VALUE

Financial Technologies

Creating Markets. Unlocking Value.™

ANNUAL REPORT 2007-08

It's abstract, it's tangible, it's absolute, and it's relative. It's the way the world and all things that exist in it are perceived. By the 'value' that is assigned to them. It enables transactions, supports business and is the one measure of success.

All of human intelligence and endeavour has a 'value'. It is the intrinsic power vested in a thought, pulsating with life. It lives within an idea, waiting patiently for those with the imagination to unlock it. And when liberated, it has the power to change the world view.

At Financial Technologies, we believe in this intrinsic 'value'. We trust in its ability to blaze bold new paths and create markets where none appear to exist. We see it opening doors for people to come together and speak the same language: of financial enterprise.

It's innovation that attains a new 'value' when put into practice. It takes the power of technology to simplify trade and transform lives. It's unifying, it's liberating. It's understanding 'value' the Financial Technologies way. And it's creating a world of possibilities.

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LETTER FROM CHAIRMAN AND GROUP CEO

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JIGNESH SHAH
Chairman & Group CEO

"The modern tech-centric financial markets are the new electronic trade routes, similar to silk and spice routes centuries ago that are democratizing global trade and economies."

Dear Shareholders,

THE JOURNEY IS THE REWARD

I closed my letter to you last year with the above line. As we celebrate our 13th anniversary, I think that's the most appropriate line to express my feelings and begin my letter to you this year.

Dewang and I founded Financial Technologies with a simple mission to bring 'Markets to the Masses'. While we feel immensely gratified by the milestones we have since passed, we are more excited and humbled by the opportunity of our lifetime that lies ahead of us.

The opportunity at Financial Technologies is truly unique as the business of creating and operating new generation tech centric financial markets allows us not only to build unprecedented shareholder value through a non-linear business model - but in the process also transform economies, empower the common man and change lives.

CREATING MODERN SILK ROUTES

Centuries ago, the Silk Route and Spice Route along with other trade routes, led the early phase of globalization that connected civilizations and developed markets with thriving trade and commerce amongst Africa, Europe, Middle East, India, Central Asia, China and South-East Asia.

The modern tech-centric financial markets are the new electronic trade routes that are democratizing global trade and economies by creating inclusive and equitable growth through propagation of transparent price discovery, efficient trade execution, effective risk management, insurance against price volatility, and access to structured finance.

Markets are proxy to the growth of any region and the barometer of the economy. In an increasingly globalizing world, markets have become 'hubs' of trade and commerce. Your company creates and operates these new hubs in some of the fastest growing regions from Africa to Asia.

THE STATE OF THE UNION IN FY 2007-08

I am pleased to report that the 'state of the union' of your group across all fundamental matrices including financial, operational, corporate and strategic are strong and vibrant.

FINANCIAL OVERVIEW

I am pleased to share the standalone financial performance of your company below:

- Total income increased by 674% to Rs. 13,475 million in FY 2007-08 as compared to Rs. 1,741 million in FY 2006-07
- EBITDA has grown by 957% to Rs. 12,548 million in FY 2007-08 as compared to Rs. 1,187 million in FY 2006-07 and EBITDA margin has increased to 93% in FY 2007-08 as compared to 68% in FY 2006-07
- PAT increased by 855% at Rs. 9,613 million in FY 2007-08 as compared to Rs. 1,006 million in FY 2006-07
- Basic EPS for the current year increased to Rs. 214.15 from Rs. 22.48 in the previous year
- Dividend per share has increased to 1000% (Rs 20) in FY 2007-08 compared to 400% (Rs 8) in FY 2006-07

- Your company did a successful international GDR offering of USD 115 million, with listing on the Luxembourg Stock Exchange. The funds raised will be utilized for purpose of investment in new exchange and ecosystem ventures as well as strategic acquisition opportunities.

'The modern tech-centric financial markets are the new electronic trade routes that are democratizing global trade and economies.'

OPERATIONS OVERVIEW

EXCHANGE BUSINESS

MCX (Multi Commodity Exchange of India)

- Joseph Massey has been promoted to MD and CEO as part of leadership succession plan. Mr. Lamon Rutten will continue as JMD and I will continue as non-executive Vice-Chairman.

- NYSE Euronext, Citigroup and Merrill Lynch each took a 5% equity stake along with Kotak, IL&FS, and ICICI Ventures in MCX at a valuation of USD 1 - 1.1 billion.

- The average daily turnover has increased from Rs. 74,710 million in 2006-07 to Rs. 102,830 million in 2007-08 registering growth of 38%, to put it mildly, in a challenging global market.

- In January 2008, MCX became the first exchange in Asia to offer carbon credit contracts. It also introduced ATF (Aviation Turbine Fuel) futures becoming the third exchange in the world after TOCOM and C-Com to do so. It also re-launched crude palm oil earlier this year.

'The milestone bears testament to the quality of the institution we have built where the best in India and the world converge. It is a statement on India's economic standing and we are proud to be part of it' - quoted on investment by NYSE Euronext, Merrill Lynch, Citigroup, ICICI, IL&FS & Kotak.

NSEL (National Spot Exchange)

- Anjani Sinha, CEO, of NSEL and original member of MCX team is passionate and committed, to scale NSEL, a pan-India electronic spot market for various commodities, including agricultural commodities, precious metals, ferrous and non-ferrous metals and industrial products, to its massive potential, given the huge size and potential of physical trade.

- NSEL has a significant head-start with its pilot launch in the states of Gujarat, Maharashtra, Karnataka, Kerala and Bihar, where it has received the necessary clearances to set up national-level electronic spot market. It has also signed an MoU with IL&FS to connect 100,000 Common Service Centres to the NSEL network to reach out to remote villages.

DGCX (Dubai Gold and Commodities Exchange)

- Malcolm Wall Morris, former head of business development (commodity products) at LIFFE, an arm of NYSE Euronext, has taken over as the new CEO and I believe he brings the right experience and background to lead DGCX to the next stage.

- The number of contracts traded increased 34% from 758,112 to 1,017,169 in FY 2007-08. The value of contracts traded has increased 95%, from USD 20,847 million to USD 40,748 million in the same period.

- The number of institutional members has increased from 186 to 215 with additions like J P Morgan and New Edge among others.

- DGCX successfully launched WTI and Brent Crude Oil contracts in May' 2008.

IEX (Indian Energy Exchange)

- Jayant Deo, formerly Member, Maharashtra Electricity Regulatory Commission, has joined as MD and CEO and is keen to take the IEX model to other regions together with the Financial Technologies Group.

- IEX has 47 registered members as of 31st March, 2008 including some of the largest players in the power sector such as Tata Power Company, Reliance Infrastructure, Lanco Infratech Ltd., and Mahadiscom.

- IEX went live on 27th June, 2008 and already has reached a daily trading volume of over 7,000 MWh in the day-ahead market.

SNX (Safal National Exchange)

- Ravishankar Natarajan, CEO, leads the first pan-India electronic spot platform for perishable commodities that was set up as a joint venture between Mother Dairy (NDDB), MCX and Financial Technologies Group.

- Spot trading successfully commenced on 14th December 2007; commodities traded include fruits (banana, apple, mango, kinnow and grape) and vegetables (onion, potato and tomato).

- The exchange has attracted over 250 members combined in multiple categories including large players from retail, food processors, exporters, and cooperatives. Some of the leading names are Pepsi, Coke, Reliance, BASIX, Heritage and many more.

IBS (IBS Forex)

- IBS under the leadership of Ganesh Rao, CEO, has taken big strides in winning mind share and market share in the FX spot trading between banks in USD: INR and has built an excellent track record as a regulated entity with FEDAI under RBI.
- IBS has been approached by several large international platforms to partner, in order to introduce new products such as G10 currencies, NDF, OTC options and others, subject to regulatory approvals. IBS will bring deep knowledge and experience of FX trading in India, besides distribution and proven relationship with over 25 banks.
- IBS's strategic partner would contribute product innovation and connectivity with international trading venues that will provide globally correlated price discovery, liquidity and broader participation as and when the regulators decide to open up this market segment further to the global markets.

GBOT (Global Board of Trade)

- Joseph Bosco, former MD and CEO of OTCEI with over 30 years experience in banking and capital markets, has been appointed as the COO and DMD of GBOT.
- The selection process for the Board and Advisory Board is underway and a shortlist of international leaders, who can contribute with their wealth of experience and relationship, is under review.
- The technology infrastructure for the exchange, including a data centre created at Ebene, is being put in place to ensure a 24x7x365 world class robust and scalable operating environment.

SMX (Singapore Mercantile Exchange)

- SMX will be the first international pan-Asian commodity derivatives exchange that will provide a single platform for multi-product trade between Asia and the world.
- An Advisory Board comprising of eminent and highly distinguished personalities from the world of finance is being established and includes:
  - Leo Melamed - Chairman of Advisory Board, Chairman Emeritus of the Chicago Mercantile Exchange (CME) Group.
  - Ang Swee Tian - Chairman of the Board, Former President of SGX.
  - Myron Scholes - Member of Advisory Board, Nobel Prize winner, Black Scholes options pricing model.
- Global road-shows for the membership drive will commence in late 2008 and the exchange is expected to go live early 2009.
- Framroze Pochara, Director on the SMX Board and Executive Director, SMX Clearing Corporation, is leading the team in Singapore for setting up SMX.
- An internal search committee is actively sourcing and interviewing potential candidates for the CEO, COO and other management positions.

'A New Exchange, for The New World Economic Order. Singapore ranks among the top three international financial centres in the world today with an established trading and commodity hub, an open economy, robust regulatory framework under MAS, a thriving port, business friendly environment and strategic geographical location - making it ideal for an international commodity and derivatives exchange like SMX.' - quoted at the SMX announcement in Singapore.

ECOSYSTEM BUSINESS

NBHC (National Bulk Handling Corporation)

- Anil K Choudhary, MD & CEO and Paras Ajmera, Director Operations, Financial Technologies, together with their team have done a commendable job in leading the depository business for facilitating structured credit (trade finance) against commodities from banks.
- NBHC currently offers collateral management services to 23 leading public and private sector banks (12 in 2006-07) including regional rural banks and cooperative banks, and manages over 3,000 warehouses and storage facilities (1,200 in 2006-07) spread over 700 locations and has enabled funding of over USD 1 billion (Assets Under Management: USD 1.425 billion).
- NBHC has been approached by several strategic investors including banks, SWFs (Sovereign Wealth Funds), Private Equity funds and other large global warehouse, real estate, logistics and supply chain companies. We plan on making participation in this regard before the year end.

atom (atom Technologies)

- Dewang Neralla, co-founder and CTO of Financial Technologies, is the acting CEO of atom and together with his team has successfully positioned atom products as alternate payment channels to bridge the gap between online / offline / mobile world.
- atom 'Paybuzz', an IVR-based payment platform, was launched with more than 20 clients for payment through banks' payment gateways. This product is the only alternate payment channel (apart from the internet) to clock transactions worth more than Rs. 300 million in 2007-08.
- An MoU was signed with Axis Bank for debit card / credit card payments through mobile phones using the atom cards solution.

TickerPlant (TickerPlant Infovending)

- V. Hariharan, Director Strategy of Financial Technologies, is the acting CEO of TickerPlant and together with Ghanshyam Rohira, senior member of the Financial Technologies team, is driving this venture.
- TickerPlant bagged major orders from leading banks, corporates, brokers and HNIs for MarketView and large orders for MarketView mobile, filling the gap between expensive terminals like Reuters / Bloomberg and free internet content.

Riskraft (Riskraft Consulting)

- Subramanya Kusnur, CEO and Dr. A K Nag, COO, together with their team have successfully bagged several prestigious projects including the implementation of a risk-based supervision framework for Financial Services Commission (FSC) of Mauritius and a Basel II consulting assignment from First City Bank.
- Under a sanction from NABARD, Riskraft is building a unique decision-support system for farmers as a pilot project in a district of Maharashtra.
- Riskraft has introduced new products including a Risk Calculator, formed new strategic alliances with IBM, FERMAT, List Group and Scorto Corporation among others, and expanded its offerings to other verticals of the BFSI segment beyond banks.

FTME (Financial Technologies Middle East)

- Arshad Khan, Director, Business Development, Middle East and North Africa (MENA) region has been instrumental in taking Financial Technologies' software products to the international markets by establishing full-fledged operations in Dubai, catering to the MENA region.
- With the successful establishment of FTME, we have prominent clients in the Middle East countries which include large brokerage houses and banks. There are more than 20 customers in the region running their trading and settlement operations on the Financial Technologies platform.

FTKMC (Financial Technologies Knowledge Management Company)

- Your company has spun off its existing training activities into a new venture called FTKMC for consulting, training and education based on the intellectual property (IP) generated by the group in the areas of derivative markets, risk management and application of technology in the commodity and financial markets.

'This award is testimony to our ability and endeavour to create and deliver IP (intellectual property)-based technology products and productized services that are among the global best' - quoted on the Deloitte Technology Fast 500 Asia Pacific win.

TECHNOLOGY BUSINESS

Brokerage Solutions

- Manjay Shah, Director, Business Development, Financial Technologies, together with his institutional and retail sales team has delivered another year of stellar performance with the number of trading licenses for ODIN™, growing by 95% from 164,000 (FY 2006 - 07) to 320,000 (FY 2007 -08). The number of broker clients increased to 862 from 791 during the same period.
- ODIN™ version 9.0 was introduced earlier this year, once again demonstrating our constant quest for innovation.
- DMA Release - Direct Market Access (DMA) solutions for its front-office suite of products in line with SEBI's announcement and guidelines for Direct Market Access for market participants.

Exchange Solutions

- The exchange technology division, led by Paras Ajmera, Director Operations, Financial Technologies, and his team, continued to build on their unbroken track record of flawless execution and delivery. The DOME™ solution suite has surpassed all previous benchmarks for reliability, robustness and scalability with zero downtime in all exchanges using this solution.

- The product's features such as multi-asset order management, matching, and clearing solution have been enhanced with inclusion of equity solution along with system capacity to handle load up to three times more than its predecessor.

Network Solutions

- Your company has introduced FT NET, a fully managed network that provides hosted FIX solution for all connectivity requirements between buy side and sell side. It also provides DMA connectivity to domestic exchanges and emerging markets for cross-border trading.
- FT NET will enable institutional investors such as mutual funds, banks, insurance companies, or global hedge funds to perform their investment activities with greater efficiency and fewer errors.

Messaging Solutions

- STP-Gate™ messaging platform retained its No.1 position in the STP services and its total number of customers grew by 25%. Our total client base comprises of over 175 investment managers and 375 trading members. We also have 100% custodian market share, including FIIs.

> ***'It's a recognition that the next-generation entrepreneur companies are firmly driving the shifting global economy, which disproportionately rewards companies that are built on value creation from ideas and disruptive innovation with a strong IP (intellectual property)-centric model over the ones that are engaged in cost arbitrage' - quoted at World Economic Forum (WEF), Geneva.***

CORPORATE OVERVIEW

Advisory Board

An independent Advisory Board comprising of the following highly accomplished and acclaimed industry leaders has been established:

- Mr. Narayan Vaghul - Chairman of Advisory Board, Chairman of ICICI Bank, former CEO of ICICI and promoter of CRISIL.
- Dr. Shankar Narayan - Member Advisory Board, former economic advisor to the Prime Minister of India and former Finance Secretary to the Government of India.
- Mr. G N Bajpai - Member Advisory Board, former Chairman of SEBI and LIC of India and former non executive Chairman of NSE, SHCIL and LIC Housing Finance Limited.
- Mr. Kiran Karnik - Member Advisory Board, former President of NASSCOM, former Senior Member of ISRO and Consultant to World Bank and UNESCO.

Your company has implemented sound corporate governance by revising our Code of Conduct and implementing policies that maintain convergence with international standards.

Mergers and Acquisition/s

- Shreekant Javalgekar, Director Finance, Financial Technologies together with his team has been pivotal in spearheading the inorganic growth of your company.
- Your company has initiated action to acquire 100% stake in Apian Finance & Investment Limited, and Credit Market Services Private Limited and is in the process of evaluating certain acquisitions in the Middle East and Africa.

Corporate Social Opportunities (CSO)

As I have always said, we are incredibly fortunate to have CSO integrated as a part of our business model. Your company has actively engaged on several of these initiatives, such as:

- Gramin Suvidha Kendra - for price dissemination through India Post, one of the largest distribution networks in the world.
- Your company has signed an MoU with Indian Oil Corporation (IOCL) as one of our partners for price information dissemination in rural parts of India, through its petrol pump kiosks.
- Your company has also taken the lead in supporting the 'Teach India' literacy campaign initiated by the Times of India group.
- "Khushi ki Kiran" is an initiative by the employees of your company to make a difference in the lives of the under previledged by volunteering for community service.

Recognition

Your company and its group has been recognized by several awards and honours for their contributions to technology, financial markets and the economy as a whole, such as:

- Founding Global Growth Company Member from WEF, Davos

- NASSCOM Innovation Award 2008
- Deloitte Technology Fast 500 Asia Pacific
- Global HR Excellence Award 2007-08
- Golden Peacock Eco-Innovation Award 2008 from the World Enviornment Foundation, in association with Institute of Directors

Strategic Communication and Branding

- Miten Mehta, Director Communications and Investor Relations, Financial Technologies, and his team have passionately and tenaciously led our 'globalization' efforts across investor relations, branding, communications and strategic partnerships over the past three years and have received overwhelming appreciation from all the stakeholders around the world. I believe this will also be a significant value contributor in the coming years.

'For us, globalization is not merely reaching out to people around the world, but it is bringing about a positive change in their lives for a better tomorrow leveraging breakthrough technology innovation.' - quoted at World Economic Forum's (WEF) Annual Meeting at Davos, 2008

STRATEGIC OVERVIEW

Our vision is to create one of the world's largest exchange network connecting deep, vibrant and liquid financial markets in the fast-growing economies of Africa, Middle East, Central Asia, India, China and other Asian countries.

While this region, from Africa to Asia, is driving production and consumption of almost all asset classes including commodities and increasingly influencing global pricing and trade, there are few organized electronic, next generation exchanges for these asset classes in those markets. Our proven next-generation technology platform coupled with our domain expertise and specialization in creating and operating successful markets, positions us uniquely to set up greenfield exchanges and ecosystem ventures in these regions.

We will continue to leverage our economies of scale in technology, operations, product innovation, clearing, settlement and delivery across the pre-trade, trade and post-trade transaction lifecycle to create the most cost-efficient network of exchanges.

Also, the opportunity for cross-listing, distribution, margining, arbitrage, offset, clearing, settlement and delivery of products across our exchange network, will have an explosive 'network effect' on liquidity and product innovation on one hand, and ecosystem partners and community of market participants on the other. Market participants include members, market makers, hedgers, financial institutions and others.

We will continue to actively pursue partnerships and strategic alliances with other global exchanges and networks on lines of the twelve partnerships MCX has signed with international exchanges to expand our footprint and converge with global exchange networks.

'This strategic partnership is an excellent example of how we plan to work together with global partners, like NYSE Euronext, to execute our vision of creating one of the largest global exchange networks across the fast-growing economies of Africa, Central Asia, Middle East, India, China and other Asian countries.' - quoted on NYSE Group completion of MCX transaction.

THE VALUE IS IN THE JOURNEY

I would like to take this opportunity to thank each and every one of our shareholders, customers, partners and employees for their continued support and contribution to the growth of your company and making the journey fulfilling and exhilarating. Over the years, I have learned that ***the Value is in the journey.***

And I believe, the journey has just begun.

Jignesh Shah
Chairman and Group CEO

COMPANY OVERVIEW

SHAREHOLDER VALUE

Value is in growth

COMPANY OVERVIEW

Financial Technologies (India) Limited (FTIL) (www.ftindia.com) (NSE: FINANTECH, BSE: FINTECH, GDR listed at the Luxembourg Stock Exchange: FTIA, FTIS), an ISO 9001:2000 and ISO / IEC 27001:2005 certified flagship company of the Financial Technologies group, is amongst the global leaders in creating technology centric, next generation financial markets that are transparent, efficient, and liquid, across multi-asset classes including equities, commodities, currencies and bonds.

EXCHANGE BUSINESS

- MCX – India's No.1 Commodity Exchange
- DGCX – Dubai Gold & Commodities Exchange
- IEX – Indian Energy Exchange – India's 1st Power Exchange
- IBS FOREX
- National Spot Exchange – The Farmer's Friend
- SNX – One India One Market
- GBOT – Global Board of Trade
- SMX – Singapore Mercantile Exchange – Where the world will Trade

Financial Technologies – Creating Markets. Unlocking Value.

TECHNOLOGY BUSINESS

Exchange Solutions

- DOME
- CnS
- FT PRIME
- FX DIRECT

Brokerage Solutions

- ODIN
- iWin
- Match
- NeT.net
- Protector+
- eIPO

Messaging /Networking Solutions

- STP-Gate
- FTNET

ECOSYSTEM BUSINESS

- NBHC – National Bulk Handling Corporation Ltd. – Adding Value to Commodities
- TickerPlant Infovending
- riskraft
- atom – 'the' new way to pay
- FTKMC – Consultancy • Training • Research
- Financial Technologies – Creating Markets. Unlocking Value.

FINANCIAL HIGHLIGHTS

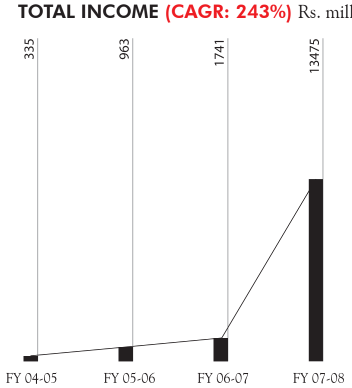
Financial Overview (Consolidated)

The consolidated financial overview for the year ended March 31, 2008, is not provided since it is not strictly comparable with the consolidated financial figures of previous year as one of the material subsidiaries of the Company - Multi Commodity Exchange of India Limited (MCX) ceased to be a subsidiary of the Company w.e.f. October 29, 2007.

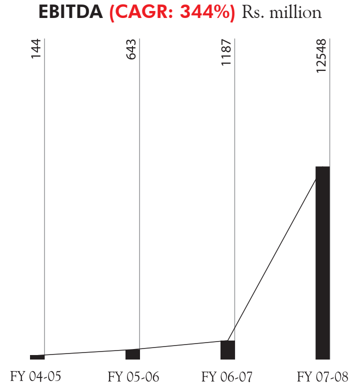
Financial Overview (Standalone)

- The total income increased by 674% to Rs. 13,474.77 million in FY2007-08 as compared to Rs. 1,741.32 million in FY2006-07
- EBITDA has increased by 957% to Rs. 12,548.27 million in FY2007-08 as compared to Rs. 1,186.62 million in FY2006-07
- EBITDA margin has increased to 93% in FY2007-08 as compared to 68% in FY2006-07
- PBT up by 963% to Rs 12,415.43 million in FY2007-08 as compared to Rs. 1,168.47 million in FY2006-07
- PAT increased by 855% at Rs. 9,612.52 million in FY2007-08 as compared to Rs. 1,006.12 million in FY2006-07
- Basic EPS for the year increased to Rs. 214.15 from Rs 22.48 for the previous year
- Dividend per share has increased to 1000%, Rs 20 in FY 2007-08 compared to 400%, Rs 8 in FY 2006-07

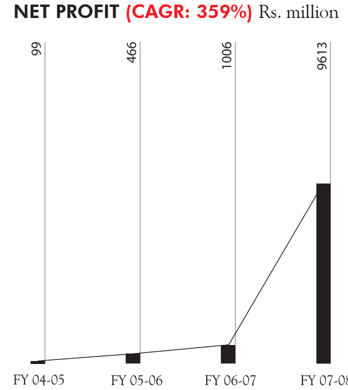
TOTAL INCOME (CAGR: 243%) Rs. million



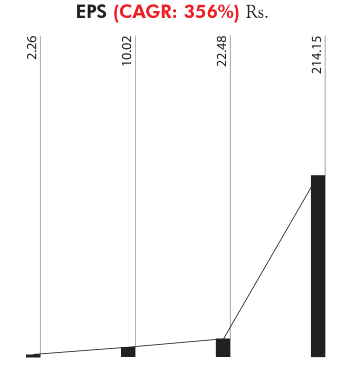
EBITDA (CAGR: 344%) Rs. million



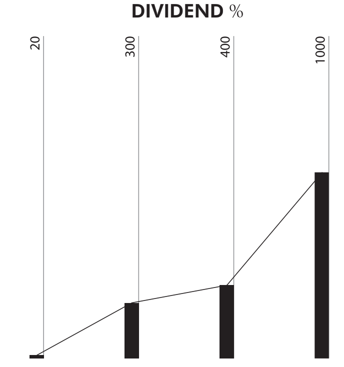
NET PROFIT (CAGR: 359%) Rs. million



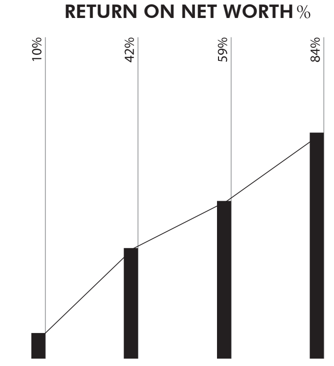
EPS (CAGR: 356%) Rs.



DIVIDEND %



RETURN ON NET WORTH %



BUSINESS HIGHLIGHTS

KEY DEVELOPMENTS AND ACHIEVEMENTS AT A GLANCE

Corporate

- Financial Technologies announced the constitution of an Independent Advisory Board under the chairmanship of Mr. Narayanan Vaghul, Chairman of ICICI Bank and other industry leaders like Dr. S Narayan (Former Economic Advisor to PM), Mr. G.N Bajpai (Former SEBI Chairman), Mr Kiran Karnik (Former President of NASSCOM)
- Financial Technologies has successfully achieved the ISO 27001:2005 and 9001:2000 certification
- Recognized by the World Economic Forum, as ranking among the top 125 "Founding Global Growth Company Members" at Dalian, China and '*Summer Davos - 2007*'
- Global HR Excellence Award 2007-08 for innovative HR practices

Exchange Business

- NYSE Euronext made its foray into the Indian commodity market by acquiring 5% equity stake in MCX through its affiliate, Euronext NV
- MCX received the prestigious Golden Peacock Eco Innovation Award from the World Environment Foundation for the most eco friendly innovation in the finance sector. MCX is the first commodity exchange to launch carbon credit futures in India
- MCX was awarded the "Business Superbrand" status - an acknowledgment of MCX becoming a truly world class brand
- FTIL along with Power Trading Corporation of India and others launched Indian Energy Exchange Limited (IEX) - India's first electronic energy exchange

Ecosystem Business

- NBHC, our emerging high-growth business, had a stellar performance in FY2007-08, with a network of more than 3000 storage facilities spread across many states including facilities under collateral management
- The only Warehousing & Commodity Management solutions provider in India to obtain an ISO 22000:2005 certification and a Category G membership from the Grain and Feed Trade Association (GAFTA)
- The "Skoch -World is Open" Award 2008 was awarded to atom technologies for its payment solution atom cards from amongst 30 companies
- atom technologies' has received PCI-DSS v1.1 and PABP certifications for its solutions, which define the security measures undertaken by atom to secure it's customer's transactions

Technology Business

- The number of trading licenses for ODIN™ grew by 95% from 1,64,000 (FY 2006 - 07) to 3,20,000 (FY 2007-08). The number of broker clients increased to 862 from 791 during the same period
- NASSCOM Innovation Award 2008 for the best innovator
- FTIL introduced a FIX Transaction Hub (FT NET) that enables automation of the pre-trade flows from those desirous of investing from and into various international financial markets

LEADERSHIP SPEAK

LEADERSHIP VALUE

Value is in leadership

G. N. BAJPAI
Member, Advisor Board, Financial Technologies
(Former SEBI Chairman)

"I believe Indian exchanges are world class and they should take their expertise of running exchanges to international markets as sucessfully demonstrated by Financial Technologies group."

In the last decade, Indian capital markets have undergone a revolution. Trading has evolved from screaming inside a small room to nationwide terminals. As far as the equity market segment goes, we are not only on par with the world, in many areas such as dematerialisation and settlement process, we are ahead of them. ***Like any other sector, financial markets also need to undergo constant evolution. This evolution is spearheaded by two forces: the demands of the marketplace and a responsive regulation. Regulators have the obligation of not only to regulate the market and protecting the interest of investors, but also to develop the market. Indian regulators have taken this obligation very seriously.***

While talking of change, one of the areas to focus on is product innovation. As the economy expands, expectations from the market place are changing. The question is whether we would be able to provide businesses with capital of various forms and to meet the requirements of investors. We need many products for the debt market which are not yet truly developed in India. We need a better interest-rate futures market. We need a product for structuring of debt itself and may be a product for structuring of equity. A firm that needs capital, should be able to get it at the right time and the right place. Unfortunately, this is not happening due to several gaps in the market structure. We do not have a thriving market for bonds, currencies and small stocks.

An evolution in the market structure must also make available capital to the infrastructure sector for greenfield projects. There is debt capital available for rated paper but relatively less capital is available for unrated paper. All greenfield projects cannot have rated paper and all infrastructure projects are generally greenfield projects. We are mainly dependent on the equity market which has developed into a significant size. Secondly, individual investors are not able to participate directly in the debt market.

