Stock Exchange & The Stock Exchange, Mumbai, remains India's leading technology enterprise delivering mission critical Straight-Through-Processing (STP) solutions comprising of Domain Consulting, Technology Licensing and Development Outsourcing for global exchange markets. We retain our identity as a vertical specialist and domain expert with proven transaction application solutions for Equity, Forex, Commodity and Derivatives segments.

Our product mix covers all the stages of the trade life cycle yet delivers single point transaction fulfillment. We offer technology solutions to financial enterprises, exchanges and services supporting high transaction density. Our scalability, reliability and deployment flexibility of solutions along with domain consulting have now been regarded as industry benchmarks.

We specialise in evolving long-run solution strategies, synchronized to market trends and the business vision of our client. Over time, this has created longer life for our products and better equity in the market. Our efforts, through the past financial year, have been at enriching our product mix and customizing solutions to client requirements. Our line extensions have plugged all need-spaces that financial markets have and we are geared to approach new spaces and provide fulfilling answers.

The pace of growth has been breathless. With over 35000 client terminals, 500 client brokers, a 125-city client presence and new clients almost every week, we have created corresponding shareholder value.

In under two years since commencing operations MCX has garnered a significant market share in the commodities futures market. With FT engines driving its operations and deep domain knowledge it inherently enjoys, MCX has pioneered many firsts as a leading exchange in these markets. It has launched innovative contracts, developed markets pan-India and recorded exemplary growth without losing focus on the qualitative aspects. MCX is a ISO9001 certified exchange and its focus has been to ensure a healthy growth of the market in all the spheres with internationally referenciable commodities and contracts.

Setting up of DGCX with the Government of Dubai was both a pioneering effort and a privilege. With teams creating business and technology plans, we are sure of creating opportunities for our prospecting members.

The FTIL-MCX-NAFED combine has set-up "National Spot Exchange" for Agriculture Produce (NSEAP), which will streamline price information greatly aiding in a more efficient and optimal agricultural market.

FTIL has the largest market share for all of its technology components and the client list spans across the country's largest Exchanges, Brokers, Banks, Financial Institutions, Asset Management Companies amongst others. Significant portion of Indian stock market volumes are getting generated and settled through FTIL's solutions. The trading terminals offered by FTIL are multi exchange and multi segment, which have capabilities to provide integrated trading in over six market segments through one window.

With robust technology platforms, continuous product development and the ability to spin business models around such technology, where MCX is a strong case study, FTIL is looking at vaulting spires of growth.

Vision and Strategy

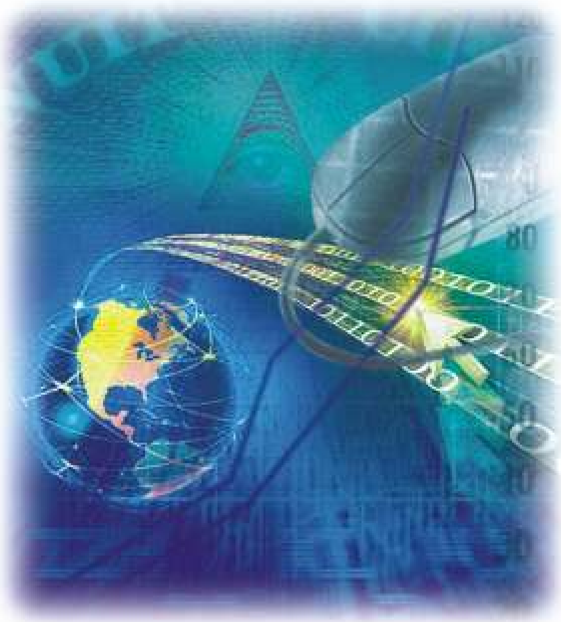
The shared vision at FTIL includes enriching our product mix, creating and fulfilling higher client expectations and, finally, enhancing value for shareholders at large. Our vision is to:

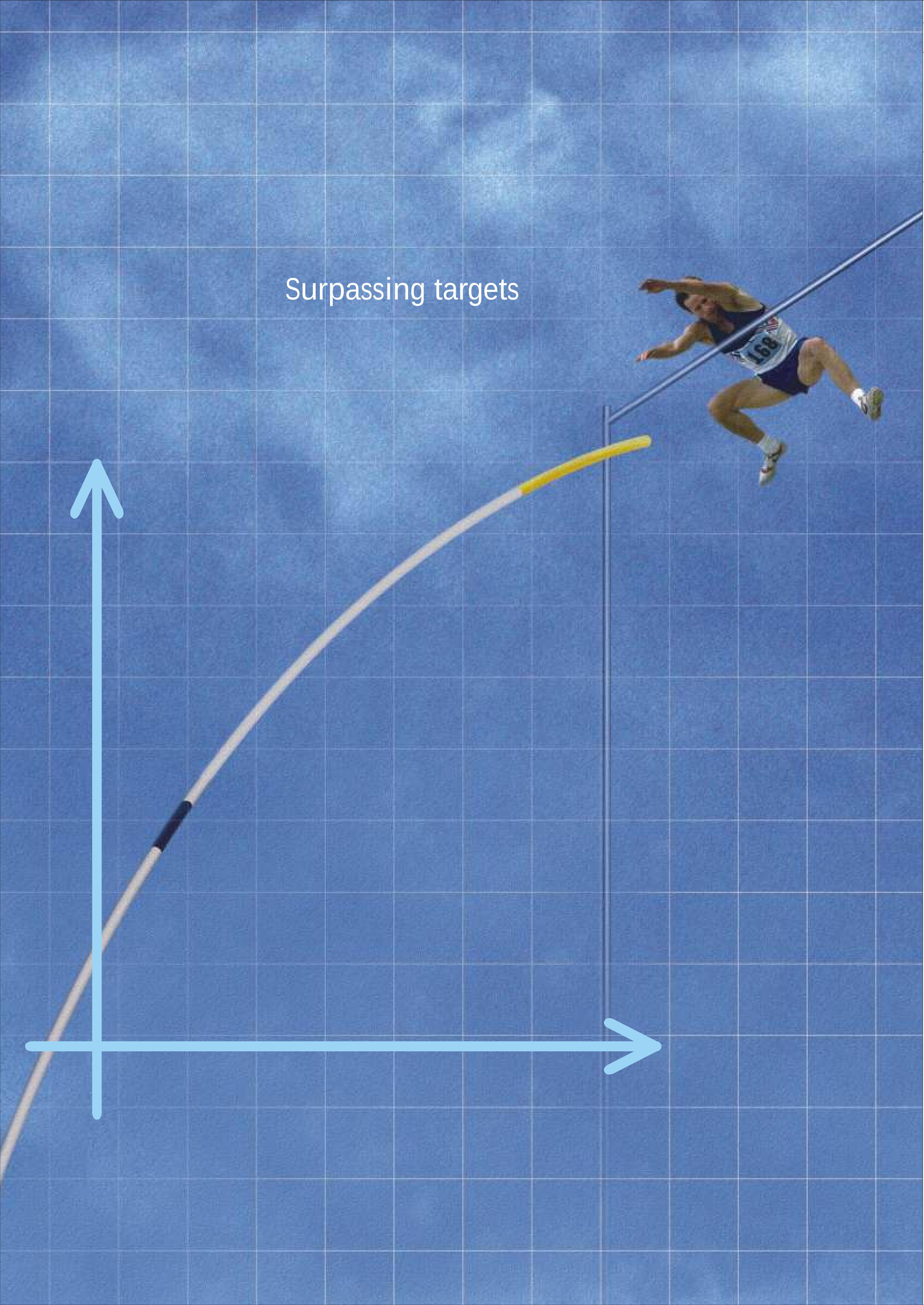
- Build a technology company focussed on IPR creation in the financial securities industry by harvesting intellectual capital
- Build a brand centric model to leverage quality products/brands to generate sustainable & assured annuity revenues
- Leverage strong technological platform to promote transaction intensive businesses

We are focussed on tangible growth and quantifiable returns. We believe that a healthy organization keeps all its stakeholders happy.

The kernel of our ethos is:

- Client Focus - to understand and create perceptible value
- Product Innovation - to anticipate change, find answers & evolve products
- Technology & Process Excellence - To perfect models & sharpen service edges
- Domain Enhancement - to enrich and expand domain knowledge
- Leadership - to pioneer growth & establish leadership
- Partnerships - to complement & synergise
- Globalisation - to benchmark & launch new endeavours





FTIL PERFORMANCE

Economic Growth and Industry Review

Picture the scene.

- International Monetary Fund Report ranks India as the fourth largest economy on Purchasing Power Parity with GDP estimates at USD 3300 billion. India ranks second in its annual growth rates globally
- Fifty percent of the population is below thirty years and a significant percentage of it, skilled
- The capital market is looking north - FIIs have raised their stakes in the economy
- Europe is becoming a promising destination for Indian software exports. Companies are bullish on growth prospects here, discounting the London terror strike
- By 2025 the Indian economy is projected to be about 60 percent the size of the US economy
- The transformation into a tri-polar economy (US, China, India) will be complete by 2035, with the Indian economy, only a shade lesser than the US economy but larger than that of Western Europe
- China's economy could be cooled (they intend to) and Yuan revalued (they may have to)

The world, needless to say, is bullish on India.

The year witnessed several developments in the capital market. GDP growth of 6.7% was helped by industry clocking an impressive 8% rise. A buoyant merchandise export growth overshadowed minor hiccups. Exports clocked a 24% rise. Forex reserves touched US$135 billion. Rupee was resilient, though bordering on high volatility at times.

BSE Sensex, peaking at 5925 in April 2004, gradually declined. The market mood however turned around and, barring aberrations, Sensex climbed steadily to gain 13% year on year. NSE and BSE had a turnover of Rs.42.22 trillion during 2004-05 with the Derivative segment constituting an impressive 61%. Pension funds, non-government provident funds and gratuity funds were allowed to invest in equities and equity linked mutual funds or debt instruments of private companies.

To encourage greater retail participation in IPOs, SEBI raised the limit for retail investors in book-built issues to 35% from the earlier 25%. The investment limit of FIIs in dated government securities and treasury bills was raised from US$1 billion to US$1.75 billion.

More importantly for us, Straight Through Processing was made mandatory for all institutional trades with effect from July 1, 2004. This will eliminate paper and clear bottlenecks that stem from manual intervention.

The Commodities Futures market witnessed phenomenal growth with national multi commodity exchanges. Certain commodities like pulses, crude and bullion have seen astonishing spurt in volumes with corresponding depth in the markets. The Government discussion in Parliament to allow options in Commodities for Banks to trade and Mutual Funds to invest in Commodities based funds will give a fillip.

These movements have been in the positive domain, setting standards of transparency at places and raising the efficiency bar at others. As Indian capital markets mature and ideas like RTGS, STP & Electronic Banking get entrenched, we have begun to notice the positive ripples across the financial markets.

Key Products & Services

ODIN™

ODIN™ is an integrated multi-exchange, multi-segment, front office solution suite targeted at brokers/dealers of equities, derivatives & commodities markets. The key features include -

- Order routing
- Order & trade management system
- Institutional order book
- Multi-tier risk management engine
- VWAP calculator
- Alert & arbitrage engine
- Multi-layer broadcast engine: market data feed
- Multiple market access gateways
- Charts & graph tools
- Decision making tools
- ODIN™ Connect: API Bridge, FIX compatible
- ODIN™ Diet: Integrated Internet based trading application for retail traders, designed to work on low bandwidth requirements.

The growth of ODIN has been manifold in tandem with the exponential growth of the commodity markets.

STP-Gate™ - Secure Transaction Processing Gateway Services

STP-Gate™ is a robust, secure & scalable transaction processing platform that enables seamless convergence and online interface between Investment Managers, Custodians & Brokers. With its unique features and key functionalities, STP-Gate™ has revolutionized the transaction processing business in the Indian securities market. STP-Gate™ is a neutral platform where FTIL is a neutral infrastructure service provider with extensive transaction technology expertise.

Data security, integrity & confidentiality are ensured by the use of 128-Bit SSL 3.0 encryption, Digital Certificates & Server Gateway Cryptography (SGC). The availability of the service & data as well as critical resources are ensured through the use of high-end, fully Fault-Tolerant servers and a fully redundant data-centre setup. Further the deployment of the entire setup has been done in conformity with international best practices and procedures, including OS and application hardening, giving information security the utmost importance.

STP-Gate™ facilitates its users to send & receive online, digitally signed & encrypted trades details, allocations, contract notes, confirmations, settlement instructions & match / un-match notifications. In addition to providing a robust platform for transaction processing and creating an interface between the various parties to trade, FTIL by virtue of being a market leader in mission-critical front-office and back-office solutions, creates an advantage for the participants to achieve end-to-end STP. Market intermediaries have deployed FTIL's complete end-to-end STP enabled solution suite that integrates and automates processes associated with the complete trade life cycle starting from order routing, execution, trade reporting to the back office, contract note generation, brokerage computation, settlement, posting of accounting entries: Pre-Trade, Trade, Post-Trade.

FXDirect™

Financial Technologies empowers India's Foreign Exchange Market with FXDirect™, and end-to-end STP platform for Inter-bank FX trading & matching.

FXDirect™ is India's first indigenously developed Foreign Exchange marketplace platform for the inter-bank FX market. This platform enables real-time Straight Through Processing (STP) environment to deliver liquidity, efficiency and deep functionality in foreign exchange dealing and matching services.

Real time matching: This system enables real-time matching of currency pairs for immediate execution in both spot as well as forward instruments. It provides a real-time two-way (both the participant as well as his counter party) risk management to mitigate participant counter party risk.

Key Features

- Concurrent Multi-pocket matching facility
- Support for all types of instruments Multi currency, multi-lot size, multi-value date instrument creation
- Flexible counter party definition
- Value date based Limit Monitoring
- Multiple order types which include Drip Feed Orders, Timed Orders and Two-way Orders
- Facility to hold and release the orders
- Multi currency settlement instructions definable
- Real-time market depth display of best 5 orders in the market with VWAP calculation
- System supports the market need of anonymity in trading as is the practice in the phone market
- Configurable pages and Hot key enabled
- System log and audit trail of orders and trades
- Efficient system recovery mechanisms providing for both instant recovery as well as full market replay

In Negotiated Dealing System, the participant is free to choose and negotiate any currency with his counter-party thereby offering him flexibility to select the underlying currency as well as the terms of trade.

Key Features

- System supports concurrent chat sessions
- One-way communication flow at any given instant to ensure sanctity of a deal along with a facility for any party in the conversation to interrupt and take control of the deal conversation
- Supports Timed Orders
- Supports multi-currency, multi-instrument deals
- Single key headline broadcast and multi headline distribution to multi parties
- Single click interface to initiate conversations with multiple parties along with Hot key support

Customized Solutions

FTIL offers a spectrum of solutions to Exchanges, Exchange Members (Trading Members, Professional, Trading & Clearing Members), Broker-Dealers, Investment Managers and Custodians. The exhaustive list follows.

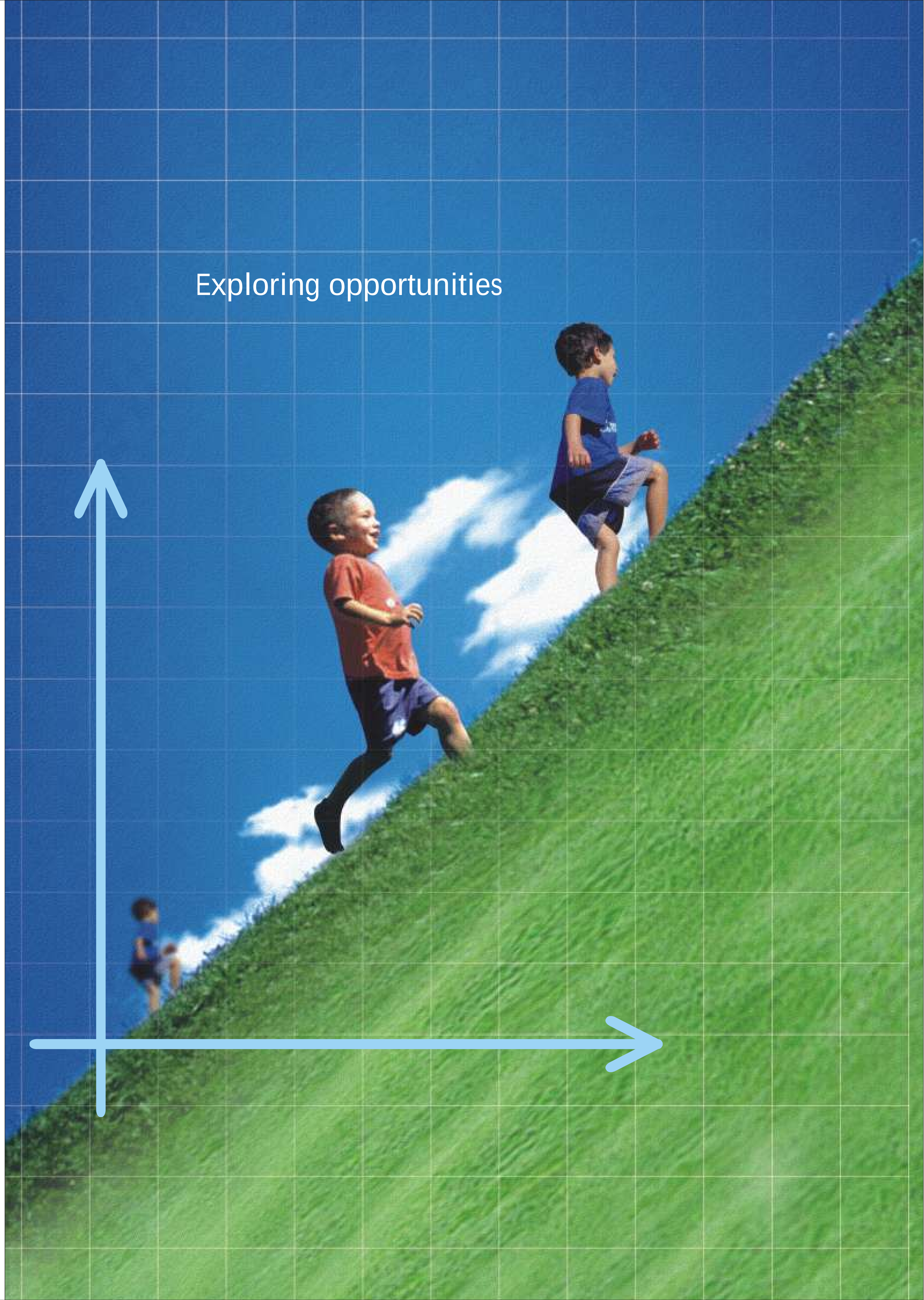
Brokerage Houses

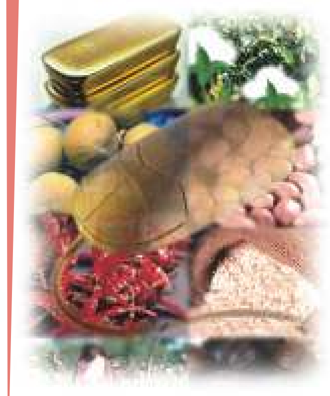
Markets Addressed	Products	Components	Solutions/ Services
MARKETS ADDRESSED EQUITIES & DERIVATIVES	iNeT.net™	Browser based multi exchange & multi segment Internet Trading front end Supporting Push & Pull Technology	Solution
	ODIN™	Front Office Dealing Room Solution for Equities, Derivatives & Commodities markets: Order Routing Order & Trade Management System Institutional Order Book Multi Tier Risk Management Engine VWAP Calculator Alert & Arbitrage Engine Multi Layer Broadcast Engine: Market Data Feed Multiple Market Access Gateways Charts & Graph Tools Decision Making Tools ODIN™ Connect: API Bridge, FIX Compatible ODIN™ Diet: Internet Trading Exe	Solution
	MATCH™	Multi exchange & multi segment back office Clearing, Settlement and Accounting system	Solution
	STP-Switch™	Internal STP: Bridge between ODIN™ & Back Office	Solution
	STP-Connect™	External STP: Adaptor between MATCH™ & Omgeo Oasys Global Application	Solution
	STP-Gate™	Straight Through Processing Platform. ISO 15022 Messaging	Service
	e-Hastashar™	Digital Signature Signing & Emailing Utility	Solution
	eIPO™	Is an online Web-Based New Securities Issuance Platform through Book Building (Auction), for Initial Public Offerings.	Solution
	Protector	Real-time Initial Margin Calculator for all Brokers dealing in Derivatives segment.	Solution
	iwin™	Wireless Internet Based Mobile Trading Platform	Solution

Exchanges / ECN s

Markets	Products	Components	Solutions/ Services
EQUITIES, FOREX, COMMODITIES	Central Trading System	Exchange Matching Engine Order & Trade Management	Solution/ Service
	eCommex™ System	Exchange Clearing & Settlement	Solution/ Service
	FXDirect™	Foreign Exchange Matching Engine Negotiated Dealing System (Instant Messaging Platform) Order & Trade Management Risk Management	Solution/ Service

FTIL's STP Solution Stack enables end-to-end Straight Through Processing capability for real-time transaction and business processing. This covers all the stages of a trade life cycle - Pre-Trade, Trade and Post-Trade activities to deliver single point transaction fulfillment. Today, FTIL offers a multitude of options where targeted systems are developed and deployed to suit the individual needs of the customer.





EVOLVING BUSINESS MODELS

Multi Commodity Exchange of India Ltd. (MCX)

A nation-wide online multi commodity futures exchange, MCX is an independent and demutualised exchange that provides a centralised and regulated marketplace for commodity futures trading. MCX has a permanent recognition from Government of India. It functions under Regulations of Forward Markets Commission, under Ministry of Consumer Affairs Food & Public Distribution, Government of India. The Exchange is governed by statutory acts. Thus integrity of its trading and financial practices is assured. The Exchange through its membership criteria and trading rules safeguards the financial integrity of the marketplace.