An individual has to go through an investment intermediary (mutual fund or an insurance company), which imposes a layer of cost and therefore reduces returns. Investors gets professional guidance through intermediaries but at the same time there are many who like to invest individually. For them, debt is not an option today. Fortunately, the government had appointed a committee headed by Dr. R.H.Patil and its recommendations to my mind are very comprehensive. If all those recommendations are implemented, the debt market should become as vibrant as the equity market of India.

Within the equity market, there is a market segment that still needs to develop. Indian small and medium (SME) companies need a separate exchange because there is no place for SMEs on the national trading platform of NSE and BSE. This is because of two reasons. We have a regulatory framework which is not only very expensive but very arduous for SMEs to comply with and secondly, institutional investors are not focused on SMEs.
I remember myself having inaugurated Indo Next under the BSE trading platform, where companies with capital of Rs 20 crores or less were supposed to be traded. Unfortunately, because the managers of the exchange continued to be working from the national trading platform there was no additonal focus on SMEs.
In any case, the trading platform by itself cannot ensure the success of an SME exchange. It also needs to be supported by a whole lot of intermediaries who are committed to work for the SMEs. I am talking of investment bankers, brokers, depository participants and the likes. Today, just five investment bankers cater to 85-90% of the market. They certainly have a lot on their hands that they are not interested in working for the SMEs. If you bring an IPO for Rs 10 crores you don't get commitment of investment bankers and we don't have investors to commit. ***Clearly, a whole market structure needs to come up to support SMEs, not just a trading platform.***

Clearly, the criteria in deciding who should set up an SME exchange should not be influenced by past success or size. The criteria should be whether the institution is capable and committed enough to make it work. Also, we need not one but several SME exchanges.

On a broader plane, development of electronic exchange as a business is a recent phenomenon. ***I believe, Indian exchanges are world class and they should take their expertise of running exchanges to international markets as sucessfully demonstrated by Financial Technologies group.*** I see Africa as a very significant opportunity to explore. Asia is the most happening place of 21st century but most of Asian countries are significantly developed.

One can explore Indonesia or Vietnam but beyond that, the scope is in Africa. The second half of the 21st century will belong to Africa and therefore it is the right time to make the first moves. The strategy should be to first select those countries where the governments are of modern outlook and thinking positively how to groom the economy. And once they have their footprints in these countries, they can showcase the success stories and gain entry into other countries.

KIRAN KARNIK
Member, Advisor Board, Financial Technologies
(Former President, NASSCOM)

"It is clear that the very base of global trade and finance is increasingly being built and is dependent on technology-based transactions and companies like Financial Technologies are driving that mass disruptive innovation."

Global trade and finance is not only facilitated by technology (including communications), but is dependent on it. In fact, amongst the most powerful drivers of global trade and financial transactions is technology, as it assures speed, reliability and verifiability. A key facilitator and beneficiary of this process of electronic trades in the financial sector is the new generation of markets in equities, bonds, commodities and other products.

The new generation of financial markets are disruptive of the old ways of functioning and at the same time they offer tremendous opportunities to transform the lives of people.

The DNA of these markets is technology, and technology allows these markets to develop anywhere and function anytime. The implication of this is significant. Just as the rapid spread of mobile telephony allowed India to break the messy, slow, inefficient and expensive process of connecting landlines and created anytime, communication among the lowest segments of the population, putting Indian communication on par with the rest of the world, similarly electronic financial markets have transformed the financial marketplace. ***The beauty of this transformation in emerging markets is the same as mobile telephony: costs and quality. Transactions costs have come down and speed and efficiency have improved.***

A key advantage of initiating change in the emerging markets is that they have little or no investment in legacy systems, and are thus able to easily adopt and adapt to the latest technologies and software. This has resulted in lower costs and greater efficiency. India is an example of this, with sophisticated and state-of-art systems in place in all its national electronic financial and commodity markets. To maintain this advantage, however, a constant updating and upgrading of skills, equipment and associated software is essential.

Faced with this relentless march of technology, there is little future for traditional exchanges. Technology-driven trading platforms have rendered these traditional exchanges unviable and obsolete. Apart from costs and efficiency, technology brings a measure of transparency that traditional exchanges often lack. Their survival is doubtful.

The next generation of exchanges will use technology even more intensively. They will need to be increasingly user-friendly (which may mean more complex back-ends and simpler user interfaces), with access made possible through multiple devices - especially hand-held access devices. Security of access and data will be increasingly important, and technology will have to provide this through a variety of means: encryption, biometric access, software to alert and forestall unauthorized access or transactions, etc. Online monitoring and excellent data-mining and modeling systems will also be a necessary part of the infrastructure. Obviously, high-quality and high-reliability communication links with full redundancy will be an essential part of the infrastructure, as also secure data centres with backup.

While the Indian electronic exchanges have proved themselves to be robust, they perennially run the risk of a possible terrorist threat, given the state of the world today. Terrorists are now aware of the fact that exchanges are as critical to economic functioning as other (physical) strategic infrastructure, and these have, therefore, become potential targets. Protecting exchanges from hacking and all forms of cyber attacks is a key skill and cost. This requires constant vigilance and a dedicated crack team that regularly looks for and eliminates vulnerabilities. There is also need for training and screening of employees, since many such problems are known to originate from within the organisation. So far, Indian exchanges have indicated that they are secure with good security measures. However, there is no place for complacency in this area.

Looking ahead, it is clear that the very base of global trade and finance is increasingly being built and dependent on technology-based transactions and companies like Financial Technologies are driving that mass disruptive innovation. Just as new technologies have helped to de-materialise financial transactions in the equity and other markets, it is likely that in the world of tomorrow, technology will make it possible to "de-materialise" many goods (as has already happened for books, music and movies - which can all now be downloaded anytime, anywhere from the Net) and even intangibles like the weather. This will provide a huge boost to global trade, increasing its quantity, velocity and efficiency, as it has in the financial sector.

Excerpts from speech delivered at the announcement of SMX in Singapore

ANG SWEE TIAN
Chairman, SMX
(Former President, SGX)

"I truly believe that there is a need for a Pan-Asian Exchange that can connect Asia with global markets and SMX (Singapore Mercantile Exchange) will address that opportunity."

I am pleased to be invited to this summit and am very honoured to have this opportunity to share with you some thoughts on the development of a Pan-Asian derivatives market for commodities.

NEED FOR THE MARKET

Being the largest and most populous continent (29% of the earth's land area and 60% of world population), Asia has always been an important force in commodity markets -traditionally, the greater influence is on the production side.

In recent years, with the rapid economic expansion in this region, in particular, China and India, Asia has dramatically increased the demand for natural resources, including energy, metal and agricultural products. With its geographical size, population, economic growth and increasing wealth, Asia's demand for commodities will continue to expand. Asia will no longer be just a major supplier of commodities but will have increasing influence in the global commodity trade through its consumption patterns.

This growth in Asian demand and the significant fluctuation in commodities' prices entail financial risk which needs to be managed properly. One of the more efficient ways to manage this risk is to have a platform for transparent price discovery of the commodities in question. Though many such platforms do exist today, they are mainly provided by exchanges located in the west. This explains why, despite the emergence of Asia as an important factor influencing the supply and demand of commodities, the benchmark commodities' prices continue to be determined by the markets in the US and Europe, for example, the oil price in NYMEX, grains at CBOT, cotton at NYBOT and metals at LME.

It is true that there are already quite a number of commodity exchanges in Asia. However, they are either domestic in nature or trade only a few products. For example, India and China do have multiple commodity exchanges that are sizable but due to their regulatory restrictions, they are domestic in nature and serve only their own economies. Other Asian exchanges such as Bursa Malaysia and Tokyo Commodity Exchange offer only a few products which are not designed for global use and have attracted only limited international participation.

As of today, unlike Europe and North America where commodity trading is centralized in London, New York and Chicago, commodity futures markets in Asia are very fragmented. There is currently no significant commodity trading hub for both physical and futures markets in Asia.

Being home to the fastest growing economies and as the largest producer and consumer of several key commodities, Asians should logically be the price setter and not a price taker for these commodities. Though most of the leading exchanges in the West are open for almost 24 hours, the bulk of their trading and liquidity take place only during their regular business hours when the markets in Asia are already closed.

FEATURES OF THE MARKET

A commodity exchange based in Asia will naturally be more accessible to market players in this region and will be in a better position to excite them and promote trading during the Asian time zone. It will enable price discovery and price setting of the commodities based on the demand-supply fundamentals in the Asian region.

With the current turmoil in the financial markets in the West and the relatively attractive economic environments in Asia, more business activities will flow to this part of the world. In view of the increasing influence Asia has in commodity trading and as financial and commodity markets are tightly coupled, it is imperative that a sound and efficient commodity exchange be made available in Asia for the players in Asia and other continents. This exchange should provide state-of-the-art trading and clearing platforms to satisfy the trading or risk management needs of the producers, consumers, traders and investors based in Asia as well as others who have exposures to Asia-based commodities.

For such a market to be successful and play a meaningful and effective role, it needs to offer a broad and diversified range of products including metals, soft commodities, energy products, freight rates, carbon emissions and perhaps even currencies since the prices are all interdependent. This would make it more convenient, cost effective and therefore attractive to the market participants.

The market would have to cater to regional and global players. It would therefore have to be set up in a country with an open economy which allows products to flow in and out of the country seamlessly with minimum or no tax levies. The regulatory environment must be such that it would not restrict capital flow and impede participation from anyone from anywhere in the world subject of course to the necessary prudential standards.

For the same reason, the provider of the market must build and provide a robust technology platform which the participants can access from anywhere in the world. To attract the confidence of regional and global players, the market must be backed by a clearing house that has an efficient system and the necessary financial resources and risk management expertise to safeguard the interests of users.

CONCLUSION

The strong growth in Asia is already creating a voracious demand for commodities and the region will ultimately deeply influence the global commodity space. ***As the economies continue to expand, Asia will emerge as the most assertive, influential and dominant player in the global commodity trade.***

Based on the opportunities highlighted earlier, ***I truly believe that there is a need for a Pan-Asian Exchange that can connect Asia with global markets and SMX (Singapore Mercantile Exchange) will address that opportunity.***

LEADERSHIP TEAM

JIGNESH SHAH
Chairman & Group CEO

DEWANG NERALLA
Director Technology

PARAS AJMERA
Director Operations & HR

ARSHAD KHAN
Director Business Development (MENA)

V HARIHARAN
Director Strategy

MANJAY SHAH
Director Business Development

SHREEKANT JAVALGEKAR
Director Finance

MITEN MEHTA
Director Communications

GROUP MANAGEMENT TEAM

JOSEPH MASSEY
Managing Director & CEO, MCX

ANJANI SINHA
CEO, National Spot Exchange

FRAMROZE POCHARA
Executive Director, SMX

JOSEPH BOSCO
Deputy Managing Director & COO, GBOT

RAVISHANKAR NATARAJAN
CEO, SNX

LAMON RUTTEN
Joint Manging Director, MCX

ANIL CHOUDHARY
MD & CEO, NBHC

SUBRAMANYA KUSNUR
CEO, Riskraft Consulting

GANESH RAO
CEO, IBS Forex

JAYANT DEO
MD and CEO, IEX

BOARD OF DIRECTORS, ADVISORY BOARD & CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE

Jignesh Shah, Chairman and Managing Director

Dewang Neralla, Executive Director

NON-EXECUTIVE

P. G. Kakodkar, Director

C. Subramaniam, Director

Ravi K. Sheth, Director

Ashish S. Dalal, Director

ADVISORY BOARD

N. Vaghul (Chairman of ICICI Bank)

Dr. S. Narayan (Former Economic Advisor to PM)

G. N. Bajpai (Former SEBI Chairman)

K. Karnik (Former President of NASSCOM)

COMPANY SECRETARIES

P. Ramanathan,
VP (Legal & Secretarial) & Company Secretary

Hariraj Chouhan,
Company Secretary & Compliance Officer

CORPORATE INFORMATION

AUDITORS

Deloitte Haskins & Sells

LEGAL ADVISORS

J. Sagar Associates
Crawford Bailey

BANKERS

1. HDFC Bank Ltd.
   www.hdfcbank.com
2. HSBC Ltd.
   www.hsbc.co.in
3. Union Bank of India
   www.unionbankofindia.com
4. Axis Bank Limited
   www.axisbank.com
5. Deutsche Bank
   www.deutschebank.co.in

SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
17 to 24, Vithalrao Nagar, Madhapur, Hyderabad 500081.
www.karvy.com

REGISTERED OFFICE

Financial Technologies (India) Ltd.
Doshi Towers First Floor, 1A & B No.156, Periyar, EVR
Salai Kilpauk, Chennai 600010, India

DIRECTORS' REPORT

CORPORATE VALUE

Value is in innovation

DIRECTORS' REPORT

To

The Members,

Your Directors have great pleasure in presenting the Twentieth Annual Report of your Company together with the Audited Statement of Accounts for the year ended March 31, 2008.

FINANCIAL RESULTS

Rs. in Millions

PARTICULARS	Standalone		Consolidated	
	Current Year 2007-08	Previous Year 2006-07	Current Year 2007-08	Previous Year 2006-07
Total Income	13,474.77	1,741.32	14,195.51	3,172.85
Total Operating Expenditure	926.50	554.69	2,425.40	1,539.09
Operating Profit	12,548.27	1,186.62	11,769.72	1,633.76
Interest	109.31	2.78	123.28	8.46
Depreciation / amortization	23.53	15.38	97.47	88.88
Profit before tax and before exceptional/non-recurring items	12,415.43	1,168.47	11,548.97	1,536.42
Provision for taxation	2,802.91	178.75	2,940.23	517.32
Net Profit after Tax (before exceptional item)	9,612.52	989.71	8,608.74	1,019.10
Less: Exceptional Item (net of deferred tax)	-	(16.41)	-	(16.41)
Net Profit after Tax (after exceptional item)	9,612.52	1,006.12	8,608.74	1,035.51
Less: Short provision for income tax in respect of earlier year			-	1.99
Profit after tax (before adjustment for minority interest)	9,612.52	1,006.12	8,608.74	1,033.52
Add: Share in profit's of Associates	NA	NA	249.05	Nil
Less: Minority Interest	NA	NA	163.19	319.24
Net Profit available after Minority Interest	9,612.52	1,006.12	8,694.60	714.28
Add: Balance b/f from previous year	743.42	247.71	522.21	447.48
Balance available for appropriation	10,355.94	1,253.83	9,216.81	1,161.76
Appropriations Final dividend (proposed)	183.53	88.19	183.53	88.19
Interim dividend	731.47	264.43	731.47	264.43
Tax on dividend	155.50	56.79	176.79	141.11
Transfer to General Reserve	970.00	101.00	970.00	145.82
Balance c/f to Balance Sheet	8,315.44	743.42	7,155.02	522.21
Earnings per share (after exceptional items)				
Basic	214.15	22.85	193.70	16.22
Diluted	208.10	20.91	187.66	14.14

RESULTS OF OPERATIONS

The consolidated financial results for the year ended March 31, 2008, are not comparable with the consolidated financial figures of previous year as one of the material subsidiary of your Company - Multi Commodity Exchange of India Limited (MCX), ceased to be the subsidiary of the Company w.e.f October 29, 2007.

For the year ended March 31, 2008, your company has reported a consolidated net profit (before minority interest) of Rs. 8,608.74 million on the back of total income aggregating Rs.14,195.11 million. As compared to previous year figures, the total income is higher by 347% and net profit (before minority interest) is up by 733%.

On a standalone basis, the company has reported a 674% increase in total income to Rs.13,474.77 million. Net profit grew by 855% to Rs.9,612.52 million.

During the year, the net installed base of licenses for its STP range of products has substantially grown by 95% to 320,000 as compared to 164,000 as on March 2007.

Product Developments and new version releases during the fiscal year 2008:

ODIN version 9.0: As a mark towards "constant innovation", we have released one more version of our flagship product, with two new modules namely the Collateral Module and Margin Funding (MTF).

ODIN Netz: ODIN Netz will increase the number of concurrent users with optimum results. It eliminates about 40% of the memory load from ODIN Manager and also increases ODIN's Order Processing speed by about 60%.

E-Mutual Fund: An online mutual fund facility wherein the client can invest in various mutual fund schemes by accessing the relevant website.

Portfolio Tracker: This is a facility to create investment portfolios for online investors and also help them with real-time portfolio valuation with the help of various reports.

Net.net Lite: A browser-based trading platform that creates a multimode environment, an option of streaming, using innovative tunneling technologies to make it operational behind a firewall.

DMA Release: DMA solutions for its front office suite of products in line with SEBI's announcement and guidelines for Direct Market Access for market participants.

Network Solutions: FIX Transaction Hub (FT Net) would enable automation of the pre-trade flows from those desirous of investing from and in to international financial markets.

DIVIDEND

During the year under review, your company paid three interim dividends totalling to 800% (Rs. 16/- per share on par value of Rs.2/-). The Directors recommend a final dividend of 200%, i.e. Rs.4/- per share on par value of Rs. 2/-, subject to the approval by the shareholders at the ensuing Annual General Meeting. **The total dividend aggregates to 1000% (i.e. Rs. 20/- per share on par value of Rs. 2/- each) for the financial year ended March 31, 2008 (previous year 400% i.e. Rs. 8/- per share on par value of Rs. 2/-).** The total cash outgo on account of total dividend (including interim dividend) and tax thereon amounts to Rs.1070.51 million.

The final dividend, if approved, will be paid to those members whose names appear in the Register of Members as on the date of the Annual General Meeting.

SHARE CAPITAL & GLOBAL DEPOSITORY RECEIPTS (GDRS)

a) Equity

During the period under review, the company made allotment of 126,130 equity shares, consequent upon exercise of stock options issued under the Employees Stock Option Plan - 2005, second tranche of 30%.

b) Global Depository Receipts:

During the year under review, the Company issued 11,639,677 Global Depository Receipts (GDRs) (including 1,518,216 over-allotment/green shoe option) at a price of U.S.$ 9.88 per GDR and raised USD 115 million, whereby seven GDRs represents one share of nominal value of Rs.2/- each. These GDRs are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and quoted on the International Order Book of the London Stock Exchange.

The company issued 1,662,811 underlying equity shares consequent to the allotment of GDRs.

As a result of the above allotments, the subscribed and paid-up equity share capital of the Company stood at Rs. 91.77 million as on March 31, 2008.

AWARDS/RECOGNITION

Financial Technologies received following awards during the year.

NASSCOM Innovation Awards 2007: Presented to Mr Dewang Neralla, Director Technology at Financial Technologies (India) Ltd by Mr Thiru A Raja, Honourable Minister for Communication and IT.

Global HR Excellence Award 2007- 08: Presented to the Group Head for HR practices at Financial Technologies, Dr. Chandra Mouli Dwivedi, for the category of "Organization with Innovative HR Practices" at the Asia Pacific HRM Congress in February, 2008.

Financial Technologies was among the few chosen Global Growth Companies (GGC) to be invited to the World Economic Forum (WEF) Annual Meeting held in Davos in January this year.

NOTE ON SUBSIDIARIES

The statement pursuant to Section 212 of the Companies Act, 1956, containing details of subsidiaries of the Company, forms part of the Annual Report.

MD&A statement is elsewhere in this report and contains certain details on subsidiaries.

In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the Subsidiaries have not been attached with the Balance Sheet of the Company. These documents will be made available upon written request by any member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the subsidiaries have been furnished under 'Statement Regarding Subsidiary Companies', which forms part of the Annual Report. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include financial information on its subsidiaries.

Further, the Company has incorporated a 100% wholly owned subsidiary by the name Trans-Global Credit and Finance Limited (TCFL), in the month of February 2008 and Capricorn Fin Tech Private Limited, subsidiary company of FTME, DMCC, in the month of March 2008. As the first financial year of both these companies will end on 31st March 2009, the financial statements of Trans-Global and Capricorn are not included in this annual report.

EMPLOYEES STOCK OPTION PLAN (ESOP)

The ESOP schemes 2005 and 2006 are formulated and implemented according to the SEBI guidelines and are in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, as amended and the issuance of equity shares pursuant thereto will be subject to compliance with all applicable laws and regulations.

The Shareholders of the Company at the Nineteenth Annual General Meeting held on 28th September 2007, passed Special resolutions to re-issue the lapsed stock options of the Company that lapsed due to the resignation or for any other reason whatsoever, to other permanent employees including the eligible Directors of the Company and Company's subsidiary companies.

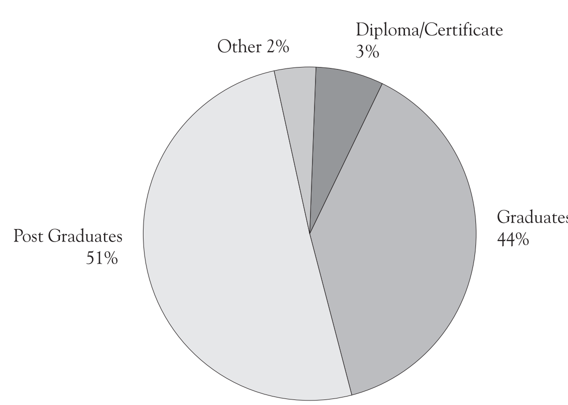
The total numbers of options in force and outstanding at the end of the year are 2,11,800 and 4,40,000 for ESOP-2005 and ESOP-2006 respectively. Requisite disclosure in respect of the Employee Stock Option Scheme in terms of Guidelines of the Securities and Exchange Board of India has been provided in "Annexure B" in this Report.

HUMAN RESOURCE DEVELOPMENT

In continuation of our policy of engaging employees as a part of our people strategy, major initiatives have been taken over the last year to offer employee-friendly policies, aimed at making us one of the preferred places to work.

Financial Technologies continues to invest in recruiting skilled manpower to meet the company's objectives. We also received the award in the category of "Organization with Innovative HR Practices" at the Asia Pacific HRM Congress in February 2008.

QUALIFICATIONWISE BREAKUP



QUALITY

The Quality vision at Financial Technologies is to institutionalize excellence in quality of software and business solutions by developing and deploying simple, efficient and effective processes using FTQM and global best practices and standards. As part of our zeal to benchmark our practices against global standards, your company has achieved ISO 9001:2000 and ISO / IEC 27001:2005 (the upgraded version of BS 7799-2 Standard) for our Quality Management System and Information Security Management System respectively.

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 from the Auditors of the Company regarding compliance with Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

A Management Discussion and Analysis Statement is attached to this Report.

DIRECTORS

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

a. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with explanations 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. Members are requested to consider appointment of M/s. Deloitte Haskins & Sells, as the Statutory Auditors at the ensuing Annual General Meeting.

STATUTORY INFORMATION

1. 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.

2. Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Members who are interested in obtaining such particulars may write to the Company at its Registered Office.

3. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with Companies (Disclosure of particulars in report of the Board of Directors) Rules, 1988, are given in Annexure "A" of this Report.

4. "Group" for Inter-se Transfer of Shares

As required under Clause 3(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are given in Annexure `C' attached herewith and the said Annexure `C' forms part of this Annual 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 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 phenomenal growth.

Your Directors take this opportunity to thank the Government of India, particularly the Ministry of Information Technology, the Reserve Bank of India and the State Governments for their support. Your Directors also thank the Governments of various countries, where the Company has operations.

For and on behalf of the Board of Directors

Place: Mumbai,
Date: 12th June, 2008

Jignesh Shah
Chairman and MD

ANNEXURE "A" TO THE DIRECTORS' REPORT

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

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

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

The future plan of action also lays stress on introduction of new software products for both domestic and export market.

Amount spent: Revenue Expenses Rs.70,974,838.

FOREIGN EXCHANGE EARNINGS & OUTGO

The details of foreign earnings and outgo are mentioned in Note 14 (a) & 14 (b) of schedule 15 on significant accounting policies and notes to the accounts.

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Pursuant to the applicable requirements of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the SEBI Guidelines"), following disclosures are made in connection with the "Financial Technologies (India) Limited - Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2006".

Sr. No.	Description	ESOP - 2005	ESOP - 2006
a.	Options granted	4,40,000	4,40,000
b.	Exercise price per option (The exercise price of the option is the market price of the shares as defined under the SEBI Guidelines, as on the grant date)	Rs.981.60 per share	Rs.1812.70 per share
c.	Options vested	2,20,000	2,20,000
d.	Options exercised	2,11,890	Nil
e.	Options lapsed/ forfeited	16,310	Nil
f.	Variations of terms of options	None	None
g.	Money realized by exercise of options	Rs.207,991,224	Nil
h.	Options in force	211,800	4,40,000
i.	Employee-wise details of options granted -		
	i) Senior Management Personnel	Mr. V. Hariharan, Mr. Shreekant Javalgekar, Mr. Arshad Khan, Mr. Paras Ajmera, Mr. Hariraj Chouhan	Mr. V. Hariharan, Mr. Paras Ajmera Mr. Miten Mehta
	ii) Employees who received a grant in any one year of option amounting to 5% or more of options granted during that year.	Nil Nil	Mr. V. Hariharan Mr. Paras Ajmera
	iii) Employees to whom options equal to or exceeding 1% of the issued capital have been granted during the year	Nil	Nil
j.	Diluted EPS	Rs. 208.10	
k.	Fair value of the options	Rs. 483.88	Rs. 547.29
l.	The Company has followed the intrinsic value-based method of accounting for stock options granted after	The Company's Net Profit for the year would be lower by Rs. 187.31 million and earnings per share as reported would be indicated as below:	

	1st April 2005, based on Guidance Note on Accounting for Employees Share-based payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost of the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance Note, the impact on Company's net profit and EPS would be:	Adjusted EPS -Basic -Diluted:	Rs:- 209.97 203.94
m.	Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information:	Fair value calculated by using Black Scholes Option Pricing model	Fair value calculated by using Black Scholes Option Pricing model
	i) Expected volatility	64.48% to 86.41%	48.05% to 57.74%
	ii) Option life	3 years	2 years
	iii) Dividend yield	0.41%	0.49%
	iv) Risk-free interest rate	5.98% to 6.41%	7.48% to 7.50%

To allow for the effects of early exercise, it is assumed that the employees would exercise the options after vesting date.

Expected volatility is based on the historic volatility of the share price over the period that is commensurate with the expected term of options.

ANNEXURE - C TO DIRECTORS' REPORT

List of persons constituting "Group" as required under Regulation 3 (1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

(I) PROMOTER

1. La-Fin Financial Services Pvt Ltd. (Promoter)
2. Jignesh Shah (Promoter)
3. Dewang Neralla (Promoter)

(II) ENTITIES WHERE CONTROL EXISTS (SUBSIDIARIES)

1. Tickerplant Infovending Limited (Tickerplant)
2. IBS Forex Limited (IBS)
3. atom technologies limited (atom)
4. Riskraft Consulting Limited (Riskraft)
5. National Spot Exchange Limited (NSEL)
6. National Bulk Handling Corporation Limited (NBHC)
7. Financial Technologies Middle East - DMCC (FT ME)
8. Global Board of Trade Ltd (GBOT)
9. Singapore Mercantile Exchange PTE Ltd (SMX)
10. Knowledge Assets Pvt. Ltd. (KAPL)
11. FT Group Investments Pvt. Ltd. (FTGIPL)
12. Financial Technologies Communications Ltd. (FTCL)
13. Global Payment Networks Ltd. (GPNL)
14. FT Knowledge Management Company Ltd (FTKMCL)
15. Indian Bullion Market Association Ltd. (subsidiary of NSEL)
16. Trans-Global Credit & Finance Ltd (TGCFL)
17. Singapore Mercantile Exchange Clearing Corp. Pte. Ltd. (Subsidiary of SMX)
18. Financial Technologies Middle East FZ-LLC (Subsidiary of FTME, DMCC)
19. Capricorn Fin Tech Pvt. Ltd (Subsidiary of FTME, DMCC)
20. Multi Commodity Exchange of India Limited (MCX) (up to October 29, 2007)
21. Indian Energy Exchange Limited (IEX) (up to January 3, 2008)

(III) ASSOCIATE COMPANIES:

1. Indian Energy Exchange Ltd. (IEX) (w.e.f. January 4, 2008)
2. Multi Commodity Exchange of India Limited (MCX) (w.e.f October 30, 2007)

(IV) JOINT VENTURE COMPANIES:

1. Dubai Gold and Commodities Exchange (DGCX).
2. Safal National Exchange of India Limited (SNX) - jointly controlled until October 29, 2007.

Date: 12th June, 2008
Place: Mumbai

Jignesh Shah
Chairman and MD

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT VALUE

Value is in execution

REVIEW OF OPERATIONS

Financial Technologies' business is structured in three streams as follows:

Technology Business

OVERVIEW

Exchange solutions

- DOME™ - No.1 in price / volume proposition for integrated turnkey solutions for exchanges globally
- CNS™ - Clearing & Settlement Solution

Brokerage solutions

- ODIN™ - No.1 brokerage solution with 90% market share that offers a complete front-office solution offering built-in order routing, risk management and display engine with real-time connectivity to the back-office system
- DMA release for its front office suite of products aligned with SEBI's guidelines for Direct Market Access for market participants
- Match™ - Multi-user, multi-exchange, multicurrency integrated back office accounting and settlement system

Network Solutions

- FTNET is a fully-managed, private network which provides hosted FIX protocol enabled solutions

REVENUE MODEL

- License fee
- Maintainence fee
- Consulting fee
- Messaging fee

GROWTH DRIVERS

Exchange solutions

- Existing exchanges - revenue from new products
- Setting up new exchanges like IEX, NSEL, SMX and others.