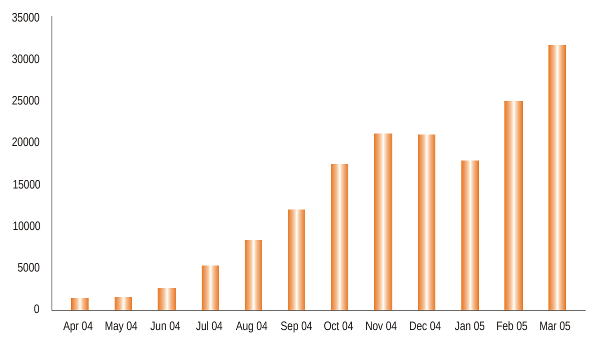
Besides FTIL, MCX is promoted by a slew of leading Public & Private Sector Banks. State Bank of India (India's largest commercial bank) & its subsidiaries, National Stock Exchange of India Ltd. (NSE), National Bank for Agriculture and Rural Development (NABARD), HDFC Bank, and a host of other respected entities make up its promoter roster. MCX takes pride in being the Industry pioneer and in two years of operation has grown to being one of the world's largest futures exchanges in Bullion, being the 3rd largest in Gold and 2nd largest in Silver. It is also the first exchange in the world to start futures trading in Steel and Mentha oil. It is the first exchange in India and only the fourth in the world to start trading in Crude Oil. Strategic MOUs with world's leading commodity exchanges - Tokyo Commodity Exchange (TOCOM) and The Baltic Exchange, London have created global platforms for tomorrow. MCX also enjoys exclusive alliances with the country's leading commodity trade bodies like Bombay Bullion Association, Bombay Metals Exchange, Pulses Importers' Association of India, Solvent Extractor's Association, UPASI, and IPSTA.

MCX along with FTIL has signed up with Dubai Metals and Commodities Centre (DMCC), a strategic initiative of Government of Dubai, to set up Dubai Gold & Commodities Exchange, an International Gold and Commodity Exchange in Dubai. FTIL along with MCX and NAFED have joined hands to set-up the "National Spot Exchange" for Agriculture Produce (NSEAP). MCX has also launched India's first composite Commodity Futures Index 'MCX-COMDEX'. MCX is also an ISO 9001:2000 certified Exchange. This unfolds the real potential of the exchange. The Exchange's computerised trading network links the buyers and sellers and provides them with an efficient price discovery system and a platform to hedge risk. The system ensures the best bid and offer for all market participants.

Presently, MCX has over 900 members from over 500 cities operating through 5000 plus Trader Work Stations from all across India representing important segments of trade.

The trading volume at MCX has increased from an average daily turnover of Rs.179.33 crores (double side) for the June'04 quarter to .an average daily turnover of Rs.2025.90 crores (double side) for the quarter ending March'05. This has been realized through product innovation and adoption of best practices by MCX. The solid foundation of MCX has been builton quality, transparency, and product innovation, leading to its focus predominantly on internationally referenced contracts to ensure that there is no price manipulation in the markets.

This indeed is a commendable performance where within the very first year of operations it has not only declared profits but also has announced a maiden dividend of 10% to its shareholders.



MCX HAS RECORDED EXPONENTIAL INCREASE IN TURNOVER IN 2004-2005

Dubai Gold & Commodities Exchange (DGCX)

The Dubai Gold and Commodities Exchange (DGCX) is a joint venture between Financial Technologies (India) Ltd. (FTIL), Multi Commodity Exchange of India Ltd. (MCX) and Dubai Metals and Commodities Centre (DMCC), a strategic initiative of the Government of Dubai. DGCX will be a truly international commodities derivatives exchange, and the first such exchange in the time zone between Europe and the Far East. It will offer products of international significance with electronic trading access from across the world. It is scheduled to go live in the last quarter of 2005.

DGCX will draw on Dubai's strengths - its strategic location, world-class infrastructure and rapidly developing markets. These strengths are supported by the management expertise of DGCX, deep domain knowledge of commodities spot and derivatives markets, state of the art technology and risk management capabilities.

DGCX is a technology driven, non-mutual organization with an independent Board of Directors and professional management. It is committed to providing a world-class trading platform for a wide array of commodities, to implementing best global practices with complete transparency and integrity.

Headquartered in Dubai, DGCX will be situated at the summit of DMCC's landmark Au (Gold) Tower located in the world class DMCC Free Zone.

In the last decade, Dubai has emerged as a leading international commercial and financial centre. It has become the third largest re-export centre in the world. The strategic location of Dubai, the open and liberalized policies of the Dubai Government, state of art infrastructure and access to large and rapidly growing regional markets are just a few of the factors which have ignited Dubai's growth.

Dubai has developed the concept of on-shore special economic zones with the creation of Free Zones for financial services, media, technology and commodities, amongst others. These special zones provide industry-specific world-class infrastructure with 100% business ownership, no barrier on capital and profits repatriation, and no foreign exchange control together with an extended tax holiday.

A pro-business environment with outstanding record of political stability coupled with one of the fastest growing economies (at an impressive rate of more than 5 percent per annum), investor incentives and protection have made Dubai an extremely attractive proposition for global businesses. Access to a vast population of 1.8 billion people with an economy of USD 1.5 trillion in terms of GDP for the Middle East Asia, Indian sub-continent and Africa, with close proximity to the developed European markets, Dubai has become a regional base for most of the Fortune 500 companies (with all top 10 having a sizeable presence).

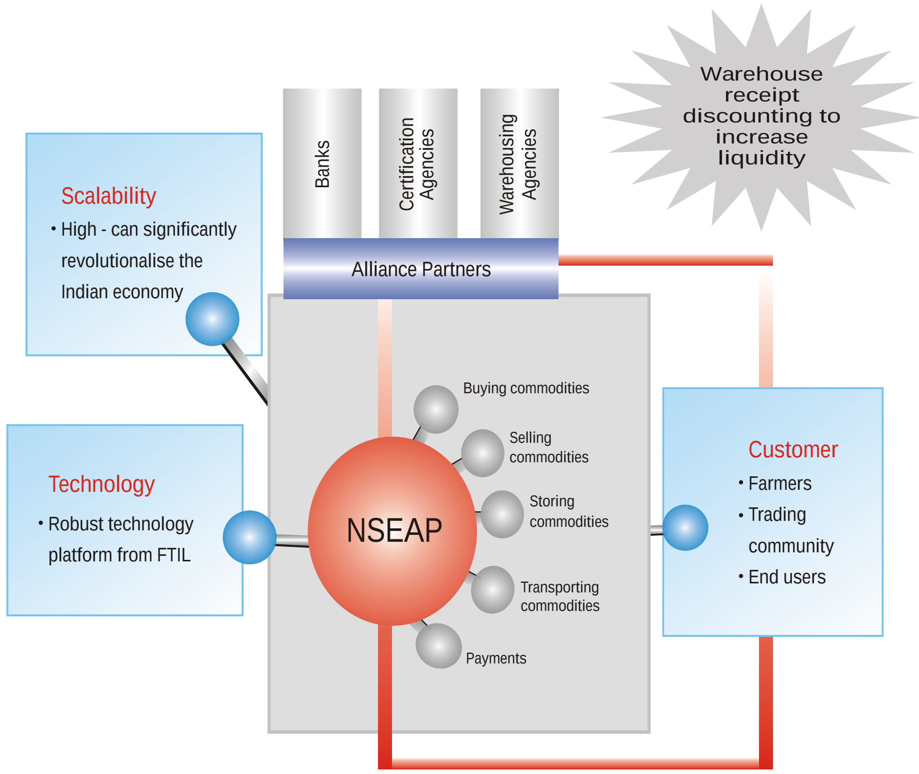
With a mature spot trading market in place for gold and other commodities, commodities derivatives are a logical next step in the development of Dubai market infrastructure.

National Spot Exchange for Agricultural Produce (NSEAP)

This venture aims at linking all Agriculture Produce Market Committee Yards and other physical market players to an electronic platform for buying, selling, storing, transporting, quality testing, grading and payments in commodity trades. NSEAP will act as a nation-wide infrastructure company providing trading, clearing and settlement and other trade request facilities enabling buyers and sellers to trade in agricultural goods through the extensive network of physical market broker dealers who will be appointed at national level under the regulatory frame work of NSEAP. The new exchange will disseminate reference national spot prices on a real-time basis, thus serving as an instrument for common national price discovery for the benefit of farmers, traders, consumers and several other end-users of commodities.

Need for NSEAP

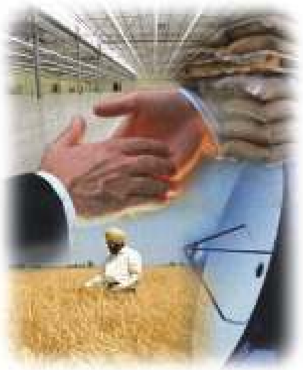
- A vibrant national-level electronic spot market to complement the online futures market.
- Integrate fragmented markets electronically at national level.
- Real-time price capture and dissemination.
- Makes hedging more efficient alongside futures market.
- A new distribution channel for procurement and sale.
- Enhanced consumer-producer interaction through value chain analysis.
- Model APMC Act can be the enabler for this national level electronic spot market.



NSEAP, MCX's INNOVATIVE WORKING CONCEPT WILL TRANSFORM AGRICULTURE SECTOR

Advantages of NSEAP

- Precursor for achieving true benefits of Model APMC Act
- Reduce the length of supply chain - bring producer & consumer closer
- Make markets nationally accessible
- Greater transparency in trading
- More accurate price discovery
- Real time centralized distribution of price through multiple means
- Electronic national spot market and the futures market will create greater efficiency in price discovery
- Enables international participation in the era of globalization & liberalisation



National Bulk Handling Corporation Ltd. (NBHC)

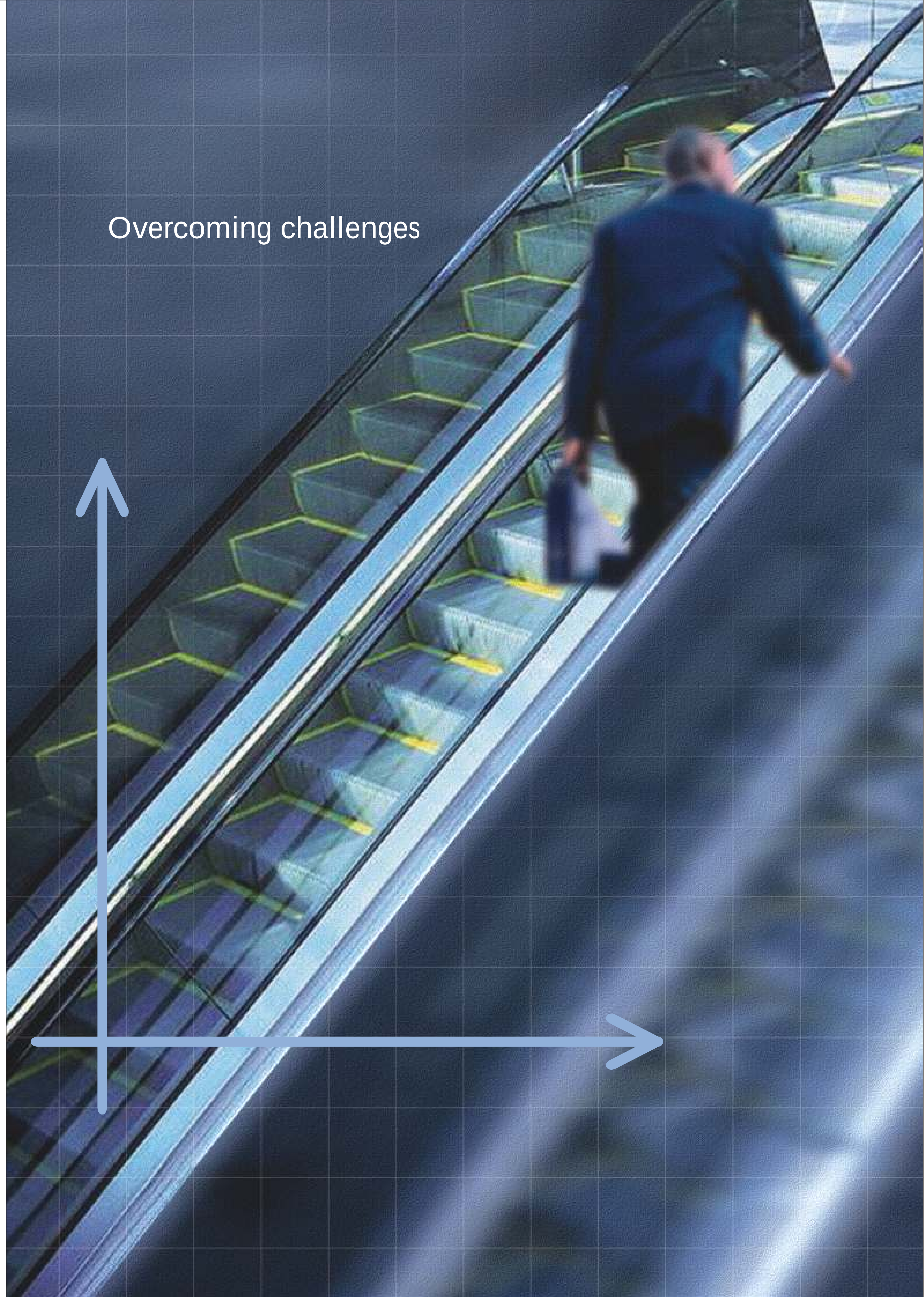
MCX has initiated a joint venture with PRB Group (Australia) to create National Bulk Handling Corporation (NBHC) to explore and tap the growth potential of the agricultural sector. This Joint Venture Company will outline the quality warehousing service to be offered nationwide. This will include identifying requirements and expectations of market participants - farmers, traders, processors, exporters and importers. It will also call for professional product and process management with coordination with market participants for loan syndication, quality management, logistics and quality certification programs.

Various factors contribute to the facilitation of commodity trading. While multiple buyer and seller in a given system provide adequate liquidity and better price realisation, there are various factors required on equal footing to contribute efficient commodity trading.

Factors like adequate storage and discharge facilities, efficient logistics mechanism and standards of quality certification would assist in confidence building to this sector. The situation demands that all these factors be met to provide end-to-end solutions for efficient commodity trading and price discovery to the respective commodity.

One important factor in this chain is being identified as the warehousing sectors. NBHC would emphasise on quality warehouses and commodity management with storage, preservation and protection techniques through latest available infrastructure, supported by associated business partners and simultaneously establish standards and mechanisms for commodities trading.

NBHC will be adopting warehouses as their franchisees, which will undergo various accreditation processes on technical, functional and financial parameters. Various standards and procedures would be set for operation management and functions of respective agencies and institutions will be outlined who would be our associate business partners in this new venture. NBHC would stand as a neutral party encouraging these agencies to provide its warehouses, which can be built or upgraded to specified standards.



BOARD OF DIRECTORS

Executive
Jignesh P. Shah
Dewang S. Neralla

Non Executive
P. G. Kakodkar
C. Subramaniam
Ravi K. Sheth
Ashish S. Dalal

Company Secretary
Hariraj S. Chouhan

Management Team

Jignesh P. Shah	-	Chairman & Managing Director
Dewang S. Neralla	-	Director & Chief Technology Architect
V. Hariharan	-	Chief Technology Officer
Shreekant Y. Javalgekar	-	Group Finance Controller
Arshad Khan	-	Director, Intl. Business Development
Manjay Shah	-	Director, Business Devp. & Admin.
Paras Ajmera	-	Director, Technology

Auditors
Deloitte Haskins & Sells

Legal Advisors
Crawford Bailey & Co.

Bankers
Union Bank of India
The Bank of Punjab Ltd.
HSBC Ltd.
HDFC Bank Ltd.
Corporation Bank

Share Transfer Agents
Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400078

Registered Office
IIIrd Floor, 16, Surya Flats,
IInd Cross Street, Seethammal Colony Ext.,
Teynampet, Chennai - 600018

FTIL Heads Talk

FTIL Buoyancy

Directors' Report

To

The Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report of your Company together with the Audited Statement of Accounts for the year ended March 31, 2005.

The year saw some new happenings and achievements in the operational aspect. Some of them were significant enough to derive best of the results in the years to come.

Financial Results

Rs. In lakhs

Particulars	Current Year 2004-2005	Previous Year 2003-2004
Total Income	3350.92	2765.49
Operating Profit	1437.51	1414.11
Interest	0.04	14.25
Depreciation	98.20	85.71
Profit before Tax	1339.27	1314.15
Provision for Taxation	334.60	40.00
Deferred Tax	13.15	--
Wealth Tax	0.20	--
Profit after Tax	991.32	1274.15
Less: Prior Period Adjustment	60.00	--
Add: Balance b/f from Previous Year	1085.66	(95.82)
Balance available for appropriation	2016.98	1178.33
Appropriations :		
Proposed Dividend	176.04	82.15
Tax on Dividend	24.69	10.52
Transfer to General Reserve	75.00	--
Balance c/f to Balance sheet	1741.25	1085.66
Earnings per share (equity shares of par value of Rs 2/- each)		
Basic	2.26	3.38
Diluted	2.26	3.37

Dividend

The Board of Directors is pleased to recommend a dividend of 20% on the enhanced capital base for the year, against 10% in the previous year. This would result in an overall outflow of Rs.2,00,72,475 (including tax on dividend). The recommended dividend amounted to a payout ratio of 20.24% of the Net Profit. The dividend, if approved, will be paid to the members within the period stipulated by the Companies Act, 1956.

Operational Performance

Your Company continued to focus on product development and product enhancement, which inter alia has generated revenue of Rs.30.15 crores. However, during the year under review, the major landmark event was the Joint Venture (JV) entered into by the Company along with its Subsidiary MCX with the Dubai Metals and Commodities Centre (DMCC), a strategic initiative of Government of Dubai to set up Dubai Gold and Commodities Exchange (DGCX), an International Exchange which will facilitate trading in Bullion and other commodities. Your Company has also acquired a controlling stake in IBS Forex Pvt. Ltd., a Company providing B2B e-commerce platform for Interbank FOREX Trading. During the year, your Company has further added 18,000 Trading Terminals and over 250 Brokerage Houses as its clients.

Product Developments

ODIN™ has been the primary driver for equity and derivatives markets. Launched for the commodity markets, to create the same revolution as in the equity markets, it has become a de facto standard not only for MCX but also for NCDEX.

ODIN™ for Commodity Markets - One of the mainstay products in your Company's mix is ODIN™, an integrated, multi-exchange, multi-segment front-office solution suite targeted at brokers/dealers of the Equity, Listed Derivatives and Commodities markets offering integrated Order Routing, Order Management, Real-time Risk Management and Broadcast engine with real-time integration to the back-office system.

With the manifold increase in the MCX operations and members in particular and the growth of the commodities markets in general, ODIN™ has been a key driver of business opportunity. The commodities markets size being just the tip of the iceberg, ODIN™ is favourably positioned for wider and deeper applications.

Additions to the IPR Library

Additional offerings from FTIL would provide market participants with a highly efficient and streamlined technology capabilities building business scalability, minimizing manual intervention while also reducing trade failures, operational risks and costs. FTIL's STP Solution Framework comprises Integrated Front Office Dealing System, Intelligent Order Management System, Integrated Middle Office Risk Management, Back Office Settlement System, online interfaces between Front Office and Middle Office solutions and external interface to Omgeo's OASYS Global for STP processes.

ODIN™ Integrated, a multi-exchange, multi-segment front-office solution suite targeted at brokers/dealers of the Equity, Listed Derivatives and commodity markets. Offering integrated Order Routing, Order Management, Real-time Risk Management and Broadcast engine with real-time integration to the back-office system.

ODIN Diet™, a multi-exchange, multi-segment, bandwidth friendly trading executable, providing streaming quotes on a real-time basis, available in the form of compact self installing kit that works on the very principle of optimizing hardware & network requirements.

iNeT.net™, a multi-exchange, multi-segment Internet Trading Front-end supporting market participants' e-Exchange trading between retail clients and brokerage houses, along with streaming quotes, using our proprietary broadcast optimizer.

iWin™, is mobile Internet trading solution, built over FTIL's cutting edge FT-Engines™. iWin™ is a multi exchange, multi-segment Internet based real-time trading solution for mobile and handheld devices.

MATCH™, a multi-exchange, multi-segment integrated Back Office clearing, settlement and accounting system for Equities And Listed Derivatives instruments.

STP-Switch™, an online interface between ODIN™ Integrated and MATCH™ supporting two-way info flow functionality.

STP-Connect™, File Based Interface with Omgeo Oasys global application, in order to achieve Straight Through Processing between the brokers and cross border fund houses.

STP-Gate™, is a robust, secure & scalable transaction processing platform that enables seamless convergence and online interface between Fund Houses, Custodians & brokers, based on ISO 15022 messages.

e-Hastakshar™, is a unique document signing solution, which enables flow of information in electronic and secured form by signing of contract/confirmation note using digital certificates.

eIPO™: Designed on a distributed architecture e-IPO™ is an online Web- Based New Securities Issuance Platform through the Book Building (Auction) for Initial Public Offerings. The entire securities issuance life cycle or process is automated through eIPO™ ensuring efficient price discovery with minimum operating issues.

Protector: is an online Risk Manager, which enables the Trading Members to protect from the risk in Derivatives Segment. Protector provides the online Initial Margin & Position of the each & every client segment and enables the Brokers to compare the Deposit given by the client in Cash & Non Cash with the actual Margin required by the Exchange.

Message Libraries: ISO 15022, Fix 4.2

Adaptors: Oasys Global

Subsidiaries

IBS Forex Pvt. Ltd.

Considering the significant developments for inter-bank Foreign Exchange trading platform in the recent past, your Company, during the year under review, has acquired 76% equity stake in IBS Forex Pvt. Ltd. At present, there are more than thirty participating Banks that are actively trading on this platform.

During the year under review your Company has also promoted a new Company viz. Tickerplant Infovending Limited with an object to carry on the business of providing information technology enabled services, particularly in the field of commodity, equity and forex.

Note on Subsidiaries

The following may be read in conjunction with the Consolidated Financial Statements enclosed with the Accounts, prepared in accordance with Accounting Standard 21. Your Company has been exempted from the provisions of Section 212(1) of the Companies Act, 1956 relating to the attachment of the accounts of its subsidiaries to its Accounts.

Shareholders desirous of obtaining the annual accounts of your Company's subsidiaries may obtain the same upon written request. The Annual report and accounts of the subsidiary Companies will be available for inspection at your Company's Registered Office/Corporate Office and that of the subsidiary Company. Further, the Annual Report and accounts of the subsidiary companies will also be available on the Company's Corporate website, www.ftindia.com.

Share Capital

Preferential Allotment

During the year under review, the Company has made an allotment of 28,73,951 equity shares to Foreign Institutional Investors (FIIs) viz., T.Rowe Price International Discovery Fund, T. Rowe Price New Asia Fund and Goldman Sachs Investments (Mauritius) I Ltd, at an issue price of Rs.262/- (Rs.2/- face value and Rs.260/- being premium thereof) on preferential basis. The aforesaid shares are under lock-in for a period of one year from the date of allotment i.e. up to March 20, 2006.

Employees Stock Option Plan

The ESOP Scheme introduced by the erstwhile Financial Technologies (India) Private Limited comprised of 2,23,402 stock options. By virtue of Amalgamation, the said Scheme was taken over by the Company. As on 1st April 2004, 71,204 stock options were outstanding.

During the year, 61,909 equity shares were allotted on 18th October 2004 under ESOP (Option III) to the employees of the Company, which were exercised on

30th September 2004. A total of 9,295 options were lapsed on account of either resignations or declining of the offer by the employees. There were no stock options outstanding at the end of the year. Requisite disclosure in respect of the Employee Stock Option Scheme in terms of guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee share Purchase Scheme) Guidelines 1999, has been provided in Annexure B in this Report.

As a result of the above, the paid-up Equity Share Capital of the Company stood at Rs.8,80,17,872/- as on March 31, 2005.

Further, your Directors have decided to introduce fresh Employee Stock Option Scheme (ESOP - 2005) to the eligible employees / Directors of the Company and its Subsidiary (ies), subject to the approval of shareholders in the ensuing Annual General Meeting. Necessary resolutions along with Explanatory Statement have been included in the Notice.

American Depository Receipts / Global Depository Receipts (ADRs / GDRs)

The Board of Directors at its meeting held on 22nd August 2005 have considered the proposal for issue of ADRs / GDRs or any other similar securities by way of International Offerings, subject to the approval of shareholders in the ensuing Annual General Meeting. Necessary resolutions along with Explanatory Statement have been included in the Notice.

Listing of Equity Shares on NSE

In addition to the Stock Exchanges at Mumbai, Chennai, and Ahmedabad, your Company's equity shares are now also listed on National Stock Exchange of India Limited (NSE) with effect from 20th June 2005.

Corporate Governance

Your Company is committed to good Corporate Governance practices. The report on Corporate Governance, stipulated by Clause 49 of the Listing Agreement, is annexed hereto and forms part of this Annual Report.

A Certificate dated 24th June 2005 by the Statutory Auditors of your Company regarding compliance of the requirements of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is enclosed.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Ashish Dalal, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

None of the Directors of the Company is disqualified for being appointed as Director as specified in Section 274 of the Companies Act, 1956, as amended.

Directors' Responsibility Statement

The Directors confirm:

a. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with the explanation relating to material departures;

b. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;

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

d. that they have prepared the annual accounts on a going concern basis.

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received necessary certificate from the Auditors, pursuant to Section 224 (1B) of the Companies Act, 1956 regarding their eligibility for re-appointment. The members are requested to consider appointment of M/s. Deloitte Haskins & Sells, as the Statutory Auditors at the ensuing Annual General Meeting.

Special Business

As regards the items of the Notice of the Annual General Meeting relating to Special Business, the resolutions incorporated in the Notice and the Explanatory Statement relating thereto, fully indicate the reasons for seeking the approval of members to those proposals. Members' attention is drawn to these items and Explanatory Statement annexed to the Notice.

Statutory Information

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.

Particulars of Employees

During the financial year no employee was drawing remuneration of Rs. 2,400,000/- or more in aggregate or Rs. 200,000/- or more per month, if employed for part of the year.

Energy Conservation, 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 institutions, bankers, business associates and various governmental as well as regulatory agencies for their valuable support for Company's growth. Your Directors also wish to place on record their appreciation of the contribution by the employees, who through their hard work, dedication and commitment have enabled the Company to achieve the phenomenal growth.

For and On behalf of the Board of Directors

Mumbai,
22nd August , 2005

Jignesh P. Shah
Chairman & Managing Director

Annexure 'A' to 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

Your Company is committed for adoption of various energy saving methods for conservation of energy and has taken adequate measures in terms of using the equipments, which would entail cost efficiency. It continues its endeavour to improve energy conservation & utilisation.

Technology Absorption, Research & Development

The Research & Development activity of the Company is mainly focused on development of new software products to meet the customers' requirements. Since the Company operates in a fast changing technology, focus is also laid on Quality upgradation and improvement of existing products.

The future plan of action also lays stress on Introduction of new Software products for both Domestic & exports market.

Amount spent: Revenue Expenses Rs. 21,403,650/-

Foreign Exchange Earning & Outgo

The details of foreign earnings & outgo are mentioned in Note 12 of Schedule 14 on significant accounting policies and notes to the accounts.

Annexure 'B' to Directors' Report

a) Options granted	:	2,23,402 equity shares
b) Pricing	:	Rs. 2/- each.
c) Options vested	:	NIL
d) Options exercised	:	61,909
e) Total no. of shares arising as a result of exercise of options	:	61,909
f) Options lapsed	:	9,295
g) Variations in terms of options	:	NIL
h) Money realized by exercise	:	1,23,818/-
i) Options in force	:	NIL
j) Employee wise details of options granted :		
- senior management personnel	:	NIL
- employee holding 5% or more options	:	NIL
- identified employees holding 1% of issued capital	:	NIL
k) Diluted EPS	:	2.26

Report on Corporate Governance

1. Company's Philosophy on Code of Corporate Governance

Your Company believes in practicing the principles of good corporate governance as means of effective protection and enhancement of shareholders' value. Company's mission is to become global leader in developing reliable mission critical Straight Through Processing (STP) applications in all facets of business transactions.

2. Board of Directors

The composition and category of Directors as on 31st March 2005 is as follows:

Name of the Director		Category
Promoter Executive Directors		
1.	Mr. Jignesh P. Shah	Chairman & Managing Director
2.	Mr. Dewang S. Neralla	Whole-time Director
Non-executive and Independent Directors		
3.	Mr. C. Subramaniam	
4.	Mr. Ravi K. Sheth	
5.	Mr. P. G. Kakodkar	
6.	Mr. Ashish S. Dalal	

Attendance of each Director at the Board meetings, last Annual General Meeting and the Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies as on 31st March 2005.

Name of the Director	Attendance Particulars		No. of other Directorships and Committee Membership / Chairmanship		
	Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Jignesh P. Shah	7	No	4	0	0
Mr. Dewang S. Neralla	6	No	1	0	0
Mr. C. Subramaniam	7	Yes	4	1	0
Mr. Ravi K. Sheth	5	No	3	0	1
Mr. P. G. Kakodkar	5	No	10	7	4
Mr. Ashish S. Dalal	6	No	2	1	0
*Mr. V. V. Rao	1	No	-	-	-

* ceased to be Director w.e.f. 22nd June 2004 on withdrawal of nomination by IDBI.

Note: The Registered Office of the Company is located at Chennai, where the Company's Annual General Meeting was held. Due to unforeseen circumstances, most of the directors from Mumbai, including the Audit Committee Chairman, could not attend the same.

Number of Board Meetings held and the dates thereof:

The Board of Directors met 7 times during the year as against the minimum statutory requirement of 4 meetings in a year. The dates of meetings being 25th May 2004, 09th July 2004, 31st July 2004, 28th October 2004, 8th November 2004, 17th January 2005 and 18th February 2005. The maximum time gap between any two meetings was not more than 4 calendar months.

3. Audit Committee

Composition

The Audit Committee comprises of three independent Non-executive Directors viz., Mr. Ashish S. Dalal, Mr. C. Subramaniam and Mr. P G Kakodkar. The Chairman of the Committee is Mr. Ashish S. Dalal, a practising Chartered Accountant. All these Directors possess knowledge of Corporate Finance, Accounts, Costing and Company Law. The Statutory Auditors and the Internal Auditors attend the meetings by invitation. The Company Secretary acts as the Secretary to the Committee.

Broad Terms of Reference

The Audit Committee of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosure.

The functioning of the committee included the following:

i) to oversee the Company's financial reporting process and to ensure correct disclosure of financial information in the financial statement;

ii) to recommend the appointment and removal of external auditor, fixation of audit fees and approval for payment of any other services;

iii) to review the quarterly, half-yearly and annual financial statements with the management before submission to the Board;

iv) to review with the management, external and internal auditors, the adequacy of internal control measures;

v) to review the adequacy of internal audit function;

vi) to discuss with the internal auditors any significant finding and follow up thereon;

vii) to review the financial risk management policies of the Company;

viii) to look into the reasons for substantial defaults in the payments to the shareholders and creditors.

Meetings and attendance

During the year, the Committee met 5 times. Mr. C. Subramaniam attended all the meetings whereas Mr. Ashish S. Dalal and Mr. P. G. Kakodkar attended four meetings each.

4. Remuneration and Compensation Committee

The Board of Directors at their meeting held on 15th July 2003 constituted Compensation and Remuneration Committee comprising of three Independent Directors viz. Mr. C. Subramaniam, Mr. Ashish S. Dalal and Mr. P. G. Kakodkar. The Chairman of the Committee is Mr. C. Subramaniam.

The Broad terms of reference of the Compensation & Remuneration Committee include:

1. Review the overall compensation policy, service agreements and employment conditions of the Managing Director and Whole-time Directors and other employees of appropriate cadres with a view to motivating the best managerial talents, their remuneration package;

2. Evaluate the remuneration paid by comparable organizations;

3. Review the performance of the Managing Director and Whole-time Directors and recommend to the Board in this regard;

4. Monitor and implement the ESOS Scheme and also formulate such schemes hereafter for grant of Stock Options to the employees including Managing and Whole-time Directors (other than Promoter Directors) in accordance with the relevant regulations for the time being in force and recommend the same to the Board for its consideration and monitor proper implementation thereof.

During the year the Committee met 2 times. Mr. Ashish S. Dalal and Mr. C. Subramaniam attended both the meetings, whereas Mr. P. G. Kakodkar attended one meeting.

5. Remuneration of Directors

The aggregate value of salary, perquisites paid for the year ended 31st March 2005 to the Managing Director and Whole-time Director were as follows:

Name	Jignesh Shah	Dewang Neralla	Ajay Narasimhan	Total
Salary & Allowances	21,00,000	12,00,000	89,040	33,89,040
Gratuity & leave Encashment	3,82,249	1,02,419	-	4,84,668
Total	24,82,249	13,02,419	89,040	38,73,708

Besides, the Managing Director & Whole-time Director were also entitled for retirement benefits and encashment of leave, as per the rules of the Company and a Notice period of one month is required, as per the terms of appointment. No Fee/compensation is payable to the Directors on severance of directorship of the Company. The Directors have not been issued any stock options by the Company, during the year.

The Company pays sitting fees of Rs.3,000/- per meeting to the Non-executive Directors for attending the meetings of the Board of Directors and Audit Committee. The sitting fees paid for the year ended 31st March, 2005 were as follows:

Name	Sitting Fees Paid (Rs)
Mr. C. Subramaniam	36,000/-
Mr. Ravi K. Sheth	15,000/-
Mr. Ashish S. Dalal	30,000/-
Mr. V. Venkateswara Rao *	3,000/-
Mr. P. G. Kakodkar	27,000/-

* paid to IDBI

During the year Mr. P.G. Kakodkar, Non-executive Director, has been paid Rs. 60,000/- as professional fees. The professional fees paid to him is not considered material enough to impinge on the independence of Mr. P. G. Kakodkar.

Remuneration Policy:

The Company's remuneration policy is determined by the success and performance of the individual employee and the Company. The performance of the individual employee is measured through the annual appraisal process. The Company, through its Compensation programme, attracts, develops, motivates and retains talented workforce.

6. Shareholders' / Investor Grievance Committee:

Composition

The Shareholders'/Investors' Grievance Committee comprises of Mr. C. Subramaniam and Mr. Dewang S. Neralla, Directors. Mr. C. Subramaniam, Non-executive Director, is the Chairman of the Committee.

Compliance Officer

Mr. Hariraj S. Chouhan, Company Secretary is the Compliance Officer.

Functions

The Committee, inter alia, approves transfer and transmission of shares, issue of duplicate share certificates and reviews all the matters connected with the share transfers and issue of equity shares under ESOP. The Committee met 20 times during the year under review.

Status of investor complaints received during the year ended March 31, 2005.

Received	Resolved	Pending
41	41	Nil

There were no share transfers pending as on 31st March 2005.

7. General Body Meetings

The date, time and venue for the last 3 Annual General Meetings is mentioned hereunder.

Year	Date	Time	Location
2001-02	30-09-2002	12.30 P.M.	3rd Floor, 141, Greams Road, Chennai 600 006
2002-03	30-09-2003	12.30 P.M.	3rd Floor, 141, Greams Road, Chennai 600 006
2003-04	25-09-2004	12.30 P.M.	Russian Cultural Centre, 74, Kasturi Ranga Road, Chennai 600 018

In addition, during the year, an Extra-ordinary General Meeting was held on 16th March, 2005 at Russian Cultural Centre, 74 Kasturi Ranga Road, Chennai 600 018. at 12.30 P.M.

8. Postal ballot

No special resolution was put through postal ballot last year, as the situation did not arise. The provisions relating to postal ballot will be complied as per the provisions of the Companies Act, 1956 as and when situation arises.

9. Disclosures

There are no material transactions with related parties that may have any potential conflict with the interest of the Company at large. The Company has not entered into any transaction of material nature with the Promoters, Directors or Management, their relatives that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in Note no.15 of Schedule14 to the Accounts in the Annual Report.

There were no instances of non-compliances of any matter related to the capital markets during the year and the Company has complied with the requirements of regulatory authorities on capital markets.

10. Means of Communication

Is Half yearly report sent to each household of shareholders: No.

The quarterly and half yearly results are published in TRINITY MIRROR & BUSINESS STANDARD in English and MAKKAL KURAL in the regional language.

Website where displayed	:	www.ftindia.com
Whether it also displays official news release, the presentations made to Institutional Investors	:	Yes. The Company's official News releases, other press coverage and copy of corporate presentations made to Institutional Investors and Analysts are also available on the Website.
Whether the Management Discussion and Analysis Report is a part of Annual Report or not.	:	Yes. The information is in different chapters / headings at appropriate places in this Annual Report.

Auditors' Certificate on Corporate Governance

To the Members of

Financial Technologies (India) Limited

We have examined the compliance of conditions of Corporate Governance by Financial Technologies (India) Limited, for the year ended on 31st March 2005, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

In our opinion and to the best of our information and according to explanations given to us, subject to the non-interaction with the statutory auditors at four out of five audit committee meetings due to non-invitation to attend and read with Note to para 2 on Report on Corporate Governance, we certify that the Company has complied with the conditions of corporate governance, as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as certified by the share transfer agents of the Company, based on the records maintained by them.

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

For Deloitte Haskins & Sells

Chartered Accountants

A. B. Jani

Place : Mumbai — Partner

Date : 24th June, 2005 — Membership No. 46488

General Shareholder Information

1. Annual General Meeting

Date and Time	:	27th September, 2005 at 12.30 p.m.
Venue	:	Russian Cultural Centre, 74, Kasturi Ranga Road, Chennai 600 018.

2. Financial Calendar

Financial Year	:	1st April 2004 to 31st March 2005	
Annual General Meeting	:	September	
Results for the quarters	:	30th June	End of July
		30th September	End of October
		31st December	End of January
		31st March	End of April or end June / July (audited figures) as per Stock Exchange guidelines

3. Book-closure date:

   The Books shall be closed from 20th September 2005 to 27th September 2005 (both days inclusive) for the purpose of ensuing Annual General Meeting.

4. Dividend payment date: October 01, 2005 onwards.

5. Listing:

   The shares of the Company are presently listed on Stock Exchanges at Chennai, Mumbai and Ahmedabad. Further, the Company's equity shares have also been listed on National Stock Exchange of India Limited (NSE) w.e.f. 20th June 2005. The Annual Listing Fees have been paid to these Stock Exchanges for Financial Year 2005-06.

6. Stock Market Codes:

   i) Trading Symbol

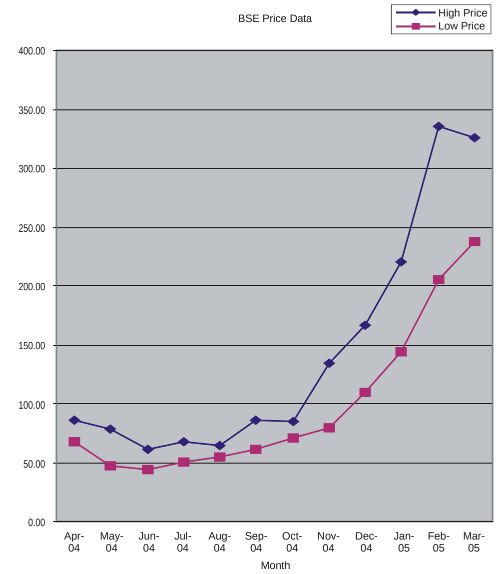
-- Chennai	-	Scrip Code	:	WTG
		Abbreviated Name	:	FINANC TECH
-- Mumbai	-	Scrip Code	:	526881
		Demat Code	:	526881
		Abbreviated Name on BOLT	:	FINANC TECHN
-- Ahmedabad	-	Scrip Code	:	67641
		Abbreviated Name	:	FINTECH
-- NSE		Scrip Code	:	N.A
		Abbreviated Name	:	FINANTECH

   ii) Depository for Equity Shares : NSDL and CDSL

   iii) Demat ISIN Number : INE111B01023

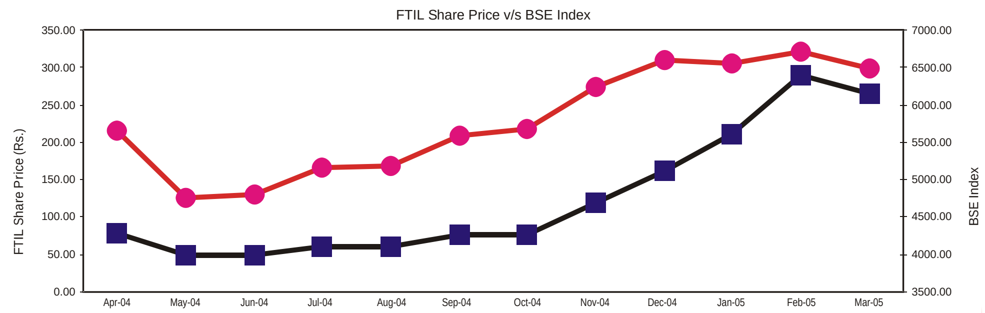
7. Stock Market Data:

Month & Year	Bombay Stock Exchange		
	High Price Rs	Low Price Rs	Volume Nos
Apr 2004	86.30	68.15	3170853
May 2004	78.90	46.95	1927200
Jun 2004	61.50	43.65	1703513
Jul 2004	68.00	50.25	3927156
Aug 2004	64.40	54.85	2047175
Sep 2004	86.35	60.90	5873784
Oct 2004	84.70	71.20	2151338
Nov 2004	134.00	80.00	8572748
Dec 2004	166.50	110.00	2585501
Jan 2005	219.90	144.05	1878359
Feb 2005	335.00	205.25	1926121
Mar 2005	326.00	238.00	2723870



8. Share Price Performance in broad based indices:

   The performance of the company's shares relative to BSE Sensex is given in the chart below:



	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05
FTIL Share Price	78.75	48.65	50.20	60.15	61.25	76.50	76.00	119.45	162.45	211.10	289.10	264.35
BSE Index	5655.09	4759.62	4795.46	5170.32	5192.08	5583.61	5672.27	6234.29	6602.69	6555.94	6713.86	6492.82

9. Registrars & Transfer Agents:

   Intime Spectrum Registry Pvt. Ltd.

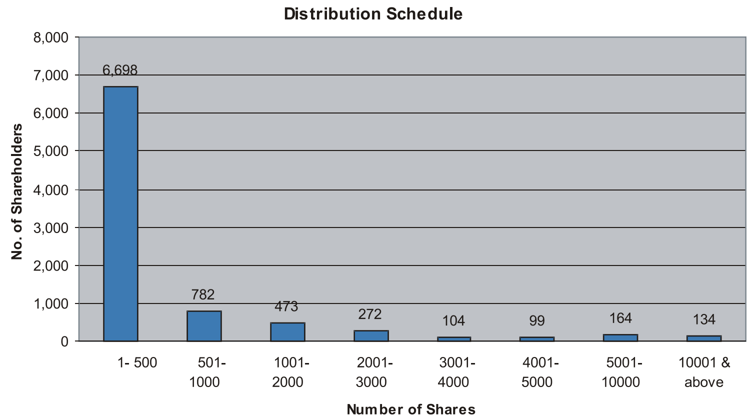
   C-13, Pannalal Silk Mills Compound,
L. B. S. Marg,
Bhandup (West),
Mumbai 400 078.