Brokerage solutions

- Robust trading terminal growth
- Cascading effect coupled with trading licenses growth

Exchange Business

OVERVIEW

- MCX - No.1 commodity derivative exchange in India
- DGCX - 1st derivatives exchange in Middle East for commodities and currencies.
- IBS Forex - Electronic spot exchange for inter-bank forex trading.
- IEX - 1st pan India spot exchange for on line energy trading.
- GBOT - Pan African commodity and derivative exchange from Mauritius.
- NSEL - 1st pan India spot exchange for commodities
- SNX - 1st pan India exchange for perishable commodities
- SMX - Pan Asian commodity and derivative exchange in Singapore

REVENUE MODEL

- Transaction fee
- Membership fee
- Data distribution

GROWTH DRIVERS

- Organic growth - Volume growth and membership growth across all exchanges
- Greenfield and Brownfield ventures

Eco-system Business

OVERVIEW

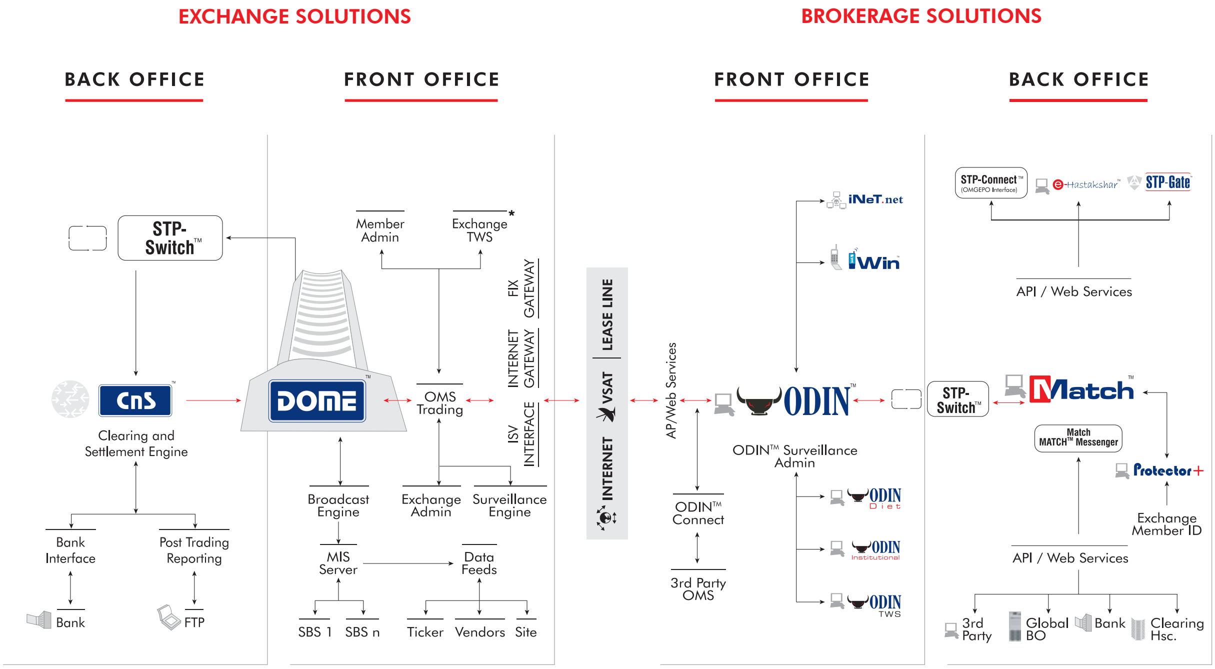
- NBHC - Customised end-to-end commodity management solutions and also procures on behalf of the government.
- atom - New age payment processing system.
- TickerPlant - Global content provider of real time business and financial data.
- Riskraft - High quality domain consulting services to BFSI industry in financial risk management
- FTKMC- Generation of knowledge solutions for organized markets

REVENUE MODEL

- This has been elaborated in the Group Company Overview Section

TECHNOLOGY BUSINESS

Financial Technologies' product offering include complete front-mid-back office solutions for pre-trade, trade and post trade life cycle of transactions as detailed below.



Exchange Solutions: A complete suite of highly versatile and robust trading and clearing solutions which support a wide range of asset classes.

FRONT OFFICE

DOME™ : Distributed Order Matching Engine.

BACK OFFICE

CnS™ : Clearing and Settlement Solution.

FT-PRIME™: Portfolio based Risk Management Engine.

FX-Direct™: Inter bank Foreign Exchange Dealing System.

Brokerage Solutions: The end-to-end STP solution suite supports a high density of transactions, covering all stages of the trade life cycle.

FRONT OFFICE

ODIN™: An integrated multi exchange multi segment order management and trading solution for the members available in two versions - ODIN™ Retail TWS and ODIN™ Institutional TWS.

ODIN™ Diet: An application based internet trading front end.

Inet.net: A browser based online trading solution.

iWin™: Internet based real time trading solutions for mobile or handheld device.

Protector+: A post trade, pre acceptance online risk management solution which enables members to mitigate risk in the equity as well as derivatives segment.

DMA Solutions: DMA release for its front office suite of products in line with the SEBI's announcement and guidelines for Direct Market Access for market participants.

BACK OFFICE

MATCH™: It is a multi-user, multi-exchange, multi-currency integrated back office accounting and settlement system.

Messaging Solutions: The messaging solution STP Gate™, is a robust and high capacity solution, capable of managing a service multi-client, multi-segment transaction processing.

Network Solutions: FTNET is a fully-managed, network that provides hosted FIX protocol enabled solutions for all connectivity requirements between buy-side and sell-side applications. It also provides DMA connectivity to domestic exchanges and emerging market for cross border trading.

Consulting Services: We offer proven capability to design, deploy and manage large, mission critical IT infrastructure.

We are proud of a strong presence in the brokerage community with over 860 brokerage houses using our technology covering all stages of the trade cycle from pre-trade, trade and post-trade, to deliver a single point transaction fulfillment. During the year ended March 31, 2008, the net installed base of licenses has substantially grown by 95% to 320000 as compared to 164000 for March 31, 2007.

EXCHANGE BUSINESS

Financial Technologies exchange ventures have been facilitators of better price discovery, efficient trade, risk hedging and access to structured finance. Market conditions have remained strong throughout 2007-08 with increased trading volumes in a rapidly changing market and regulatory framework. FTIL has expanded into new asset classes, new markets and new regions such as Africa, Middle East and South East Asia.

Financial Technologies
Creating Markets. Unlocking Value.™

Exchange Business

- MCX — India's No.1 Commodity Exchange: Market Leader in Indian commodity futures market
- DGCX — Dubai Gold & Commodities Exchange: First international exchange in a free trade zone with a 50 year tax holiday
- IBS FOREX: Online inter-bank forex trading platform
- National Spot Exchange — The Farmer's Friend: Structured and transparent platform for commodities
- SNX — One India One Market: Provide a nation-wide platform for electronic trading in dairy, horticulture, floriculture and allied products
- GBOT — Global Board of Trade: It is a gateway to Africa, connecting the pan African region to the global markets
- IEX — Indian Energy Exchange, India's 1st Power Exchange: India's first national level neutral and transparent electronic de-mutualized exchange for the electricity market
- SMX — Singapore Mercantile Exchange, Where the world will Trade: Pan-Asian commodity derivatives exchanges

Our exchange ventures include Multi Commodity Exchange of India Ltd. (MCX), Dubai Gold & Commodities Exchange (DGCX), IBS Forex Limited (IBS Forex), National Spot Exchange Limited (NSEL), Safal National Exchange of India Ltd. (SNX), the newly launched Indian Energy Exchange Limited (IEX) and we are in the process of launching Global Board of Trade Limited (GBOT) (Mauritius) and Singapore Mercantile Exchange Pte. Limited, (SMX), (Singapore).

An overview of all the exchange ventures has been outlined below.

Multi Commodity Exchange of India Ltd.
102 A, Landmark, Suren Road, Chakala, Andheri East, Mumbai - 400 093
Tel: 91 22 66494000 Fax: 91 22 66494151
E-mail: info@mcxindia.com | Website: www.mcxindia.com

STRATEGIC VISION

'MCX is committed to creating a nationwide market for commodities together with associated support services and institutions to make markets more accessible and to bridge the rural, urban, technology and economic divide through modern market mechanisms. It aims to empower market participants at the national level and making them globally efficient in pricing their commodities.'

OVERVIEW

Multi Commodity Exchange (MCX), is India's leading commodity futures exchange and is amongst the top commodity exchanges globally, in terms of number of contracts traded. (Source: FIA) It currently offers contracts in over 48 commodities that cover various market segments.

- Global Ranking: Comparing the trading volumes of MCX for the calendar year 2007 with the top ten commodity derivatives exchanges in the world, the largest in silver, second largest in natural gas, and third largest in gold, crude oil and copper exchange in terms of the number of contracts traded for each of these commodities for the period
- Market Share increased from 62.38% in 2006 - 07 to 76.88% in 2007 - 08
- Major strategic and financial investors include NYSE Euronext, Citi, Merrill Lynch, ICICI, IL & FS and Kotak Group
- Average daily turnover of Rs. 10,282.76 crores for 2007 - 08
- MCX recorded highest turnover of Rs. 22,774.73 crores on 5th March 2008
- MCX has established wide membership base of 1869 members as on March 31, 2008
- MCX is certified under ISO 9001:2000 Quality Standard and achieved the ISO/IEC 27001:2005 certification which is the global benchmark of an information security management system
- 12 global alliances including NYMEX, LME, TOCOM and 7 domestic alliances with associations like Bombay Bullion Association, Bombay Metal Exchange
- FTIL stake in MCX as on 31st March 08 - 37.4%

KEY COMMODITIES (PRODUCTS / SERVICES)

Precious metals - Gold and Silver
Base metals - Copper, Zinc, Lead, Nickel and Aluminum
Energy - Crude Oil and Natural Gas
Agri - Cardamom, Kapas (Raw Cotton), Mentha Oil, Kapas Khalli (CottonSeed Oil Cake)
Weather - Carbon Credits

GROWTH DRIVERS

- Participation by, FII and Mutual Funds.
- Trading in options once allowed on the exchange will lead to exponential growth
- Trading in Intangibles such as freight rates, weather derivatives and indices
- Development of electronic spot markets for agricultural products
- Expansion into new geographies
- Introduction of new products

KEY LEADERSHIP TEAM

Mr. Venkat Chary, Chairman
Mr. Jignesh Shah, Vice Chairman
Mr. Joseph Massey, MD & CEO
Mr. Lammon Rutten, Joint MD
Mr. Anjani Sinha, Director (Non-Board)
Mr. V. Hariharan, Director (Non-Executive)
Mr. Paras Ajmera, Director (Non-Board)
Mr. Deepak Shah, Chief Market Operations Officer
Mr. Nayan Mehta, Chief Financial Officer
Mr. P. Kaladharan, Chief Technology Officer
Mr. K.R.C.V. Seshachalam, Chief Compliance Officer
Mr. Sumesh Parasrampuria, Chief Business Officer
Dr. V. Shanmugam, Chief Economist
Mr. Parag Jain, Chief of Membership and Inspection

ACHIEVEMENTS IN 2007-08

- Leading rating agency, CRISIL has assigned a CRISIL IPO Grade 5/5 to the proposed initial public offer of Multi Commodity Exchange of India Limited (MCX). This grade indicates that the fundamentals of the issue are strongly relative to other listed equity securities in India
- NYSE Euronext (NYX), the world's leading and most diverse financial market group, announced that it has signed a binding term sheet to acquire a 5% equity position in MCX
- MCX announced its support for an ongoing computer literacy programme of Microsoft and Indian Society of Agribusiness Professionals (ISAP) in rural Maharashtra.
- MCX launched futures trading in Carbon Credits. This pioneering initiative at MCX made it Asia's first ever commodity exchange, and among the select few in the league of exchanges that offer carbon credits as a commodity
- BSE CSR Award for Gramin Suvidha Kendra project
- MCX received the prestigious Golden Peacock Eco Innovation Award
- MCX is now a member of IOSCO (International Organization of Securities Commission)
- MCX was awarded the "Business Superbrand" status

DGCX

بورصة دبي للذهب والسلع

DUBAI GOLD & COMMODITIES EXCHANGE

Dubai Gold & Commodities Exchange
Emaar Business Park, Building No. 2, Level 1, P. O. Box 37736, Dubai, UAE.
Tel: +9714 361 1616 Fax: +97 14 361 1617
E-mail: info@dgcx.ae | Website: www.dgcx.ae

STRATEGIC VISION

'To become the market of choice in the region, providing the right products at the right price in the right time zone.'

OVERVIEW

Dubai Gold & Commodities Exchange (DGCX), the Middle East's first derivatives and commodities exchange, is a joint venture between Financial Technologies (39%), MCX (8%), other international investors (2%) and the Dubai Multi Commodities Centre (DMCC) (51%).

- 217 approved members as of 31st May, 2008
- The first commodities derivatives exchange in a free trade zone with a 50 year tax holiday
- Strategically located between the time zone of London and Tokyo
- Futures and Options trading for a wide range of commodities
- Recognised as Market Operator by Monetary Authority of Singapore
- Formed strategic alliance with TOCOM, Bursa Malaysia, CBOT and SHFE
- Total value of contracts traded in May 2008 stood at just under USD 5 billion
- Market Potential: Gulf region estimated to have USD 2,000 billion in spare liquidity ***(Source : Financial Times)***

MANAGEMENT TEAM

Mr. Malcolm Wall Morris, Chief Executive Officer

Mr. Gautam Sashittal, Chief Financial Officer

Mr. Nishat Bandal, Chief Marketing Officer

Mr. Gaurang Desai, Chief Operations Officer

BOARD OF DIRECTORS

Mr. Ahmed Bin Sulayem, Chairman

Mr. Jignesh Shah, Vice Chairman

Dr. David Rutledge, Director

Mr. Collin Griffith, Director

Mr. Joseph Massey, Director

Mr. Arshad Khan, Director

PRODUCTS / SERVICES

Precious metals

Gold futures and options

Silver futures

Other metals

Steel Rebar contracts

Energy

Brent Crude Oil, WTI, Crude Oil and Fuel Oil

Currency futures

USD : Euro

USD : Japanese Yen

USD : GBP

USD : INR.

GROWTH DRIVERS

- Increased international awareness of the UAE as a place to transact business
- Regional markets witnessing a rise in demand for complex investment products, prompted by liquidity and regulatory reforms
- Growing recognition of the advantageous UAE taxation and regulatory regimes

ACHIEVEMENTS IN 2007-08

- Transaction volume up 23% when compared to January - May 2007
- Successful launch of WTI & Brent Crude Oil contracts in May 2008. Contract launch the most successful in the Exchange's history. Value of average daily turnover in Crude Oil, over USD 240 million
- Signed MoU with Shanghai Futures Exchange.
- Major financial institutional members who joined this year include J P Morgan, HSBC Bank, Deutsche Bank, Standard Chartered Bank and Mashreq Bank

Indian Energy Exchange Ltd.
10th Floor, B wing, Statesman House, Barakhamba Road, Connaught Place, New Delhi - 110001
Tel: 011 - 4300 4000 Fax: 011 - 4300 4015
E-mail: info@iexindia.com | Website: www.iexindia.com

STRATEGIC VISION

'A world class, national level online trading platform for electricity and to provide an efficient and transparent price discovery mechanism to the generator, distribution licensees, traders, consumers and other stakeholders.'

OVERVIEW

Indian Energy Exchange is India's first-ever nationwide, automated and online electricity trading platform.

- Earlier this year, we received approval from CERC (Central Electricity Regulatory Commission) to set-up and commence operations of IEX, the first pan-India spot electronic platform for electricity trading, a joint venture with Power Trading Corporation of India (PTC) and seven other partners.
- It facilitates equitable, transparent and efficient trading of power and bridges the demand-supply mismatch by bringing a large number of players together for buying and selling in an auction-based system, thereby giving liquidity to the power market
- Stakeholders, other than Financial Technologies (44%), include PTC India (26%), Tata Power (5%), Reliance Energy (5%), REC (5%), Adani Enterprises (5%), IDFC (5%), Lanco Infratech Limited (5%)
- IEX is member of Association of Power Exchanges and National Council of Power Utilities
- IEX has a strategic alliance with IIT Bombay

PRODUCTS / SERVICES

IEX is a spot market and presently it has launched "Day Ahead" contracts.

IEX will offer standard hourly and block contracts negotiable by generators, distributors, independent power producers, captive power producers, merchant power plants and others active in the power market.

GROWTH DRIVERS

- Short term power market is around 3% of total generation in India, which is expected to grow to 7% by 2013
- Ultra mega power projects initiative – 15 % of capacity for short term trading
- Growth in demand for power is in direct proportion to the growth in GDP.
- Emergence of merchant power plants, as they are not bound by long term PPAs and are likely to trade significantly on the exchange

MANAGEMENT TEAM

Mr. Jayant Deo, MD & CEO

Mr. Rajesh Mediratta, VP, Business Development

Mr. Akhilesh Awasthy, VP, Market Operations

BOARD OF DIRECTORS

Mr. Venkat R. Chary, IAS, Chairman

Mr. Jayant Deo, MD & CEO

Mr. Shashi Shekhar, Nominee Director, PTC India Financial Services Ltd.

Mr. Jignesh Shah, Non- Executive & Non- Independent Director

Mr. Joseph Massey, Non- Executive & Non- Independent Director

Mr. V. Hariharan, Non- Executive & Non- Independent Director

ACHIEVEMENTS IN 2007-08

- IEX, as on March 31, 2008, has 47 registered members
- More than 200 participants including Exchange members, CERC, NLDC, RLDCs, RPCs, SLDCs and SERCs were imparted training on the IEX trading platform

National Spot Exchange Limited
4th Floor, Boston House, Suren Road, Chakala, Andheri (East), Mumbai - 400093.
Tel: +91-22-67099300 Fax: +91-22-67099031
E-mail: info@nationalspotexchange.com| Website: www.nationalspotexchange.com

STRATEGIC VISION

'NSEL aims to revolutionise the commodity trading in the country, by creating pan India, electronic market for commodities making commodity trading risk free and hassle free.

OVERVIEW

National Spot Exchange Limited (NSEL) is a institutionalised, demutualised, transparent, electronic spot exchange providing delivery based, single day contracts for trading.

- NSEL is being jointly promoted by Financial Technologies (India) Ltd (FTIL), and the National Agricultural Co-operative Marketing Federation (NAFED)
- NSEL has commenced its nation wide membership drive form 1st June, 2008
- FTIL stake in NSEL as on 31st March 08 - 99.99%

PRODUCTS / SERVICES

- Initially, trading to be launched in cotton, oilseeds, pulses, spices, castor seed, jeera, sesame seed, groundnut, castor oil, tur, urad, coffee, rubber, pepper, gold and silver

GROWTH DRIVERS

- Amendment in the APMC Acts of various States to provide for spot exchange facilities in the respective States
- Awareness creation among corporates, exporters and Government agencies to carry out their procurement through Spot Exchange platform
- Acceptability of this concept among physical market traders based on savings in cost, hassle free business and better price realisation

MANAGEMENT TEAM

Mr. Anjani Sinha, Chief Executive Officer

Mr. Girish Raipuria, Sr. VP, Market Operations

Mr. Sanjit Prasad, Sr. VP, Business Development

BOARD OF DIRECTORS

Mr. Shankerlal Guru, Chairman

Mr. Jignesh Shah, Director

Mr. Anjani Sinha, MD & Chief Executive Officer

Mr. V. Hariharan, Whole Time Director

Mr. Joseph Massey, Director

ACHIEVEMENTS IN 2007-08

- Obtained licences in states of Gujarat, Maharashtra and Karnataka
- Signed MoU with Government of Madhya Pradesh and Rajasthan
- Signed MoU with IL&FS to link one lac common service centres to the spot exchange network
- Signed MoU with Gujarat Agro-Industries Corporation Ltd (GAIC)
- Received overwhelming response in Membership drive, which commenced on 1st June, 2008

Safal National Exchange of India Ltd.
Safal Market, Whitefield-Hoskote Highway, Bangalore - 560067
Tel: +91-080-25053000 Fax: +91-080-28457382
E-mail: info@snxindia.com | Website: www.snxindia.com

STRATEGIC VISION

'One India One Market : A transparent, equal opportunity market, enabling farmers to reach out to multiple distant markets electronically.'

OVERVIEW

"Safal National Exchange (SNX) is a joint venture between Mother Dairy Foods (51%), Multi-commodity Exchange of India Ltd. (30%) and Financial Technologies (19%).

- It is a nationwide platform for trading in perishables; Horticulture, Dairy and other products
- Many retail chains and processors are actively sourcing from the exchange
- Quality and Grading services, besides use of SNX trading system
- Market Potential: Volume - 160 MMTs valued at Rs.1300 billion

(Source : National Horticulture Board, 2006-07)

PRODUCTS / SERVICES

- Fruits - kinnow, grapes, orange, apple and Mangoes.
- Vegetables - Onion, Potato and Tomato

GROWTH DRIVERS

- Over 200 traders across the country to trade on SNX by end 2007-08, drive to mobilise through an enticing offer under MPTRO scheme
- Dairy, sericulture and floriculture opportunities being pursued, collaboration with concerned bodies is under discussion for launch of contracts
- Onion shall be a focus commodity on national basis in both production and consumption centres, with a view to offer round the year competitive sources of supplies
- Contracts for premium quality onion, for retail chains to be offered in pack sizes of 2-5 kgs expected to be successful

MANAGEMENT TEAM

Mr. Ravishankar Natarajan, Chief Executive Officer

Mr. A. Chandrasekhar, Chief General Manager-Market Operations

Mr. Subhash Sharma, General Manager-Quality Assurance

Dr. Arun K. Nair, Head - Supply Chain & Farmer Linkages

BOARD OF DIRECTORS

Dr. Amrita Patel, Chairman

Mr. Jignesh Shah, Vice Chairman

Mr. Deepak Tikku, Director

Mr. Joseph Massey, Director

Mr. V. Hariharan, Director

Mr. N. K. Ramachandran, Director

Mr. S. K. Bansal, Director

ACHIEVEMENTS IN 2007-08

- Pilot trading in June 2007 provided significant inputs for strengthening of delivery and trading systems
- Over 100 members enrolled in the C category and 160 members in A category reposing confidence in the spot exchange concept
- The exchange went live on December, 14, 2007, marking the beginning of a new chapter in the fruit and vegetable marketing system
- Members include large players from retail, food processors, exporters and cooperatives like Pepsi, Coke, Reliance , Basix , Heritage and many more
- SNX has signed MoU with Agro Fair of Holland, an NGO which promotes trade with Fair Trade organisations, recognising the potential SNX offers in ensuring fair trade

Singapore Mercantile Exchange Pte. Ltd.
6, Battery Road, #21-01, Singapore - 049 909
Tel No. +65 6536 8742 Fax: +65 65322773
E-mail: info@smx.com | Website:www.smx.com.sg

STRATEGIC VISION

'A new exchange for a New World Economic Order" - Strategically located in Singapore, the international financial centre of the east, surrounded by some of the world's fastest growing economies. Singapore Merchantile Exchange (SMX) will be the single window for multi product trade between Asia and rest of the world. SMX will boost the power of the markets in Asia.'

OVERVIEW

Singapore Mercantile Exchange (SMX) is Asia's first international commodity derivatives exchange to be set up in Singapore. SMX will offer a state-of-the-art electronic trading platform for trading futures and options contracts on precious metals, base metals, agricultural commodities, currencies and commodity indices to name a few.

- SMX will operate under the regulatory framework of Monetary Authority of Singapore (MAS), the Central Bank of Singapore and also the regulator of the financial services sector in Singapore.
- FTIL stake in SMX as on 31st March 08 - 100%

PRODUCTS / SERVICES

SMX will offer futures and options contracts on the following set of commodities:

- Precious metals
- Base metals
- Energy
- Agricultural commodities
- Soft and exotic commodities: Currency pairs, Carbon credits

GROWTH DRIVERS

- Singapore is a major trading and economic hub for commodities in the Asia-Pacific region
- No composite exchange in Asia except in India and China however both are insulated due to currency and regulatory environment
- Singapore Mercantile Exchange Clearing Corporation (SMXCC), a 100% subsidiary of the Singapore Mercantile Exchange, will encourage over-the-counter (OTC) participants to trade on the Exchange, so that they do not face counterparty risk, one of the major risks in OTC transactions

MANAGEMENT TEAM

Mr. Framroze Pochara, Executive Director

BOARD OF DIRECTORS

Mr. Ang Swee Tian, Chairman

Mr. Jignesh Shah, Vice Chairman

Mr. Framroze Pochara, Executive Director

Mr. Joseph Massey, Director

Mr. V. Hariharan, Director

Mr. Vijaykumar Iyengar, Independent Director

ADVISORY BOARD

Mr. Leo Melamed, Chairman of Advisory Board

Mr. Myron Scholes, Member

Mr. John Burbank, Member

Mr. David Yeow, Member

ADVANTAGE SMX

- Transparency and efficient price discovery
- Risk management through guaranteed clearing and settlement
- Single window for diversified basket of products
- Time-zone convenience
- Multiple connectivity options

Global Board of Trade Limited
Ebène House, 1st Floor, 33 Cybercity, Ebène, Republic of Mauritius.
Tel: +230 464 2291 Fax: +230-212 9473
E-mail: info@gbot.mu | Website: www.gbot.mu

STRATEGIC VISION

'To create a world class market organized across multiple asset classes.'

OVERVIEW

Global Board of Trade Ltd (GBOT), licensed by the Financial Services Commission of Mauritius, to establish a multi asset class electronically operated exchange.

- GBOT will be unique as it will be a most modern international commodity exchange offering innovative contracts allowing derivatives trading across the globe.
- FTIL stake in GBOT as on 31st March 08 - 100%

PRODUCTS / SERVICES

- Commodities Derivatives to be launched in the first phase:
  - Bullion basket
  - Energy basket
  - Sugar

GROWTH DRIVERS

- Multi-asset class trading on a single platform
- Commodity Trade deeply rooted in Africa
- GBOT will have an in-house Clearing system which will facilitate Clearing and Settlement of all trades executed
- Demutualization, technology, product innovation and international alliances

MANAGEMENT TEAM

Mr. Joseph Bosco, DMD and Chief Operations Officer

Mr. Subramanya K, Head Strategy

BOARD OF DIRECTORS

Mr. Jignesh Shah, Director

Mr. V. Hariharan, Director

ACHIEVEMENTS IN 2007-08

- Draft Rules, Bye Laws submitted to the regulators and awaiting approval of the FSC, Mauritius
- In the process of setting up Exchange infrastructure including Data Center at Ebene
- The product research team has completed its initial assessment and has presented their recommendations to the committee. Contracts will be announced at the appropriate time in consultation with the regulator.

IBS Forex Ltd.
55-C Mittal Tower, Nariman Point, Mumbai - 400 021.
Tel: +91-22-66344322 Fax: +91-22-66344324
E-mail: info@ibsfx.com | Website: www.ibsfx.com

STRATEGIC VISION

'The ultimate objective is to create 'a complete online marketplace' in the foreign exchange market segment which can empower all market participants with transparent price discovery and cost-efficient trading capabilities.'

OVERVIEW

IBS Forex enables deal matching in an online, real-time, anonymous environment. The FX Direct™ platform delivers liquidity, efficiency and deep functionality in foreign exchange dealing, for both spot and forward trading in USD : INR, along with optimal 'price performance' features

- It also provides a negotiated dealing system for one-to-one trades in any currency pair
- Average daily volume of USD 30 million for 2007 - 08
- Cumulative volume turnover to date exceeds USD 57 billion
- Service approved by the Foreign Exchange Dealers Association of India (FEDAI), a body under the umbrella of the Reserve Bank of India (RBI).
- 26 banks subscribe to FX Direct
- FTIL stake in IBS Forex as on 31st March 08 - 76%

PRODUCTS / SERVICES

FX Direct™

GROWTH DRIVERS

- A platform for trading in other global currencies
- Introduction of currency futures and options market
- Expected widening of the market with direct Corporate and Retail participation
- The average overall market volume in the Spot segment is about USD 3.5 billion per day, out of which USD 1.5 billion passes through order matching platforms
- Forex volumes are expected to grow by 25% per annum
- Capital Account convertibility expected soon

MANAGEMENT TEAM

Mr. Ganesh Rao, Chief Executive Officer

Ms. Supriya Mudras, Business Development

Ms. Monica Ajinkya, Marketing

BOARD OF DIRECTORS

Mr. P. G. Kakodkar, Chairman

Mr. Jignesh Shah, Vice Chairman

Mr. V Hariharan, Director

Mr. Nihalchand Chauhan, Director

ACHIEVEMENTS IN 2007-08

- IBS was one of the few selected entities invited by RBI to advise them on the policy framework for the proposed introduction of currency futures in India.

ECOSYSTEM BUSINESS

Financial Technologies, ecosystem businesses complement and augment the exchange business through capturing value from all upstream and downstream transactions around exchanges.

Depository

End to end solutions provider to the entire gamut of commodity and collateral management.`

Knowledge Training

Value creation through knowledge solutions in organized markets

Risk Management

Providing solution architecture for financial risk management & data warehousing for banks & financial institutions

Ecosystem Business

Information Retail

An efficient platform for seamless 'Information retailing'. of all types of financial & business critical data.

Transaction Processing

New age technology solutions that empower wireless telephony users to transact over the phone

MENA

Strengthening our position in the MENA region.

National Bulk Handling Corporation provides end to end commodity management and warehousing solutions, capitalizing on the vast growth opportunity in the Indian warehousing market.

Riskraft Consulting Limited is a knowledge initiative of the Financial Technologies Group which is focused to provide high quality domain consulting services to the banking and financial services industry.

atom technologies Limited develops and markets technology products which will unlock value in the digital retail payment processing ecosystem, leveraging mobile technology.

TickerPlant Infovending Limited is an initiative to provide real-time global financial information.

Financial Technologies Middle East is a leading technology enterprise, delivering mission critical STP solutions, comprising Domain Consulting, Technology Licensing and BPO for exchanges and their members in the MENA region.

FT Knowledge Management Company Ltd. is a knowledge hub of the Financial Technologies group, that incorporates the erstwhile MCX Centre of Academia.

An overview of all the ecosystem ventures has been outlined below.

National Bulk Handling Corporation Ltd.
Office No. 306 - 310 A, 312 - 322, Third Floor, Chintamani Plaza,Chakala, Andheri Kurla Road,
Andheri East, Mumbai - 400 069
Tel: 91 40861000 Fax: 91 40861010
E-mail: info@nbhcindia.com | Website: www.nbhcindia.com

STRATEGIC VISION

'NBHC is poised to herald an unprecedented far-reaching impact on the agri-commodities eco-system. Its collateral management and risk mitigation solutions are timely and inclusive enabling all participants within the eco-system. Adopting state-of-the-art processes for risk identification, assessment and control NBHC shall bring liquidity to agro-commodities not witnessed hitherto.'

OVERVIEW

Customised end-to-end commodity management solutions on a pan-India level

- Only Indian Warehousing and Commodity Management solutions entity with a ISO 22000:2005 certification. "Category G" membership with Grain and Feed Trade Association (GAFTA)
- Presence in 18 states spread over 52 offices across 3 zones
- Collateral management services at over 3000 facilities across 700+ locations aggregating to 4 mn MT
- 24 QA Labs and 200 mobile labs and over 90 commodities tested for quality specifications
- Professional Warehousing services at over 333 locations
- Collateral Management Services with 23 financial institutions

BOARD OF DIRECTORS & MANAGEMENT TEAM

Management Team

Mr. Anil Choudhary, MD & CEO
Mr. Paras Ajmera, Director (Non-Board)
Mr. R. Sundaresan, CFO
Mr. K.K Gautam, Sr. VP Procurement
Mr. Madhav Dewoolkar Sr VP Quality Assurance
Mr. Brijraj Singh, Sr. VP Business Development
Mr. S.K. Gautam, VP Warehousing & Logistics
Mr. Giridhar Pai, VP Commodity Care & Pest Management
Mr. Ranjit Samantray, VP Exchange Operations

Board

Mr. Anil Choudhary, MD & CEO
Mr. Jignesh Shah, Director
Mr. C. Subramaniam, Director
Mr. Ashok Kumar Basu, Director
Mr. V. Hariharan, Director

PRODUCTS / SERVICES & DESCRIPTION	MARKET SEGMENT & REVENUE MODEL
Warehousing and Commodity Management Services Warehousing and bulk handling, commodity care and pest management quality testing, grading, inspections and certification	**Market Segment:** Farmers, traders, corporates, processors and commodity exchanges **Revenue Model:** Storage charges, fumigation and spraying charges, quality testing and certification charges
Collateral Management Service provider arrangements Collateral management for banks	**Market Segment:** Farmers, traders, corporates, processors and commodity exchanges **Revenue Model:** Service provider charges & collateral management fees.
Commodity Procurement Standardized commodities procurement	**Market Segment:** Government (Central and State) Public Agencies, FCI, NAFED, etc. **Revenue Model:** Procurement charges
Trade Intelligence and Support Warehouse audit and accreditation and commodity valuation. Trade consultancy and support services.	**Market Segment:** Banks, corporates, processors and traders **Revenue Model:** Trade consultancy, support fees, and commission.

GROWTH DRIVERS

- Deficit in available scientific storage capacity
- Investments of USD 30 bn by 2011 entailed in retail and food processing industry
- Dismantling of international trade barriers. Amendments to the APMC Act. Passage of the Warehousing Development and Regulation Bill. Setting up of an Independent Regulator
- Basel II norms' impetus to Collateral Management activity. Statutory annual agri-lending mandates. Negotiability of warehouse receipts
- Conducive policies for PPP participation in MSP Procurement Increased targets to bolster national food security
- Dearth of quality value added services such as insurance, trade-information systems, audit and accreditation

ACHIEVEMENTS IN 2007-08

- Facilitated funding worth Rs. 4000 crores (USD 1000 million), with Rs 300 crores (USD 75 million) direct credit to over 22,000 farmers
- First ever multi-state paddy MSP procurement on behalf of FCI
- Increase in number of banks from 11 to 23 for CM services
- Launch of NBHC Mandate - Warehousing Superintendence and Audit
- Licenses at 8 states and ports locations for CCPM (pest management) services
- Achieved 1 mn MT storage capacity under management eventually crossing 1.35 mn MT
- Enlisted large corporate houses for end-to-end services
- Empanelled regional rural banks (RRBs) and co-operative banks extending service to farmers on the last mile

atom™ 'the' new way to pay

atom technologies limited,
Dipti Classic, 'B', 6th floor, Suren Road, Andheri (East), Mumbai - 400 069
Tel: 91 22 67698300 Fax: 91 22 67698311
E-mail: info@atomtech | Website:www.atomtech.in

STRATEGIC VISION

'atom technologies will revolutionise the method of payments, bridging the gap between physical and online transactions, enabling greater financial inclusion.'

OVERVIEW

atom™ technologies limited (atom) is a digital retail initiative of the Financial Technologies Group. atom™ conceptualizes, develops and markets technology, products and platforms to serve as a catalyst to unlock value in the retail transaction ecosystem, leveraging the mobile communication infrastructure.

It is a completely secure platform which is certified by:

- PCIDSS (Payment Card Industry Data Security Standard)
- PABP (Payment Application Best Practices)
- Won the "IT People Product Innovation" Award 2008 for its Interactive Voice Responses solution
- Won Skoch - The World Open Award 2008 awarded by Red Hat amongst a list of more than 30 applications
- FTIL stake in atom as on 31st March 08 - 87.53%

BOARD OF DIRECTORS & MANAGEMENT TEAM

Management Team

Mr. Dewang Neralla, Acting Chief Executive Officer

Mr. Niranjan Gosavi, Chief Marketing Officer

Mr. Prabu Raju, Head - Technology Development

Mr. Amit Doshi, Head - Operations

Mr. Rahul Tandon, Head - Financial Inclusion and Business Development

Board

Mr. Jignesh Shah, Director

Mr. Dewang Neralla, Director

Mr. C. Subramaniam, Director

PRODUCTS / SERVICES & DESCRIPTION	MARKET SEGMENT & REVENUE MODEL
atom Cards - A patented best-in-breed solution enabling credit / debit card payments through mobile phones securely. Set to revolutionize the electronic cards / POS business for banks and financial institutions	**Market Segment:** Banks, mobile users and merchants **Revenue Model:** Transaction fee, per account maintenance fees
atom Paybuzz - IVR based platform that enables secure payments through bank's payment gateway	**Market Segment :** Merchants and mobile users **Revenue Model:** Transaction fees, set up fees and Annual maintenance fees
atom Sewa - An agent assisted micro-banking platform in rural and semi urban areas	**Market Segment:** Banks and micro finance institutions **Revenue Model:** Transaction fees, per account maintenance fees
atom Reach - A portable mobile based technology platform for the PCO operators, where P2P money transfer and value added services can be provided	**Market Segment :** Utility companies, retail customers, and merchants **Revenue Model:** Transaction fees, merchant licence fees

GROWTH DRIVERS

- RBI has recently released the mobile payments guidelines clearly marking this as a focus area
- RBI mandate to banks and MFI to cover rural areas.
- Mobile technology penetrating the Indian markets at the rate of 3 million connections per month
- Card transactions account for only 1.8% of the total per capita income of India, exhibiting huge potential
- In India, Mobile Value Added Services (MVAS) revenue was USD 43.8 million in 2004 and is expected to increase at a CAGR of 50% to USD 348.8 million in 2009
- Phone based utility transactions will reach 75 billion in the next 3-4 years

ACHIEVEMENTS IN 2007-08

- Has successfully launched atom "Paybuzz" and has more than 20 clients using atom services for payment through banks payment gateway
- atom Paybuzz is the only alternate payment channel (apart from the Internet) to clock transactions worth more than Rs. 300 million
- During fiscal 2007-08, a MoU was signed with Axis Bank for debit cards / credit card payments through mobile phones using the atom cards solution

TickerPlant Infovending

Tickerplant Infovending Limited,
"Landmark", B wing, 5th floor, Suren Road, Chakala, Andheri (East), Mumbai - 400 093.
Tel: 91 22 67694100 Fax: 91 22 67694292
E-mail: info@tickerplantindia.com | Website: www.tickerplantindia.com

STRATEGIC VISION

'We aim to emerge as a dominant force in the financial market information dissemination and in the analytical space through enhanced investment in technology and infrastructure contents.'

OVERVIEW

TickerPlant Infovending Limited (TickerPlant) is India's emerging global content provider providing real-time and reliable dissemination of all types of financial and business critical data. Tickerplant as an information provider manages and packages the same in an intelligent, intuitive and focused manner so that one can have customized content, accurate and exhaustive data, and spot on delivery that interfaces seamlessly with all applications.

- Caters to all the segments of the financial markets, corporates, banks, broking houses, media, HNIs
- Provides information and offers enhanced aggregated contents in innovative ways at affordable prices
- Customized solutions include XML/Web based services, tickers and charts

BOARD OF DIRECTORS & MANAGEMENT TEAM

Management Team

Mr. V. Hariharan, Acting Chief Executive Officer

Mr Ghanshyam Rohira, Head Technology

Mr. K. H. Shriram, Head Marketing

Mr. K. S. Karthikeyan, Head Functional & Business

Board

Mr. Jignesh Shah, Director

Mr. Dewang Neralla, Director

Mr. C. Subramaniam Director

PRODUCTS / SERVICES & DESCRIPTION	MARKET SEGMENT & REVENUE MODEL
Marketview Terminals - The web based integrated cross asset, market data, news and analytics platform that offers real time streaming market information on Domestic and International markets and allows access to intra-day price movements from anywhere and at anytime	**Market Segment :** Corporates, banks, brokers, HNIs **Revenue Model :** Subscription fees
Marketview Mobile - Provides Real time streaming quotes of stocks and commodities on the mobile	**Market Segment :** Mobile user population **Revenue Model :** Subscription fees
Content solutions and data feeds - Customised information solutions and raw data which is redistributed to portals, TV channels, corporate websites	**Market Segment :** Business channels, financial portals, websites and financial institutions **Revenue Model :** Subscription fees
Ticker Boards - Electronic display boards for spot and future price dissemination in rural areas	**Market segment :** Market regulator, commodity exchanges, other market intermediaries **Revenue model :** Hardware, software costs, installation, maintenance fees

GROWTH DRIVERS

- Growth in stock, commodity, forex and fixed income markets and thereby growth in the intermediaries and HNIs has a positive bearing on the sales for all the products and services
- The huge population of mobile users and its growth rates have a positive bearing for Marketview mobile application
- Growth in television business channels, financial portals and corporate websites has a direct and postive bearing on their content and raw data feed business
- Projected growth in volume of market data messages is from 4 billion messages per day in 2006 to 130 billion in 2010

ACHIEVEMENTS IN 2007-08

- Major orders from leading banks, corporates, brokers and HNIs for Marketview. Large orders for Marketview mobile
- Major breakthroughs from corporates, media houses for the data feeds and content solution business

Riskraft Consulting Limited.
1st Floor, Boston House, Suren Road, Chakala, Andheri (East), Mumbai - 400 093.
Tel: +91-22-67099000 Fax:+91-22-67099100
E-mail: info@riskraft.com | Website: www.riskraft.com

STRATEGIC VISION

'We endeavour to be a dependable and valued knowledge partner to the BFSI segment in the areas of Risk Management, BASEL II, Business Intelligence and Analytical Research.'

OVERVIEW

Riskraft Consulting Limited (Riskraft), a knowledge initiative of the Financial Technologies Group, is focused to provide high quality domain consulting services to the BFSI industry in financial risk management, risk analytics, quantitative techniques and data warehousing.

- Riskraft has over 100 man years of BFSI domain expertise comprising of ex-bankers, certified risk professionals and a team of quantitative analysts
- Provides financial risk management solution architecture and data warehousing for banks and financial institutions
- Strategic alliances with IBM, FERMAT, Centre for Business Intelligence & Analysis, List Group, Scorto Analytics
- FTIL stake in Riskraft as on 31st March 08 - 100%

BOARD OF DIRECTORS & MANAGEMENT TEAM

Management Team

Mr. Subramanya Kusnur, CEO
Dr. A.K Nag, Sr. VP and Chief Consulting Officer
Mr. N.K Das, VP and Chief Risk Officer

Board

Mr. Jignesh Shah, Director
Mr. Dewang Neralla, Director
Mr. C. Subramaniam, Director

Advisory Board

Mr. A.V. Rajwade
Dr. Dilip Nachane
Dr. S. Narayan
Prof. N.L. Sarda

PRODUCTS / SERVICES & DESCRIPTION	MARKET SEGMENT & REVENUE MODEL
Crosshair (Comprehensive Domain/BASEL II Consulting services) Turnkey risk consulting projects, developing risk management solutions	**Market Segment :** BFSI Segment in India, Middle East and Africa **Revenue Model :** Consulting Fees, Solution Development Fees, Software License Fees, AMC
Entellect (Training and Certification) Training and Certification programe in Financial Risk Management and Data Warehousing	**Market Segment :** Banks, Corporates and Educations sector in India, Middle East and Africa **Revenue Model :** Training and Certification Fees
Tmorph (Business Intelligence Consulting) Enterprise Data Warehousing Consulting Projects, Developing BI-DW Solutions	**Market Segment :** BFSI Segment in India, Middle East and Africa **Revenue Model :** Consulting Fees, Solution Development Fees, AMC
Quantlab (Valuation and Pricing of Financial Products) Valuation and Pricing of Structured financial products	**Market Segment :** Banks and Corporates in India **Revenue Model :** Consulting Fees
KommEdge (Commodity Data and Risk Analytics) Consulting in Commodity Risk Management and Risk-Mitigation Strategies with an exposure to commodity price risk	**Market Segment :** Banks and Corporates in India **Revenue Model :** Consulting Fees
AgriKonnect (Decision support system for farmers) Developing Agriculture decision support system for farmers	**Market Segment :** Government Agencies, Banks and Corporates in India **Revenue Model :** Consulting and Information Management Fees, Solutions Development Fees, AMC

GROWTH DRIVERS

- Focus on Middle East and African Markets, an estimated target market of USD 75 million over a period of 5 years
- Driving towards more knowledge and asset based services through Risk Management, BASEL II, Business Intelligence framework, Training and Certification
- Demand for global risk consulting is USD 28.6 billion to grow at CAGR of 17.2% through 2011 (Source: Forrester Research)
- Technology spending for risk management is 9% of the average IT budget in financial services
- 89% of banking assets (aprox USD 11 trillion) in Middle East are expected to be covered by Basel II during 2007-09 ***(Source: BIS Survey)***

ACHIEVEMENTS IN 2007-08

Riskraft has developed a niche clientele across regulators, banks, insurance companies, primary dealers, corporates and technology companies through a versatile engagement matrix

Some of our engagements:

- Riskraft is advising India's No. 1 commercial bank, State Bank of India on its data warehousing project
- Implementing risk based supervision framework at Financial Services Commission, Mauritius
- Establishing market presence in Mauritius by bagging an integrated Basel II consulting assignment from First City Bank Ltd
- Agricultural decision support system sanctioned by NABARD is being implemented at Wardha district in Maharashtra
- Successfully developed logical data model and a business intelligence framework for a leading Indian private insurance company

FTKMC
Financial Technology Knowledge Management
Consultancy • Training • Research

FT Knowledge Management Company Ltd.
102 B , Landmark, Suren Road, Chakala, Andheri (East), Mumbai - 400 093.
Tel: +91-22 - 66497000 Fax: +91-22 - 66497151
E-mail: info@ftkmc.com | Web: www.ftkmc.com

STRATEGIC VISION

'We create value through knowledge solutions in organized markets. FTKMC contributes in the orderly development of the markets through facilitating market participation by raising the knowledge level of the market participants and intermediaries.'

OVERVIEW

FT Knowledge Management Company (FTKMC) is a knowledge hub of the Financial Technologies Group. FTKMC traces its origins to the erstwhile MCX Centre of Academia.

- FTKMC offers short-term and long-term training, certification programmes and also provides consultancy services
- FTIL stake in FTKMC as on 31st March 08 - 100%

COURSES OFFERED

Courses

- General programmes: Diploma courses of three months, faculty development programmes, management development programmes, farmers programmes, bankers and government official's programmes
- Client specific programmes: Commodity specific programmes for bullion, metals, agri, carbon, programme for jobbers, trade associations, corporate treasury's, banks and warehousing officials
- Certificate: mandatory certification course like the MCCP
- On line test: for mandatory certification for people who cannot undergo classroom training but are keen for distance learning mode
- National simulation lab: A unique hands-on experience for real time trading environment of simulated (mock) trading

Solutions

- Customising risk management solutions for corporates
- Setting up risk management framework
- Developing valuation models for commodity and other financial derivatives
- Technical and fundamental analysis and advisory services
- Conducting feasibility studies
- Conducting supply chain studies for key agricultural crops
- Advisory on governance area

BOARD OF DIRECTORS & MANAGEMENT TEAM

Management Team

Dr. Jinesh Panchali, Head, FTKMC
Mr. Ketul Contractor, AVP Marketing and New Initiatives
Mr. Abhinav Chopra, AVP Administration

Board

Mr. Jignesh Shah, Chairman
Mr. Joseph Massey, Director
Mr. V. Hariharan, Director

MAJOR INSTITUTIONAL TIE UPS

Global

- Centre for Organised Markets – University of Mauritius
- Securities Investment Institute, London
- S.P. Jain Centre of Management (Dubai and Singapore)
- The Institute of Financial Markets, Washington, DC

Local

- Indian Institute of Management, Ahmedabad, Indore, Lucknow
- Welingkar Institute of Management Development & Research, Mumbai
- Symbiosis Institute of International Business
- National Institute of Agricultural Marketing
- Institute of Public Enterprise
- The Energy and Resources Institute - TERI
- University of Mumbai
- G. B. Pant University of Agriculture and Technology
- Institute of Professional Studies and Research

Financial Technologies Middle East
1809, Al Shatha Towers, Sheikh Zayed Road, P. O. Box 502541, Dubai UAE.
Tel: +9714 363 5700 Fax: +9714 363 5699
E-mail: info@ft-me.ae | Website: www.ft-me.com

STRATEGIC VISION

'We seek to expand and grow our position in the MENA region trough our technology, exchange and brokerage solutions. Our services also include electronic payments, online security components, systems audit and consultancy.'

OVERVIEW

FTME is a leading technology enterprise, delivering mission critical STP solutions, comprising domain consulting, technology licensing and BPO for exchanges and their members.

- Set up to provide a complete technology solution suite to the growing financial services industry in the region
- Stock and commodity markets in the Middle East have just commenced their growth journey. The markets are undergoing constant changes to upgrade their technical platforms and to offer new products to the trading community. New brokerage houses are being formed, many of them are from Western and Asian markets
- FTIL stake in FTME as on 31st March 08 - 100%

BOARD OF DIRECTORS & MANAGEMENT TEAM

Management Team

Mr. Arshad Khan, Director

Mr. Dhaheer Quraish, General Manager

Board

Mr. Jignesh Shah, Chairman

Mr. Arshad Khan, Director

Mr. V. Hariharan, Director

PRODUCTS / SERVICES & DESCRIPTION

FT CSS - An outsourced service platform which allows members of stock and commodity exchanges to outsource transaction processing activities to the FTIL Centre for Straight through Processing

Consultancy Services - IT system audit, strategic and domain consulting services for financial, commodity and currencies market participants like exchanges, clearing members, brokers, financial institutions and traders

Products - Complete suite of brokerage solutions for markets in UAE and Saudi Arabia. Along with this products/ services like atom-Paybuzz and OTP are also being offered

Project Management - Outsourcing of development, facilities management and support services

MARKET SEGMENT & REVENUE MODEL

Brokerage solutions: FTME has multiple revenue models. The conventional revenue model is to sell the software licences on number of user basis. In addition, FTME has established FT-CSS, a complete outsourcing services platform where the customer pays for the software with a recurring fee and pay per transaction for processing and setting its trade.

atom-Paybuzz: For processing telephonic payments using the credit cards, FTME intends to charge customers on application deployment as well as for processing any transaction on a percentage basis.

atom OTP: This is based on user licenses targeting Gulf Cooperation Council markets.

GROWTH DRIVERS

- Regional markets are witnessing a rise in complex investment products, prompted by liquidity and regulatory reforms. The Middle East is becoming a centre of attraction with significant liquidity in the region being generated by high prices of crude oil. All the leading financial institutions are setting up a permanent base in the region to participate in the rapidly growing financial industry
- Majority of the brokerage houses and exchanges still run on platforms which do not provide a sophisticated trading environment. With the participation of the regional market in the international markets and vice-versa, it is getting imperative for these players to move on to sophisticated and matured trading platforms. FTME is set to gain significantly from this business development

ACHIEVEMENTS IN 2007-08

- FTME has been successful in implementing its complete brokerage applications at multiple brokerages in UAE for the local stock markets. FT-CSS has also gone live with multiple users giving advantage to local brokerage houses to outsource their entire dealing room and back office operations to FT-CSS
- Established presence in Saudi Arabia market by appointing two channel partners who will provide sales and implementation support to FTME's business in the region. FTME gave support to FTIL Group companies in its international expansion drive
- Set-up a fully owned subsidiary in Bangladesh to expand our business in that country
- Total number of licenses issued by FTME across all segments was over 2900 as on March 31, 2008, including the number of atom OTP licenses issued

HUMAN RESOURCES

Financial Technologies recognises the pivotal role that its people have played in fuelling its growth engine. The company makes a conscious effort to engage, nurture and empower its people, as a part of its human resource strategy.

HR ASSET MANAGEMENT

To identify skills in existing employees and to deploy them in appropriate positions is the philosophy pursued by HR professionals at Financial Technologies. The employee strength continues to grow substantially in line with the company's growth.

RECRUITMENT

The company endeavours to attract the best talent that is aligned to the organisational goals, through its selection process. In continuation with the company's employee engagement policy, the recruitment strategy seeks to achieve greater synergy in employee cohesion by also actively encouraging recruitment through our employee referrals as a cost effective tool.

COMPETENCE DEVELOPMENT

The Human Resource strategy of the company seeks to effectively engage internal stakeholders through training programme and skill enhancement initiatives like AIMS (Acquire, Improvise & Maximize Skills), LEAD (Leverage, Empower, Align and Develop), and TEAM (Together Everyone Achieves More) workshops. Simultaneously, a dynamic quarterly performance appraisal system has been instituted to leverage the benefits derived from the competency development initiatives.

RECOGNITION

Financial Technologies has been awarded the "Global HR Excellence Award 2007- 08" which was presented to the Group Head for HR practices, Dr. Chandra Mouli Dwivedi for the category of "Organization with Innovative HR Practices" at the Asia Pacific HRM Congress in February, 2008.

INDUSTRY TRENDS

GLOBAL TRENDS

The first decade of the new millennium has ushered in a renaissance in the global economy, revolutionizing the functioning of financial markets in a highly integrated environment. Thus there is a higher expectation on the exchanges to respond to a volatile economic environment.

As the economy seeks to establish equilibrium in trade across asset classes, it would stimulate growth in trading volumes. This would in turn exert pressure on the markets to function with a refined degree of precision, swiftness and automation, resulting in the markets significantly expanding their spending in the areas of systems, routing power and bandwidth.

Financial Technologies, as a solution provider, has been at the forefront of this renaissance, helping the exchanges world over to effectively facilitate high speed trade at optimum operating and transactional costs. The global markets in return have presented Financial Technologies with unique parallel opportunities of modernization of the developed markets and enabling the development of untapped markets. The global economy has also presented itself as a fertile ground of opportunities for the pursuit of inorganic growth for the company, helping geographic diversification.

This stimulating environment poses the company challenges on the fronts of intense competition and rapidly evolving paradigms and standards. Financial Technologies' unique reach in India and globally gives it an edge over others in acquiring an unfair share of the opportunities presented, in a fair manner.

DOMESTIC TRENDS

A robust Indian economy has seen its markets at the forefront of the global technological renaissance. Increasingly huge volumes in India have enabled a healthy competition across various exchanges, necessitating them to pursue technological and operational efficiencies, making them increasingly bold in their technology spends. The pressure is mounting with markets across asset classes, going beyond the traditional debt and equity segments. With an increasingly favourable disposition in terms of the regulatory environment and the growing volumes in the domestic economy, the company has attempted to make in-roads into and exploit new asset classes like debt, currency, power, SMEs, carbon credits, diamonds and insurance amongst others.

A STRATEGIC SYNERGY

Financial Technologies seeks geographic synergies to attain a strategic equilibrium between the domestic and global markets in its operations. This geo-economic diversification has the potential to mitigate the various types of macro and competitive risks that the company might face were it to restrict itself in its diversification strategy.

COMPETITIVE STRENGTHS

BRAND EQUITY AND MARKET LEADERSHIP

Financial Technologies has established a strong brand equity and leadership in providing the fastest and most efficient trading, order management and market connectivity solutions using cutting edge technology. Financial Technologies, is the market leader with around 862 brokerage houses deploying the Company's suite of products and powering eight exchanges, its gamut of product offerings covers the whole continuum of STP technology in diverse securities markets.

The Company provides technology solutions and domain expertise for digital transactions and financial markets across all asset classes, such as equity, debt, forex and commodities

DOMAIN & TECHNICAL EXPERTISE

Financial Technologies has sound expertise of the financial exchange marketplace right from trade origination to setting up the entire financial ecosystem. Our technical expertise is on par with global solution providers, which generates a formidable competitive advantage that can enable Financial Technologies to evolve the next generation markets.

TECHNICAL INNOVATION

Financial Technologies has the ability to offer a fully integrated, low latency, market data service within our trading applications. This has become a key strength of our product set and differentiates us from our competitors. Investment in technical innovation enables the company to continue its dominance in a scenario of exponential growth in electronic trading volume, making available a comprehensive and reliable connectivity service as a strong differentiator.

HIGHLY EXPERIENCED MANAGEMENT

Financial Technologies leverages on the experience and competence of its management team to enable the company to continue its dominance and leadership in the market by stimulating a high degree of innovation and growth.

OPPORTUNITIES

The Indian financial system has embraced globalisation and deregulation over the past decade, while increasingly leveraging on technology for greater transparency and inclusive development in the economy. The increasing global integration of the Indian financial markets, coupled with the increasing dependence on technology, the world over to essentially revolutionise the way markets function provides Financial Technologies with enormous opportunities for growth. Financial Technologies has the requisite pedigree and the core competence to harvest these opportunities in a manner beneficial to all the stakeholders involved.

TECHNOLOGY

The development of high-tech and transparent markets with an increasingly wide geographic footprint have increased the number of trading venues offering diverse pools of liquidity. This coupled with the growing demand for complex and sophisticated trading strategies has created a growing need for advanced trading tools.

NEW MARKETS

Having successfully implemented digital trading platforms in India and other countries, Financial Technologies is now well poised to pioneer growth of the electronic markets in Africa, Middle East and South East Asia.

INORGANIC GROWTH OPPORTUNITIES

Financial Technologies believes that inorganic growth is a potent tool to exploit untapped synergies and attain a sizeable competitive advantage. Hence, Financial Technologies is always well poised to exploit merger and acquisition opportunities aligned to the group objectives as and when they arise.

LEVERAGING ON EXCHANGE BUSINESS

The growth of the Group's exchange business has a direct impact on the products business which would in turn lead to exploitation of synergies with the technology business.

RISK MANAGEMENT

Risk is a part of any business's lexicon, hence understanding and subsequently managing it is a standardised uninterrupted process. It aims to ultimately deliver enhanced value to all its stakeholders. It is crucial to the Group's strategic and systematic efforts to attain operational goals, while mitigating disruptions. Financial Technologies has a central group-wide risk management approach to identify, gauge and mitigate any potential risk promptly and efficiently in order to manage and control them effectively. An internal audit committee consisting of non-executive members of the board, supplemented by clear demarcation of responsibilities, has enabled a well directed smooth flow of information throughout the organisation.

INTERNAL PROCEDURES AND CONTROL

Financial Technologies has a well defined internal control system that is adequate and commensurate with the nature and size of business. Clear roles, responsibilities and authority coupled with robust internal information systems, ensure appropriate information flow to facilitate effective monitoring. Adequate controls are established to ensure that assets of the Company are safeguarded and transactions are executed in accordance with documented policies. Compliance with the policies is monitored through regular internal audits of processes as well as underlying transactions. The internal control system is intertwined with the Company's operating activities, with synergy and linkage among the components. Forming an integrated system with global best practices, it reacts dynamically to changing conditions.

OUTLOOK

Financial Technologies has been transforming financial markets by leveraging strong technology platforms and market domain leadership to pioneer next generation organized electronic markets across various geographies that are transparent, efficient and liquid.