   Tel. : 5555 5454
Fax : 5555 5353
Email : isrl@intimespectrum.com

10. Distribution of Shareholding and Shareholding Pattern as on 31st March 2005

Distribution Schedule

Shareholding Range	Shareholders		Shares held	
	Number	% to total	Number	% to total
1 - 500	6,698	76.759	1,101,792	2.504
501 - 1000	782	8.962	621,049	1.411
1001 - 2000	473	5.421	718,155	1.632
2001 - 3000	272	3.117	705,484	1.603
3001 - 4000	104	1.192	378,783	0.861
4001 - 5000	99	1.135	462,321	1.051
5001 - 10000	164	1.879	1,152,919	2.620
10001 & above	134	1.536	38,868,433	88.319
Total	8,726	100.00	44,008,936	100.00



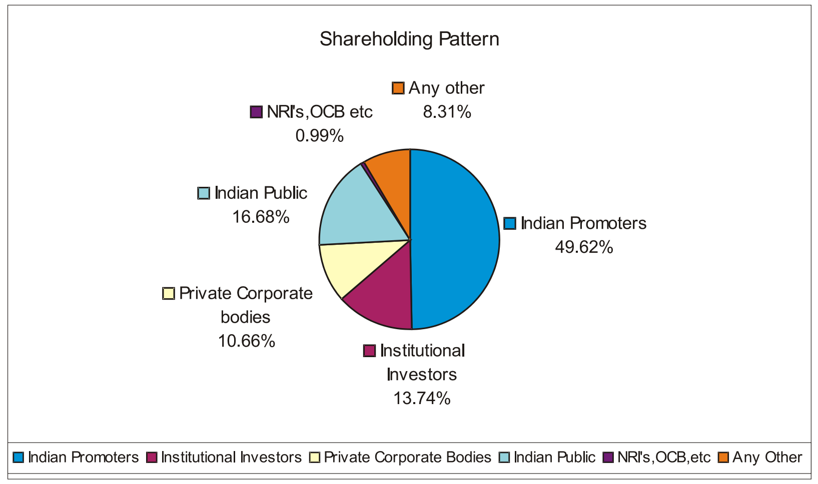
Shareholding Pattern as per Clause 35 of the Listing Agreement (summarised) as on 31st March, 2005

A.	Promoter's Holding	No of Shares held	% of Share Holding
1	Promoters: - Indian Promoters (Promoters Directors, their relatives and companies under their control)	21,837,610	49.62%
2	- Foreign Promoters	-	-
	SUB TOTAL	21,837,610	49.62%
B.	Non- Promoter's Shareholdings:		
3	Institutional Investors:		
	a) Mutual Funds & UTI	114,214	0.26%
	b) Banks, Fin. Institutions, Insurance Cos, Govt. Institutions, Non-Govt. Institutions:	247	-
	c) Foreign Institutional Investors	5,930,751	13.48%
	SUB TOTAL	6,045,212	13.74%
4	Others:		
	a) Private Corporate Bodies:	4,693,171	10.66%
	b) Indian Public:	7,342,962	16.68%
	c) NRI's OCB's. Etc.	434,103	0.99%
	d) Any Other:	3,655,878	8.31%
	SUB TOTAL	16,126,114	36.64%
	TOTAL NON-PROMOTER HOLDING	22,171,326	50.38%
	GRAND TOTAL	44,008,936	100.00%

Notes:

1. The Company has not issued any GDR/ADR
2. The total foreign holding is 6,364,854 shares i.e. 14.47% of the total capital.

Shareholding Pattern



11. Changes to Equity Share Capital during Financial Year 2004-05:

Date	Particulars	No. of shares	Issue Price Capital (Rs.)	Increase in share
October18, 2004	ESOP allotment	61,909	Rs.2/-	1,23,818
March 21, 2005	Preferential allotment of Equity shares	28,73,951	Rs.262/-(Rs.2/- Face value & Rs.260/-premium)	57,47,902
Total		29,35,860		58,71,720

12. Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/ forms and furnished all relevant particulars as required under the Companies Act, 1956 and allied Acts and Rules, the Securities and Exchange Board of India (SEBI) Regulations and the Listing Agreements with Stock Exchanges.

13. Reminder

The shareholders who are holding share certificates of erstwhile "e.Xchange on the net Limited" and have not yet surrendered their share certificate/s for exchanging with the share certificates of the Company, are requested to immediately surrender the same to enable the Company to forward the new share certificate/s (Face value of Rs. 2/- each) of the Company.

14. Unpaid/unclaimed dividend

Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by a company to the Investor Education and Protection Fund, established by the Central Government under the provisions of section 205C of the Companies Act, 1956.

Shareholders of the company who have either not received or have not encashed their dividend warrants, for the financial year 2003-04, are requested to claim the unpaid/unclaimed dividend from the company before transfer to the above mentioned fund.

Particulars	Rate of dividend	Date of declaration	Due for transfer on or before
Dividend 2003-04	10%	25-Sep-2004	27-Sep-2011

15. Share Transfer System:

Shares sent for transfer in physical form are generally registered and returned within a period of 15 days from the date of lodgment and Demat requests are normally confirmed within an average period of 15 days, provided the documents are clear in all respects.

16. Dematerialisation of shares and liquidity:

The shares of the Company are compulsorily traded in dematerialized (electronic) form and available for trading under both the Depositories viz. NSDL & CDSL. As on 31st March 2005 a total of 4,34,15,004 equity shares of the Company, forming 98.65% of the Share Capital, stood dematerialized.

17. Outstanding GDR /ADR / Warrants or any convertible instruments, conversion date and impact on equity:

The Company has not issued any ADR /GDR's or any conversion instruments till date.

During the year under review, the company had implemented the final phase i.e. Option III of the Employees Stock Option Scheme. As per the scheme, 61,909 Equity shares (Option III) were allotted on 18th October 2004 to the eligible employees of the Company. After taking into account the options vested, exercised and lapsed during the year, the balance options outstanding at the end of the year were Nil.

18. Locations of Offices:

1. IIIrd Floor, 16, Surya Flats, IInd Cross Street, Seethammal Colony Ext. Teynampet, Chennai-600 018.
2. 101/102/202/203 'Trade Avenue', Suren Road, Chakala, Andheri (East), Mumbai-400 093
3. 'Landmark', B Wing, Gr. Flr., 2nd, 3rd & 6th Floor, Suren Road, Chakala, Andheri (East) ,Mumbai-400 093.
4. Malkani Chambers, 1st Floor, Off Nehru Road, Vile Parle (East), Mumbai-400 099.

19. Investor Correspondence:

All routine correspondence regarding transfer and transmission of shares, split, consolidation and issue of duplicate/renewed share certificates should be addressed to the Company's Registrars and Share Transfer Agents.

Complaints/grievances, if any, should be addressed to

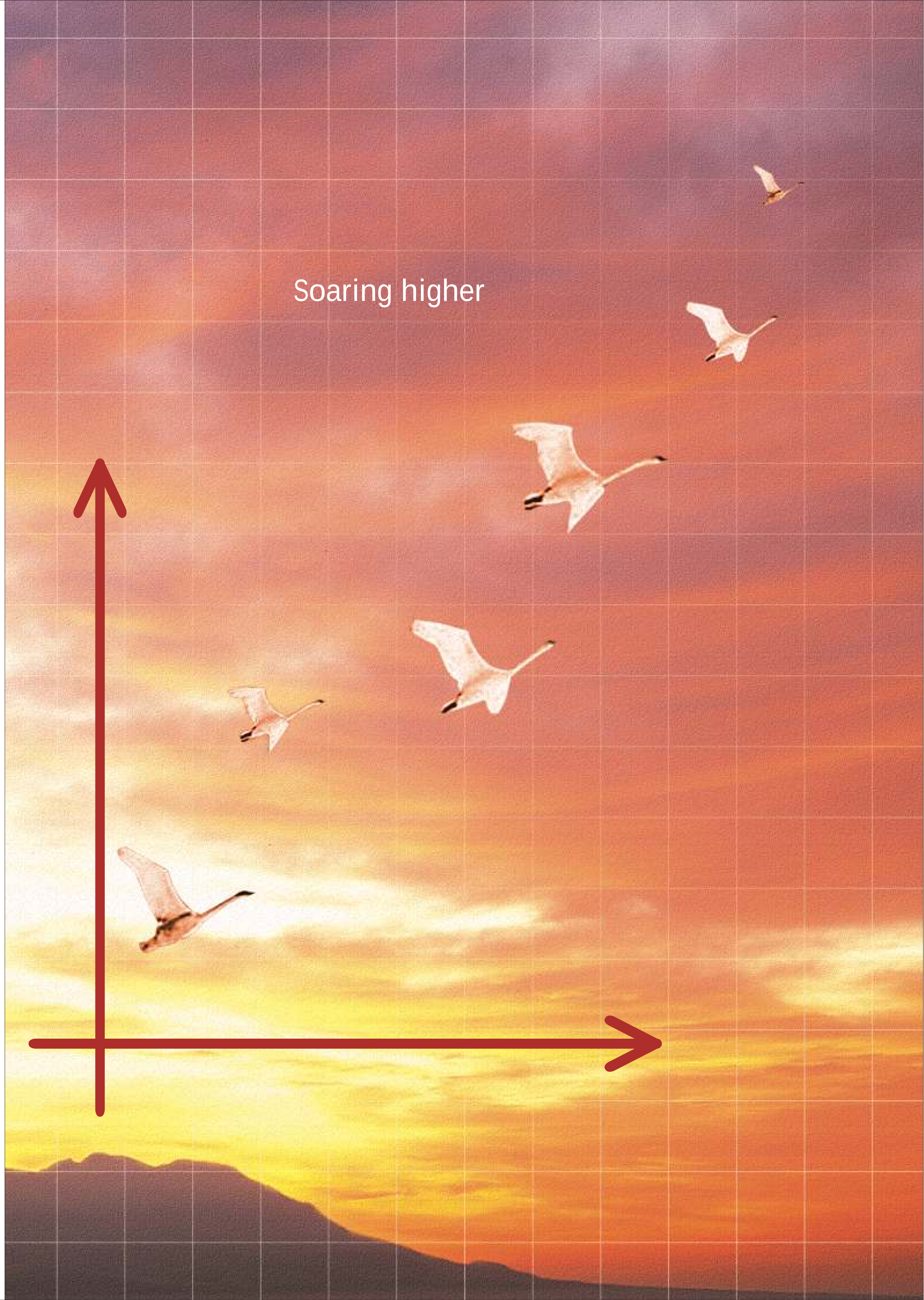
The Company Secretary,

Financial Technologies (India) Ltd.

Malkani Chambers, 1st Floor, Off Nehru Road,
Vile Parle (East), Mumbai - 400 099.
Tel.: 022 26173746/47/48 Fax: 2611 8195
email :info@ftindia.com

20. Company's website:

For any further information on the Company please visit Company's website www.ftindia.com.



MANAGEMENT DISCUSSION & ANALYSIS

Operational Review

The year (2004-05) gone by has recorded dramatic growth for the company. Sales revenues have spurted to Rs.30.15 crores, as the company continued to train the spotlight on product development, product enhancement and effected deeper penetration into the retail segment. ODIN, has become a de-facto standard for front-office operations of brokers within the country and could even become synonymous with the generic solution it had set out to offer. However, clear flavor of the year was your company's subsidiary, Multi Commodity Exchange of India Limited (MCX). Not only has MCX made profits in its first full year of operations, but also declared a maiden dividend of 10% to its shareholders.

Major Events

There have been a slew of events in your company's business landscape. During the year, your company, along with its subsidiary MCX, entered into Joint Venture with Dubai Metals & Commodities Centre (DMCC), a strategic initiative of the Government of Dubai, to set up Dubai Gold & Commodity Exchange (DGCX). An international exchange developed to facilitate on-line trading of Bullion and other Commodities, DGCX, located in Dubai, will be the only International Exchange operating in the time zone between Tokyo and London. It will trade in major commodities like gold, silver and other precious metals and is expected to commence operations in the last quarter of 2005. The Gold City - Dubai - provides investment incentives such as fifty year income and corporate tax holidays, 100% repatriation of capital and profits, no currency restrictions, option to lease or purchase business premises and the like.

The year gone by has seen MCX grow leaps and bounds. The Exchange turnover has boomed and memberships have risen significantly. With a focus on product innovation, MCX has pioneered trading in crude futures in the country. The daily average turnover recorded in the Exchange has grown exponentially during the year from Rs.179 crores in the 1st Quarter to Rs.2026 crores in the quarter ending March'05.

During the year under review, MCX has stepped into an Agreement of mutual co-operation with Tokyo Commodity Exchange (TOCOM). MCX has also forged a strategic alliance with The Baltic Exchange, London, for the launch of 'Freight Rate Futures' in India. MCX's joint venture with Pars Ram Brothers, Australia, is also expected to bring further synergies to the new venture National Bulk Handling Corporation Limited (NBHC). It is significant to note that as on 31st March 2005 MCX had 870 members with a presence in over 400 cities nationwide.

Your Company along with MCX and National Agricultural Co-operative Marketing Federation Limited (NAFED) has also ventured and jointly set up National Spot Exchange Limited for Agricultural Produce (NSEAP) to provide nationwide spot exchange for agricultural produce.

Your company has acquired a majority interest in IBS Forex Pvt. Ltd. During the year, your Company has also promoted Tickerplant Infovending Limited, which is yet to commence operations.

During the year, three Foreign Institutional Investors (FIIs) made investment in Financial Technologies (India) Ltd (FTIL) to the extent of 6.53% of the Capital through preferential route. The preferential offer of Equity Shares was for 28,73,951 Equity Shares at a price of Rs. 262/-. (Face value Rs.2/- and Rs.260/- being premium thereof).

Segment Analysis

The company has generated revenues through one time license payment, pay per usage services and also project assignments on Time & Material model. During the year,

the company continued providing consulting services in the single industry vertical under its comprehensive Straight Through Processing (STP) framework addressing the Pre-trade, Trade, and Post-Trade operations as well as provisioning systems over a comprehensive B2B e-Commerce framework at MCX.

a) Domestic Market

During the year, the company continued to focus on the retail market with a thrust to expand the existing market share of its technologies. This was achieved through the dual strategy of introducing advanced features in existing technologies as also introduction of new solutions to offer a more comprehensive solution suite. This strategy has met with good success and proved to be beneficial to the Company, as is reflected in its performance. The Company's performance is on an improvement scale as the technology sales have witnessed a strong growth in the last quarter, which we expect to continue in the ensuing year. During the year FTIL has garnered over 250 brokerage houses as clients with adding 18000 trading terminals. The cumulative terminals stand at over 35,000 on date, which are operational across the nation in more than 125 cities. Additionally, FTIL has recently launched ODIN for the commodities segments also.

One of the key success points of the year has been the implementation of the technology at MCX. The robustness and scalability of FTIL products were put to an acid test with MCX operations growing exponentially and yet again FTIL came out with flying colors. This has not only positioned FTIL has one of the best technology providers in this space, but also has created a basis for deploying these technologies globally. The average daily turnover recorded at MCX has grown exponentially during the year from Rs.179 crores in the 1st Quarter to Rs.2026 crores in the quarter ending March'05.

The year saw SEBI mandating the use of electronic platform for transmission of contract notes. FTIL's through its offering STP-Gate™ was uniquely positioned to offer best-of-breed service offerings. STP-Gate is a robust, secure & scalable transaction-processing platform that enables seamless convergence and online interface between Investment Managers, Custodians & Brokers. The year has seen FTIL create a leadership position in terms of the number of funds as well as messages handled.

b) International Market

Looking at the success in the Domestic market both through its technology offerings as well as through its subsidiary MCX, FTIL has entered into a joint venture with DMCC, a strategic initiative of Government of Dubai to set up a new generation exchange, Dubai Gold and Commodities Exchange. As mentioned earlier, DGCX is uniquely positioned as a gateway between the East and the West and will become the only commodity exchange operating between the time zone of London and Tokyo.

Company's strength and opportunities

FTIL is amongst the very few companies globally that offer exhaustive solutions & services library for Exchanges, Sell-side and Buy-side firms, Custodians, Banks and Financial Institutions. The solution & services library includes Central Matching Utility, Order Routing, Market Data Feed Engines, Order & Trade Management Solutions, Risk Management Engine, Clearing & Settlement Solutions, Accounting Solutions, STP Platform, amongst others supporting Pre-Trade, Trade and Post-Trade operations. In addition to solutions & service offerings FTIL also runs and manages country's leading commodities exchange and foreign exchange trading platform. MCX & IBS Forex are initiatives of FTIL in these areas.

Matching Utility, Order Routing, Market Data Feed Engines, Order & Trade Management Solutions, Risk Management Engine, Clearing & Settlement Solutions, Accounting Solutions, STP Platform, amongst others supporting Pre-Trade, Trade and Post-Trade operations. In addition to solutions & service offerings FTIL also runs and manages country's leading commodities exchange and foreign exchange trading platform. MCX & IBS Forex are initiatives of FTIL in these areas.

On the international canvas, most stock and commodities exchanges are heading for automated, real time systems. As they realise the efficiencies and risk containment that stem from prudent application of technology, FTIL realizes the opportunities in the new markets that are opening up. FTIL's presence in Dubai will be the platform to approach and fructify these opportunities.

Risk & Concern

Business Risk

Considering that FTIL is engaged in providing domain intensive technologies & services for the financial services industry, its growth is linked to its successful expansion of both national and international financial markets.

Commodities markets have huge untapped potential and an exponential growth will fire the performance of FTIL to new highs. However, in the unlikely event of the present growth rate leveling off, FTIL's exposure to these markets would slow down overall growth.

The growth in revenues of FTIL Group companies will also create more opportunities.

On the global front, FTIL's export performance will depend the market expectation of and participation in Dubai Gold & Commodity Exchange (DGCX). It will also depend on the time-line closure of overseas deals for FTIL.

This is so because, with respect to all other challenges, the Company has achieved positive feedback and recognition from global players and technology giants such as Intel, Microsoft and HP. In terms of competition, since the alliance business model has been adopted, confidence of jointly succeeding (along with the alliance partners) is very high. The effective utilization of time and presence in various commercial capitals will surely reduce the risk as highlighted above.

Financial Risk

During the year under review, your Company has raised Rs.75.29 crore through preferential allotment of equity shares to three Foreign Institutional Investors (FIIs). The company believes in the policy of maintaining liquidity sufficient enough to maintain the current expenses parameter for at least a year. Hence the company takes all necessary steps to enhance the liquidity so as to have cushion for its investment in new product development and undertake new initiatives. Your company has been debt free since last two years and has a cash surplus of Rs.110 crore. This will enable the company to pursue opportunities in domestic as well as international markets.

Hence we do not envisage any undue financial risk.

Internal Control and Their Adequacy

The company has adequate internal control systems to monitor and review its internal business process, financial reporting and compliance with applicable laws. The well-defined role for the people at various levels ensures proper and timely flow of information, which considerably helps in mitigating risks. This also facilitates proper implementation of the defined control system. The Management reviews the internal control systems at regular and defined intervals in order to ensure efficient conduct of business. The regular Internal Audit reviews and

constitution of an independent Audit Committee, formed with representation from the non-executive Members of the Board, have strengthened the overall internal controls within the organization.

Financial Results

The summarized results for the year are as follows

(In Rs. Lakhs)

Sales Revenue	3015.48
Other Income	339.70
TOTAL INCOME	3355.18
Less: Operating Expenses	1917.67
PBDIT	1437.51
Less: Interest	0.04
Less: Depreciation	98.20
Profit / (Loss) before Taxation	1339.27
Less: Provision for Taxation	347.95
Net Profit / (Loss)	991.32

Additional Issue of Capital

During the year the company issued 28,73,951 Equity Shares of Rs 2/- each at a premium of Rs 260/-per share to three FII's - T.Rowe Price International Discovery Fund, T. Rowe Price New Asia Fund and Goldman Sachs Investments (Mauritius) I Ltd on a Preferential Allotment basis in accordance with SEBI guidelines and related concurrent legislations.

Employees Stock Option

The company took over the Employee Stock Option Scheme on amalgamation of Financial Technologies (India) Private Ltd., which entitled certain employees to a specified number of shares at an option price in accordance with the Scheme. During the year, the Company allotted 61,909 equity shares under the third & the final option of the ESOP scheme of the Company. Further, no stock options were outstanding as on 31st March 2005.

Accordingly, after the Preferential Issue & allotment of shares under ESOP, the Share Capital of the Company increased from Rs.8,21,46,152/- to Rs.8,80,17,872/-.

Options outstanding at the beginning of the year	71,204
Options exercised during the year	61,909
Lapsed during the year	9,295
Options outstanding at the end of the year	Nil

Investments

The company's investment philosophy speaks about long-term investment keeping in mind the safety of principal amount.

During the year your company has made investments and acquired a controlling stake of 76% in IBS Forex Pvt. Ltd., a company primarily engaged in B2B e-commerce platform for Interbank FOREX Trading.

The company has made the above investment considering its investment philosophy and benefits that will accrue on long-term basis.

The treasury operations are managed in a systematic manner keeping in mind the investment philosophy.

HR Relations

Watson Wyatt, in his Human Capital Index study conducted in 2002, found that the Best HR practices in a company was directly linked to the highest shareholder value, being the leading indicator of financial success of the company. Your company too believes that the performance of any organization largely depends on its work force and hence, considers human resource as its most valuable asset. As a result, development of a long term HR plan to ensure alignment of HR strategies with corporate objectives is a prime strategy adopted by the company. Needless to emphasize, therefore, that the company lays a lot of emphasis in providing continual training to its employees to keep them abreast with the latest development in the IT Industry.