FINANCIAL CONDITION AND RESULT OF OPERATIONS (CONSOLIDATED)

MCX has ceased to be a subsidiary of Financial Technologies w.e.f. October 29, 2007. Hence the current year consolidated financial results are not comparable with the previous year's financials and hence not provided.

FINANCIAL CONDITION AND RESULT OF OPERATIONS (STANDALONE)

SHAREHOLDERS' FUNDS

SHARE CAPITAL

Financial Technologies currently has only one class of shares - equity shares of face value of Rs. 2/- (Rupees Two only) each. The Company's authorized share capital is Rs. 300.00 million, sub-divided into 150 million equity shares of Rs. 2/- each.

During the year under review, change in the share capital of the Company is on account of issuance of GDR and allotment of shares to employees under employee stock option ("ESOP") Scheme.
It had 45.88 million equity shares outstanding with a total paid up capital of Rs. 91.77 million.

RESERVES & SURPLUS

Financial Technologies' total reserves and surplus position improved by 669% to Rs. 14,602 million from Rs. 1,898 million at the end of last year.

During the year, securities premium account has increased to Rs. 5,147.68 million as compared to Rs. 985.46 million on account of premium received on issue of shares under GDR and ESOP.

Further, the securities premium account has been adjusted by Rs 161.06 million towards GDR issue expenses [previous year ZCCB issue expenses Rs. 104.51 million (net of taxes)] and Rs 319.68 million provision for premium payable on redemption of ZCCB as permitted by Section 78 of the Companies Act, 1956.

The Company transferred Rs. 970.00 million from the profits recorded for the year to the general reserve. The balance retained in the profit and loss account post appropriation for interim and final dividend and the tax thereof was Rs 8,315.44 million, up from Rs. 743.42 million last year.

Total shareholders funds stood at Rs. 14,693.78 million as against Rs. 1,986.60 million at the end of last year.

LOAN FUND:

During the year the company raised Unsecured Loan of commercial paper of Rs. 1,200.00 million and the same was repaid in full during the year. There is no further new loan fund during the year under review. The change is on account of exchange rate conversion difference.

FIXED ASSETS

Rs. in Million

As on 31st March	2008	2007
Leasehold Land	68.82	68.82
Building (including improvement to lease hold premises)	38.93	38.93
Office Equipments	132.47	90.24
Furniture and Fittings	14.16	13.85
Vehicles	14.54	9.17
Intangible assets including software, technical know-how, etc	189.10	10.98
	458.02	**231.99**
Less: Accumulated Depreciation/ amortization	77.50	58.59
Add: Capital work-in-progress	1,692.09	517.24
Net Block Value	2,072.61	690.64

During the year under review, your company has further invested Rs. 1,173 million towards developing its own office premises/development centre, leasehold improvements thereon and acquisition of land.

Intangible assets include the software cost incurred by the Company for setting up of the energy exchange, IEX All other additions in the fixed assets are during the normal course of business operations. The net block value as on March 31, 2008, stood at Rs 2,072.61 million, an increase of 200% over the previous year.

INVESTMENTS

Investments by the company stood at Rs 13,743.26 million, an increase of 232% from previous year of Rs. 4,143.83 million. Investments in subsidiary, associate and joint venture companies increased to Rs. 3,746.03 million. Investment in mutual funds is amounting to Rs. 8,592.17 million as compared previous year of Rs. 1,142.45 million.

DEFERRED TAX ASSET

As on March 31, 2008, the Company reported accrual of total deferred tax asset of Rs. 10.98 million. 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.

CURRENT ASSETS

The Company's total current assets position as at 31st March 2008 is at Rs. 4,128.88 million as compared to last year's figure of Rs. 2,233.53 million.

The Company's gross debtors' outstanding position improved to Rs. 218.86 million, from Rs. 282.98 million last year. Debts to the extent of Rs. 36.06 million were outstanding for a period of over six months. Net of provision for doubtful debts, sundry debtors stood at Rs. 189.64 million as against Rs. 264.07 million a year ago.

Cash and bank balances were substantially higher at Rs. 3,520.14 million from Rs. 1,815.16 million last year on account of funds parked in short term fixed deposits placed overseas out of unutilized fund from FCCB and GDR.

Loans and advances (net of provision for doubtful) amounted to Rs. 416.20 million as against Rs. 154.31 million in the previous financial year, increased mainly on account of security deposit placed for rented premises, and increase in unutilized amount of service tax available for set off.

CURRENT LIABILITIES AND PROVISIONS

At the end of March 31, 2008, the Company's gross current liabilities outstanding stood at Rs. 1,267.44 million compared with Rs. 746.04 million in FY 2006-07. The company had a total of Rs. 423.43 million outstanding to creditors in comparison to previous year's figure of Rs. 242.58 million.

The Company provided Rs. 214.73 million for final dividend to equity shareholders and the dividend tax thereof. Combining interim and final dividend, the Company has recommended a total dividend of Rs. 915.00 million or Rs.20 per share on the face value of Rs. 2 each.

REVENUE ANALYSIS

Total gross income recorded a substantial growth to Rs. 13,475.17 million from Rs. 1,741.32 million last year which is higher by 674%.

Sales net of excise duty were substantially higher at Rs. 1,375.56 million from Rs. 988.34 million recorded last year. The Company derives revenues from sales of IPR licenses, annual maintenance charges, software customization and from project based services.

During the year under review, the Company sold/divested partial stake in investments held in Multi Commodity Exchange of India Limited (MCX) and Dubai Gold and Commodities Exchange (DGCX) and the resultant profit of Rs. 11,163.89 million is disclosed as "Project Divestment Income".

The Company from time to time promotes and invests in ventures which utilize its core technological capabilities towards creating world class enterprises. The Company also divests such ventures from time to time to unlock shareholders value and considers it as a Project Divestment Income.

Other income mainly consists of "Project Divestment Income", dividend/profit earned on sale of investments in mutual funds, receipt of dividend from MCX and interest accrued on deposits placed and exchange rate variation.

EXPENDITURE ANALYSIS

Total operating expenditure increased to Rs. 926.90 million from Rs. 554.69 million mainly on account of rise in employee costs, travel costs, rental charges, legal and professional charges, etc. which has increased in line with the expansion in business operations. This also includes the provision made towards the diminution in the value investment made in e-Logistics Private Limited as detailed in the notes to the accounts.

Depreciation and amortization charges were higher at Rs. 23.53 million from Rs. 15.38 million following the expansion in physical infrastructure, software and office equipment.

Operating profit before interest, depreciation and tax (EBITDA) amounted to Rs. 12,548.27 million, representing a growth of 957% over FY 2007-08. EBITDA margin has increased to 93% as against 68% of the previous year.

PROFIT ANALYSIS

The Company's total income has increased by 674% to Rs. 13,475.17 million during the year as compared to Rs. 1,741.32 million in previous year.

The Company posted a 963% rise in profit before tax of Rs. 12,415.43 million.

The Company made a tax provision of Rs. 2,802.91 million for the current year as against of Rs. 178.75 million of last year.

PAT increased by 855% to Rs. 9,612.52 million.

Profit margins stood at 71% versus 58% in FY 2006-07.

Diluted earnings per share stood at Rs. 208.10 as against Rs. 20.91 in FY 2007-08, an increase by 895% from last year.

CAUTIONARY STATEMENTS

This report may contain forward-looking statements about Financial Technologies (India) Ltd and its group companies, including their business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or concern future financial performance (including revenues, earnings or growth rates), possible future Company plans and action. Forward-looking statements are based on current expectations and understanding about future events. They are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the industry in general. The Company's actual performance and events could differ materially from those expressed or implied by forward-looking statements made by the Company due to, but not limited to, important factors such as general economic, political and market factors in India and internationally, competition, technological change and changes in Government regulations.

RATIO ANALYSIS (STANDALONE)

	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08
Ratios- Financial Performance					
EBITDA / Total Income	51%	43%	67%	68%	93%
Aggregate Employee Costs / Total Income	21%	23%	18%	18%	4%
Depreciation / Total Income	3%	3%	1%	1%	0 %
Profit before Tax & Exceptional Items / Total Income	48%	40%	66%	67%	92%
Tax / Total Income	1%	10%	15%	10%	21%
Effective Tax Rate - Tax / PBT	3%	26%	24%	15%	23%
PAT after exceptional items / Total Income	46%	28%	44%	58%	71%
Ratios - Balance Sheet					
Current Ratio	1.84	1.67	0.72	2.99	3.26
Days Sales Outstanding	38.21	58.82	27.68	97.52	50.32
Ratios - Return					
Return on Net Worth (PBT / Net Worth)	23%	10%	42%	59%	84%
ROCE (PBIT / Capital Employed)	24%	10%	42%	19%	67%
Ratios - Growth					
Total Income %	NA	21%	187%	81%	674%
EBITDA %	NA	2%	347%	85%	957%
PAT before extraordinary items	386%	-22%	370%	116%	871%
Ratios - Per share					
Basic EPS (before exceptional items) (Rs.)	3.38	2.26	10.02	22.48	214.15
Basic EPS (after exceptional items) (Rs.)	3.38	2.26	9.65	22.85	214.15
Price / earning, end of year	22	117	171	89	8
Book value (Rs.)	13.65	31.51	34.32	45.05	320.24
Price / book value, end of year	5.49	8.38	49.80	40.57	4.99
Dividend per share	0.2	0.4	6	8	20
Market capitalization / total revenue, end of year	11	35	78	46	5

CORPORATE GOVERNANCE REPORT

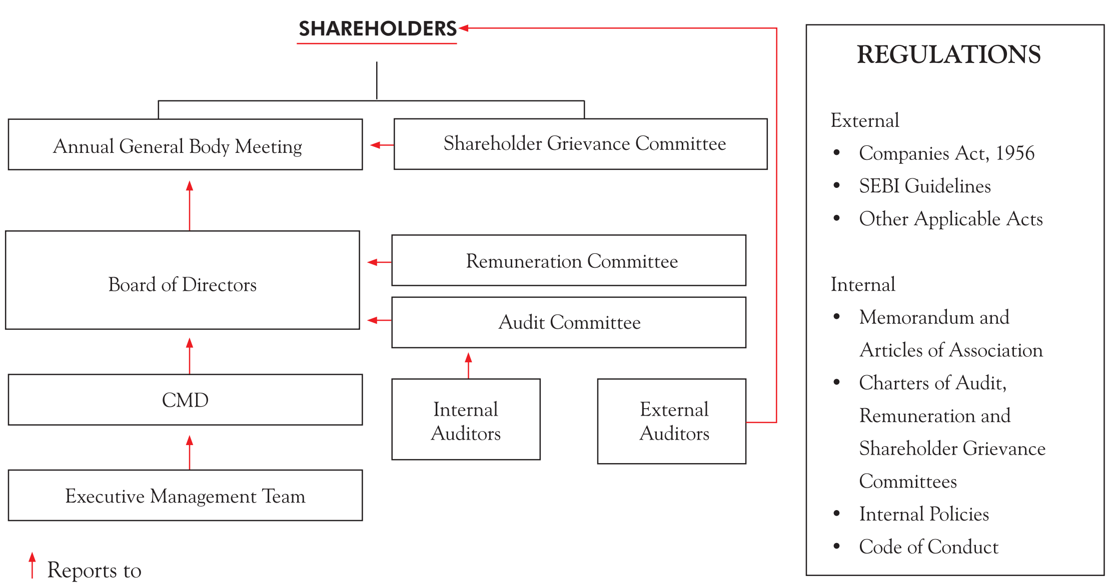
CORPORATE VALUE

Value is in the transparency

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company believes in practising the principles of good corporate governance as a 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. The Company is a high believer in moral values, ethics and transparency in its operations.



2. BOARD OF DIRECTORS

a) SIZE AND COMPOSITION OF BOARD OF DIRECTORS:

The Board of Directors of the Company consists of six professionally competent members comprising of two Promoter Executive Directors and four Non-executive Directors. The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors. He is assisted by a Whole-time Director.

	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 Directors	
3.	Mr. C. Subramaniam	Independent Director
4.	Mr. P. G. Kakodkar	Independent Director
5.	Mr. Ashish S. Dalal	Independent Director
	Non-executive Director	
6.	Mr. Ravi K. Sheth	Non-Independent Director

b) BOARD MEETINGS

i) SCHEDULING OF BOARD MEETINGS

The Board Meetings are held at least once every quarter. The Board Meetings are generally held at Mumbai. The Company Secretary cum Compliance Officer prepares the agenda and the documents to be covered in the Meeting and sends it to the Directors. The Board reviews the documents and gives its valuable suggestions during the Meeting, which are discussed at length.

The Table mentioned below gives the attendance record of each Director at the Board meetings held during 2007-08 as well as at the last Annual General Meeting and the number of other Directorships and Chairmanship/ Membership of Committee of each Director in various companies as on March 31, 2008.

Name of the Director	No. of Board Meetings held	Attendance Particulars		No. of other Directorships and Committee Membership / Chairmanship		
		Board Meeting	Last AGM	Other Directorships	Committee Membership	Committee Chairmanship
Mr. Jignesh P. Shah	7	7	No	19	-	-
Mr. Dewang S. Neralla	7	7	No	08	-	-
Mr. C. Subramaniam	7	7	Yes	08	02	-
Mr. Ravi K. Sheth	7	5	No	09	01	01
Mr. P. G. Kakodkar	7	3	No	12	03	02
Mr. Ashish S. Dalal	7	7	Yes	05	01	01

Mr. C. Subramaniam, a Non-executive Director, retiring by rotation at the ensuing Annual General Meeting is eligible for re-appointment.

ii) NUMBER OF BOARD MEETINGS HELD AND THE DATES THEREOF

The Board of Directors met seven times during the year as against the minimum statutory requirement of four meetings in a year. The dates of meetings being April 16, 2007; June 01, 2007; June 30, 2007; July 31, 2007; October 31, 2007; November 28, 2007; and January 17, 2008. The maximum time gap between any two meetings was not more than four months.

iii) CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for the Board of Directors and Management of the Company. Annual affirmation of compliance with the Code have been made by the Directors and Senior Management of the Company. The Code has also been posted on the Company's website, www.ftindia.com. The necessary declaration by the Chief Executive Officer of the Company regarding compliance of the above mentioned Code by Directors and the Senior Management forms part of the Corporate Governance Report.

iv) INSIDER TRADING POLICY OF FINANCIAL TECHNOLOGIES (INDIA) LIMITED

The Company has implemented the Insider Trading System called "Financial Technologies (India) Limited Share Dealing Code" to comply with the Insider Trading Regulations issued by SEBI.

Accordingly, the Company observes a "Quiet Period". The quiet period is applicable to "Designated Employees" of the Company, its subsidiaries and related external parties as well. The occurrence and closure of quiet period is intimated to all the concerned.

The Company follows the "Prohibition on dealing, communicating or counselling" and policy on disclosures as well.

v) AFFIRMATIVE ACTION POLICY

The Company has put in place a Code of Conduct of Affirmative Action. The Company is making efforts to strengthen the Human Resource systems for further enhancing access and opportunity to applicants from weaker sections of the society.

vi) COMPLIANCE REPORTS OF ALL LAWS

The Board has ensured the review of compliance reports of all laws applicable to the Company and quarterly reviewed the compliance reports. There are no instances of non compliance noticed in such reviews.

3. AUDIT COMMITTEE

a) COMPOSITION, NAMES OF MEMBERS AND CHAIRPERSON

The Audit Committee comprises of three non-executive directors:

Name of the Member	Designation	Category
Mr. Ashish S. Dalal	Chairman	Independent Director
Mr. C. Subramaniam	Member	Independent Director
Mr. P. G. Kakodkar	Member	Independent Director

The Chairman of the Committee, Mr. Ashish S. Dalal, is a practising Chartered Accountant. All the 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.

b) BRIEF DESCRIPTION OF TERMS OF REFERENCE / RESPONSIBILITY OF THE AUDIT COMMITTEE

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 FUNCTIONS OF THE COMMITTEE INCLUDES THE FOLLOWING:

1. To oversee the Company's financial reporting process and to ensure correct disclosure of financial information in the financial statement;
2. To recommend the appointment and removal of external auditor, fixation of audit fees and approval for payment of any other services;
3. To review, discuss with the Management and pre-approve the annual audited financial statements, and quarterly/ half-yearly financial statements before submission to the Board focussing primarily on any changes in accounting policies and practices, major accounting entries based on exercise of judgement by the Management, significant adjustments arising out of audit, the going concern assumptions, compliance with Accounting Standards, compliance with Stock Exchange and legal requirements concerning financial statements, any related party transactions i.e. transaction of the Company of material nature, with Promoters or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of Company at large;
4. To review with the management, external and internal auditors, the adequacy of internal control measures;
5. To review the adequacy of internal audit function;
6. To review the findings of internal investigations into matters where there is suspected fraud or irregularity or failure of internal control system of a material nature and report to the Board;
7. To discuss with the internal auditors any significant findings, recommendations and follow up thereon;
8. To review the financial risk management policies of the Company;
9. To look into the reasons for substantial defaults in the payments to shareholders and creditors.

c) MEETINGS AND ATTENDANCE

Name of the Director	No. of Audit Committee Meetings held	Attendance Particulars
Mr. Ashish S. Dalal	7	7
Mr. C. Subramaniam	7	7
Mr. P G Kakodkar.	7	4

d) RISK MANAGEMENT

The Company has a formal Risk Management Framework in place for risk assessment and minimisation. The Company is in the process of further up-grading its Risk Management framework. The scope of the Audit Committee includes review of company's financial and risk management policies.

4. REMUNERATION AND COMPENSATION COMMITTEE

a) COMPOSITION, NAMES OF MEMBERS AND CHAIRPERSON

Remuneration and Compensation Committee comprises of

Name of the Member	Designation	Category
Mr. C. Subramaniam	Chairman	Independent Director
Mr. Ashish S. Dalal	Member	Independent Director
Mr. P. G. Kakodkar	Member	Independent Director

b) BRIEF DESCRIPTION OF TERMS OF REFERENCE

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 five times. Mr. Ashish S. Dalal and Mr. C. Subramaniam attended all the meetings, while Mr. P. G. Kakodkar attended three meetings.

c) 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 program attracts, develops, motivates and retains its talented workforce.

d) DIRECTORS REMUNERATION

i) REMUNERATION TO EXECUTIVE DIRECTORS

The aggregate value of salary, perquisites paid for the year ended March 31, 2008, to the Managing Director and Whole-time Director were as follows:

(Amount in Rs.)

	Jignesh Shah Managing Director	Dewang Neralla Whole-time Director	Total
Salaries & Allowances	33,993,037	9,854,665	43,847,702
Provision for leave encashment*	413,486	136,490	549,976
Total	**34,406,523**	**9,991,155**	**44,397,678**

* The above excludes gratuity and leave encashment which are actuarially valued and where separate amounts are not identifiable.

Besides, the Managing Director and Whole-time Director were also entitled to 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.

ii) REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Company had paid sitting fees of Rs.6,000/- per meeting to the Non-executive Directors for attending the meetings of the Board and Audit Committee. During the year under review, the sitting fees has been increased to Rs.10,000/- per meeting, subsequent to obtaining shareholders' approval. The gross sitting fees (including sitting fees paid for attending the meetings of Committee of Directors) were as follows:

Name of the Director	Gross Sitting Fees (Rs.)
Mr. C. Subramaniam	150,000
Mr. Ravi K. Sheth	42,000
Mr. Ashish S. Dalal	150,000
Mr. P. G. Kakodkar	62,000

iii) DETAILS OF SHARES HELD BY NON-EXECUTIVE DIRECTORS

Name of the Director	No. of Equity shares held
Mr. C. Subramaniam	Nil
Mr. Ravi K. Sheth	2,492,854
Mr. Ashish S. Dalal	Nil
Mr. P. G. Kakodkar	2,150

The Directors have not been issued any stock options by the Company during the year.

5. SHAREHOLDERS' / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

a) COMPOSITION, NAMES OF MEMBERS AND CHAIRPERSON

The Shareholders'/Investors' Grievance Committee was reconstituted in February 2004. This Committee comprises of

Name of the Member	Designation	Category
Mr. C. Subramaniam	Chairman	Non-executive Independent Director
Mr. Dewang S. Neralla	Member	Whole-time Director

The Chairman of the Committee, Mr. C. Subramaniam is a Non-executive Director.

b) COMPLIANCE OFFICER

Mr. Hariraj S. Chouhan, Company Secretary is the Compliance Officer and can be contacted at 349 Business Point, Western Express Highway, Chakala, Andheri (East), Mumbai - 400 069. Tel: 91 22 6715 2000, Fax: 91 22 6715 2001, e-mail: info@ftindia.com

c) BRIEF DESCRIPTION OF TERMS OF REFERENCE

The Committee, inter alia, approves transfer and transmission of shares, issue of duplicate share certificates and reviews all matters connected with the share transfers and issue of equity shares under ESOP. The Committee also looks into the redressal of shareholders/Investors complaints related to transfer of shares, non receipt of Balance Sheet, non receipt of dividends etc.. The Committee oversees performance of the Registrar & Transfer Agents of the Company's Code of conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations 1992.
The Committee met 19 times during the year under review.

The status and nature of Complaints received, resolved and pending during the financial year ended March 31, 2008

Nature of Complaints	Received	Resolved	Pending
Non receipt of share certificate after transfer/merger/split/consolidation	21	21	0
Non receipt of Annual Report	1	1	0
Non receipt of Rejected DRF	1	1	0
Non receipt of Dividend	7	7	0
Total	**30**	**30**	**0**

During the year, no share transfer/complaints remained pending for more than 30 days. Also, there were no share transfers pending as on March 31, 2008.

6. GENERAL BODY MEETINGS

a) The date, time and venue for the last three Annual General Meetings is mentioned thereunder:

Financial Year	Date	Time	Venue of the meeting
2004-05	27-09-2005	12.30 P.M.	Russian Cultural Centre, 74, Kasturi Ranga Road, Chennai 600 018
2005-06	29-09-2006	12.30 P.M.	Russian Cultural Centre, 74, Kasturi Ranga Road, Chennai 600 018
2006-07	28-09-2007	10.00 A.M.	Russian Cultural Centre, 74, Kasturi Ranga Road, Chennai 600 018

b) Particulars of Special Resolutions passed in the previous three Annual General Meetings:

Date	Particulars
27.09.2005	i) Re-appointment of Managing Director.
	ii) Re-appointment of Whole-time Director.
	iii) Appointment of Mr. Manjay P. Shah under Section 314(1B) of the Companies Act, 1956, with revised remuneration.
	iv) Increase in holding of FIIs including their Sub-accounts from 24% to 49%.
	v) Consent of the shareholders for payment made towards financial advisory and investment banking services.
	vi) Consent of the shareholders for grant of ESOPs under ESOS 2005 to the eligible employees/Directors of the Company.
	vii) Consent of the shareholders for grant of ESOPs under ESOS 2005 to the eligible employees/Directors of the Subsidiary/ies.
	viii) Consent of the shareholders for payment of sitting fees/compensation to the Non-executive Directors as per revised Clause 49 of the Listing Agreement.
	ix) Consent of the shareholders for issue/offer Depository Receipts/other equity related instruments through International Public Offering not exceeding USD 100 million.
29.09.2006	i) Consent of the shareholders for grant of ESOPs under ESOS 2006 to the eligible employees/Directors of the Company.
	ii) Consent of the shareholders for grant of ESOPs under ESOS 2006 to the eligible employees/Directors of the Subsidiary/ies.
28.09.2007	i) Revision in remuneration of Managing Director.
	ii) Revision in remuneration of Whole-time Director.
	iii) Consent of the shareholders for payment of commission to Non-executive Directors of the Company up to 1% of the Company's Net Profit.
	iv) Revision of Remuneration of Mr. Manjay P. Shah holding Office of Profit under Section 314(1B) of the Companies Act, 1956.
	v) Consent of the shareholders to keep the Register of Members, Index of Members, records, copies of Annual Returns at the office of KARVY Computershare Private Limited, Chennai.
	vi) Consent of the Shareholders to re-issue lapsed stock options to eligible employees/Directors of the Company.
	vii) Consent of the Shareholders to re-issue lapsed stock options to the eligible employees/Directors of the Company's Subsidiary/ies.

c) POSTAL BALLOT

Notice dated 30th June,2007, pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, was sent to all the Shareholders for the purpose of passing the following Resolution by postal ballot:

a) Special Resolution under Section 372A of the Companies Act,1956, to make/ give any loans/ advances/investments, providing security, giving guarantees in excess of the limits prescribed under Section 372A.

b) Special Resolution for the approval of payment of commission in connection with FCCB transaction completed in December, 2006.

c) Special Resolution for alteration of Article no. 11 of the Articles of Association.

The Board of Directors at its meeting held on 30th June, 2007, had appointed Mr. R. Muralimohan, Practicing Company Secretary, Mumbai, as the Scrutinizer to receive and scrutinize the completed Postal Ballot papers received from the members and for conducting the Postal Ballot process in a fair and transparent manner.

The results for the above Postal Ballot Resolution was announced on 14th August, 2007, and was published on the Company's website, Newspapers and intimated to the Stock Exchanges.

7. DISCLOSURES

The Company has not entered into any transaction of material nature with the Promoter, Directors, Management or their relatives that may have potential conflict of interest of the Company at large. There are no material transactions with related parties that may have any potential conflict with the interest of the Company at large. Apart from paying sitting fees, there is no pecuniary transaction with the independent/ non-executive directors. Transactions with related parties are disclosed in Note no. 16 of Schedule 15 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.

NON-MANDATORY REQUIREMENTS

a. THE BOARD

There is no policy at present to determine the tenure of Independent Directors.

b. REMUNERATION COMMITTEE

The Company has constituted a Remuneration & Compensation Committee. A detailed note on Remuneration/ Compensation Committee is provided elsewhere in the report.

c. SHAREHOLDERS' RIGHTS

Half yearly financial results including summary of the significant events are presently not being sent to shareholders of the Company. However, quarterly financial results are published in leading news papers and are also available on the Company's website.

d. AUDIT QUALIFICATIONS

There are no qualifications in the Auditor's report on the financial statements to the shareholders of the Company.

e. TRAINING OF BOARD MEMBERS

As the members of the Board are eminent and experienced professional persons, there is no formal policy at present for their training.

f. MECHANISM FOR EVALUATING NON-EXECUTIVE BOARD MEMBERS

There is no policy framed for evaluation of Non-executive Directors.

g. WHISTLE BLOWER POLICY

The Company has not established any formal Whistle Blower Policy.

8. MEANS OF COMMUNICATION

The quarterly and half yearly results are published in leading newspapers, namely TRINITY MIRROR, in English, and MAKKAL KURAL in the regional language.

The Company does not send Half yearly reports to each household of shareholders. Instead, the half yearly financials appear on our corporate website under, Investors section.

The Company has its own corporate website, www.ftindia.com. The Company's news releases, other press coverage, press clippings, copy of corporate presentation made to institutional investors and Analysts, Annual Reports and Frequently Asked Questions (FAQs) are made available on the Company's website.

The Financial results, Shareholding pattern, etc. are posted on the website www.corpfiling.co.in as per requirements of Clause 52 of the Listing Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This information is covered elsewhere in this annual report.

CEO/CFO CERTIFICATION

This information is covered elsewhere in this Annual Report.

9. GENERAL SHAREHOLDER INFORMATION

I. ANNUAL GENERAL MEETING

Date, Day and Time	:	28th August 2008, Thursday, 10:00 A.M.
Venue	:	Russian Cultural Centre, 74, Kasturi Ranga Road, Chennai 600 018.

II. FINANCIAL CALENDAR

Financial Year	:	April 1, 2008 to March 31, 2009	
Results for the quarter ended	:	June 30, 2008	End of July, 2008
		September 30, 2008	End of October, 2008
		December 31, 2008	End of January, 2009
Audited Results for the year ended 31st March, 2009			End of April or end of June, 2009 (audited figures) as per Stock Exchange guidelines

III. BOOK-CLOSURE DATE

The Books shall be closed from **August 25, 2008 to August 28, 2008** (both days inclusive) for the purpose of the ensuing Annual General Meeting. The dividend, if approved by the shareholders at the Annual General Meeting, shall be paid to all shareholders whose names appear:

a) as beneficial owners at the end of the business day on 23rd day of August, 2008, as per the details available with NSDL and CDSL, and

b) on the Register of Members as on 23rd day of August 2008 of owners holding shares in physical form.

Registered Office:

Doshi Towers, First Floor, 1A & B, 156, Periyar EVR Salai Kilpauk, Chennai - 600 010

IV. DIVIDEND DISCLOSURE

a) Announcement of Dividend:

The Board of Directors have proposed a final dividend of 200%, i.e. Rs. 4 per share subject to approval of the shareholders at the Annual General Meeting. This final dividend, if approved together with three interim dividends paid, make total dividend of 1000%, i.e. Rs.20/- per share.

b) Mode of payment and date of payment:

Final dividend shall be remitted through Electronic Clearing Service (ECS) at approved locations, wherever ECS details are available with the Company; and in all other cases, through warrants payable at par. These warrants shall be valid for a period of 90 days. Post expiry of validity period, these may be sent to the Company's Office at First Floor, Malkani Chambers, Off Nehru Road, Vile Parle(East), Mumbai - 400 099 for revalidation.

Date of payment: On or after September 1, 2008, but within the statutory time limit of 30 days.

V. LISTING

The equity shares of the Company are presently listed on Bombay Stock Exchange Ltd. (BSE), National Stock Exchange of India Ltd. (NSE), Ahmedabad Stock Exchange Ltd. (ASE) and Madras Stock Exchange Limited (MSE).

Foreign Currency Convertible bonds of the Company are listed on Singapore Exchange Securities Trading Limited.

The Annual Listing Fees have been paid to these Stock Exchanges for the financial year 2008-09.

The Global Depository Receipts are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and quoted on the International Order Book of the London Stock Exchange.

As on March 31, 2008, there were 34,068 shareholders of the Company.

VI. STOCK MARKET CODES

Indexes covering FTIL India

a) Trading Symbol

MSE	-	Scrip Code	:	WTG
		Stock Code	:	FINANC TECH
BSE	-	Scrip Code	:	526881
		Scrip ID	:	FINTECH
		Group	:	A
		Index	:	BSEIT, BSETECK, BSE 100
ASE	-	Scrip Code	:	67641
		Stock Code	:	FINTECH
NSE	-	Scrip Symbol	:	FINANTECH
		Index	:	CNXIT, S&P CNX 500
Reuters	-	FITE.NS (NSE), FITE.BO (BSE)		
SGX-ST	-	Bond Code	:	028010800

b) Depository for Equity Shares : **NSDL and CDSL**

c) Demat ISIN Number

Equity share : INE111B01023
FCCB : XS0280108001

d) GDR Security Numbers : **Regulation S GDRS**

Master Regulation S GDR ISIN: US31769V2060
Master Regulation S GDR Common Code: 032082424
Master Regulations S GDR CUSIP: 31769V206

: **Rule 144A GDRs**

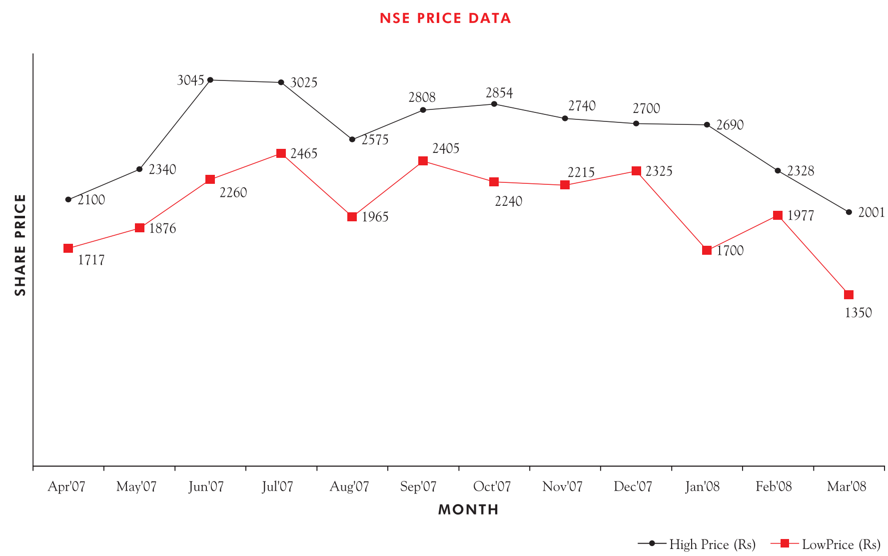
Master Rule 144A GDR ISIN: US31769V1070
Master Rule 144A GDR CUSIP: 31769V107
Master Rule 144A GDR Common Code: 032082823

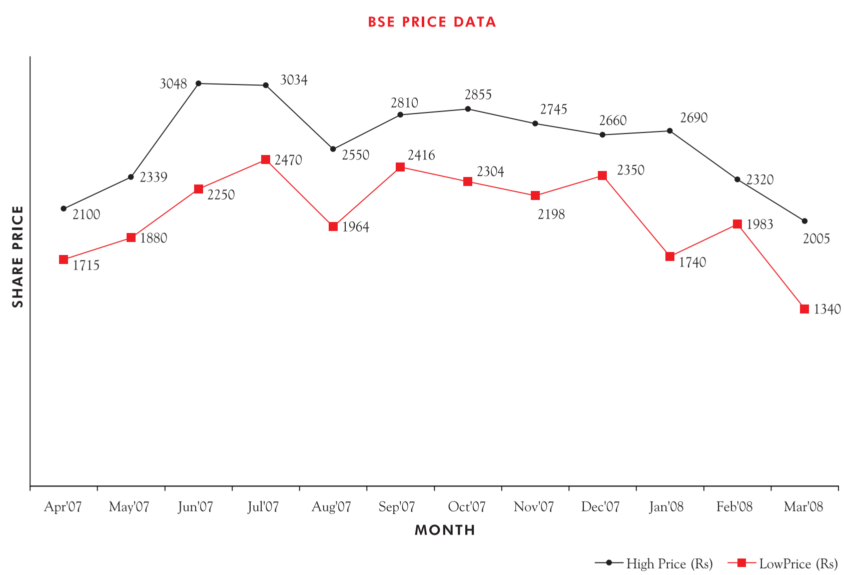
VII. STOCK MARKET DATA

The market price data covering the period April 2007 to March 2008 are given below:

Month & Year	National Stock Exchange		
	High Price Rs.	Low Price Rs.	Volume Nos.
Apr 2007	2100.00	1717.00	465816
May 2007	2340.00	1875.50	2002552
Jun 2007	3044.70	2260.00	4940719
Jul 2007	3025.00	2465.00	2789132
Aug 2007	2575.00	1965.00	3175608
Sep 2007	2808.00	2405.00	2688399
Oct 2007	2854.00	2240.00	4048854
Nov 2007	2740.00	2215.15	1451868
Dec 2007	2699.80	2325.05	2751641
Jan 2008	2689.90	1700.00	2555995
Feb 2008	2328.00	1977.10	1125541
Mar 2008	2001.00	1350.00	2476611

Month & Year	Bombay Stock Exchange		
	High Price Rs.	Low Price Rs.	Volume Nos.
Apr 2007	2100.00	1715.05	497769
May 2007	2339.00	1880.00	1357850
Jun 2007	3048.00	2250.00	2318187
Jul 2007	3034.00	2469.95	1638923
Aug 2007	2550.00	1964.40	1474907
Sep 2007	2810.00	2416.00	1352524
Oct 2007	2855.00	2304.00	2149246
Nov 2007	2745.00	2198.00	553322
Dec 2007	2660.00	2350.00	1196813
Jan 2008	2689.90	1740.00	689246
Feb 2008	2320.00	1983.00	416268
Mar 2008	2005.00	1340.00	824893


NSE PRICE DATA
SHARE PRICE
3045
3025
2808
2854
2740
2700
2690
2575
2340
2328
2100
2001
2465
2405
2215
2325
2260
2240
1876
1965
1977
1717
1700
1350
Apr'07
May'07
Jun'07
Jul'07
Aug'07
Sep'07
Oct'07
Nov'07
Dec'07
Jan'08
Feb'08
Mar'08
MONTH
High Price (Rs)
LowPrice (Rs)


BSE PRICE DATA
SHARE PRICE
3048
3034
2810
2855
2745
2660
2690
2550
2339
2320
2100
2005
2470
2416
2304
2350
2250
2198
1880
1964
1983
1715
1740
1340
Apr'07
May'07
Jun'07
Jul'07
Aug'07
Sep'07
Oct'07
Nov'07
Dec'07
Jan'08
Feb'08
Mar'08
MONTH
High Price (Rs)
LowPrice (Rs)

VIII. SHARE PRICE PERFORMANCE IN BROAD BASED INDICES

The performance of the Company's shares relative to Sensex and CNX Nifty at a common base of 100 for the year ended March 31, 2008, is given in the chart below:

CHART SHOWING FTINDIA PRICE IN BSE VS.SENSEX AT A COMMON BASE OF 100 FROM APRIL 2005 TO MARCH 2008.

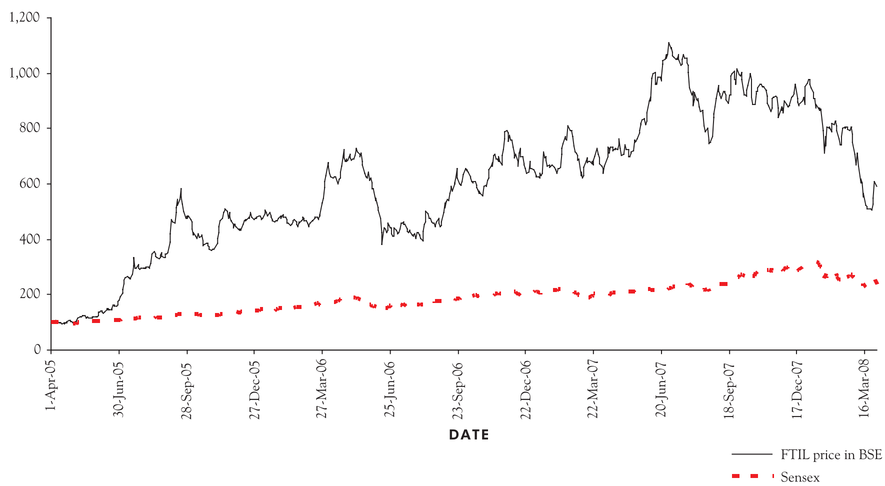
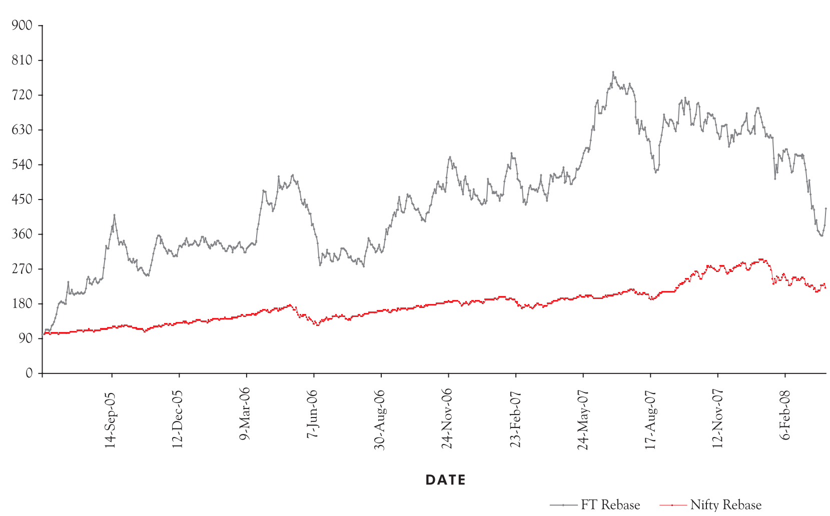


CHART SHOWING FTINDIA PRICE IN NSE VS.CNX NIFTY AT A COMMON BASE OF 100 FROM APRIL 2005 TO MARCH 2008.



IX. REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited, 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081.
Tel : +91- 040 - 2342 0818 Fax : +91- 040 - 2342 0814 E-mail: igkcpl@karvy.com

X. 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.

XI. 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 March 31, 2008, a total of 45,634,873 equity shares of the Company, forming 99.46% of the share capital, stood dematerialized.

Category	No. of shareholders	% of shareholders	No. of equity shares	% of shares
Physical	584	1.71	2,48,764	0.54
Electronic				
Under CDSL	9,680	28.42	5,90,809	1.29
Under NSDL	23,804	69.87	4,50,44,064	98.17
Total	**34,068**	**100.00**	**4,58,83,637**	**100.00**

XII. DISTRIBUTION OF SHAREHOLDING AND SHAREHOLDING PATTERN AS ON MARCH 31, 2008

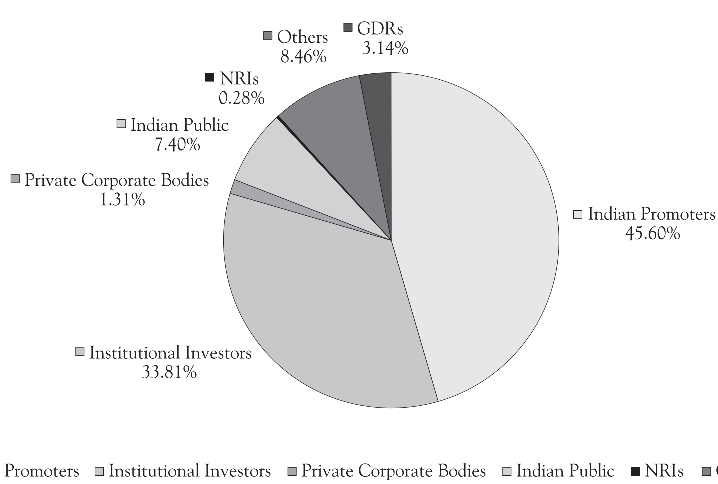
Shareholding Range	Shareholders		Shares held	
	Number	% of total	Number	% of total
1 - 500	32,865	96.47	13,83,094	3.02
501 - 1000	531	1.56	4,00,863	0.87
1001 - 2000	278	0.81	4,09,032	0.89
2001 - 3000	94	0.28	2,33,819	0.51
3001 - 4000	64	0.19	2,29,375	0.50
4001 - 5000	23	0.07	1,06,050	0.23
5001 - 10000	59	0.17	4,27,626	0.95
10001 & above	154	0.45	4,26,93,778	93.03
Total	**34,068**	**100.00**	**4,58,83,637**	**100.00**

Shareholding Pattern as per Clause 35 of the Listing Agreement (summarised) as on March 31, 2008

		No of Shares Held	% of Share Holding
A.	**Promoter's Holding**		
	Indian Promoters : (Promoters Directors, their relatives and companies under their control)	20,921,133	45.60
	Foreign Promoters	–	–
	Subtotal (A)	**20,921,133**	**45.60**
B.	**Public Shareholdings:**		
	Institutional Investors:		
	a) Mutual Funds	553,254	1.21
	b) Banks, financial institutions, insurance Cos, govt. institutions, non-govt. institutions	81,078	0.18
	c) Foreign Institutional Investors	14,876,445	32.42
	Non-Institutional Investors:		
	a) Private Corporate Bodies	600,716	1.31
	b) Indian Public:	3,396,750	7.40
	c) NRI's	127,661	0.28
	d) Any other:	3,882,644	8.46
	Subtotal (B)	**23,518,548**	**51.26**
	Equity shares underlying GDRs	1,443,956	3.15
	Subtotal (C)	**1,443,956**	**3.15**
	Grand Total	45,883,637	100.00

Notes : 1. The Company has issued 11,639,677 GDRs, whereby seven GDR represent one share of nominal value of Rs.2/- each.
2. The total foreign holding is 16,448,062 shares i.e. 35.85% of the total capital.

SHAREHOLDING PATTERN



XIII. 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.

XIV. OUTSTANDING GDR /ADR / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND IMPACT ON EQUITY:

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

During the Financial year 2006-07, the Company had issued Zero Coupon Convertible Bonds due 2011 ('ZCCBs') aggregating to USD 100,000,000 equivalent to Rs. 4,474,000,000/- on the date of issuance (the 'issue'). These bonds are listed on the Singapore Exchange Securities Trading Limited.

As per the terms of the issue, the holders have an option to convert the ZCCBs into equity shares at any time on and after January 30, 2007 upto the close of business on December 14, 2011, at an initial conversion price of Rs.2362.68 per equity share at a fixed exchange rate on conversion of Rs. 44.6738 to US $ 1, subject to certain adjustments as per the terms of the issue. Under certain conditions, the Company, on or after December 20, 2007, but not less than seven business days prior to December 21, 2011, has an option to mandatorily convert the ZCCBs into equity shares, in whole, but not in part. Further, under certain circumstances, the Company has the option to redeem the ZCCBs, in whole but not in part, at their Early Redemption Amount. Unless previously converted or redeemed or purchased and cancelled, the Company will redeem these bonds at a premium at 147.14 percent of their principal amount on December 21, 2011.

As at 31st March, 2008, none of the bonds has been converted into equity shares and the balance of ZCCB outstanding, as on 31st March, 2008, aggregating to Rs. 3,994,510,000 has been disclosed under "Unsecured Loan" in the Balance Sheet.

GLOBAL DEPOSITORY RECEIPTS

During the year, the Company issued 11,639,677 Global Depository Receipts (including 1,518,216 over allotment/ Green shoe option), whereby seven Global Depository Receipts represent one share of nominal value of Rs.2/- each at an offering price of US$ 9.88 per Global Depository Receipts. The GDRs have been listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and quoted on the International Order Book of the London Stock Exchange.

EMPLOYEE STOCK OPTION SCHEME (ESOP)

The Company had granted 4,40,000 stock options each under the Financial Technologies (India) Limited Employees Stock Option Scheme 2005 and 2006. Each option is convertible into one equity share of Rs.2/- each at an exercise price of Rs.981.60 and Rs.1812.70 respectively.

The Shareholders of the Company at the Nineteenth Annual General Meeting held on 28th September 2007, passed a Special Resolution to re-issue the lapsed stock options of the Company that lapse due to the resignation or for any other reason whatsoever, to other permanent employees including the eligible Directors of the Company and Company's subsidiary companies.

The ESOP plans 2005 and 2006 are formulated and implemented according to the SEBI guidelines. The vesting of the options has been spread over a period of two to three years with an exercise period of three months from the vesting date.

The period between grant of option and vesting is not less than 12 months as per the SEBI guidelines. The vested options can be exercised by the grantee by communicating to the Company in writing to exercise.

Details of options granted, exercised, lapsed and outstanding are disclosed in Note no. 11 of Schedule 15 to the Accounts in the Annual Report.

XV. LOCATIONS OF OFFICES

1. Chennai:

Financial Technologies (India) Limited,
Doshi Towers, First Floor, 1A & B, 156,
Periyar EVR Salai, Kilpauk, Chennai - 600 010.

2. Mumbai:

349 Business Point, 7th Floor, Western Express Highway,
Chakala, Andheri (East),
Mumbai - 400 069.

Landmark, B Wing, Ground Floor, Suren Road,
Chakala, Andheri (East), Mumbai - 400 093.

XVI. INVESTOR CORRESPONDENCE

All routine correspondence regarding transfer and transmission of shares, split, consolidation and issue of duplicate/renewed share certificates, etc. 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.,
349 Business Point, Western Express Highway, Chakala,
Andheri (East), Mumbai 400 069. Tel.: 9122 6715 2000
Fax: 91 22 6715 2001 E-mail : info@ftindia.com

Financial queries if any, should be addressed to:

Investor Relations Department,

Financial Technologies (India) Ltd.,
349 Business Point, Western Express Highway, Chakala,
Andheri (East), Mumbai 400 069. Tel.: 91 22 6715 2000
Fax: 91 22 6715 2001 E-mail : ir@ftindia.com

XVII. 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 of the Company.

XVIII. UNPAID/UNCLAIMED DIVIDEND

Pursuant to the 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 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, 2004-05, interim and Final Dividend 2005-06, Interim and Final Dividend 2006-07, Interim Dividend 2007-08, 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%	25th Sep., 2004	27 Sep., 2011
Dividend 2004-05	20%	27th Sep., 2005	27 Sep., 2012
Interim Dividend 2005-06	40%	26th Oct., 2005	28 Oct., 2012
Final Dividend 2005-06	260%	29th Sep., 2006	02 Oct., 2013
1st Interim Dividend 2006-07	40%	31st July., 2006	02 Aug., 2013
2nd Interim Dividend 2006-07	40%	31st Oct., 2006	02 Nov., 2013
3rd Interim Dividend 2006-07	40%	31st Jan., 2007	02 Feb., 2014
4th Interim Dividend 2006-07	180%	16th Apr., 2007	18 Apr., 2014
Final Dividend 2006-07	100%	28th Sep., 2007	30 Sep., 2014
1st Interim Dividend 2007-08	50%	31st July, 2007	02 Aug., 2014
2nd Interim Dividend 2007-08	350%	31st Oct., 2007	02 Nov., 2014
3rd Interim Dividend 2007-08	400%	17th Jan., 2008	20 Jan., 2015

INFORMATION ON DIRECTORS RE-APPOINTMENT

As required under Clause 49 of the Listing Agreement, the particulars of Director seeking re-appointment are given hereunder:

Name of Director	**Mr. C. Subramaniam**
Date of birth	11.04.1955
Date of appointment	01.12.1990
Qualifications	Masters Degree in Commerce with Professional qualifications in Management and Cost Accountancy.
Experience in specific functional areas	Rich experience of over 28 years in the financial services industry, ranging from resources mobilization to all other aspects of merchant Banking.
Other Directorships	Multi Commodity Exchange of India Ltd., Compuage Infocom Ltd., Tickerplant Infovending Ltd., ATOM Technologies Ltd., Riskraft Consulting Ltd., National Bulk Handling Corporation Ltd., & Leadsoft Solutions Pvt. Ltd., Grandslam Investment Pvt. Ltd.,
Membership/Chairmanship on Committees	2 - Membership

Declaration by the chief executive officer under clause 49 of the Listing Agreement regarding compliance to the code of conduct

I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company, for the financial year ended March 31, 2008.

For Financial Technologies (India) Limited

Place: Mumbai
Date: 12th June, 2008

Jignesh Shah
Chairman and Managing Director

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) ON FINANCIAL STATEMENTS OF THE COMPANY

We, Jignesh Shah, Chairman and Managing Director and Devendra Agrawal, Chief Financial Officer, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2008 and that to the best of our knowledge and belief
   - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
   - these statements together present true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violative of the Company's Code of Conduct;
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies.
4. That we have indicated to the Auditors and the Audit Committee of
   i. Significant changes in internal control over financial reporting during the year;
   ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Jignesh Shah
Chairman and Managing Director

Devendra Agrawal
Chief Financial Officer

Place: Mumbai
Date: 12th June, 2008

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGE

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 March 31, 2008, 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 the explanations given to us, read with para 3(d) on Risk Management Framework, which the Company is further up-grading, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that 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

P. R. Barpande

Partner

Membership No. 15291

Place: Mumbai
Date: 12th June, 2008

CORPORATE SOCIAL OPPORTUNITIES

SOCIAL VALUE

Value is in transforming lives

CORPORATE SOCIAL OPPORTUNITIES

Given the conscience-focused environment that Financial Technologies operates in, the company is highly sensitised towards its responsibility to the social stakeholders. Our CSR philosophy is well encapsulated in an advice from Mahatma Gandhi: "Be the change you wish to see in the world." The company undertakes numerous activities in pursuit of this philosophy.

MOUTH AND FOOT PAINTING ARTISTS (MPFA)

In an effort to empower the underprivileged, Financial Technologies has tied up with the MPFA and is continuously providing exposure and publicity to the MPFA movement through various mediums such as corporate gifts, calendars and events.

GRAMIN SUVIDHA KENDRA (GSK)

Multi Commodity Exchange (MCX), an associate company of Financial Technologies with India Post initiated Gramin Suvidha Kendras or Rural Service Centres. The village post offices have been equipped with peripherals and internet connectivity. Commodity prices are relayed on these computers and in turn, displayed on blackboards prominently placed outside each village post office. At present, GSK runs at 6 locations across 4 states covering 413 villages through 47 branch post offices. More than 3000 farmers are registered through this network. GSK also provides agricultural inputs, warehousing and query redressal facilities through the postal network.

AIDS AWARENESS

Financial Technologies is very much conscious about the health of its employees as well as the community. In that context we have initiated a number of programs for the employees to make them aware about HIV/AIDS. A Red Ribbon Day was organized on 1st December, 2007. Further to making employees more aware on the subject, we started Jagrut- HIV/AIDS awareness programme, which is run by a group of employees who act as ambassadors for the programme. This group is conducting HIV/AIDS programmes at regular intervals across the company.

BLOOD DONATION DRIVE

Two blood donation drives have taken place at Financial Technologies in association with the Rotary Blood Bank. The first one was carried out on 10th August, 2007. It was followed by a second one on 23rd May, 2008. Through this Blood donation drive, we are trying to sensitize people towards society and enable them to actually serve a noble cause. In the first drive, a total of 282 people donated blood. The number in itself was a great achievement and was highest that a private organization has ever achieved in a single day drive.

PRAGATI: EMPOWERMENT THROUGH LEARNING

Financial Technologies and MCX, in association with the Rotary International Club, have launched "Pragati," a training programme, to empower underprivileged communities with education and awareness.

GRANTS AND DONATIONS

Financial Technologies continuously contributes to the economic and social well being of the socially disadvantaged sections of the society through grants and donations to community based organizations and NGOs like CRY, Help Age India.

INITIATIVES

- Your company has signed a MoU with Indian Oil Corporation (IOCL) as one of our partners for price information dissemination in rural parts of India, through their rural petrol pump kiosks.
- Your company has also taken the lead in supporting the 'Teach India' literacy campaign initiated by the Times of India group.
- Khushi ki Kiran - An initiative by the employees of your company to make a difference in the lives of the under privileged by volunteering for community service.

CONSOLIDATED FINANCIAL STATEMENTS (ABRIDGED)

INVESTOR VALUE

Value is in performance

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 (collectively 'Group'), as at March 31, 2008, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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. a) We did not audit the financial statements of certain subsidiaries, an associate company and joint venture companies, whose financial statements reflect the Group's share of total assets of Rs. 4,084,000,019/- as at March 31, 2008, total revenues of Rs. 652,438,165/- and net cash outflows amounting to Rs. 817,506,992/- for the year then ended. These financial statements and other financial information, other than to the extent stated in paragraph 3 (b) below, have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

   b) As stated in Note 1 of Schedule 18 of the notes forming part of accounts, the Group's share of total assets as at March 31, 2008 of Rs. 522,857,894/-, total revenues for the year then ended of Rs. 96,797,462/- and net cash outflows for the year then ended of Rs. 217,769,805/- and the notes to financial statements, have been recognized/disclosed in the financial statements on the basis of unaudited financial statements of a subsidiary companies joint venture companies and an associate company as at and for the year ended March 31, 2008 as provided by the Management of those subsidiary companies, joint venture companies and associate company.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard ('AS') 21, 'Consolidated financial statements', AS 23, 'Accounting for investments in associates in consolidated financial statements' and AS 27, 'Financial reporting of interests in joint ventures'.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the consolidated balance sheet, of the state of affairs of FT Group as at March 31, 2008;

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

   (iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells,**
Chartered Accountants

P.R. Barpande
Partner
Membership No. 15291

Mumbai, dated June 12, 2008.

TO THE BOARD OF DIRECTORS OF
FINANCIAL TECHNOLOGIES (INDIA) LIMITED

We have examined the attached abridged consolidated Balance Sheet of Financial Technologies (India) Limited (the Company) and its subsidiaries as at March 31, 2008; the abridged consolidated Profit and Loss Account for the year ended on that date and also the consolidated cash flow statement for the year ended on that date together with the significant accounting policies and notes thereon.These abridged consolidated financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the audited consolidated financial statements of the Company for the year ended March 31, 2008 prepared in accordance with the requirements of Accounting Standards ('AS') 21, 'Consolidated financial statements', AS 23, 'Accounting for investments in associates in consolidated financial statements' and AS 27, 'Financial reporting of interest in joint ventures' and covered by our report of even date to the Board of Directors of the Company, which is attached hereto.