Being a technology sector company, highly prone to large scale attrition, the company has not only to devise appropriate strategies to attract the best talents available in the market, but also in ensuring their retention by building trust and instilling loyalty in them. Constant review and redesigning of HR processes, including compensation structure, therefore, is a continuous process in the company. Annual pay-revisions and other benefits are designed in such way to compensate good performance by the employees adequately.

FTIL firmly believes that teamwork and collective efforts produce better results than the sum of individual efforts, and endeavor to provide our employees an environment highly conducive to such a work culture. To further reinforce this philosophy and imbibe this firmly in the minds of the employees, training sessions and workshops on team building are often imparted to the employees.

The results of these HR initiatives are already visible through the high rate of productivity and the low rate of attrition that the company has been able to achieve in the past years.

Cautionary Statement

Statements made in Management Discussion and Analysis Report describes the company's objective, projections, estimates or predictions which may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied.

The company assumes no responsibility in respect of forward statements herein which may undergo changes in future on the basis of subsequent development, information or events.

AUDITORS' REPORT

TO THE SHAREHOLDERS

1. We have audited the attached Balance Sheet of Financial Technologies (India) Limited as at March 31, 2005, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   - i) 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;
   - ii) 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;
   - iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   - iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   - v) On the basis of written representations received from the directors, as on March 31, 2005 and taken on record by the board of directors, we report that none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   - vi) Without qualifying our opinion, we draw attention to Note 5 of Schedule 14 regarding an amount of Rs.16,595,572/- paid to a party, which is subject to the approval of the shareholders at the ensuing general meeting as explained in the note.
   - vii) In our opinion and to the best of our information and according to the explanations given to us, the said 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 in conformity with the accounting principles generally accepted in India:
     - a) In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2005;
     - b) In the case of the profit and loss account, of the profit for the year ended on that date; and
     - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells,
Chartered Accountants
A. B. Jani
Partner
Membership No. 46488

Mumbai, dated: 24th June, 2005.

ANNEXURE TO AUDITORS' REPORT

Re: Financial Technologies (India) Limited
Referred to in Paragraph 3 of our report of even date

- i) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) According to the information and explanations given to us, during the year, the management carried out physical verification of fixed assets other than those located at branches. No material discrepancies were noticed on such verification as compared with the records of fixed assets maintained by the Company.
  - c) During the year, the Company has not disposed off any substantial part of its fixed assets, which would affect the "going concern".
- ii) The activities of the Company and the nature of its business do not involve the use of inventories. Accordingly, clause (ii) of the order is not applicable to the Company.
- iii) The Company has not granted or taken any loans, secured or unsecured, to/from parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly clause (iii) of the Order is not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an internal control system for purchase of fixed assets and sale of services, which *needs to be strengthened in respect of sale of services* to be commensurate with the size of the Company and nature of its business. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) In respect of contracts and arrangements entered in the register maintained in pursuance of section 301 of the Companies Act 1956:
  - a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
  - b) According to information and explanations given to us, where such transactions are in excess of Rs. 500,000/- in respect of any one party, the transactions have been made having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public.
- vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management is commensurate with the size of the Company and the nature of its business.
- viii) According to information and explanations given to us, the Central Government has not prescribed maintenance of the Cost records under clause (d) of sub-section (1) of Section 209 of the Act. Accordingly, clause (viii) of the Order is not applicable to the Company.
- ix) According to the information and explanations given to us, in respect of statutory and other dues:
  - a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales tax, Service Tax, Lease Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues, applicable to it with appropriate authorities during the year *except for Advance Income-tax.* According to the information and explanation given to us, no arrears of statutory dues as at March 31, 2005 were outstanding for a period of more than six months from the date they became payable.

b) There are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited with the appropriate authorities on account of any dispute except as follows:

Name of statute	Nature of the dues	Amount Rupees	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demands	386,548	Assessment Year 2000-01	Commissioner of Income Tax. (Appeals)
Income Tax Act, 1961	Income tax demands	368,685	Assessment Year 2001-02	Income Tax Appellate Tribunal

x) The Company has no accumulated losses as at the end of the financial year and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, there have been no dues to banks, financial institutions or debenture holders. Accordingly clause (xi) of the Order is not applicable to the Company.

xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and any other securities and hence clause (xii) of the order is not applicable to the Company.

xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Accordingly, clause (xiii) of the order is not applicable to the Company.

xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause (xiv) of the Order is not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not availed any term loan during the year.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have prima facie, not been used during the year for long term investment.

xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause (xviii) of the Order is not applicable.

xix) According to the information and explanations given to us, the Company has not issued any debentures during the year. Accordingly, clause (xix) of the Order is not applicable.

xx) According to the information and explanations given to us, the Company has not raised funds by way of public issue during the year.

xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells,
Chartered Accountants

A. B. Jani
Partner
Membership No. 46488

Mumbai, dated: 24th June, 2005

Balance Sheet as at 31st March 2005

	Schedule No.	Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
I. SOURCES OF FUNDS				
(1) Shareholders' funds:				
(a) Capital	1	88,017,872		82,146,152
(b) Reserves and surplus	2	1,298,489, 278		478, 467,451
			1,386,507,150	560, 613,603
(2) Deferred tax liability (net) [Refer note 10 to Schedule 14]			1,315,528	-
TOTAL			1,387,822,678	560,613,603
II. APPLICATION OF FUNDS				
(1) Fixed assets:	3			
(a) Gross block		99,078,168		88,474,466
(b) Less : depreciation		35,126,958		34,696,523
(c) Net block			63,951,210	53,777,943
(2) Investments	4		1,232,343,491	466,004,552
(3) Current assets, loans and advances:				
(a) Sundry debtors	5	48,598,333		26,522,878
(b) Cash and bank balances	6	100,114,516		12,314,103
(c) Loans and advances	7	79,707,318		50,409,938
		228,420,167		89,246,919
Less: Current liabilities and provisions:				
(a) Current liabilities	8	60,596,787		23,688,054
(b) Provisions	9	76,295,403		24,727,757
		136,892,190		48,415,811
Net current assets			91,527,977	40,831,108
TOTAL			1,387,822,678	560,613,603
Significant accounting policies and notes to accounts	14			

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

As per our attached report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Place : Mumbai
Date: 24th June, 2005

For and on behalf of the Board.

Jignesh P. Shah
Chairman and Managing Director

C. Subramaniam
Director

Hariraj Chouhan
Company Secretary

Place : Mumbai
Date: 24th June, 2005

Profit and Loss Account for the year ended 31st March 2005

	Schedule No.	Current Year Rupees	Previous Year Rupees
INCOME			
Sales	10	301,548,283	253,356,824
Other income	11	33,543,614	23,192,251
		335,091,897	**276,549,075**
EXPENDITURE			
Operating and other expenses	12	191,340,746	135,138,482
Interest	13	3,627	1,424,752
Depreciation / amortisation		9,820,314	8,570,911
		201,164,687	**145,134,145**
Profit before tax		**133,927,210**	**131,414,930**
Provision for taxation			
Current tax		33,460,000	4,000,000
Deferred tax		1,315,528	-
Wealth tax		20,000	-
Profit after tax		**99,131,682**	**127,414,930**
Short provision for income tax in respect of earlier year		6,000,000	-
Balance brought forward from previous year		108,566,359	(9,581,458)
		201,698,041	**117,833,472**
Appropriations			
Transfer to General Reserve		7,500,000	-
Proposed Dividend		17,603,574	8,214,615
Tax on Dividend		2,468,901	1,052,498
Balance carried to Balance Sheet		**174,125,566**	**108,566,359**
Earnings Per Share (Refer note 17 to schedule 14)			
Basic		2.26	3.38
Diluted		2.26	3.37
Significant accounting policies and notes to accounts	14		

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

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

A. B. Jani
Partner

Place : Mumbai
Date: 24th June, 2005

For and on behalf of the Board.

Jignesh P. Shah
Chairman and Managing Director

C. Subramaniam
Director

Hariraj Chouhan
Company Secretary

Place : Mumbai
Date: 24th June, 2005

Cash Flow Statement for the year ended 31st March 2005

	Current Year Rupees	Current Year Rupees	Previous Year Rupees	Previous Year Rupees
A. Cash flow from operating activities				
Net profit before tax		**133,927,210**		**131,414,930**
Adjustments for:				
Depreciation/ amortisation	9,820,314		8,570,911	
Employees compensation expenses	(103,639)		891,715	
(Profit) /loss on sale of investments (net)	(5,958,361)		11,656,897	
Loss on sale of fixed assets (net)	511,813		613,160	
Loss on fixed assets scrapped/ written off	10,207,286		126,021	
Dividend from investments	(4,051,943)		(539,209)	
Interest expense	3,627		1,424,752	
Exchange rate fluctuations (net)	3,894		104,186	
Sales made for consideration other than cash	-		(115,000,000)	
Interest income	-	10,432,991	(2,379,104)	(94,530,671)
Operating profit before working capital changes		**144,360,201**		**36,884,259**
Adjustments for:				
Trade and other receivables	(35,167,347)		(6,169,191)	-
Trade payables and provisions	38,091,600	2,924,253	(2,154,701)	(8,323,892)
Cash from operations		**147,284,454**		**28,560,367**
Tax paid		(25,249,779)		(7,983,626)
Dividend tax paid		(1,052,498)		-
Interest income		-		2,379,104
Net cash from operating activities		**120,982,177**		**22,955,845**
B. Cash flow from investing activities				
Purchase of fixed assets		(31,278,154)		(2,480,701)
Proceeds from sale of fixed assets		565,474		2,234,155
Purchase of investments (including fixed deposits)		(1,925,662,435)		(469,701,051)
Proceeds from sale of investments		1,088,336,165		253,011,842
Loans and advances to subsidiary companies		8,844,094		(9,307,068)
Dividend from investments		4,051,943		539,209
Net cash used in investing activities		**(855,142,913)**		**(225,703,614)**
C. Cash flow from financing activities				
Proceeds from borrowings (net)		-		(16,566,988)
Proceeds from issue of share capital		5,871,720		7,273,974
Share premium received		747,227,260		219,600,000
Dividend paid during the year		(8,115,198)		-
Interest expense		(3,627)		(1,424,752)
Net cash from financing activities		**744,980,155**		**208,882,234**
Net cash flow during the year		**10,819,419**		**6,134,465**
Net increase in cash and cash equivalents		**10,819,419**		**6,134,465**
Cash and cash equivalents (opening balance)		12,418,289		6,283,824
Cash and cash equivalents (closing balance)		23,237,708		12,418,289

Notes to cash flow statement:

1. Cash and cash equivalents include cash and bank balances in current and deposit accounts, with original maturities not exceeding three months. Cash and cash equivalents includes:

	Current Year Rupees	Previous Year Rupees
Cash and cheques on hand	17,559	320,031
Bank balances	23,151,265	11,994,072
Unrealised loss on foreign currency cash and cash equivalents*	68,884	104,186
	23,237,708	12,418,289

* Includes Rs.64,990/- (Previous Year - Nil) debited to Foreign Currency Translation Reserve.

2. Interest income from advances in the nature of loans and deposits etc is classified as cash flow from operating activities.
3. Loans and advances given to subsidiary companies are considered as part of investing activities and are net of repayments.
4. Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS 3) " Cash Flow Statement" issued by The Institute of Chartered Accountants of India.
5. Previous years figures have been regrouped/rearranged wherever necessary to correspond with the figures of the current year.

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

A. B. Jani
Partner

Place : Mumbai
Date : 24th June ,2005

For and on behalf of the Board.

Jignesh P. Shah
Chairman and Managing Director
C. Subramaniam
Director
Hariraj Chouhan
Company Secretary
Place : Mumbai
Date: 24th June, 2005

Schedules forming part of the accounts

		As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 1: Share Capital				
Authorised:				
150,000,000 Equity shares of Rs.2/- each			**300,000,000**	**300,000,000**
Issued, subscribed and paid up:				
44,008,936 (Previous Year: 41,073,076) Equity shares of Rs.2/- each fully paid-up			88,017,872	82,146,152
Of the above:				
(a)	33,000,494 Equity shares of Rs. 2/- each fully paid-up have been allotted for consideration other than cash pursuant to schemes of amalgamation.			
(b)	131,840 (Previous Year: 69,931) Equity shares of Rs.2/- each fully paid-up have been allotted to the employees under employee stock option schemes.			
	TOTAL		**88,017,872**	**82,146,152**

Schedule 2 : Reserves and Surplus			
Capital Reserve:			
Balance as per last balance sheet		14,759,312	14,759,312
Securities Premium Account:			
Balance as per last balance sheet	354,347,843		133,968,113
Add: Received during year	747,917,558		220,379,730
		1,102,265,401	354,347,843
Employees Stock Option Outstanding:			
Balance as per last balance sheet	793,937		681,952
Add: Addition during the year	-		891,715
	(793,937)		1,573,667
Less: Shares allotted during the year / credit written back (Refer note 9 to Schedule 14)	(793,937)		(779,730)
		-	793,937
General Reserve:			
Balance as per last balance sheet	-		-
Add: Transfer from Profit and Loss Account	7,500,000		-
		7,500,000	-
Foreign Exchange Translation Reserve (Refer note 7 to Schedule 14)		(161,001)	-
Profit and Loss Account		174,125,566	108,566,359
TOTAL		**1,298,489,278**	**478,467,451**

Schedules forming part of the accounts

SCHEDULE 3 : Fixed Assets

(in Rupees)

Particulars	GROSS BLOCK Cost as at 01.04.2004	Additions	Deletion/ Adjustments	Cost as at 31.03.2005	DEPRECIATION / AMORTISATION Upto 31.03.2004	For the year	Deletions/ Adjustments	Upto 31.03.2005	NET BLOCK As at 31.03.2005	As at 31.03.2004
Tangible Assets										
Building (include improvement to leasehold premises)	31,249,668	12,793,537	11,964,107	32,079,098	6,612,664	1,615,556	4,808,053	3,420,167	28,658,931	24,637,004
Office Equipments	37,623,808	9,680,606	4,034,382	43,270,032	18,594,934	5,309,392	2,778,262	21,126,064	22,143,968	19,028,874
Furniture and Fittings	10,691,605	4,913,575	4,276,511	11,328,669	4,502,104	1,641,389	1,658,322	4,485,171	6,843,498	6,189,501
Vehicles	1,850,363	2,889,600	399,452	4,340,511	656,649	156,655	145,242	668,062	3,672,449	1,193,714
SUB TOTAL	81,415,444	30,277,318	20,674,452	91,018,310	30,366,351	8,722,992	9,389,879	29,699,464	61,318,846	51,049,093
Intangible Assets (Other than internally generated)										
Trade Mark	202,970	-	-	202,970	125,145	9,729	-	134,874	68,096	77,825
Technical Knowhow	633,413	-	-	633,413	527,845	105,568	-	633,413	-	105,568
Computer Software	6,222,639	1,000,836	-	7,223,475	3,677,182	982,025	-	4,659,207	2,564,268	2,545,457
SUB TOTAL	7,059,022	1,000,836	-	8,059,858	4,330,172	1,097,322	-	5,427,494	2,632,364	2,728,850
TOTAL	**88,474,466**	**31,278,154**	**20,674,452**	**99,078,168**	**34,696,523**	**9,820,314**	**9,389,879**	**35,126,958**	**63,951,210**	**53,777,943**
Previous Year	**90,067,006**	**2,741,850**	**4,334,390**	**88,474,466**	**27,486,667**	**8,570,911**	**1,361,055**	**34,696,523**	**53,777,943**	

Notes:

1) Building includes Rs. 250/- towards cost of shares in the Society.

2) Additions to vehicles represent cost of second-hand (imported) car purchased from the Customs Department, in respect of which the Company is in the process of completing registration formalities as at the Balance Sheet date.

Schedules forming part of the accounts

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 4: Investments			
Long Term: (at cost)			
Trade (Unquoted):			
A) In equity shares			
- Subsidiary Companies			
(i) 15,050,000 Equity shares of Rs.10/- each fully paid-up of Multi Commodity Exchange of India Limited (a company under same management)	150,500,000		150,500,000
(ii) 30,40,000 (Previous Year: Nil) Equity shares of Rs.10/- each fully paid-up of IBS Forex Limited (formerly known as 'IBS Forex Private Limited")	30,400,000		-
(Iii) 50,000 (Previous Year: Nil) Equity shares of Rs.10/ each fully paid-up of Tickerplant Infovending Limited (a company under same management)	500,000		-
		181,400,000	150,500,000
- Others			
(iv) Nil (Previous Year: 245,000) Equity shares of Rs.10/- each fully paid-up of IBS Forex Private Limited		-	2,450,000
		181,400,000	152,950,000
Non-trade: (Unquoted)			
B) In units of mutual funds (at cost)			
(i) Nil (Previous Year: 1,416,495.90) Units of Rs.10/- each of Kotak Mahindra Mutual Fund - Liquid (Dividend) Scheme	-		14,193,623
(ii) 4,570.79 Units of Rs.10/- each of Franklin Templeton Mutual Fund - Income Builder Fund - Plan A Growth	86,342		86,342
(iii) Nil (Previous Year: 6,589,900.78) Units of Rs.10/- each of Kotak Mahindra Mutual Fund - Income Plus - Growth Scheme	-		67,376,929
(iv) Nil (Previous Year: 97,261.178l) Units of Rs.10/- each of Reliance Mutual Fund - Treasury Plan - Retail Option, Weekly Dividend	-		1,004,482
	86,342		82,661,376
Balance of unutilised monies raised by preferential issues:			
(v) Nil (Previous Year: 7,968,004.618) Units of Rs.10/- each of HDFC Liquid Fund - Dividend Reinvestment Scheme	-		80,258,459
(vi) 50,00,000 (Previous Year: 15,013,471.712) Units of Rs.10/- each of Reliance Mutual Fund - Fixed Term Scheme - Monthly Plan - Dividend Option	50,000,000		150,134,717
	50,000,000		230,393,176
		50,086,342	313,054,552
		231,486,342	466,004,552
Current (unquoted) (at lower of cost and fair value)			
Non Trade: In units of mutual funds			
(i) 3,000,000 (Previous Year: Nil) Units of Rs.10/- each of DSP Merrill Lynch Savings Plus Conservative Fund - Growth option	30,000,000		-
(ii) 2,154.80 (Previous Year: Nil) Units of Rs.15.573/- each of DSP Merrill Lynch-Liquidity Fund Growth Account	33,519		-
(iii) 65,011.07 (Previous Year: Nil) Units of Rs.10/- each of Reliance Mutual Fund - Treasury Plan - Retail Plan Growth Option	1,019,452		-
(iv) 1,117,479.65 (Previous Year: Nil) Units of Rs.10/- each of Kotak Mahindra Mutual Fund - Liquid Scheme - Growth Option	14,388,221		
(v) 2,539,493.21 (Previous Year: Nil) Units of Rs.10/- each of Franklin Templeton Mutual Fund - Templeton Floating Rate Fund Long Term Plan Growth Option	30,000,000		-
(vi) 921,837.41 (Previous Year: Nil) Units of Rs.10/- each of DSPML Floating Rate Fund Growth Scheme	10,000,000		-
(vii) 250,000.00 (Previous Year: Nil) Units of Rs.10/- each of JM Equity & Derivatives Fund - Dividend	2,500,000		-
(viii) 702,541.31 (Previous Year: Nil) Units of Rs.10/- each of Kotak Liquid Reg - Dividend	7,039,941		-
(ix) 5,431,201.66 (Previous Year: Nil) Units of Rs.10/- each of Kotak Flexi Debt Scheme - Growth	55,398,800		-
	150,379,933		-

Schedules forming part of the accounts

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Balance of unutilised monies raised by preferential issues:			
(X) 750,000 (Previous Year: Nil) Units of Rs.10/- each of ING Vysya Mutual Fund Select Debt Fund Growth Option	7,500,000		-
(xi) 1,490,016.89 (Previous Year: Nil) Units of Rs.10/- each of Kotak Mutual Fund Kotak Floater Long Term Scheme Growth Plan	15,000,000		-
(xii) 61,399.90 (Previous Year: Nil) Units of Rs.10/- each of UTI Liquid Cash Plan - Institutional Plan - Daily Income Option	62,242,144		-
(xiii) 20,467,269.73 (Previous Year: Nil) Units of Rs.10/- each of Kotak Liquid Fund - Institutional Plan - Daily Dividend Scheme	250,275,821		-
(xiv) 16,368,962.37 (Previous Year: Nil) Units of Rs.10/- each of Reliance Treasury Plan - Institutional Plan - Weekly Dividend Scheme	250,152,138		-
(xv) 249,953.76 (Previous Year: Nil) Units of Rs.10/- each of Templetone Treasury Management Account -Institutional Plan - Weekly Dividend Scheme	250,210,581		-
(xvi) 991,761.52 (Previous Year: Nil) Units of Rs.10/- each of Kotak Flexi Debt Scheme - Dividend	10,000,000		-
(xvii) 509,400.02 (Previous Year: Nil) Units of Rs.10/- each of Kotak Mutual Fund Kotak Floater Long Term Scheme Dividend Weekly	5,096,532		-
	850,477,216		
		1,000,857,149	-
TOTAL		**1,232,343,491**	**466,004,552**
Notes:			
Aggregate of unquoted investments (at cost)		1,232,343,491	466,004,552

C) Purchased and Sold during the year

Scheme Name	**Face Value (Rs.)**	**Nos.**	**Cost (Rs.)**
DSP Merrill Lynch Liquidity Fund A/c	10	1,926,398.73	29,966,481
HDFC Liquid Fund Units -Div.Reinv.	10	51,881.10	522,659
UTI MF - Liquid Advantage Fund - Institutional Plan (Growth Option)	1000	50,377.41	60,000,000
Kotak - K - Liquid Plan A/c.- DividendScheme	10	19,697.96	197,322
Kotak Liquid (Regular) Dividend	10	2,792,961.74	27,989,387
Reliance Fixed Term Month Plan 7 Units	10	15,071,874.11	150,718,741
Reliance Fixed Term Month Plan 8 Units	10	5,000,000.00	50,000,000
Reliance Fixed Term Month Plan 9 Units	10	5,000,000.00	50,000,000
Reliance Fixed Term Month Plan 10 Units	10	5,000,000.00	50,000,000
Reliance Fixed Term Month Plan 11 Units	10	5,000,000.00	50,000,000
Reliance Fixed Term Month Plan 12 Units	10	5,000,000.00	50,000,000
Reliance Fixed Term Month Plan 13 Units	10	5,000,000.00	50,000,000
Reliance Fixed Term Month Plan 14 Units	10	5,000,000.00	50,000,000
Reliance Fixed Term Month Plan 15 Units	10	5,000,000.00	50,000,000
Reliance Fixed Term Month Plan 16 Units	10	5,000,000.00	50,000,000
Reliance Fixed Term Month Plan 17 Units	10	5,000,000.00	50,000,000
Reliance Treasury Plan Units - Retail-Dividend	10	1,453.05	15,005

Schedule 5 : Sundry Debtors (Unsecured)			
Debts outstanding for a period exceeding six months	7,185,862		10,467,762
Other debts	48,285,147		21,893,745
		55,471,009	32,361,507
Less: Provision		6,872,676	5,838,629
TOTAL		**48,598,333**	**26,522,878**
Notes: Sundry Debtors includes:			
1. Considered good		48,598,333	26,522,878
Considered doubtful		6,872,676	5,838,629
		55,471,009	32,361,507
2. Debts due from Multi Commodity Exchange of India Limited, a company under the same management.		10,407,223	11,624,404

Schedules forming part of the accounts

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 6 : Cash and Bank Balances			
Cash and cheques on hand		17,559	320,031
Bank balances:			
(a) With scheduled banks:			
(i) In current accounts [including in exchange earners' foreign currency account Rs. 1,141,267/- (Previous Year: Rs. 46,873/-)]		20,442,320	8,291,111
(Ii) In deposit accounts* [including interest accrued on deposits Rs. 538,267/- (Previous Year: Rs.15,139/-)]		76,945,693	1,350,397
(b) With others :			
(i) with PNC Bank - New Jersey Branch in current account [Maximum amount outstanding at any time during the year Rs. 2,994,921/- (Previous Year: Rs.1,711,574/-)]		1,797,634	116,896
(ii) with PNC Bank - New Jersey Branch in deposit account [Maximum amount outstanding at any time during the year Rs. 4,169,393/- (Previous Year: Rs.2,212,897/-)]		892,266	2,212,897
(iii) with ANZ Grindlays Bank - Australia Branch in current account [Maximum amount outstanding at any time during the year Rs. 23,091/- (Previous Year: Rs. 557,834/-)]		19,044	22,771
***** [Includes Rs. 694,985 (Previous Year: Rs.1,350,397) under lien with bank against bank guarantees]			
TOTAL		**100,114,516**	**12,314,103**
Schedule 7 : Loans and Advances (Unsecured)			
Loans and advances to subsidiary companies	462,974		9,307,068
Advances recoverable in cash or kind or for value to be received	14,075,313		7,825,358
Advance income tax including tax deducted at source	47,072,628		23,244,545
Deposits	18,257,781		10,194,345
		79,868,696	50,571,316
Less: Provision		161,378	161,378
TOTAL		**79,707,318**	**50,409,938**
Notes: Loans and Advances includes:			
1. Considered good		79,707,318	50,409,938
Considered doubtful		161,378	161,378
		79,868,696	50,571,316
2. Due from Multi Commodity Exchange of India Limited, a company under the same management. [Maximum amount outstanding at any time during the year Rs. 9,307,068/- (Previous Year: Rs.9,730,611/-)]		-	9,307,068
3. Due from Tickerplant Infovending Limited, a company under the same management. [Maximum amount outstanding at any time during the year Rs. 462,974/- (Previous Year: Nil)]		462,974	-
4. Rs. 17,738,835/- (Previous Year: Rs 9,811,692/-) paid as deposits towards premises taken on lease			
Schedule 8: Current Liabilities			
Sundry creditors			
- Total outstanding dues to small scale industrial undertakings	-		-
- Total outstanding dues of creditors other than small scale industrial undertakings	52,977,604		18,375,881
		52,977,604	18,375,881
Unclaimed dividend*		99,417	-
Unearned revenue		7,519,766	5,312,173
TOTAL		**60,596,787**	**23,688,054**
*The above amount does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.			
Schedule 9: Provisions			
For taxation		52,230,000	12,750,000
For gratuity and leave encashment		3,992,928	2,710,644
Proposed dividend		17,603,574	8,214,615
Tax on dividend		2,468,901	1,052,498
TOTAL		**76,295,403**	**24,727,757**

Schedules forming part of the accounts

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
Schedule 10: Sales			
Products (IPR Based-License)		276,170,913	120,853,606
Services (Project Based)		25,377,370	132,503,218
TOTAL		**301,548,283**	**253,356,824**
Schedule 11: Other Income			
Dividend from non trade investments:			
- Long term investments	3,146,785		539,209
- Current investments	905,158		-
		4,051,943	539,209
Interest :			
From bank on deposit accounts		3,906,188	89,050
From others		222,477	2,290,054
[Tax deducted at source Rs.809,968/- (Previous Year: Rs.282,754/-)]			
Profit on sale of long term investments (net)		5,958,361	-
Bad debts recovered		-	88,000
Employees stock compensation expenses written back		103,639	-
Miscellaneous income		78,369	15,459
Provision for doubtful debts / advances / credit balance written back		222,637	5,170,479
Service charges		18,000,000	12,000,000
Premises rentals		1,000,000	3,000,000
TOTAL		**33,543,614**	**23,192,251**
Schedule 12: Operating and Other Expenses			
Payment to and provisions for employees:			
Salaries and bonus	71,517,218		53,625,161
Contribution to provident fund and other funds [Including Rs.1,349,844/- (Previous Year: Rs.1,156,226/-) paid to/collected by various authorities located outside India as contributions]	3,044,818		2,264,572
Gratuity	566,632		340,072
Employees stock compensation expenses	-		891,715
Staff welfare expenses	2,196,152		1,879,558
		77,324,820	59,001,078
Electricity		3,374,254	3,312,573
Brokerage and commission charges		8,843,671	4,726,052
Sales tax		8,840,638	3,763,240
Rent (Refer note 11 to Schedule 14)		9,325,671	7,308,910
Rates and taxes		6,520	5,200
Service charges		9,897,254	6,013,959
Repairs and maintenance- others		3,134,528	2,039,654
Travelling and conveyance [net of recovery of Rs. 42,672/- (Previous Year: Rs. 30,506/-)]		2,917,689	3,234,795
Communication expenses [net of recovery of Rs. 37,622/- (Previous Year: Rs. 56,439)]		6,099,906	4,426,229
Insurance		2,016,661	1,981,976
Loss on sale of long term investments (net)		-	11,656,897
Loss on sale of fixed assets (net)		511,813	613,160
Loss on assets scrapped / written off (Refer note 8 to Schedule 14)		10,207,286	126,021
Legal and professional charges [net of recovery of Rs.Nil (Previous Year: Rs. 170,100/-)] (Refer note 5 of Schedule 14)		34,789,641	10,103,382
Irrecoverable debts/advances written off		185,150	5,429,250
Provision for doubtful debts/advances		1,256,684	3,680,829
Exchange rate fluctuations (net)		3,894	261,237
Miscellaneous expenses **		12,604,666	7,454,040
TOTAL		**191,340,746**	**135,138,482**
** Miscellaneous expenses include bank charges, auditor's remuneration, advertisement expenses, sales promotion expenses, recruitment expenses, printing and stationery, office expenses, fees and subscription etc.			
Schedule 13: Interest			
Interest on bank cash credit/ overdraft accounts		-	1,424,752
Interest on others		3,627	-
TOTAL		**3,627**	**1,424,752**

Schedule 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNFICANT 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 Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant 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 recognized in the period in which the results are known / materialized.

C. Fixed assets

Fixed assets are stated at cost of acquisition or construction and carried at cost of acquisition less accumulated depreciation and impairment loss, if any. Advances paid towards acquisition of assets are included under Capital Work in Progress.

D. Intangible assets

Intangible assets are stated at cost of acquisition and are carried at cost less accumulated amortization and impairment loss, if any.

E. Operating leases

Assets taken on lease under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

F. Depreciation and amortization

Depreciation on assets other then leasehold improvements is provided for on straight-line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Leasehold improvements are depreciated over the period of lease.

Trademarks are amortized over eight years and technical know-how and computer software are each amortized over six years considering their related useful lives.

G. Investments

Current investments are carried at the lower of cost and quoted/fair value. Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

H. Revenue recognition

Revenue is recognized when no significant uncertainty as to determination or realization exists.

Sales include sale of products (licenses) and services (contracts). Revenue from sale of licenses for the use of software applications is recognized on transfer of the title in the user license. Revenue from fixed price contracts is recognized based on milestones achieved as specified in the contracts and in the case of time and material contracts, it is recognized on the basis of hours completed and material used. Revenue from annual maintenance contracts is recognized proportionately over the period in which services are rendered. Sales include sales tax, lease tax and service tax, wherever applicable.

Dividend income is recognised when the Company's right to receive dividend is established. Interest income is recognised on time proportion basis.

Schedule 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are affected. Exchange differences arising on repayment of foreign currency liabilities incurred for the purpose of acquiring fixed assets from a country outside India are adjusted in the carrying amount of the respective fixed assets. Exchange differences arising on settlement of all other transactions are recognized in the profit and loss account.

Monetary items (other than those related to acquisition of fixed assets from a country outside India) 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 recognized in the profit and loss account. The exchange gain/loss arising on restatement of foreign currency liability relating to fixed assets acquired from a country outside India is adjusted in the value of the related fixed assets.

Foreign branches

The translation of the financial statements of foreign branches is accounted for in accordance with Accounting Standard (AS-11) 'Accounting for the effects of changes in foreign exchange rates' (Revised) issued by The Institute of Chartered Accountants of India considering the foreign branches as non integral, as under (Refer note 7 below):

1. All revenues and expenses are translated at average rate.
2. All monetary and non-monetary assets and liabilities are translated at the rate prevailing on the balance sheet date.
3. Resulting exchange difference is accumulated in Foreign Currency Translation Reserve Account until the disposal of the net investment in the said non integral foreign operation.

J. Retirement benefits

Retirement benefits are expensed to revenue as incurred. The Company's contributions to provident fund and employees' state insurance scheme are made in accordance with the relevant statute. The Company's liability towards gratuity is funded through a scheme (Group Gratuity) administered by the Life Insurance Corporation of India. Leave encashment is provided for on actual basis in accordance with the Company's scheme in this respect.

K. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

L. Income taxes

Income taxes are accounted for in accordance with Accounting Standard (AS-22) "Accounting For Taxes on Income", issued by The Institute of Chartered Accountants of India. Tax expense comprises both current tax and deferred tax. Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at substantively enacted tax rates. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

M. Impairment

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) "Impairment of Assets" issued by The Institute of Chartered Accountants of India. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired, when the carrying value of assets exceeds its recoverable value. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

N. Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but disclosed by way of notes to the accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

II. Notes Forming Part of Accounts

		Current Year Rupees	Previous Year Rupees
1.	Estimated amount of contract to be executed on capital account and not provided for (net of advances)	450,000	--
2.	Contingent liabilities not provided for in respect of:		
	(a) Counter guarantees issued against bank guarantees	2,640,000	1,400,000
	(b) Income tax demands disputed in appeal and pending decision before higher authorities	755,233	3,309,752
3.	Payment to auditors:		
	(a) For audit fees	600,000	600,000
	(b) For other matters (such as certification work, etc.)	37,500	105,000
	(c) For reimbursement of out of pocket expenses	4,970	7,878
	(d) For service tax	54,715	56,400
	Total	697,185	769,278
4. (i)	Managerial remuneration under Section 198of the Companies Act, 1956		
	(a) Salaries and allowances	3,389,040	3,602,783
	(b) Provision for gratuity and leave encashment*	484,668	267,385
	Total	3,873,708	3,870,168

*Excluding gratuity in respect of a director covered under Group Gratuity Scheme and where separate amount is not identifiable.

(ii) The Company has also paid sitting fees of Rs.111,000/-(Previous Year: Rs.93,000/-) to its non executive directors during the year.

(iii) 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.

5. The Company, during the year, paid an amount of Rs. 16,595,572/- to a party towards the financial advisory and investment banking services rendered to the Company regarding an equity offering transaction. The Company is in the process of obtaining approval of the shareholders at the ensuing general meeting in accordance with the requirements of Articles of Association of the Company.

6. The Company has cash credit facility from a bank, which is secured by hypothecation of book debts and personal guarantees of some of the directors of the Company. The facility is further secured by equitable mortgage by deposit of title deeds of the immovable property (residential flat) located at Kandivli (Mumbai). The Company has a positive (debit) balance in the said bank account as at March 31, 2005.

7. The Company has applied the translation procedures as per the revised Accounting Standard -11 on "The Effects of Changes in Foreign Exchange Rates" issued by The Institute of Chartered Accountants of India considering its foreign branches as non-integral foreign operations which were hitherto not so considered and has accumulated exchange difference on such translation aggregating to Rs. 161,001/- (net debit) in Foreign Currency Translation Reserve account. Consequent to such change in classification, the net profit for the year is higher by Rs. 164,499/-. Had the Company followed the same method of classification and accounting in the previous year, the profit for that year would have been higher by Rs. 261,056/-.

8. During the year, the Company surrendered its leasehold premises before the expiry of the lease term and relocated to new leasehold premises. Consequently, the Company has written off the written down value of leasehold improvements as on the date of such surrender of premises, aggregating to Rs. 9,774,243/-, which is included in Schedule 12.

9. Employee Stock Option Scheme ("ESOS"):

In accordance with the ESOS, 223,402 options of 1 share of Rs.2 each were granted to eligible employees to be exercised over a period of eighteen months from the date of vesting up to September 30, 2004.

Number of options granted and lapsed	Current Year Nos.	Previous Year Nos.
Options granted and outstanding at the beginning of the year	71,204	150,541
Add: Options granted during the year	---	---
Less: Options exercised during the year	61,909	36,987
Less: Options lapsed during the year	9,295	42,350
Options granted and outstanding at the end of the year	---	71,204

9,295 (Previous Year: 42,350) stock options have lapsed during the year, consequent to the expiry of the exercise period in respect of certain option holders, in accordance with the Scheme. Accordingly, the Company has, transferred Rs.103,639/- (Previous Year: Rs. 229,000/-) to profit and loss account. During the year, the Company has credited Rs.690,298/- (Previous Year: Rs. 779,730/-) to Securities Premium Account in respect of shares allotted under the aforesaid scheme.

10. In accordance with the Accounting Standard 22 on "Accounting For Taxes on Income", (AS 22) issued by The Institute of Chartered Accountants of India, Deferred tax assets and liabilities should be recognized for all timing differences in accordance with the said standard.

The tax effect of significant timing differences during the year that have resulted in deferred tax assets and liabilities are given below:

Particulars	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
a) Deferred tax liability:		
Depreciation	5,103,087	9,696,101
	5,103,087	9,696,101
b) Deferred tax asset:		
Carry forward loss/unabsorbed depreciation	-	6,362,020
Provision for doubtful debts, advances etc.	2,367,663	2,989,932
Others	1,419,896	344,149
	3,787,559	9,696,101
Net deferred tax liability	1,315,528	-

11. The Company has entered into operating lease agreement for its development centers ranging from 11 months to 99 months. The lease rentals charged during the year and the maximum obligations on non cancelable leases payable are as follows:

	Current Year Rupees	Previous Year Rupees
Lease rentals	9,325,671	7,308,910
Obligations on non-cancelable leases		
Not later than one year	11,210,342	5,642,595
Later than one year and not later than five years	13,790,158	9,412,515
Later than five years	-	-

12. The Company is engaged in development of computer software. The additional information pursuant to the provisions of paragraphs 3, 4C, 4D of Part II of Schedule VI to the Companies Act, 1956 is as under (to the extent applicable)

A. Expenditure in foreign currency (including foreign branches):

	Current Year Rupees	Previous Year Rupees
Travelling	199,495	485,245
Professional fees	2,548,882	1,989,644
Salaries	12,469,727	9,413,827
Rent	269,365	1,314,650
Other matters	386,051	1,044,323
Total	15,873,520	14,247,689

B. Earnings in foreign currency (including foreign branches):

	Current Year Rupees	Previous Year Rupees
Consultancy	20,218,170	7,962,447
Interest on deposits	32,601	12,617
Fixed assets sold	--	88,650
Total	20,250,771	8,063,714

13. The Company had allotted 3,600,000 equity shares of Rs.2/- each at a premium of Rs.61/- on preferential basis during the year ended March 31, 2004. The aggregate consideration of Rs.226,800,000/- received from the above allotment was invested in the units of mutual funds and disclosed under Schedule 4 Investments in the financial statements for the year ended March 31, 2004.

During the year, the Company also allotted 2,873,951 equity shares of Rs.2/- each at a premium of Rs.260/- per share on preferential basis and received aggregate consideration of Rs.752,975,162/-.

Out of the total proceeds of Rs.979,775,162/- received from the above preferential allotments, the amount utilised upto March 31, 2005 by the Company is under:

(a) Investment in subsidiaries Rs.28,450,000/-

(b) Capital expenditure and working capital requirements Rs.50,847,946/-

The balance amount of Rs.900,477,216/- is invested in units of mutual funds, for utilization in near future, for other intended business expansions, ongoing projects and other business needs and is disclosed under Schedule 4 Investments.

14. Segment Reporting

a. Primary Segment:

The Company considers business segment (business of 'End to End Straight Through Processing (STP) Technologies') as its primary segment considering the risks and rewards of the products and related services

offered, nature of services, management structure and system of financial reporting. In the opinion of the management, the Company has only one reportable business segment, the results of which are disclosed in the financial statements.

b. Secondary Segment:

During the years ended March 31, 2004 and 2005, the Company had no reportable geographical segment and on that basis, no secondary segment information is furnished.

15. Related Party information

I. Names of related parties and nature of relationship:

a) Entities over which control exists (Subsidiaries and Proposed Joint Ventures):

1. Multi Commodity Exchange of India Limited (MCX)
2. Tickerplant Infovending Limited (w.e.f Feb 4, 2005) (Tickerplant)
3. IBS Forex Limited (subsidiary w.e.f. March 1, 2005) (IBS)

b) Key Management Personnel:

Mr. Jignesh Shah	Managing director
Mr. Dewang Neralla	Whole time director
Mr. Ajay Narasimhan	Whole time director (till April 15, 2004)

c) Relatives of the Key Management Personnel where transactions have taken place

Mr. Manjay Shah	Senior Vice President

II. Transactions with related parties

Transactions during the year	Subsidiary Companies Rupees	Key Management Personnel Rupees	Relatives of Key Management Personnel Rupees
Loan given:			
Opening balance (Previous year from the date of Relationship coming into existence)	9,307,068 (9,828,130)	-- (-)	-- (-)
Given during the year	462,974 (1,063,752)	-- (-)	-- (-)
Received during the year	9,307,068 (1,584,814)	-- (-)	-- (-)
Balance as at 31.03.2005 (including accrued interest of Rs. NIL (Previous Year: Rs. 265,894))	462,974 (9,307,068)	-- (-)	-- (-)
Sale of software to MCX	-- (80,000,000)	-- (-)	-- (-)
Rent received from MCX	1,000,000 (1,750,000)	-- (-)	-- (-)
Cost of leasehold improvements recovered from MCX	6,971,719 (-)	-- (-)	-- (-)

Facility management services charges received from MCX	18,000,000 (7,000,000)	-- (-)	-- (-)
Software support charges received from MCX	25,500,000 (-)	–- (-)	– (-)
Rent deposit from MCX	–- (3,000,000)	–- (-)	-- (-)
Interest received from MCX	144,914 (786,642)	–- (-)	-- (-)
Transaction fees received from IBS	142,988 (-)	–- (-)	– (-)
Remuneration	-- (-)	3,873,708 (3,870,168)	800,000 (595,251)
Car recoveries	-- (-)	7,500 (110,400)	-- –-
Sundry Debtors, Balance as at the end of the year MCX	10,407,223 (11,624,404)	–- (-)	-- (-)
Investment in equity of Tickerplant	500,000 (-)	-– (-)	– (-)

Notes:

(a) Out of the above items, transactions with related parties in excess of 10% of the total related party transactions are:

Transactions during the year	Subsidiary Companies Rupees	Key Management Personnel Rupees
Loan given:		
Given during the year to MCX	-- (1,063,752)	-- (-)
Tickerplant	462,974 (-)	-- (-)
Managerial remuneration:		
Mr. Jignesh Shah	- (-)	2,482,249 (1,414,764)
Mr. Dewang Neralla	- (-)	1,302,419 (671,927)
Mr. Sajit Dayanandan	- (-)	- (680,395)
Mr. Mahesh Joshi	- (-)	- (472,509)
Mr. Ajay Narasimhan	- (-)	89,040 (630,573)
Car recoveries:		
Mr. Mahesh Joshi	- (-)	- (55,200)
Mr. Ajay Narasimhan	- (-)	7,500 (55,200)

(b) Related party relationship is as identified by the Company and relied upon by the auditors.

(c) Previous year figures are given in brackets.