For **Deloitte Haskins & Sells**
Chartered Accountants

P.R. Barpande
Partner
Membership No. 15291

Mumbai, dated June 12, 2008

ABRIDGED CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

(Statement containing the salient features of Balance Sheet as per Section 219 (1) (b) (iv) of the Companies Act, 1956)

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I. SOURCES OF FUNDS			
1 **Shareholders' funds**			
(a) Share Capital - Equity		91,767,274	88,189,392
(b) Reserves and Surplus			
(i) Capital Reserve	14,759,312		14,759,312
(ii) Capital Reserve on Consolidation	3,990,886		1,326,869,244
(iii) Securities Premium Account	5,111,300,935		985,460,099
(iv) Employees stock option outstanding	1,343,022		1,602,952
(v) General Reserve	2,542,950,143		245,218,485
(vi) Foreign Currency Translation Reserve	91,153,944		(51,216,423)
(vii) Profit and Loss Account	7,155,015,789		522,210,692
		14,920,514,031	3,044,904,361
2 **Minority Interest**		117,854,515	1,089,282,860
3 **Loan Funds**			
(i) Secured Loan		248,349,785	-
(ii) Unsecured Loan (Refer Note 15(a) of Notes to Accounts)		3,994,510,000	4,344,170,000
4 **Deferred tax liability (net)** (Refer Note 8 of Notes to Accounts)		721,542	35,248,577
TOTAL		**19,373,717,147**	**8,601,795,189**
II. APPLICATION OF FUNDS			
1 **Fixed assets**			
(a) Net block (Original cost less depreciation)	502,139,349		986,926,495
(b) Capital work-in-progress	1,708,805,689		883,468,740
		2,210,945,038	1,870,395,235
2 **Goodwill (on consolidation)**		1,636,000	1,636,000
3 **Investments**			
(a) Government securities	105,000		55,000
(b) Investment in Associates (Unquoted)	1,390,248,426		-
(c) Others (Unquoted)	10,451,272,345		4,386,547,898
		11,841,625,771	4,386,602,898
4 **Deferred tax asset (net)** (Refer Note 8 of Notes to Accounts)		40,072,538	8,812,023
5 **Current assets, loans and advances**			
(a) Inventories	591,475,056		17,610,235
(b) Sundry debtors	390,274,986		269,315,597
(c) Cash and Bank balances	5,543,438,762		6,562,953,527
(d) Other current assets	2,511,425		-
(e) Loans and advances	680,754,165		358,950,587
	7,208,454,394		7,208,829,946
Less: Current liabilities and provisions			
(a) Current liabilities	1,231,305,756		4,568,995,214
(b) Provisions	697,710,838		305,485,699
	1,929,016,594		4,874,480,913
Net Current assets		5,279,437,800	2,334,349,033
TOTAL		**19,373,717,147**	**8,601,795,189**

Refer Significant Accounting Policies and Notes to Accounts

Compiled by the Company from its Audited Accounts referred to in Auditor's report dated June 12, 2008

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Date: 12th June, 2008

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Ravi Sheth
Director

P. Ramanathan
Company Secretary & VP (Legal and Secretarial)
Place: Mumbai
Date: 12th June, 2008

ABRIDGED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Statement containing the salient features of Profit & Loss Account as per Section 219 (1) (b) (iv) of the Companies Act, 1956)

	Current Year Rupees	Previous Year Rupees
I. INCOME		
(a) Net Sales (Refer Annexure I)	2,669,299,930	2,566,985,294
(b) Dividend	443,277,568	282,050,802
(c) Interest	274,534,640	103,434,952
(d) Project Divestment Income (Refer Note 5 of Notes to Accounts)	10,503,580,193	-
(e) Other Income	304,425,847	220,376,693
TOTAL	**14,195,118,178**	**3,172,847,741**
II. EXPENDITURE		
(a) Cost of traded goods sold		
(i) Opening stock	-	-
(ii) Purchase	29,500,094	460,765
Less: Closing stock	390,378	-
	29,109,716	460,765
(b) Selling expenses	188,466,799	224,846,260
(c) Salaries, Wages and other Employee benefits	945,160,015	573,760,507
(d) Managerial Remuneration	84,097,583	84,051,920
(e) Interest	123,284,165	8,463,319
(f) Depreciation / amortistion	97,471,026	88,884,036
(g) Auditors Remuneration	20,358,011	10,404,087
(h) Provision for Doubtful debts	22,461,329	33,719,230
(i) Diminution in value of current investment (including as refer to Note 6 of Notes to accounts)	62,071,948	1,442,903
(j) Other expenses	1,073,676,349	610,398,041
TOTAL	**2,646,156,940**	**1,636,431,068**
III. Profit before tax and before exceptional / non recurring items	**11,548,961,238**	**1,536,416,673**
IV. Provision for taxation	2,940,230,638	517,323,615
V. Profit after tax and before exceptional / non recurring items and prior year adjustment	**8,608,730,600**	**1,019,093,058**
VI. Exceptional / Non recurring items	-	16,408,069
VII. Profit after tax and exceptional / non recurring items	**8,608,730,600**	**1,035,501,127**
Less: Prior year adjustment (short provision for tax)	-	1,988,280
VIII. Profit after tax and before minority interest	**8,608,730,600**	**1,033,512,847**
Add: Share in profit's of Associates	249,053,510	-
Less: Minority interest	163,187,488	319,237,414
IX. Net profit for the year	**8,694,596,622**	**714,275,433**
Balance brought forward from previous year	522,210,692	447,480,839
X. Amount available for appropriation	**9,216,807,314**	**1,161,756,272**
Appropriations		
Transfer to General Reserve	970,000,000	145,818,096
Final dividend (Proposed)	183,534,548	88,189,392
Interim dividend	731,466,341	264,430,960
Tax on dividend	155,504,401	56,788,835
Tax on dividend of a subsidiary company	21,286,235	84,318,297
Balance carried to Balance Sheet	**7,155,015,789**	**522,210,692**
Earning Per Share (Refer Note 18 of Notes to Accounts)		
Basic (before exceptional / non recurring items)	193.70	15.85
Diluted (before exceptional / non recurring items)	187.66	13.77
Basic (after exceptional / non recurring items)	193.70	16.22
Diluted (after exceptional / non recurring items)	187.66	14.14
Face value per share	2/-	2/-

Refer Significant Accounting Policies and Notes to Accounts

Compiled by the Company from its Audited Accounts referred to in Auditor's report dated June 12, 2008

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Date: 12th June, 2008

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Ravi Sheth
Director

P. Ramanathan
Company Secretary & VP (Legal and Secretarial)
Place: Mumbai
Date: 12th June, 2008

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
A. Cash flow from operating activities				
Net profit before tax and before exceptional / non recurring items		11,548,961,238		1,536,416,673
Adjustments for:				
Depreciation / amortisation	97,471,026		88,884,036	
Employees stock option compensation cost	1,079,300		3,305,224	
Project divestment income	(10,503,580,193)		-	
Profit on sale of investments (net)	(113,215,865)		(54,359,257)	
Loss on sale of fixed assets (net)	135,884		231,227	
Loss on fixed assets scrapped / written off	642,283		1,588,220	
Diminution in value of current investments	62,071,948		1,442,903	
Dividend from investments	(443,277,568)		(282,050,802)	
Interest expense	123,284,165		8,463,319	
Exchange rate fluctuations-unrealised (net)	(194,935,827)		(83,900,497)	
Interest income (including Group's share of joint ventures)	(274,534,640)	(11,244,859,487)	(76,935,001)	(393,330,628)
Operating profit before working capital changes		**304,101,751**		**1,143,086,045**
Adjustments for:				
Inventories	(573,864,821)		(17,610,235)	
Trade and other receivables	(664,666,268)		(173,657,195)	
Trade payables and provisions	1,132,548,682	(105,982,407)	792,753,349	601,485,919
Cash from operating activities		**198,119,344**		**1,744,571,964**
Tax paid		(559,917,989)		(461,375,876)
Net cash (used in) / from operating activities		**(361,798,645)**		**1,283,196,088**
B. Cash flow from investing activities				
Purchase of fixed assets		(1,527,375,957)		(1,602,892,718)
Proceeds from sale of fixed assets		1,100,012		1,954,157
Net proceeds from partial sale of stake (Refer Note No. 4 on Notes to Accounts)		10,088,977,662		-
Purchases of investments (including fixed deposits placed)		(93,942,107,230)		(43,835,526,636)
Proceeds from sale of investments (including fixed deposits matured)		82,410,449,638		44,843,240,582
Advance paid towards purchase of shares		(59,907,967)		-
Advance consideration received pending transfer of investments		-		20,100,000
Interest income		282,747,075		59,028,096
Dividend from investments		440,766,143		282,050,802
Cash used in investing activities		(2,305,350,624)		(232,045,717)
Tax paid		(2,600,260,933)		(24,254,064)
Net cash used in investing activities		(4,905,611,557)		(256,299,781)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
C. Cash flow from financing activities				
Proceeds from working capital demand loan (net)		158,553,425		-
Proceeds from other borrowings		1,197,426,694		4,474,000,000
Repayment of other borrowings		(1,106,864,400)		-
Proceeds from issue of share capital		4,646,534,208		84,182,016
Issue expenses of GDR (Previous year ZCCB)		(161,058,163)		(157,536,928)
Dividend paid during the year (including dividend tax)		(1,136,649,147)		(464,749,320)
Payment of dividend to minority shareholders in a subsidiary company (including dividend tax)		(82,415,114)		(380,657,333)
Proceeds from issue of shares to minority shareholders in subsidiaries		72,775,800		38,444,692
Interest expenses		(123,284,165)		(8,463,319)
Net cash from financing activities		**3,465,019,138**		**3,585,219,808**
Net (decrease) / increase in cash and cash equivalents		**(1,802,391,064)**		**4,612,116,115**
Cash and cash equivalents (opening balance)		5,346,304,234		734,188,119
Cash and cash equivalents (closing balance)		3,543,913,170		5,346,304,234

Notes to cash flow statement:

1. Reconciliation of cash and bank balances with cash and cash equivalents is as follows:

	Current Year Rupees	Previous Year Rupees
Cash	3,715,924	61,740,110
Bank balances in current & deposit accounts (maturing within 3 months)	3,290,734,977	5,174,349,613
Unrealised exchange loss (net) on foreign currency cash and cash equivalents*	249,462,269	110,214,511
Cash and cash equivalents	3,543,913,170	5,346,304,234
Bank balances:		
- In deposit accounts (maturing more than 3 months)	2,230,999,432	1,300,662,940
- Interest accrued on fixed deposits	17,988,429	26,200,864
Unrealised exchange loss (net) on foreign currency cash and cash equivalents*	(249,462,269)	(110,214,511)
Cash and bank balances	**5,543,438,762**	**6,562,953,527**

* Includes Rs. 33,514,859/- (Previous Year -Rs. 63,144,949/-) accounted in Foreign Currency Translation Reserve.

2. Fixed deposits with banks with maturity period of more than three months and interest accrued on fixed deposits are classified and grouped in investing activities and not included in cash and cash equivalents.
3. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard AS-3 " Cash Flow Statement".
4. 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

P. R. Barpande
Partner

Place: Mumbai
Date: 12th June, 2008

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Ravi Sheth
Director

P. Ramanathan
Company Secretary & VP (Legal and Secretarial)
Place: Mumbai
Date: 12th June, 2008

ANNEXURE I TO ABRIDGED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Sales	Current Year		Previous year
	Rupees	Rupees	Rupees
Products (IPR based - license)		959,110,386	695,620,662
Services (Project based)		213,949,037	74,434,793
Sale of traded goods		38,838,006	1,491,750
Procurement services			
Sales	630,873,329		90,768,338
Less: Cost of sales (Refer Note 10 on Notes to Accounts)	502,095,390		77,939,903
		128,777,939	12,828,435
Storage & allied services		413,198,254	97,665,810
Service charges		8,390,230	1,199,829
Membership admission fees		127,046,429	537,827,313
Annual subscription fees		53,705,000	39,541,251
Transaction fees		767,217,120	1,108,829,649
Terminal charges		15,020,000	32,093,200
Content development / know how fees			-
		2,725,252,401	2,601,532,692
Less: Excise duty		55,952,471	34,547,398
TOTAL		**2,669,299,930**	**2,566,985,294**

NOTES TO ABRIDGED CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008 AND ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of Financial Technologies (India) Limited ('the Parent Company') and its subsidiary companies, associate companies and joint venture companies (Refer Note 1 in II below for list of entities included in consolidated financial statements) (together 'the Group' or 'the Company') have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India.

The financial statements of subsidiaries, associates and joint venture companies used in the consolidation are drawn upto the same reporting date as that of the Parent Company, namely March 31, 2008.

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 amount of assets and liabilities on the date of the financial statements and the reported amount 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 / materialize.

C. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements", Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS-27) "Financial Reporting of Interests in Joint Ventures" on the following basis:

(1) Investments in subsidiaries:

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 unrealised profits or losses on balances remaining within the group. These financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

b. In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve until disposal of the said foreign operations.

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) resulting into reduction in the Parent's holding in the said subsidiaries, are adjusted in goodwill / capital reserve of the respective subsidiary company, either recognized previously or during the year and are adjusted to general reserve on sale of controlling interest in the said 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 minorities' share of movement in equity since the date the parent-subsidiary relationship came into existence.

f. Minority interest's share of net profit / loss of consolidated subsidiaries is identified and adjusted against the profit of the group. 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

(2) Investments in Associate Companies:

a) The consolidated financial statements include the share of profit / loss of associate companies, accounted under the 'Equity method' under which the Group originally records its investment at cost and the carrying amount is increased/ decreased to recognise the Group's share of profits/ losses/ changes directly included in associate's equity after the date of acquisition. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

b) The difference between the cost / carrying value of investment in the associates and the share of net assets at the time when Parent – Associate relationship comes into existence is identified as goodwill or capital reserve, as the case may be and included in the carrying amount of investment and disclosed separately.

(3) Investments in Joint Venture Companies:

The Group's interest in joint venture companies is accounted using proportionate consolidation method and translated (in case of non integral foreign joint venture company) using the translation principles stated in '1(b)' above.

D. FIXED ASSETS (TANGIBLE 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.

E. INTANGIBLE ASSETS

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

F. 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.

G. 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 straight line basis over the lease term in accordance with the respective lease agreements.

H. DEPRECIATION AND AMORTIZATION

a) Depreciation and amortization is provided for on straight line basis, except as stated in (b) and (c) below, and is based on the following useful lives estimated by the management :

Asset	Estimated useful life
Building	58 years
Leasehold improvements	Over the period of lease or over 3 years in case of DGCX and SME
Premium on leasehold land	Over the period of lease
Networking equipments	5 years
Office equipments (excluding computer hardware)	3 - 20 years
Computer hardware	3 - 6 years
Furniture and fittings	3 - 15 years
Vehicles	10 years
Trade mark and Copyrights	5 - 10 years
Technical knowhow	6 years
Computer software	3 - 6 years

b) In IBS Forex Limited, depreciation, excluding leasehold improvements, is provided for on written down value method at the rates and in the manner prescribed in Schedule XIV of Companies Act, 1956. However, the impact of such difference in policy is not significant.

c) Goodwill arising on consolidation is not amortised but is tested for impairment in accordance with the accounting policy stated in para Q below.

I. INVESTMENTS

Current investments are carried at the lower of cost and fair value. Long-term investments other than in Associates 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. Associates are accounted using the equity method as stated in policy C (2) above. The difference between average carrying amount of the investments and sale proceeds, net of expense, is recognised as profit or loss on sale of investments.

J. REVENUE RECOGNITION

a) Revenue is recognized when no significant uncertainty as to determination and realization exists.

b) Revenues are stated net of returns, trade discounts, VAT, lease tax and service tax wherever applicable.

c) Sales include sale of products (licenses), services (contracts) and traded goods. 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 service contracts is recognized in proportion to the degree of completion of service by reference to and based on milestones / acts performed as specified in the contracts or on a straight line basis over the contract period where performance of several acts is required over that period. In the case of contracts for development of customized software, revenue is recognized on successful development and acceptance of the software.

In case of time and material contracts, revenue is recognized on basis of hours completed and material used.

Revenue from annual maintenance contracts and lease of licenses is recognized proportionately over the period in which the services are rendered / licenses are leased.

Revenue from sales of traded goods is recognized when the significant risks and rewards in respect of ownership of goods is transferred by the Company.

d) In the case of NBHC, income from procurement services is recognised on dispatch/delivery of goods to the buyers or their assigns.

e) In case of exchange related business, Admission fees (non refundable) to the exchange, collected from new members for joining the commodity exchange are recognized when received. Advances against membership application are only recognized as income when the application has been approved. Annual subscription fees (non refundable) are collected from members and accrued annually. 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 new chargeable user identification.

f) Service charges include income from various services viz. collateral management services, demat, data fee and message services which are recognized as and when services are rendered and in the case of storage charges on completion of storage cycle, gateway service income, on completion of the transaction.

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

K. STOCK BASED COMPENSATION

The compensation cost of stock options granted by the Company is measured by the intrinsic value method, i.e. the difference, if any, between the market price / fair value, as the case may be, of the underlying shares on the date of the grant of options and the exercise price to be paid by the option holders, is amortised uniformly over the vesting period. (Refer Note 7).

L. 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 settlement of all other transactions are recognized in the Profit and Loss Account.

Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the Balance Sheet date and the resulting net exchange difference is recognized in the profit and loss account. Non monetary items denominated in foreign currency are carried at historical cost.

The Company enters into forward contracts to hedge recognised foreign currency assets / liabilities. The premium or discount on such contracts is amortised over the life of the contract. The exchange difference measured by the change in exchange rates between the inception dates of the contract / last reporting date, as the case may be and the balance sheet / settlement date is recognised in the profit and loss account.

Foreign branches

The translation of the financial statements of foreign branches (non integral) is accounted for as under:

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.

M. EMPLOYEE BENEFITS

a) Post employment benefits and other long term benefits

Payments to defined contribution retirement schemes viz. provident fund and employee state insurance are expensed as incurred.

For defined benefit schemes and other long term benefit plans viz. gratuity and compensated absences expected to occur after twelve months, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at Balance Sheet date. Actuarial gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of the available refunds and reduction in contributions to the scheme.

b) Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and performance incentives.

N. INCOME TAXES

Income taxes are accounted for in accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income". Tax expense comprises current tax, deferred tax, fringe benefit tax and wealth tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax laws. The Company recognizes deferred tax (subject to consideration of prudence) based on the tax effect of timing differences, being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the statement of profit and loss using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Fringe benefit tax is recognised in accordance with the relevant provisions of the Income Tax Act, 1961, and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India ('ICAI').

O. SHARE ISSUE EXPENSES

Share issue expenses, of the parent company, are written off against Securities Premium Account of the Company. Share issue expenses debited to respective Securities Premium Account by other companies in the Group are adjusted to the consolidated reserves and surplus on consolidation.

P. INVENTORIES

Inventories of trading goods are stated at lower of cost or realisable value. Cost comprises of cost of purchase and other costs incurred in bringing the inventories to their respective present location and condition. Cost is determined on First In First Out (FIFO) basis.

In case of National Bulk Holding Corporation (NBHC) :

1) Inventories of Raw Materials are valued at Cost on FIFO basis.
2) Inventories of finished agricultural products held on behalf of Food Corporation of India (FCI) are valued at net realizable value (NRV) since the sale are assured and carry negligible risk of failure to sell such products. NRV is based on pre-determined rates under the Minimum Support Price Scheme of Government of India (Refer Note 10 below).
3) Stores, Spares and Consumables are stated "at cost or net realizable value" whichever is less. In case of defective and obsolete items, due allowance is estimated and provided for wherever necessary based on the management representation and experience of the Company.
4) Fumigation Sheets and Dunnage : Fumigation sheets and dunnage has a useful life of three years and two years respectively as per representation made by the management. Accordingly cost of fumigation sheets and dunnages are being written off over the period of three years and two years respectively from the date of put to use.

Q. IMPAIRMENT OF ASSETS

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at lower of historical cost or recoverable amount.

R. 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:

1. Subsidiaries/Associates/Joint Ventures to Consolidation:

The consolidated financial statements present the consolidated accounts of Financial Technologies (India) Limited with its subsidiary companies, associate companies and joint venture companies.

a. Investment in subsidiaries:

The subsidiary companies considered in the presentation of the consolidated financial statements are:

Name of Subsidiaries	Country of incorporation	Proportion of Ownership Interest (Current Year)	Proportion of Ownership Interest (Previous Year)
atom technologies limited (atom)	India	87.53%	77.50%
IBS Forex Limited (IBS)	India	76.00%	76.00%
National Spot Exchange Limited (NSEL)	India	99.99%	99.99%
Indian Bullion Market Association Limited (wholly owned subsidiary of NSEL)	India	100.00%	-
National Bulk Handling Corporation Limited (NBHC)	India	86.04%	80.50%
Tickerplant Infovending Limited (Tickerplant)	India	100.00%	100.00%
Riskraft Consulting Limited (Riskraft)	India	100.00%	100.00%
Financial Technologies Middle East DMCC (FTME)	U.A.E.	100.00%	100.00%
Financial Technologies Middle East FZ LLC (wholly owned subsidiary of FTME)	U.A.E.	100.00%	100.00%
Capricorn Fin-Tech (Private) Limited (wholly owned subsidiary of FTME)	Bangladesh	100.00%	-
Financial Technologies Communications Limited	India	100.00%	100.00%
Global Payment Networks Limited	India	100.00%	100.00%
FT Knowledge Management Company Limited	India	100.00%	-
Trans-Global Credit & Finance Limited	India	@100.00%	-
FT Group Investments Pvt. Ltd. (FTGIPL)	Mauritius	100.00%	@100.00%
Knowledge Assets Pvt. Ltd.	Mauritius	100.00%	@100.00%
Global Board of Trade Limited (GBOT)	Mauritius	100.00%	@100.00%
Singapore Mercantile Exchange PTE Ltd. (SME)	Singapore	100.00%	@100.00%
Singapore Mercantile Exchange Clearing Corporation PTE Ltd. (wholly owned subsidiary of SME)	Singapore	100.00%	@100.00%
Multi Commodity Exchange of India Limited (MCX) (Upto 29th October, 2007)	India	64.11%	64.11%
Indian Energy Exchange Limited (IEX) (Upto 3rd January, 2008)	India	© 100.00%	100.00%

The Associate companies considered in the presentation of the consolidated financial statements are:

Name of Associates	Country of incorporation	Proportion of Ownership Interest (Current Year)	Proportion of Ownership Interest (Previous Year)
Multi Commodity Exchange of India Limited (MCX) (From 30th October, 2007)	India	37.40%	-
Indian Energy Exchange Limited (IEX) (From 4th January, 2008)	India	© 44.00%	-

@ Consolidated based on unaudited financial statements as at and for the period ended March 31, 2008 and 2007 of the respective companies.

© Consolidated based on unaudited financial statements for the periods beginning on April 1, 2007 to January 3, 2008 and on January 4, 2008 to March 31, 2008.

b. Interests in joint venture companies:

The joint venture companies considered in the consolidated financial statements based on unaudited, consolidated statements are:

Name of Entity	Country of Incorporation	Proportion of Ownership Interest (Current Year)	Proportion of Ownership Interest (Previous Year)
Dubai Gold and Commodities Exchange DMCC (DGCX) (including its subsidiary viz. Dubai Commodities Clearing Corporation DMCC)	U.A.E.	**39.00%	*50.00%
Safal National Exchange of India Limited (SNX)	India	## N. A.	# 49.00%

** Held by the Parent Company: 19% and FTGIPL: 20%

* Held by the Parent Company: 20%, MCX: 10% and FTGIPL: 20% (Refer note No. 4 below)

SNX ceased to be a jointly controlled entity during the year in accordance with Accounting Standard (AS-27), "Financial Reporting of Interests in Joint Ventures"

\# Held by the Parent Company : 19% and MCX : 30%

		Current year (Rupees)	Previous year (Rupees)
2.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	471,493,506	860,397,443
	Group share of joint ventures in capital commitments	-	31,916,346
3.	Contingent Liability not provided for in respect of :		
	a) Income tax demands disputed in appeal and pending decision before higher authorities	720,663	5,751,094
	b) Excise duty demands contested by the Company. The Company is hopeful of positive outcome	7,448,968	-
	c) Share of contingent liabilities of associates:		
	- Claims not acknowledged as debts	57,464,287	-
	- Penalty income payable to Investor Protection Fund	20,123,395	25,950,228
	d) Contingent payment in respect of certain investments sold during the year (Representing differential amount payable to the buyers based on agreements entered into with them with stipulated payment contingencies)	Amount unascertainable	-
	Group share of joint ventures in contingent liabilities	-	-

4. (a) The Company from time to time promotes and invests in ventures which utilize its core technological capabilities towards creating world class enterprises. The Company also divests investments in such ventures from time to time to unlock shareholders values. During the year, the Company sold/divested partial stake in subsidiary, Multi Commodity Exchange of India Ltd. (MCX) and joint venture, Dubai Gold & Commodities Exchange (DGCX).

(b) Subsequent to the said disposals, MCX ceases to be a subsidiary of the Company during the year and is an associate of the Company. The consideration received on disposal of partial stake in MCX is Rs. 11,220,342,460/-. The resultant profit Rs. 10,445,576,923/- on the said disposal (net of directly attributable expense of Rs. 484,605,972/-) is considered as Project Divestment Income and is included under 'Other Income'. The total revenues and expenses included in the consolidated profit and loss account relating to MCX are as follows:

(in Rupees)

	Year ended 31st March, 2008	Year ended 31st March, 2007
Total revenues	1,191,860,044	1,997,617,791
Total expenses	648,699,463	963,592,522
Net profit after tax before share in profit of associates and minority interest	543,160,581	1,034,025,269

After the said partial disposal, MCX has been accounted as an associate Company.

5. The particulars of Investment in Associates companies as of March 31, 2008 are as follows.

The Capital Reserve and carrying amount of investment in associates as at March 31, 2008 is as follows:

(in Rupees)

Name of the Associates	Capital Reserve	Carrying Amount
Multi Commodity Exchange of India Limited (MCX)	-	1,279,918,778
Indian Energy Exchange Ltd. (IEX)	2,195,526	110,329,648

6. The Company had made investments in 1,499,943 equity shares of e -Logistics Private Limited ('ELPL') for an amount aggregating Rs. 44,833,296/- in an earlier year.

The Company and ELPL had agreed on the consent terms which were filed with the arbitrator who gave an award. Based on the award, the provision made towards diminution in value of investments was reversed in the previous year. The money received by the Company (including an installment as per the award) aggregating Rs. 25,100,000/- (including Rs. 5,000,000/- received during the year) has been appropriated towards the cost of 180,662 shares transferred back to ELPL and payment made by the Company to other aggrieved investors in terms of the award. The balance amount of Rs. 8,154,010/- received is carried forward as advance consideration pending transfer of investments.

On that basis and considering the non payment of further installments by ELPL, the Company has, during the year, written down the said investments to Rs. 8,154,010/- being its fair value and charged Rs. 31,279,300/- to the Profit and Loss Account which is included in Diminution in the value of current investments.

In the meantime, the Company has initiated Execution Proceedings of the award against ELPL and it's promoters before the Madras High Court for not honouring the terms of the award dated April 12, 2007 passed by the arbitrator.

In addition to the above, the Company holds 846,065 shares in ELPL transferred to it by other aggrieved investors, in terms of the award of the arbitrator, which would be transferred back to ELPL on receipt of the money, which in turn would be paid back to such aggrieved shareholders.

7. **Stock based compensation**

A. Particulars of Schemes

(a) Details of the options granted under two stock option plans are as under:

Schemes	Grant Date	No. of Options Granted	Exercise Price	Vesting Period
ESOP 2005	October 31, 2005	440,000	981.60	31.10.2005 - 30.10.2006
			981.60	31.10.2005 - 30.10.2007
			981.60	31.10.2005 - 30.10.2008
ESOP 2006	November 20, 2006	440,000	1,812.70	20.11.2006 - 19.11.2007
			1,812.70	20.11.2006 - 19.11.2008

Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 2/- each. The intrinsic value of each option is Nil, since the options are granted at the market price of the shares existing on the date of grant. The options have vesting periods as stated above in accordance with the vesting schedule as per the said plan and have an exercise period of three months to fifteen months from the respective vesting dates.

The particulars of the options granted and lapsed under the aforementioned Schemes are tabulated below.

Particulars	ESOP 2005 (Nos.)	ESOP 2006 (Nos.)
Options outstanding as at the beginning of the year	345,440 (440,000)	440,000 (-)
Options granted during the year	- (-)	- (440,000)
Options exercised during the year	126,130 (85,760)	- (-)
Options lapsed / forfeited during the year	7,510 (8,800)	- (-)
Options outstanding as at the year-end	211,800 (345,440)	440,000 (440,000)
Options exercisable as at the year-end	- (-)	- (-)

(Previous years figures are given in brackets)

The shareholders of the Company approved the re-issuance of lapsed options granted under above schemes to eligible employees and directors of the Company at such price and in such manner as the Board of Directors and the Compensation committee may deem fit. Accordingly, such lapsed options as at March 31, 2008 available for re-issuance are 16,310.

B. The Group has followed the intrinsic value-based method of accounting for stock options granted. Had the compensation cost of the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India the Company's net profit for the year would have been lower by Rs. 187,308,704/- (Previous year Rs. 155,523,719/-) and earnings per share as reported would be lower as indicated below:

Particulars	Current Year (Rupees)	Previous Year (Rupees)
EPS before exceptional / non recurring items:		
Basic earnings per share:		
Profit after tax and before exceptional / non recurring items and prior year adjustment	8,608,730,600	1,019,093,058
Add : Share in profits of Associates	249,053,510	-
Less : Short provision for tax of earlier years	-	1,988,280
Less : Minority interest	163,187,488	319,237,414
Less: Total stock-based employee compensation expense determined under fair value based method (net of intrinsic value based compensation expense)	187,308,704	155,523,719
Adjusted profit before exceptional / non recurring items available for equity shareholders (For Basic EPS)	8,507,287,918	542,343,645
Basic earnings per share (face value Rs. 2/- per share)		
- As reported (in Rs.)	193.70	15.85
- As adjusted (in Rs.)	189.52	12.32
Diluted earnings per share:		
Profit after tax and before exceptional / non recurring items	8,694,596,622	697,867,364
Less: Effect of Dilutive potential equity shares of associate / subsidiary company	3,522,375	7,515,000
Less: Adjustment for potential conversion of ZCCBs (net of tax)	230,810,566	81,737,514
Less: Total stock-based employee compensation expense determined under fair value based method (net of intrinsic value based compensation expense)	187,308,704	155,523,719
Adjusted profit before exceptional/non recurring items available for equity shareholders (For Diluted EPS)	8,272,954,977	453,091,131
Diluted earnings per share (face value Rs. 2/- per share)		
- As reported (in Rs.)	187.66	13.77
- As adjusted (in Rs.)	183.50	10.25
EPS after exceptional/non recurring items:		
Basic earnings per share:		
Net profit for the year	8,694,596,622	714,275,433
Less: Total stock-based employee compensation expense determined under fair value base method (net of intrinsic value based compensation expense)	187,308,704	155,523,719
Adjusted net profit after exceptional/non recurring items available for equity shareholders (For Basic EPS)	8,507,287,918	558,751,714
Basic earnings per share (face value Rs. 2/- per share)		
- As reported (in Rs.)	193.70	16.22
- As adjusted (in Rs.)	189.52	12.69
Diluted earnings per share:		
Net profit for the year	8,694,596,622	714,275,433
Less: Effect of Dilutive potential equity shares of associate / subsidiary company	3,522,375	7,515,000
Less: Adjustment for potential conversion of ZCCBs (net of tax)	230,810,566	81,737,514
Less: Total stock-based employee compensation expense determined under fair value based method (net of intrinsic value based compensation expense)	187,308,704	155,523,719

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Adjusted net profit after exceptional/non recurring items available for equity shareholders (For Diluted EPS)	8,272,954,977	469,499,200
Diluted earnings per share (face value Rs. 2/- per share)		
- As reported (in Rs.)	187.66	14.14
- As adjusted (in Rs.)	183.50	10.62

C. The fair value of each option on the date of grant is Rs. 483.88 under ESOP Scheme 2005 and Rs. 547.29 under ESOP Scheme 2006 using the Black-Scholes Option Pricing Formula, considering the following parameters:

		Parent Company	
		ESOP 2005	ESOP 2006
(i)	Expected volatility	64.48% to 86.41%	48.05% to 57.74%
(ii)	Option life	3 years	2 years
(iii)	Dividend yield	0.41%	0.49%
(iv)	Risk-free interest rate	5.98% to 6.41%	7.48% to 7.50%
(v)	To allow for the effects of early exercise, it is assumed that the employees would exercise the options after vesting date.		
(vi)	Expected volatility is based on the historical volatility of the share prices over the period that is commensurate with the expected term of the option.		