16. Loans and advances in the nature of loans (as required by clause 32 of the listing agreement with the stock exchanges)

Name of the Company	Balance as at 31.03.2005	Balance as at 31.03.2004	Maximum balance outstanding during the year
	Rupees	Rupees	Rupees
Multi Commodity Exchange of India Limited (MCX)	---	9,307,068	9,307,068
Tickerplant Infovending Limited (Tickerplant)	462,974	---	462,974
Parshva Systems	1,466,419	---	1,500,000

Notes:

i) The loans and advances in the nature of loans to MCX were repayable at an appropriate future date not earlier than September 30, 2003 and have been repaid during the year.

ii) Loan and advance in the nature of loan to Tickerplant is non-interest bearing and repayable on demand.

iii) Loan to Parshva Systems is repayable in installments within 120 months.

iv) Loans to employees as per the Company's policy are not considered.

17. Earnings Per Share is calculated as follows:

	Current Year Rupees	Previous Year Rupees
a. Net profit after tax	99,131,682	127,414,930
Short provision for income tax for earlier years	(6,000,000)	-
Net profit for equity shareholders	93,131,682	127,414,930
b. Weighted average number of equity shares		
Basic	41,187,674	37,709,992
Add: Employees stock options	36,955	71,204
Diluted	41,224,629	37,781,196
c. Basic earnings per share	2.26	3.38
Diluted earnings per share	2.26	3.37
d. Nominal value of equity share	2	2

18. Balance sheet Abstract and the Company's General Business Profile:

I. Registration Details

Registration Number **15586** State Code **18**

Balance Sheet date **31-03-2005**

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
---	**---**
Bonus Issue	**Private Placements**
---	**5,872**

III. Position of Mobilization and deployment of funds (Amounts in Rs. Thousands)

Total Liabilities	Total Assets
1,524,715	**1,524,715**
Paid-up Capital	Reserves & Surplus
88,018	**1,298,489**
Secured Loans	Unsecured Loans
---	---
Net Fixed Assets	Investments
63,951	**1,232,343**
Net Current Assets	Deferred Tax
91,528	**(1,315)**
Misc. Expenditure	Accumulated Losses
---	---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Sales and Other Income)	Total Expenditure
335,092	**201,165**
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
133,927	**99,132**
Earning per Share in Rs. (Refer note 17 above)	Dividend Rate %
2.26	**20%**

V. Generic Names of Three Principle Products/Service of Company (as per monetary terms)

Item Code (ITC Code)	Product Description
85249009.10	**Software Product**

19. Previous years figures have been re-grouped/rearranged wherever necessary.

As per our attached report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Place : Mumbai
Date: 24th June, 2005

For and on behalf of the Board.

Jignesh P. Shah
Chairman and Managing Director

C. Subramaniam
Director

Hariraj S. Chouhan
Company Secretary

Place : Mumbai
Date: 24th June, 2005

Auditors' report to the Board of Directors of Financial Technologies (India) Limited on the consolidated financial statements of Financial Technologies (India) Limited and its subsidiaries.

1. We have audited the attached Consolidated Balance Sheet of Financial Technologies (India) Limited ("the Company") and its subsidiaries as at 31st March, 2005, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, annexed thereto.
2. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs. 40,186,438/- as at 31st March 2005 and total revenues of Rs. 599,829/- to the extent they are included in the consolidated financial statements for the year ended 31st March, 2005. These financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
5. Without qualifying our opinion, we draw attention to Note 5 of Schedule 15 regarding an amount of Rs. 16,595,572/- paid to a party, which is subject to the approval of the shareholders at the ensuing general meeting as explained in the note.
6. On the basis of the information and explanations given to us and read with the significant accounting policies and other notes to consolidated financial statements and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2005;
   (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
   (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year then ended.

For Deloitte Haskins &Sells
Chartered Accountants

A. B. Jani
Partner
Membership No. 46488

Mumbai, dated: 24th June, 2005

Consolidated Balance Sheet as at 31st March 2005

	Schedule No.	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
I. SOURCES OF FUNDS				
(1) Shareholders' funds:				
(a) Capital	1	88,017,872		82,146,152
(b) Share application money		10,000,000		4,200,000
(c) Reserves and surplus	2	1,320,844,558		397,503,857
			1,418,862,430	483,850,009
(2) Minority interest			95,826,232	-
(3) Loan funds:				
Secured loans	3		429,920	1,327,642
(4) Deferred tax liability (net) (Refer note 10 to Schedule 15)			29,534,101	-
	TOTAL		**1,544,652,683**	**485,177,651**
II. APPLICATION OF FUNDS				
(1) Fixed assets:	4			
(A) Gross block		288,535,971		201,835,751
(B) Less: depreciation		75,933,564		49,198,651
(c) Net block		212,602,407		152,637,100
(d) Capital work-in-progress		4,496,673		-
			217,099,080	152,637,100
(2) Investments	5		1,517,987,950	315,504,552
(3) Deferred tax asset (net) (Refer note 10 to Schedule 15)			3,569,217	-
(4) Current assets, loans and advances:				
(a) Sundry debtors	6	52,782,276		14,898,474
(B) Cash and bank balances	7	672,857,302		122,052,479
(c) Loans and advances	8	133,216,935		42,621,919
Less: Current liabilities and provisions:				
(A) Current liabilities	9	958,762,486		137,645,715
(b) Provisions	10	94,097,591		24,891,158
		1,052,860,077		162,536,873
Net current (liabilities)/ assets			(194,003,564)	17,035,999
	TOTAL		**1,544,652,683**	**485,177,651**

Significant accounting policies and notes to accounts 15

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

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

A. B. Jani
Partner

Place : Mumbai
Date: 24th June, 2005

For and on behalf of the Board.

Jignesh P. Shah
Chairman and Managing Director

C. Subramaniam
Director

Hariraj S. Chouhan
Company Secretary

Place : Mumbai
Date: 24th June, 2005

Consolidated Profit and Loss Account for the year ended 31st March 2005

	Schedule No.	Current Year Rupees	Previous Year Rupees
INCOME			
Sales / Operating Income	11	574,032,808	215,547,824
Other income	12	53,407,992	15,190,888
		627,440,800	**230,738,712**
EXPENDITURE			
Operating and other expenses	13	290,220,597	155,276,229
Interest	14	100,556	1,961,429
Depreciation/ amortisation		32,240,081	23,049,719
		322,561,234	**180,287,377**
Profit before tax		**304,879,566**	**50,451,335**
Provision for taxation			
Current tax		50,660,000	4,000,000
Deferred tax		28,404,499	-
Wealth tax		20,000	-
Profit after tax (before adjustment for minority interest)		**225,795,067**	**46,451,335**
Less: Minority interest		23,344,511	-
Profit after tax (after adjustment for minority interest)		**202,450,556**	**46,451,335**
Short provision for income tax in respect of earlier year		6,000,000	-
Balance brought forward from previous year		27,602,765	(9,581,458)
		224,053,321	**36,869,877**
Appropriations			
Transfer to General Reserve		7,500,000	-
Proposed Dividend		17,603,574	8,214,615
Tax on Dividend		2,468,901	1,052,498
Balance carried to Balance Sheet		**196,480,846**	**27,602,765**
Earning Per Share (Refer note 16 to Schedule 15)			
Basic		4.77	1.23
Diluted		4.77	1.23
Significant accounting policies and notes to accounts	15		

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

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

A. B. Jani
Partner

Place : Mumbai
Date: 24th June, 2005

For and on behalf of the Board.

Jignesh P. Shah
Chairman and Managing Director

C. Subramaniam
Director

Hariraj S. Chouhan
Company Secretary

Place : Mumbai
Date: 24th June, 2005

Consolidated Cash Flow Statement for the year ended 31st March 2005

	Current Year		Previous Year	
A. Cash flow from operating activities	Rupees	Rupees	Rupees	Rupees
Net profit before tax		**304,879,566**		**50,451,335**
Adjustments for:				
Depreciation/ amortisation	32,240,081		23,049,719	
Employees compensation expenses	(103,639)		891,715	
(Profit)/ loss on sale of investments (net)	(5,958,083)		11,656,897	
Loss on sale of fixed assets (net)	474,777		613,160	
Loss on fixed assets scrapped/ written off	11,159,856		126,021	
Dividend from investments	(6,758,161)		(539,209)	
Interest expense	100,556		1,961,429	
Sales made for consideration other than cash	-		(35,000,000)	
Exchange rate fluctuations (net)	3,894		104,186	
Interest income	-	31,159,281	(2,601,013	262,905
Operating profit before working capital changes		**336,038,847**		**50,714,240**
Adjustments for:				
Trade and other receivables	(87,549,698)		4,142,614	
Trade payables and provisions	822,738,425	735,188,727	111,966,361	116,108,975
Cash from operating activities		**1,071,227,574**		**166,823,215**
Tax paid		(41,114,297)		(8,190,076)
Dividend tax paid		(1,052,498)		-
Interest income		-		2,601,014
Net cash from operating activities		**1,029,060,779**		**161,234,153**
B. Cash flow from investing activities				
Purchase of fixed assets etc.		(111,369,281)		(45,818,665)
Proceeds from sale of fixed assets		577,952		2,234,154
Purchase of investments (including fixed deposits)		(2,836,683,831)		(469,201,051)
Proceeds from sale of investments		1,130,786,165		253,011,842
Dividend from investments		6,758,161		539,209
Net cash used in investing activities		**(1,809,930,834)**		**(259,234,511)**
C. Cash flow from financing activities				
Proceeds from borrowings (net)		(897,722)		(15,239,346)
Proceeds from issue of share capital		5,871,720		7,273,974
Share premium received		747,227,260		219,600,000
Share application money received		10,000,000		4,200,000
Dividend paid during the year		(8,115,198)		-
Interest expenses		(100,556)		(1,961,429)
Minority interest		68,281,721		-
Net cash from financing activities		**822,267,225**		**213,873,199**
Net cash flow during the year		**41,397,170**		**115,872,841**
Net increase in cash and cash equivalents		**41,397,170**		**115,872,841**
Cash and cash equivalents (opening balance)		122,156,665		6,283,824
Cash and cash equivalents (closing balance)		163,553,835		122,156,66

Notes to cash flow statement:

1. Cash and cash equivalents include cash and bank balances in current and deposit accounts, with original maturities of not exceeding three months. Cash and cash equivalents includes:

	Current Year Rupees	Previous Year Rupees
Cash and cheques on hand	1,221,973	324,976
Bank balances	162,262,978	121,727,503
Unrealised exchange loss on foreign currency cash and cash equivalents*	68,884	104,186
	163,553,835	122,156,665

* Includes Rs.64,990/- (Previous Year - Nil) debited to Foreign Currency Translation Reserve.

2. Interest income from advances 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.
4. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS 3) "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
5. Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

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

A. B. Jani
Partner

Place : Mumbai
Date: 24th June, 2005

For and on behalf of the Board.

Jignesh P. Shah
Chairman and Managing Director

C. Subramaniam
Director

Hariraj S. Chouhan
Company Secretary

Place : Mumbai
Date: 24th June, 2005

Schedules forming part of the consolidated accounts

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 1: Share Capital			
Authorised:			
150,000,000 Equity shares of Rs.2/- each		**300,000,000**	**300,000,000**
Issued, subscribed and paid up:			
44,008,936 (Previous Year: 41,073,076) Equity shares of Rs.2/- each fully paid up		88,017,872	82,146,152
Of the above:			
(a) 33,000,494 Equity shares of Rs. 2/- each fully paid up have been alloted for consideration other than cash pursuant to schemes of amalgamation.			
(b) 131,840 (Previous Year: 69,931) Equity shares of Rs.2/- each fully paid up have been allotted to the employees under employee stock option scheme.			
TOTAL		**88,017,872**	**82,146,152**
Schedule 2 : Reserves and Surplus			
Capital Reserve:			
Balance as per last balance sheet		14,759,312	14,759,312
Securities Premium Account:			
Balance as per last balance sheet	354,347,843		133,968,113
Add: Received during the year	747,917,558		220,379,730
		1,102,265,401	354,347,843
Employees Stock Option Outstanding:			
Balance as per last balance sheet	793,937		681,952
Add: Addition during the year	-		891,715
	793,937		1,573,667
Less: Shares allotted during the year / credit written back	(793,937)		(779,730)
(Refer note 9 to Schedule 15)	-		793,937
General Reserve			
Balance as per last balance sheet	-		-
Add: Transferred from Profit and Loss Account	7,500,000		-
		7,500,000	-
Foreign Currency Translation Reserve		(161,001)	-
(Refer note 6 to Schedule 15)			
Profit and Loss Account		196,480,846	27,602,765
TOTAL		**1,320,844,558**	**397,503,857**
Schedule 3 : Secured Loans			
a) Overdraft account		-	815,480
b) Vehicle loans		429,920	512,162
TOTAL		**429,920**	**1,327,642**

Notes:

a) Overdraft from a bank is secured by creation of lien on fixed deposits with the bank.
b) Vehicle loans are secured by hypothecation of motor vehicles.
c) Cash credit facility from a bank is secured by hypothecation of book debts and personal guarantees of some of the directors of the Company. The said facility is further secured by equitable mortgage by deposit of title deeds of the immovable property (residential flat) located at Kandivli (Mumbai). Balance as at 31.03.2005 - Nil (Previous Year: Nil)

Schedules forming part of the consolidated accounts

SCHEDULE 4 : Fixed Assets

(in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2004	Additions	Deletions/ Adjustments	Cost as at 31.03.2005	Upto 31.03.2004	For the year	Deletions/ Adjustments#	Upto 31.03.2005	As at 31.03.2005	As at 31.03.2004
Tangible Assets										
Building (including improvement to lease hold premises)	32,485,958	18,036,326	13,200,397	37,321,887	6,846,297	2,090,423	5,091,773	3,844,947	33,476,940	25,639,661
Networking Equipments	6,765,120	32,978,792	-	39,743,912	438,022	3,910,757	-	4,348,779	35,395,133	6,327,098
Office Equipments	46,780,607	32,701,040	3,940,794	75,540,853	19,037,530	8,187,023	(1,352,151)	28,576,704	46,964,149	27,743,077
Furniture and Fittings	10,691,605	6,917,705	4,276,511	13,332,799	4,502,104	2,146,263	1,620,304	5,028,063	8,304,736	6,189,501
Vehicles	2,643,504	3,257,147	399,452	5,501,199	719,577	244,918	145,242	819,253	4,681,946	1,923,927
SUB TOTAL	**99,366,794**	**93,891,010**	**21,817,154**	**171,440,650**	**31,543,530**	**16,579,384**	**5,505,168**	**42,617,746**	**128,822,904**	**67,823,264**
Intangible Assets (Other than internally generated)										
Trade Mark	256,970	-	-	256,970	128,052	20,529	-	148,581	108,389	128,918
Technical Knowhow	633,413	-	-	633,413	527,845	105,568	-	633,413	-	105,568
Computer Software (Refer Note 7 to schedule 15)	76,784,139	10,175,916	-	86,960,055	16,999,224	15,534,600	-	32,533,824	54,426,231	59,784,915
Goodwill (Refer Note 1 to schedule15)	24,794,435	4,494,926	44,478	29,244,883	-	-	-	-	29,244,883	24,794,435
SUB TOTAL	**102,468,957**	**14,670,842**	**44,478**	**117,095,321**	**17,655,121**	**15,660,697**	**-**	**33,315,818**	**83,779,503**	**84,813,836**
TOTAL	**201,835,751**	**108,561,852**	**21,861,632**	**288,535,971**	**49,198,651**	**32,240,081**	**5,505,168**	**75,933,564**	**212,602,407**	**152,637,100**
Previous Year	**90,067,006**	**116,103,135**	**4,334,390**	**201,835,751**	**27,486,667**	**23,049,719**	**1,337,735**	**49,198,651**		
Capital Work in Progress (including Capital Advances)									**4,496,673**	**-**
									217,099,080	**152,637,100**

Notes:

1) Building includes Rs. 250 towards the cost of the shares in the society.

2) Additions to vehicles include cost of second-hand (imported) car purchased from the Customs Department amounting to Rs. 2,889,600/-, in respect of which the Company is in the process of completing registration formalities as at the Balance Sheet date.

Include Rs.3,926,257/- (Previous Year Rs. 23,321/-) of accumulated depreciation on account acquisition of a subsidiary company during the year.

Financial Technologies (India) Limited

Schedules forming part of the consolidated accounts

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 5: Investments			
Long Term: (at cost)			
Trade: (unquoted)			
In equity shares		-	2,450,000
Non-trade: (unquoted)			
In units of mutual funds		240,086,342	313,054,552
Current (at lower of cost and fair value)			
Non Trade: (unquoted)		1,277,901,608	-
In units of mutual funds			
TOTAL		**1,517,987,950**	**315,504,552**
Schedule 6 : Sundry Debtors (Unsecured)			
Debts outstanding for a period exceeding six months	7,185,862		4,843,358
Other debts	52,469,090		15,893,745
		59,654,952	20,737,103
Less: Provision		6,872,676	5,838,629
TOTAL		**52,782,276**	**14,898,474**
Notes: Sundry Debtors includes:			
Considered good		52,782,276	14,898,474
Considered doubtful		6,872,676	5,838,629
		59,654,952	20,737,103
Schedule 7 : Cash and Bank Balances			
Cash and cheques on hand		1,221,973	324,976
Bank Balances:			
(a) with scheduled banks:			
(i) In current accounts [including in exchange earners' foreign Currency account Rs.1,141,267/- (Previous Year: Rs. 46,873/-)]		35,824,187	20,265,133
(ii) In deposit accounts* [including interest accrued on deposits Rs. 10,305,031/- (Previous Year: Rs.776,561/-)]		633,102,198	99,109,806
(b) with others :			
i) with PNC Bank - New Jersey Branch in current account [Maximum amount outstanding at any time during the year Rs. 2,994,921/- (Previous Year: Rs.1,711,574/-)]		1,797,634	116,896
ii) with PNC Bank - New Jersey Branch in deposit account [Maximum amount outstanding at any time during the year Rs. 4,169,393/- (Previous Year: Rs.2,212,897/-)]		892,266	2,212,897
iii) with ANZ Grindlays Bank - Australia Branch in current Account [Maximum amount outstanding at any time during the year Rs. 23,091/- (Previous Year:Rs. 557,834/-)]		19,044	22,771
TOTAL		**672,857,302**	**122,052,479**
*[Includes fixed deposits under lien with banks for overdraft facilities and bank guarantees Rs. 140,075,625/- (Previous Year: Rs. 11,950,397/-]			
Schedule 8 : Loans and Advances (Unsecured)			
Advances recoverable in cash or kind or for value to be received	38,796,486		8,961,957
Advance income tax including tax deducted at source	62,937,146		23,450,995
Deposits	31,644,681		10,370,345
		133,378,313	42,783,297
Less: Provision		161,378	161,378
TOTAL		**133,216,935**	**42,621,919**
Notes: Loans and advances includes:			
1. Considered good		133,216,935	42,621,919
Considered doubtful		161,378	161,378
		133,378,313	**42,783,297**
2. Rs. 31,118,935 (Previous Year: Rs. 9,811,692/-) paid as deposit towards premises taken on lease.			

Schedules forming part of the consolidated accounts

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
3. Advances to National Bulk Handling Corporation Limited and National Spot Exchange Limited (subsidiaries of MCX incorporated after 31st March 2005) being pre-incorporation expenses incurred on their behalf - Rs.465,700/- and Rs 3,110,595/- respectively (Previous Year: Rs. Nil). Maximum amount outstanding at any time during the year Rs.465,700/- and Rs. 3,110,595/- respectively (Previous Year: Rs. Nil).			
4. Advance to Dubai Metals & Commodities Centre Authority, a proposed joint venture undertaking, being expenses incurred on its behalf - Rs. 1,918,560/- (Previous Year: Rs.Nil).			

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 9: Current Liabilities			
Advance received from members towards:			
- Application fees (pending admission)	-		600,000
- Security deposits	28,319,820		4,000,000
- Network equipment deposits	50,409,547		13,843,382
- Other liabilities	477,176		-
- Trading margin from members	798,503,598		91,027,447
		877,710,141	109,470,829
Sundry creditors			
Total outstanding dues to small scale industrial undertakings	-		-
Total outstanding dues of creditors other than small scale industrial undertakings	73,433,162		22,862,713
		73,433,162	22,862,713
Unclaimed dividend*		99,417	-
Unearned revenue		7,519,766	5,312,173
TOTAL		**958,762,486**	**137,645,715**
*The above amount does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.			

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 10: Provisions			
For taxation		69,430,000	12,750,000
For gratuity and leave encashment		4,595,116	2,874,045
Proposed dividend		17,603,574	8,214,615
Tax on dividend		2,468,901	1,052,498
TOTAL		**94,097,591**	**24,891,158**

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 11 : Sales / Operating Income			
Products (IPR Based - License)		250,527,925	120,853,606
Services (Project Based)		25,377,370	52,503,218
Admission, Subscription and Application Processing Fees		233,894,801	42,191,000
Transaction and Terminal Charges		63,681,628	-
Service Charges		551,084	-
TOTAL		**574,032,808**	**215,547,824**

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 12 : Other Income			
Dividend from non trade investments:			
- Long term investments	3,808,266		539,209
- Current investments	2,949,895		-
		6,758,161	539,209
Interest :			
From bank on deposit accounts		27,937,536	1,097,601
From others		77,563	1,503,412
[Tax deducted at source Rs. 5,792,754 (Previous Year: Rs.489,204)]			
Profit on sale of long term investments (net)		5,958,083	-
Bad debts recovered		-	88,000
Miscellaneous income		5,524,167	15,684
Provision for doubtful debts/ advances/ credit balances written back		222,637	5,170,479
Service charges		-	5,000,000
Deposit appropriation (Refer note 8 to Schedule 15)		6,826,206	526,503
Employees compensation expenses written back		103,639	-
Premises rentals		-	1,250,000
TOTAL		**53,407,992**	**15,190,888**

Schedules forming part of the consolidated accounts

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 13: Operating and Other Expenses			
Payment to and provisions for employees:			
Salaries and bonus	91,237,393		56,631,785
Contribution to provident fund and other funds (Including Rs.1,349,844/- (Previous Year Rs.1,156,226/-) paid to/ collected by various authorities located outside India as contributions.)	3,044,818		2,283,631
Gratuity	566,632		394,999
Employees compensation expenses	-		891,715
Staff welfare expenses	2,196,963		2,008,702
		97,045,806	62,210,832
Electricity		5,167,792	3,682,796
Advertisement expenses		14,829,591	6,096,579
Sales promotion expenses		10,553,932	2,252,029
Brokerage and commission charges		9,422,903	4,726,052
Sales tax		8,840,638	3,763,240
Rent (Refer note 11 to Schedule 15)		13,652,659	7,308,910
Rates and taxes		6,520	5,200
Service charges		14,242,336	6,013,959
Recruitment charges		-	315,749
Repairs and maintenance - others		4,379,092	2,683,816
Travelling and conveyance (net of recovery of Rs. 42,672/- (Previous Year: Rs. 30,506))		13,165,726	4,759,897
Communication expenses (net of recovery of Rs. 37,622/- (Previous Year Rs. 56,439/-))		14,617,541	5,477,838
Insurance		3,035,674	2,240,468
Loss on sale of long term investments (net)		-	11,656,897
Loss on sale of fixed assets (net)		474,777	613,160
Loss on assets scrapped / written off (Refer note 12 to Schedule 15)		11,159,856	126,021
Legal and professional charges (Refer note 5 to Schedule 15)		46,104,127	14,106,781
Preliminary expenses written off		856,984	-
Irrecoverable debts/advances written off		185,150	5,429,250
Provision for doubtful debts/advances		1,256,684	3,680,829
Exchange rate fluctuations (net)		3,894	261,237
Miscellaneous expenses **		21,218,915	7,864,689
TOTAL		**290,220,597**	**155,276,229**
** Miscellaneous expenses include bank charges, auditor's remuneration, advertisement expenses, sales promotion expenses, recruitment expenses, printing and stationery, office expenses, fees and subscription etc.			

	As at 31.03.2005 Rupees	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Schedule 14: Interest			
Interest on:			
- Vehicle Loans		81,654	28,212
- Bank cash credit/overdraft account		-	1,425,643
- Others		18,902	507,570
TOTAL		**100,556**	**1,961,425**

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

I. STATEMENT OF SIGNFICANT ACCOUNTING POLICIES:

A. Basis of preparation of financial statements

The accompanying consolidated financial statements of Financial Technologies (India) Limited ("the Parent Company") and its subsidiaries have been prepared under the historical cost convention in accordance with generally accepted accounting principles and the Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

B. Use of estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known / materialized.

C. Principles of consolidation

The consolidated financial statements relate to the Parent Company and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Parent Company and its subsidiaries are combined on line-by-line basis by adding together the book values of like items of the assets, liabilities, income and expenses, after elimination of intra group balances, intra group transactions and unrealized profits / (losses) in accordance with Accounting Standard (AS-21) on "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.

b. The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except as stated in G below.

c. The difference between the cost of investment in the subsidiaries over the share of equity in the subsidiaries, on acquisition date, is recognized in the financial statements as goodwill or capital reserve, as the case may be.

d. The gains/losses to the Parent Company consequent to an increase/decrease in the Company's carrying value per share on issuance of shares by subsidiaries to other shareholders (minorities) are adjusted in the respective goodwill/capital reserve that was recognized on acquisition of the respective subsidiaries.

e. Minority interest in the net assets of consolidated subsidiaries consists of:

i. The amount of equity attributable to minorities at the date the parent subsidiary relationship came into existence.

ii. The minority's share of movement in equity since the date the parent subsidiary relationship came into existence.

f. Minority's share of net profit of consolidated subsidiaries is identified and adjusted against the net profit after tax of the Company. Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the Company's shareholders.

D. Fixed assets

Fixed assets are stated at cost of acquisition or construction and carried at cost of acquisition less accumulated depreciation and impairment loss, if any. Advances paid towards acquisition of assets are included under Capital Work in Progress.

E. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any (Refer note 7 below).

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

F. Operating leases

Assets taken on lease under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

G. Depreciation and amortization

a) Depreciation on assets other than leasehold improvements and networking equipments (VSAT) has been provided for on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Leasehold improvements are depreciated over the period of the lease and networking equipments (VSAT) are depreciated over a period of 5 years.

b) In case of one subsidiary acquired during the year, depreciation is provided for on written down value method and in the manner prescribed in Schedule XIV of the Companies Act, 1956. However, the impact of such difference in policy is not significant.

c) Computer software is amortized over the period ranging from three to six years (refer note 7 below), trade mark over five to eight years and technical know how over six years on a straight line basis except in case of one subsidiary acquired during the year, which amortizes intangibles on a written down value basis. However, the impact of such difference in policy is not significant.

d) Goodwill arising on consolidation is carried forward in the accounts and tested for impairment in accordance with the accounting policy stated below.

H. Investments

Current investments are carried at the lower of cost and quoted/fair value. Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

I. Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to measurement and realization exists.

Sales include sales of products (licenses) and services (contracts). Revenue from sale of licenses for the use of software applications is recognized on transfer of the title in the user license. Revenue from fixed price contracts is recognized based on milestones achieved as specified in the contracts and in the case of time and material contracts, it is recognized on the basis of hours completed and material used. Revenue from annual maintenance contracts is recognized proportionately over the period in which services are rendered. Sales include sales tax, lease tax and service tax, wherever applicable.

Admission fees are non refundable and collected from new members on their joining the commodity exchange. They are recognised on collection.

Transaction fees are charged to members based on the volume of transactions entered into by the members through the exchange. These are accrued when orders placed by members on the network are matched and confirmed.

Revenue from terminal charges is accrued on creation of a new chargeable user ID.

Dividend income is recognised when right to receive is established. Interest income is recognised on time proportion basis.

J. Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are affected. Exchange differences arising on repayment of foreign currency liabilities incurred for the purpose of acquiring fixed assets from a country outside India are adjusted in the carrying amount of the respective fixed assets.

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Exchange differences arising on settlement of all other transactions are recognized in the profit and loss account. Monetary items (other than those related to acquisition of fixed assets from a country outside India) 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 recognized in the profit and loss account. The exchange gain/loss arising on restatement of foreign currency liability relating to fixed assets acquired from a country outside India, is adjusted in the value of the related fixed assets.

Foreign branches

The translation of the financial statements of foreign branches is done as under in accordance with Accounting Standard (AS-11) "Accounting for the effects of changes in foreign exchange rates" (Revised) issued by The Institute of Chartered Accountants of India considering the foreign branches as non integral, as under (Refer note 6 below):

a) All revenues and expenses are translated at average rate.

b) All monetary and non-monetary assets and liabilities are translated at the rate prevailing on the balance sheet date.

c) Resulting exchange difference is accumulated in Foreign Currency Translation Reserve Account until the disposal of the net investment in the said non-integral foreign operation.

K. Retirement benefits

Retirement benefits are expensed to revenue as incurred. The Company's contribution to provident fund and employees state insurance scheme is made in accordance with the relevant statute. The liability towards gratuity is funded through a scheme (Group Gratuity) administered by the Life Insurance Corporation of India. Leave encashment is provided for on actual basis in accordance with the company's scheme in this respect.

L. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

M. Income taxes

Income taxes are accounted for in accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income", issued by The Institute of Chartered Accountants of India. Tax expense comprises both current tax and deferred tax. Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at substantively enacted tax rates. At each balance sheet date, the unrealized deferred tax assets are reassessed, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

N. Impairment

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) "Impairment of Assets" issued by The Institute of Chartered Accountants of India. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired, when the carrying value of assets exceeds its recoverable value. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

O. Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but disclosed by way of notes to the accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

II. NOTES FORMING PART OF ACCOUNTS:

1. Subsidiaries to consolidation:

The consolidated financial statements present the consolidated accounts of Financial Technologies (India) Limited with the following subsidiaries:

Name of subsidiary	Country of incorporation	Proportion of Ownership Interest
Multi Commodity Exchange of India Limited (MCX)	India	69.97%
IBS Forex Limited (IBS)	India	76.00%
Tickerplant Infovending Limited (Tickerplant)	India	100.00%

Until March 31, 2004, the Company held the entire share capital of MCX. During the year, MCX issued additional equity shares on preferential basis to other investors. Accordingly the share of the Company in equity of MCX has been reduced to 69.97% as at March 31, 2005 and the net credit (gain) to the Company arising on such reduction of share in equity amounting to Rs. 44,478/- is credited to goodwill in accordance with the Company's policy in this respect (Schedule 4).

IBS became a subsidiary company during the year, when the Company increased its equity holding from 24.5% as at 31st March, 2004 to 76% on 1st March 2005. As at the date of acquisition, the excess of cost of investment over the Company's portion of equity in IBS aggregating to Rs.4,494,926/- is considered as goodwill (Schedule 4).

	Current Year Rupees	Previous Year Rupees
2. Estimated amount of contract to be executed on capital account and not provided for (net of advances)	4,786,132	450,385
3. Contingent Liability not provided for in respect of:		
a) Counter guarantee issued against bank guarantee	2,640,000	1,400,000
b) Income tax demands disputed in appeal and pending decision before higher authorities	755,233	3,309,752
4. (i) Managerial remuneration		
Salary and allowances	4,889,927	4,725,454
Provision for gratuity and leave encashment*	484,668	296,231
Perquisites	4,800	4,400

* Excluding gratuity in respect of a director covered under Group Gratuity Scheme and where separate amount is not identifiable.

(ii) Sitting fees paid to non-executive directors Rs.167,000/- (Previous Year: Rs.133,000/-).

5. The Parent Company, during the year, paid an amount of Rs. 16,595,572/- to a party towards the financial advisory and investment banking services rendered to the Company regarding an equity offering transaction. The Parent Company is in the process of obtaining approval of the shareholders at the ensuing general meeting in accordance with the requirements of the Articles of Association of the Parent Company.

6. The Parent Company has applied the translation procedures as per the revised Accounting Standard -11 on "The Effects of Changes in Foreign Exchange Rates" issued by The Institute of Chartered Accountants of India considering its foreign branches as non-integral foreign operations, which were hitherto not so considered and has accumulated exchange difference on such translation aggregating to Rs. 161,001/- (net debit) in Foreign Currency Translation Reserve account. Consequent to such change in classification, the net profit for the year is higher by Rs. 164,499/-. Had the Parent Company followed the same method of classification and accounting in the previous year, the consolidated profit for that year would have been higher by Rs. 261,056/-.

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

7. Upto March 31, 2004, MCX amortised its "operations computer software" (included in computer software in Schedule 4) to revenue uniformly over a period of 36 months. The software has been considerably stable during the year and there has been virtually no down time or frequent alterations. MCX is therefore, confident that it will be able to effectively use this software for a period of 60 months and has therefore accordingly re-estimated the useful life of the software from 36 months to 60 months. The unamortised balance as at April 1, 2004 of Rs. 57,239,458/- and the additions to "operations computer software" made during the year of Rs.9,175,080/- have accordingly been amortised over the revised useful life.

   The above change in estimate has resulted in a decrease in the charge for software amortization and increase in the consolidated profits for the year by Rs. 9,698,751/-

8. As at March 31, 2005, MCX has received an aggregate amount of Rs. 57,752,369/- (Previous Year Rs.14,610,000/-) from members towards deposits (non-refundable) for networking equipment (VSAT) installed at the members' locations. VSATs once installed cannot be surrendered to MCX. The entire VSAT equipment will be transferred to the members at the depreciated value as computed by the Company in the event of surrender of membership with MCX. MCX amortises the deposit received to the credit of revenue over a period of five years to match with the five year period over which depreciation on VSAT equipment is provided. Accordingly, MCX has appropriated Rs.6,826,206/- (Previous Year Rs. 526,503/-) from the deposits and credited the same to Other Income (Refer Schedule 12).

9. Employee Stock Option Scheme ("ESOS"):

   In accordance with the ESOS of the Parent Company, 223,402 options of 1 share of Rs.2 each were granted to eligible employees to be exercised over a period of eighteen months from the date of vesting up to 30th September, 2004.

Number of options granted and lapsed	Current Year Nos.	Previous Year Nos.
Options granted and outstanding at the beginning of the year	71,204	150,541
Add: Options granted during the year	---	---
Less: Options exercised during the year	61,909	36,987
Less: Options lapsed during the year	9,295	42,350
Options granted and outstanding at the end of the year	---	71,204

   9,295 (Previous Year: 42,350) stock options have lapsed during the year, consequent to the expiry of the exercise period in respect of certain option holders, in accordance with the Scheme. Accordingly, the Parent Company has, transferred Rs.103,639/- (Previous Year: Rs. 229,000/-) to profit and loss account. During the year, the Parent Company has credited Rs.690,298/- (Previous Year: Rs. 779,730/-) to Securities Premium Account in respect of shares allotted under the aforesaid scheme.

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

10. The tax effect of significant timing differences during the year that have resulted in deferred tax assets and liabilities are given below.

   (A) Breakup of net deferred tax liabilities of the Parent Company and MCX is an under:

Particulars	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
a) Deferred tax liability:		
Depreciation	33,706,203	19,019,225
	33,706,203	19,019,225
b) Deferred tax asset:		
Carry forward loss/unabsorbed depreciation	-	15,543,894
Provision for doubtful debts, advances etc.	2,367,663	2,989,932
Others	1,804,439	485,399
	41,72,102	19,019,225
Net deferred tax liability	29,534,101	-

   (B) Breakup of net deferred tax asset of IBS is as under:

Particulars	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
a) Deferred tax liability:		
Depreciation	46,634	-
	46,634	-
b) Deferred tax asset:		
Carry forward loss/unabsorbed depreciation	3,615,851	-
	3,615,851	
Net deferred tax asset	3,569,217	-

11. The Parent Company and MCX have entered into operating lease agreements for its development centers and office premises ranging from 11 months to 99 months. The lease rentals charged during the year and the maximum obligations on long term operating lease payable as per the rentals stated in respective agreement are as follows:

	Current Year Rupees	Previous Year Rupees
Lease rentals (Refer Schedule 13)	13,150,347	7,308,910
Obligations on non-cancelable leases		
Not later than one year	14,986,445	5,642,595
Later than one year and not later than five years	55,482,454	9,412,515
Later than five years	37,800,772	-

12. During the year, the Parent Company and MCX surrendered leasehold premises before the expiry of the lease term and relocated to new leasehold premises. Consequently, the Parent Company and MCX have written off the written down value of leasehold improvements as on the date of such surrender of premises, aggregating to Rs.10,726,813/ which is included in Schedule 13.

13. The Parent Company had allotted 3,600,000 equity shares of Rs.2/- each at a premium of Rs.61/- on preferential basis during the year ended March 31, 2004. The aggregate consideration of Rs.226,800,000/- received from the above allotment was invested in the units of mutual funds and disclosed under Schedule 4 Investments in the financial statements for the year ended March 31, 2004.

During the year, the Parent Company also allotted 2,873,951 equity shares of Rs.2/- each at a premium of Rs.260 per share on preferential basis and received aggregate consideration of Rs.752,975,162/-.

Out of the total proceeds of Rs.979,775,162/- received from the above preferential allotments, the amount utilised upto March 31, 2005 by the Parent Company is as under:

(a) Investment in subsidiaries Rs.28,450,000/-

(b) Capital expenditure and working capital requirements Rs.50,847,946/-

The balance amount of Rs.900,477,216/- is invested in units of mutual funds, for utilization in near future, for other intended business expansions, ongoing projects and other business needs and is disclosed under Schedule 5 Investments.

14. Segment Reporting

a. Primary segment: Business segments

Particulars	STP Technologies	B2B e-Commerce Platform	Sub Total	Eliminations	Total
Segment Revenue					
External revenue	275,905,295 (173,356,824)	298,127,513 (42,191,000)	574,032,808 (215,547,824)		574,032,808 (215,547,824)
Inter-segment revenue	25,642,988 (80,000,000)	- (-)	25,642,988 (80,000,000)	(25,642,988) (80,000,000)	- (-)
Total Revenue	301,548,283 (253,356,824)	298,127,513 (42,191,000)	599,675,796 (295,547,824)	(25,642,988) (80,000,000)	574,032,808 (215,547,824)
Segment Results (Profit After Tax)	113,736,635 (46,293,147)	112,058,432 (158,188)	225,795,067 (46,451,335)		225,795,067 (46,451,335)
Other Information					
Segment assets	1,332,931,690 (458,529,414)	1,261,011,853 (189,185,110)	2,593,943,543 (647,714,524)		2,593,943,543 (647,714,524)
Segment liabilities	136,027,015 (48,415,811)	917,262,982 (115,447,704)	1,053,289,997 (163,863,515)		1,053,289,997 (163,863,515)
Depreciation	9,820,314 (8,570,911)	22,419,767 (14,478,808)	32,240,081 (23,049,719)		32,240,081 (23,049,719)
Additions to Fixed Assets during the year	35,773,080 (2,480,701)	73,359,190 (88,566,850)	109,132,270 (91,047,551)		109,132,270 (91,047,551)
Non cash expenditure other than depreciation	10,690,684 (126,021)	1,330,050 (-)	12,020,734 (126,021)		12,020,734 (126,021)

Notes:

1. As stated in Note C to Schedule 15, the consolidated financial statements relate to the Parent Company and its three subsidiaries. Each of these companies operates in a single primary business segment on a stand-alone basis, the results of which are disclosed in the financial statements of the respective entities.
2. On a consolidated basis, business segments are identified as its primary segments taking into account the nature of services, differing risks and returns, the organizational structure and the internal reporting system. Each primary segment includes the results of the respective primary segments of each entity in the group, as adjusted for inter-company eliminations and the segment results, assets, liabilities represent those of the entities themselves.
3. The aforesaid two segments comprise of consolidation of two companies each under each segment. The segments are based on the primary businesses carried on by the each of these companies. The revenue, results, assets, liabilities of each of these companies is directly attributable to the respective segments on the basis of the financial statements of these companies and hence there are no unallocated expenses/income in respect of the said two segments.

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

4. The management believes that considering the nature of services, differing risks and returns, the aforesaid segment results enclose meaningful segment information.
5. Inter-segment transfers: Segment revenue, segment expenses and segment result include transfers between business segments. Such transfers are accounted for at market prices and are eliminated on consolidation.
6. Previous year figures are given in brackets and are regrouped to conform with current year's classification.

b. Secondary Segment: Geographical segments

During the years ended March 31, 2005 and 2004, the Company had no reportable geographical segments and on that basis no secondary segment information is furnished.

15. Related Party information

I. Names of related parties and nature of relationship:

a. Entities over which control exists (Subsidiary companies of MCX incorporated after March 31, 2005 and proposed joint venture company, (JV))

i) National Bulk Handling Corporation Limited (NBHCL)

ii) National Spot Exchange Limited (NSEL)

iii) Dubai Gold and Commodities Exchange (DGCX) (JV)

b. Key Management Personnel:

Mr. Jignesh Shah	:	Managing director
Mr. Dewang Neralla	:	Whole time director
Mr. Joseph Massey	:	Deputy Managing Director of MCX
Mr. Ajay Narasimhan	:	Whole time Director (till 15th April 2004)
Mr. V. Hariharan	:	Whole time Director of MCX

c. Relatives of the Key Management Personnel where transactions have taken place

Mr. Manjay Shah	:	Sr. Vice President

II. Transactions with related parties

Rupees

Transactions during the year	Entities over which control exists	Key Management Personnel	Relatives of Key Management Personnel
Remuneration:	- (-)	5,379,395 (5,026,085)	800,000 (595,251)
Car recoveries:	- (-)	7500 (110,400)	- (-)
Advances Expense incurred for NBHCL	465,700 (-)	- (-)	- (-)
Advances Expense incurred for NSEL	3,110,595 (-)	- (-)	- (-)
Advances Expense incurred for DGCX	1,918,560 (-)	- (-)	- (-)

Notes:

a) Related party relationship is as identified by the Company and relied upon by the auditors.

b) Previous year figures are given in brackets.

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

16. Earnings Per Share is calculated as follows:

	Current Year Rupees	Previous Year Rupees
a. Net profit after tax	202,450,556	46,451,335
Short provision for income tax for earlier years	6,000,000	--
Net Profit available for Shareholders	196,450,556	46,451,335
b. Weighted average number of Equity Shares		
Basic	41,187,674	37,709,992
Add: Employees Stock Options	36,955	71,204
Diluted	41,224,629	37,781,196
c. Basic earnings per share	4.77	1.23
Diluted earnings per share	4.77	1.23
d. Nominal value of equity share	2	2

17. Previous years figures have been regrouped/rearranged wherever necessary to correspond with the figures of the current year.

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

Chartered Accountants

A. B. Jani
Partner

Place : Mumbai
Date: 24th June, 2005

For and on behalf of the Board.

Jignesh P. Shah
Chairman and Managing Director

C. Subramaniam
Director

Hariraj S. Chouhan
Company Secretary

Place : Mumbai
Date: 24th June, 2005

STATEMENT REGARDING SUBSIDIARY COMPANIES

(Amount in Rupees)

Particulars	Multi Commodity Exchange of India Ltd	Tickerplant Infovending Ltd	IBS Forex Ltd
Paid-up Share Capital	215,100,000	500,000	40,000,000
Reserves	52,456,975	-	-
Total Assets	1,257,910,257	965,474	40,062,274
Total Liabilities	1,257,910,257	965,474	40,062,274
Details of Investment (except in case of Investment in subsidiaries)	467,044,460	-	-
Turnover	336,537,254	-	2,898,770
Profit before Taxation	156,574,812	(482,004)	(3,370,225)
Provision for Taxation	45,418,573	-	(1,129,602)
Profit after Taxation	111,156,239	(482,004)	(2,240,623)
Proposed Dividend	21,510,000	-	-

Financial Technologies

Powering e-Xchange Markets