8. The tax effect of significant timing differences that have resulted in deferred tax assets (net) and liabilities (net) are given below:

(A) Breakup of deferred tax assets (net) is as under:

	As at 31st March, 2008 (Rupees)	As at 31st March, 2007 (Rupees)
a) Deferred tax liability:		
Depreciation	33,811,169	10,700,705
	33,811,169	**10,700,705**
b) Deferred tax asset:		
Provision for doubtful debts, advances etc.	12,397,740	8,894,364
Provision for diminution in value of current investment	17,771,865	-
Employee Benefits	11,272,857	8,034,482
Unrealised Foreign Exchange Loss	25,270,508	-
Others	7,170,737	2,583,882
	73,883,707	**19,512,728**
Deferred tax asset (net)	**40,072,538**	**8,812,023**

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

	As at 31st March, 2008 (Rupees)	As at 31st March, 2007 (Rupees)
a) Deferred tax liability:		
Depreciation	6,018,314	46,300,075
	6,018,314	**46,300,075**
b) Deferred tax asset:		
Carried forward Loss	3,279,869	-
Employee Benefits	1,458,967	4,514,442
Provision for doubtful debts, advances etc.	-	6,475,846
Others	557,936	61,210
	5,296,772	**11,051,498**
Deferred tax liability (net)	**721,542**	**35,248,577**

9. The Group has entered into agreements for non cancellable operating leases for various premises ranging from 11 months to 36 months. The lease rentals recognized in the profit and loss account during the year and the future minimum lease payments under non cancellable operating lease are as follows:

	Current year (Rupees)	Previous year (Rupees)
Lease rentals	130,432,092	92,625,153
Obligations on non-cancellable leases		
Not later than one year	196,076,014	70,273,205
Later than one year and not later than five years	279,532,026	52,649,646
Later than five years	-	5,733,490

10. NBHC has entered into agreements with Food Corporation of India (FCI) (A Government of India Undertaking) to carry out the activities of procurement and/or processing of commodities on their behalf. The activity yields a guaranteed price to NBHC on delivery of these procured/processed commodities to FCI. Hence, NBHC does not have to carry price fluctuation risk related to market activity and therefore the procurement activity carried out is not in the nature of trading activity and the processing activity outsourced by NBHC to the processors is also not the manufacturing activities of NBHC. The procurement activity carried out is by NBHC own/ borrowed funds. The risk and rewards to the Company are operational, executional and incidental to the activities of procurement. Gunny bags are grouped in operating expenses as against cost of sales in the previous financial year. Previous year's figures have been regrouped to that extent.

11. During the year, the Company, pursuant to notices received by it under Section 153A(a) of the Income Tax Act, 1961, filed revised returns for Assessment Years 2002-03 through 2007-08. Based on such revised returns filed, the Company has paid self assessment tax including interest aggregating to Rs. 48,545,820/- (Previous year Rs. Nil). The Company has made adequate provision for income tax and interest on this account and does not expect any further liability at this stage.

12. Capital Work-in-Progress includes amount aggregating Rs. 386,005,711/- towards purchase of agricultural lands for, interalia setting up of a Research & Development and other related centres. The Company proposes to apply for permission from the concerned government department towards such purchases and towards change of the status of the lands from agricultural to non agricultural for industrial use. The entire amount would be capitalized on execution of the conveyance deeds together with the possession after receipt of necessary permissions.

13. Segment Reporting:

The Group has identified Business segments as its primary segment and Geographical segments as its secondary segment taking into account the nature of services, differing risks and returns, the organizational structure and the internal reporting system of the Group. Inter company transfers are accounted for at market prices /negotiated prices in case of transactions of special nature for which suitable alternative sources do not exist.

Revenues and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment or those which can be reasonably allocated to the segment. Depreciation and other expenses which relate to the group as a whole and which cannot be reasonably allocated to any segment have been disclosed as unallocated expenses.

a) Primary segment: Business segments (in Rupees)

Particulars	STP Technologies Solutions	Exchange based revenue	Storage & Allied Services	Others	Elimination	Total
External revenue	1,154,462,800	962,988,549	413,198,254	194,602,798	-	2,725,252,401
	(770,383,526)	(1,718,078,912)	(97,665,810)	(15,404,444)	(-)	(2,601,532,692)
Less : Excise duty	55,952,471	-	-	-	-	55,952,471
	(34,547,398)	(-)	(-)	(-)	(-)	(34,547,398)
Net External revenue	1,098,510,329	962,988,549	413,198,254	194,602,798	-	2,669,299,930
	(735,836,128)	(1,718,078,912)	(97,665,810)	(15,404,444)	(-)	(2,566,985,294)
Inter-segment revenue	249,129,837	1,490,984	22,000,000	39,586,879	312,207,700	-
	(235,747,968)	(-)	(18,000,000)	(27,745,524)	(281,493,492)	(-)
Net sales / income from operations	1,347,640,166	964,479,533	435,198,254	234,189,677	312,207,700	2,669,299,930
	(971,584,096)	(1,718,078,912)	(115,665,810)	(43,149,968)	(281,493,492)	(2,566,985,294)
Segment result	484,989,933	221,964,408	-23,167,801	4,351,790	-	688,138,330
	(374,986,670)	(1,130,330,016)	(12,620,867)	(35,581,807)	(-)	(1,457,114,012)

Particulars	STP Technologies Solutions	Exchange based revenue	Storage & Allied Services	Others	Elimination	Total
Add : Unallocable income						
Project Diversment Income						10,503,580,193 (-)
- Other Income						747,703,415 (528,809,596)
Less: Unallocable expenses						541,711,175 (518,096,483)
Less: Interest expense						123,284,165 (8,463,319)
Add: Interest Income						274,534,640 (77,052,867)
Profit before tax and before exceptional/ non recurring items						11,548,961,238 (1,536,416,673)
Less : Provision for taxation (including taxes in respect of earlier years)						2,940,230,638 (519,311,895)
Add : Exceptional/ non recurring items						- (16,408,069)
Profit after tax before minority interest and share of profit of associates						8,608,730,600 (1,033,512,847)

Notes:

1. Due to diversified nature of business, significant portion of assets are interchangeably used between segments and the management believes that its segregation will not be meaningful.
2. The reportable segments are described as follows :
   (a) STP Technologies/solutions segment represents straight through processing solutions and includes an integrated mix of various products, projects and services incidental thereto. Exchange Based segment represents trading platform for commodity derivatives and forex trading. Storage and Allied services represents warehousing and collateral management services.
   (b) The businesses, which are not reportable segments during the year, have been grouped under the “Others” segment. This mainly comprises of various services towards trading and procurement and risk management.
3. Previous year figures are given in brackets and are regrouped to confirm to current year’s classification and segment loss is indicated by ‘-‘sign.

b) **Secondary Segment: Geographical segments:**

The Company has two geographical segments viz, within India and outside India. Significant portion of segment operational assets are in India. Revenue from geographical segments based on domicile of the customers is outlined below:

Particulars	Current Year (Rupees)	Previous Year (Rupees)
Net Revenue / income from Operations		
Within India	2,547,902,322	2,381,358,295
Outside India	121,397,608	185,626,999
Total	**2,669,299,930**	**2,566,985,294**

14. Related Party information

I. Names of related parties and nature of relationship:

(a) Associate Companies:

1. Multi Commodity Exchange of India Limited (MCX) (w.e.f. October 30, 2007)
2. Indian Energy Exchange Ltd. (IEX) (w.e.f. January 4, 2008)

(b) Key Management Personnel:

Mr. Jignesh Shah	:	Chairman and Managing Director
Mr. Dewang Neralla	:	Whole time Director
Mr. Joseph Massey	:	Deputy Managing Director of MCX
Mr. Lambertus Rutten	:	Joint Managing Director of MCX
Mr. V. Hariharan	:	Director of MCX
Mr. Arshad Khan	:	Director of FT ME
Mr. Ravishankar Natrajan	:	CEO of SNX
Mr. Anil Choudhary	:	Managing Director and CEO of NBHC

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

Mr. Manjay Shah : Director - Business Development

(d) Entity which exercises significant influence and also in which key management personnel has control:

La-fin Financial Services Private Limited (La-fin)

II. Transactions with related parties (in Rupees)

Sr. No.	Transactions during the year	Associate Companies	Key Managerial Personnel	Relatives of Key Managerial Personnel and entity in which the key management has control and which exercises significant influence
1.	Sales – Products (IPR Based License) (MCX)	4,912,500 (-)	- (-)	- (-)
2.	Sales - Services (Project based)			
	- MCX	118,971,306 (-)	- (-)	- (-)
	- IEX	12,141,324 (-)	- (-)	- (-)
3.	Sale of traded goods - MCX	16,027,070 (-)	- (-)	- (-)
4.	Other Income – IEX	7,200,000 (-)	- (-)	- (-)
5.	Rent deposits placed during the year (MCX)	230,228 (-)	- (-)	- (-)
6.	Miscellaneous Expenses (MCX)	5,264,568 (-)	- (-)	- (-)
7	Expenses charged by the Company:			
	- MCX	17,916,265 (-)	- (-)	- (-)
	- IEX	1,318,485 (-)	- (-)	- (-)
8.	Expenses charged to the Company:			
	- by MCX relating to Offer for Sale by the Company as part of the proposed public issue of MCX	10,383,526 (-)	- (-)	- (-)
	- MCX	8,874,855 (-)	- (-)	- (-)
	- IEX	473,140 (-)	- (-)	- (-)
9	Advances as at the close of the year	10,993,110 (-)	- (-)	- (-)

Sr. No.	Transactions during the year	Associate Companies	Key Managerial Personnel	Relatives of Key Managerial Personnel and entity in which the key management has control and which exercises significant influence
10.	Liabilities as at the close of the year			
	Advance against Services (MCX)	36,590,640	-	-
		(-)	(-)	(-)
	Sundry Creditors	1,234,513	-	-
		(-)	(-)	(-)
	Refund of Rent Deposit - MCX	480,000	-	-
		(-)	(-)	(-)
	Balance of Rent Deposit at the close of the year	13,843,824	-	-
		(-)	(-)	(-)
11.	Sundry Debtors			
	- Balance as at the close of the year (IEX)	6,493,613	-	-
		(-)	(-)	(-)
12.	Remuneration (including professional fees) (Refer note (b) below)	-	103,318,945	13,469,400
		(-)	(89,641,184)	(4,639,659)
13.	Dividend paid	-	184,805,114	262,319,436
		(-)	(65,465,379)	(92,330,498)
14.	Payment made by the Company as per arbitration award (La-fin)	-	-	1,919,998
	(Refer note 6 above)	(-)	(-)	(-)

Employee stock options exercised during the year:

Sr. No.	Name of KMP		Number of options exercised
1.	Joseph Massey :		
		MCX	6,000
			(4,000)
2.	V. Hariharan :		
		MCX	49,695
			(33,130)
		Parent Company	6,000
			(4,000)
3.	Arshad Khan :		
		MCX	600
			(400)
		Parent Company	3,000
			(2,000)

Notes:

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

Transaction during the year		Amount (Rupees)
Remuneration (including professional fees) :		
	Jignesh Shah	55,121,856
		(51,862,655)
	Manjay Shah	13,496,400
		(-)
	Lambertus Rutten	-
		(15,535,934)
Dividend paid :		
	Jignesh Shah	183,375,036
		(64,520,846)
	La-fin	261,728,561
		(92,089,679)

Notes:

b) Includes Group's share of remuneration paid by associate company.

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

d) Previous year figures are given in brackets.

15. (a) The holders of Zero Coupon Convertible Bonds due 2011 ('ZCCBs') have an option to convert the ZCCBs into equity shares at any time on and after January 30, 2007 upto the close of business on December 14, 2011, at an initial conversion price of Rs. 2,362.68 per equity share at a fixed exchange rate on conversion of Rs. 44.6738 to US $ 1, subject to certain adjustments as per the terms of the issue. Under certain conditions, the Parent Company, on or after December 20, 2007 but not less than seven business days prior to December 21, 2011, has an option to mandatorily convert the ZCCBs into equity shares, in whole, but not in part. Further, under certain circumstances, the parent Company has the option to redeem the ZCCBs, in whole but not in part, at their Early Redemption Amount. Unless previously converted or redeemed or purchased and cancelled, the Company will redeem these bonds at a premium at 147.14 percent of their principal amount on December 21, 2011. As at 31st March, 2008 none of the bonds has been converted into equity shares and the balance of ZCCB outstanding as restated as on March 31, 2008 aggregating Rs. 3,994,510,000/- has been disclosed under 'Unsecured loans' in the balance sheet.

(b) The Parent Company has accrued the redemption premium on the ZCCBs on a pro-rata basis, in accordance with the requirements of Accounting Standard (AS-29) "Provisions, Contingent Liabilities and Contingent Assets" and debited the same to Securities Premium account as permitted by Section 78 of the Companies Act 1956.

16. (a) During the year, the Company allotted 1,662,811 Equity Shares of Rs. 2/- each (based on seven GDR's representing one equity share) consequent to the issue of 11,639,677 Global Depository Receipts ('GDRs') aggregating to US $ 115 million equivalent to Rs. 4,522,725,000/-.

(b) The GDR issue expenses aggregating Rs. 161,058,163/- (net of reimbursements) have been adjusted against the Securities Premium Account.

The issue expenses consist of the following:

Particulars	Amount (Rs)
Underwriting commission	124,461,504
Legal and professional fees	22,799,270
Brokerage charges	54,420,339
Audit fees	6,500,000
Printing and stationery expenses	6,037,860
Exchange Admission Fees	3,224,418
Miscellaneous expenses	7,557,023
Reimbursement received towards expenses	(63,942,251)
Total	**161,058,163**

17. Employee benefit plans:

i) Defined contribution plans:

Amounts recognized as expenses towards contributions to provident fund, employee state insurance corporation and other funds by the Group are Rs. 23,274,110/- (Previous year Rs. 15,803,378/-).

ii) Post employment defined benefit plans:

a) Gratuity Plan: The Parent Company and MCX makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service. The Parent Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. In case of other subsidiaries gratuity plan is non-funded.

The following table sets out the status of the funded/unfunded gratuity plan for the year ended March 31, 2008 as required under AS 15 (Revised):

		Current Year		Previous Year	
		Gratuity Plan (Funded) (Rupees)	Gratuity Plan (Non Funded) (Rupees)	Gratuity Plan (Funded) (Rupees)	Gratuity Plan (Non Funded) (Rupees)
I.	**Change in benefit obligation:**				
	Projected benefit obligation at the beginning of the year	*12,410,170	1,001,853	8,781,166	201,742
	Interest cost	992,814	80,148	658,587	15,394
	Current service cost	6,034,181	1,414,664	3,477,872	562,893
	Benefit paid	(160,363)	-	(612,993)	-
	Actuarial loss on obligations	931,250	1,165,469	4,844,819	221,824
	Projected benefit obligation at the end of the year	**20,208,052**	**3,662,133**	**17,149,451**	**1,001,853**
II.	**Change in plan assets**				
	Fair value of the plan asset at the beginning of the year	*6,550,775	-	3,784,324	-
	Expected return on plan assets	524,062	-	302,746	-
	Contributions	6,842,950	-	5,748,461	-
	Benefits paid	(160,363)	-	(612,993)	-
	Actuarial gain on plan assets	110,023	-	22,691	-
	Fair value of plan assets at the end of the year	**13,867,447**	**-**	**9,245,229**	**-**
	Excess of obligation over plan assets	**6,340,605**	**3,662,133**	**7,904,222**	**1,001,853**
III.	**Expense for the year**				
	Current service cost	6,034,181	1,414,664	3,477,872	562,893
	Interest cost	992,814	80,148	658,587	15,394
	Expected return on plan assets	(524,062)	-	(302,746)	-
	Net actuarial (gain)/loss recognized	821,227	1,055,337	4,822,128	221,824
	Gratuity cost	***7,324,160**	**2,550,149**	**8,655,841**	**800,111**
IV.	**Actual return on plan assets**	**634,085**	**-**	**325,437**	**-**
V.	**Category of Assets as on March 31, 2008**				
	Insurer managed funds	13,867,447	-	9,245,229	-
	Total	**13,867,447**	**-**	**9,245,229**	**-**
VI.	**Assumptions**				
	Discount rate	8.00 %	8.00 %	8.00 %	8.00 %
	Salary escalation rate	7.50 %	7.50 %	7.50 %	7.50 %
	Expected rate of return on plan assets	8.00 %	-	8.00 %	-

* Refer note 21 (b) below.

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by LIC, since the fund is managed by LIC.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors, such as supply and demand in the employment market.

b) The unfunded liability towards employees not covered under actuarial valuation in respect of certain subsidiaries recognised aggregates Rs. 2,340,518/- (Previous year Rs. 841,883/-).

c) The Groups share in joint venture towards the amounts required to cover the unfunded gratuity and end of service benefits as at balance sheet date aggregates Rs. 7,720,511/- (Previous year Rs. 6,394,099/-).

18. Earnings Per Share is calculated as follows:

Particulars	Current year (Rupees)	Previous year (Rupees)
EPS before exceptional / non recurring items:		
a. Profit after tax and before exceptional / non recurring items and prior year adjustment	8,608,730,600	1,019,093,058
Less: Short provision of tax of earlier years	-	1,988,280
Add : Share in profits of associates	249,053,510	-
Less: Minority Interest	163,187,488	319,237,414
Profit after tax and before exceptional / non recurring items available for equity shareholders (for Basic EPS)	**8,694,596,622**	**697,867,364**
Less: Adjustment for stock options of Subsidiary / associate Company	3,522,375	7,515,000
Less: Adjustment for potential conversion of ZCCBs (net of tax)	230,810,566	81,737,514
Profit after tax and before exceptional / non recurring items available for equity shareholders (for Diluted EPS)	**8,460,263,681**	**608,614,850**
b. Weighted average number of equity shares		
Basic	44,887,847	44,030,974
Add: Effect of Dilutive Stock Options	195,734	167,420
Diluted	45,083,581	44,198,394
c. Basic earnings per share (Rs.)	193.70	15.85
Diluted earnings per share (Rs.)	187.66	13.77
d. Face value per share (Rs.)	2/-	2/-
EPS after exceptional / non recurring items:		
a. Net profit for the year available to equity shareholders (for Basic EPS)	8,694,596,622	714,275,433
Less: Adjustment for stock options of Subsidiary / associate Company	3,522,375	7,515,000
Less: Adjustment for potential conversion of ZCCBs (net of tax)	230,810,566	81,737,514
Net profit for the year available for equity shareholders (for Diluted EPS)	**8,460,263,681**	**625,022,919**
b. Weighted average number of equity shares		
Basic	44,887,847	44,030,974
Add: Effect of Dilutive Stock Options	195,374	167,420
Diluted	45,083,581	44,198,394
c. Basic earnings per share (Rs.)	193.70	16.22
Diluted earnings per share (Rs.)	187.66	14.14
d. Face value per share (Rs.)	2/-	2/-

19. During the year, the Company has entered into the following derivative instruments for hedging the Company's exposure to movements in foreign exchange rates and are not used for trading or speculative purposes

Forward Exchange Contracts outstanding as at March 31, 2008 are:

Currency	Notional amount	Buy or sell	Cross currency
US Dollar	8,000,000	sell	INR

There were no derivative instruments entered into and outstanding as at end of previous year.

20. On February 18, 2008, MCX filed its Draft Red Herring Prospectus with the Securities and Exchange Board of India in respect of its proposed public issue (the 'Issue') of 10 million equity shares of Rs. 5/- each for cash consisting of fresh issue of 6 million equity shares by MCX and an Offer for Sale of 4 million equity shares by the Parent company and Corporation Bank (together, 'the Selling Shareholders') at a price to be determined in accordance with the book building process. The Issue expenses except the listing fees and the pre-issue special advertisement campaign expenses are shared between MCX and the Selling Shareholders in proportion of the number of shares being offered under the Issue as approved by the Board of Directors of MCX. The listing expenses and the advertisement campaign expenses are borne entirely by MCX.

Accordingly, expenses incurred by the Parent Company wholly and exclusively in connection with proposed transfer of shares are included in Legal and Professional Fees aggregating Rs. 7,202,518/- and in miscellaneous expenses Rs. 3,181,008/-.

21. The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of the account is Rs Rs. 91,244,720/- (Previous year Rs. 39,724,192/-).

22. Joint Venture Disclosure:

The Company follows Accounting Standard 27 'Financial Reporting of Investments in Joint Ventures' and in terms of the disclosure requirements contained therein, following is the Company's shares of the assets, liabilities, income and expenses of the jointly controlled entity as at March 31, 2008:

(In Rupees)

	As at 31st March, 2008	As at 31st March, 2007
Assets and Liabilities:		
Fixed assets	6,419,162	18,521,177
Investments	-	-
Current assets	479,394,092	705,601,539
Current liabilities	387,803,543	452,765,026
Group's share of joint venture in revenue reserves	26,018,523	160,512,082
Capital Commitments	-	31,916,346

	Current year (Rupees)	Previous year (Rupees)
Income statement:		
Sales / operating Income	49,506,041	150,051,887
Other income	26,001,421	26,661,440
Expenses	136,820,405	140,357,974
Depreciation	15,348,853	15,178,751
Profit before tax	(76,661,796)	21,176,602
Income taxes	-	-
Profit after tax	(76,661,796)	21,176,602

23. Key ratios :

	2007-08	2006-07
Income/Total Assets ratio	66.64%	23.54%
Return on Net Worth ratio	57.92%	22.80%
Profit after tax/Income ratio	61.25%	22.51%

24. a) Figures for the previous accounting year have been regrouped / rearranged wherever necessary to correspond with the figures of the current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements are to be read in relation to the amounts and other disclosures relating to the current year.

b) The figures for the previous year include the financial results of MCX, which ceased to be a subsidiary company during the year. Accordingly, the results of the current year are not strictly comparable with those of previous year. The notes pertaining to MCX during the previous year, accordingly have not been considered/reproduced in the current year in view of NIL information since such information is not required to be furnished for the current year.

Compiled by the Company from it's Audited Accounts referred to in Auditor's report dated June 12, 2008

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Date: 12th June, 2008

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Ravi Sheth
Director

P. Ramanathan
Company Secretary & VP (Legal and Secretarial)

Place: Mumbai
Date: 12th June, 2008

STANDALONE FINANCIAL STATEMENTS (ABRIDGED)

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

FINANCIAL TECHNOLOGIES (INDIA) LIMITED

1. We have audited the attached Balance Sheet of **Financial Technologies (India) Limited** as at March 31, 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both 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 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 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 it appears from our examination of those books;
   iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the 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, 2008 and taken on record by the board of directors, we report that none of the director is disqualified as on March 31, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   vi) We draw attention to Note 7 to Schedule 15 regarding investments aggregating Rs. 2,700,185,353/- and debts and loans and advances aggregating Rs. 95,757,281/- due from certain subsidiaries, having continuing losses, considered good based on their business plans and other reasons as stated in the said 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 other 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, 2008;
      b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
      c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Deloitte Haskins & Sells,**
Chartered Accountants

P.R. Barpande
Partner
Membership No. 15291

Mumbai, Dated: June 12, 2008.

ANNEXURE TO THE 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) The fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all items over a period of two years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the fixed assets of the Company has been physically verified by the management during the year and no material discrepancies were noticed on such verification as compared with the records of fixed assets maintained by the Company.

c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii) a) As explained to us, inventories were physically verified by the management at the time of purchase during the year and on that basis, in our opinion, verification of inventories has been at reasonable intervals by the management.

b) In our opinion and according to the information and explanations given to us, as stated in 'a' above, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification at the time of receipt, as stated above.

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 and accordingly, Clause 4(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 commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and sale of goods and services. 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 maintained under the said section have been so entered.

b) According to information and explanations given to us, where the transactions made in pursuance of such contracts or arrangements during the year are in excess of Rs. 500,000, they have been made at prices, which are, prima facie, reasonable 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 the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act. Accordingly, clause 4(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 generally been regular in depositing with the appropriate authorities, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues applicable to it except in the case of depositing value added tax and certain service tax dues, where there have been delays in deposit. According to the information and explanations given to us, there are no undisputed amounts payable in respect of the aforesaid statutory dues as at March 31, 2008 outstanding for a period more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no dues of sales tax / income tax / wealth tax/ service tax/ customs duty / excise duty and cess, which have not been deposited on account of any dispute except as follows:

Statement of disputed dues

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	334,115	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, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

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 accordingly, clause 4(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 4(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 4(xiv) of the Order is not applicable to the Company.

xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company for loan taken by it's subsidiary company from a bank, are not prima facie prejudicial to the interests of the Company.

xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loan availed and repaid by the Company during the year, was, prima facie, applied by the Company for the purposes for which the loan was obtained.

xvii) According to 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 not, prima facie, been used 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 4(xviii) of the Order is not applicable to the Company.

xix) According to the information and explanations given to us, the Company has not issued any secured debentures during the year and hence, the question of creation of security or charge in respect of debentures issued, does not arise.

xx) We have verified the end use of monies raised by public issue of Global Deposit Receipts and Zero Coupon Convertible Bonds as disclosed in notes 10 (c) and 18(c) of Schedule 15 respectively.

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

P.R. Barpande
Partner
Membership No. 15291

Mumbai, Dated: June 12, 2008.

AUDITORS' REPORT ON ABRIDGED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF

FINANCIAL TECHNOLOGIES (INDIA) LIMITED

We have examined the attached abridged Balance Sheet of Financial Technologies (India) Limited (the Company) as at March 31, 2008, the abridged Profit and Loss account for the year ended on that date and also the Cash Flow Statement for the year ended on that date together with the significant accounting policies and notes thereon. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the audited Financial Statements of the Company for the year ended March 31, 2008 prepared in accordance with provisions of section 211 of the Companies Act, 1956 and covered by our report of even date to the shareholders of the Company, which is attached hereto.

In our report on audited financial statements of even date, without qualifying our opinion, we have drawn attention to Note 7 of the Notes to Accounts that has been reproduced as Note 7 to the abridged financial statements.

For **Deloitte Haskins & Sells**
Chartered Accountants

P.R. Barpande
Membership No. 15291

Mumbai, Dated June 12, 2008

ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2008

(Statement containing the salient features of Balance Sheet as per Section 219 (1) (b) (iv) of the Companies Act 1956)

	Rupees	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
I. SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Share Capital - Equity		91,767,274	88,189,392
(b) Reserves and Surplus			
(i) Capital Reserve	14,759,312		14,759,312
(ii) Securities Premium Account	5,147,676,942		985,460,099
(iii) General Reserve	1,125,324,312		155,324,312
(iv) Foreign Currency Translation Reserve	(1,190,971)		(554,682)
(v) Profit and Loss Account	8,315,438,567		743,424,690
		14,602,008,162	1,898,413,731
(2) Loan funds			
Unsecured Loan			
Zero Coupon ConvertibleBonds (ZCCB)		3,994,510,000	4,344,170,000
(Refer Note 18 of Notes to Accounts)			
TOTAL		**18,688,285,436**	**6,330,773,123**
II. APPLICATION OF FUNDS			
(1) Fixed assets:			
(a) Net block (Original cost less depreciation)	380,512,518		173,398,198
(b) Capital work in progress	1,692,093,295		517,242,231
		2,072,605,813	690,640,429
(2) Investments			
(a) Investment in Subsidiaries (Unquoted)	3,362,685,354		2,751,772,479
(b) Others (Unquoted)	10,380,570,475		1,392,055,912
		13,743,255,829	4,143,828,391
(3) Deferred tax asset (net) (Refer Note 12 of Notes to Accounts)		10,978,587	8,812,023
(4) Current assets, loans and advances:			
(a) Inventories of trading goods	390,378		-
(b) Sundry debtors	189,640,600		264,066,529
(c) Cash and Bank balances	3,520,136,585		1,815,155,173
(d) Other current assets	2,511,425		-
(e) Loans and Advances			
(i) to subsidiary companies	54,923,042		5,694,982
(ii) Others	361,281,422		148,615,039
	4,128,883,452		2,233,531,723
Less: Current liabilities and provisions:			
(a) Current liabilities	600,813,199		491,931,707
(b) Provisions	666,625,046		254,107,736
	1,267,438,245		746,039,443
Net Current Assets		2,861,445,207	1,487,492,280
TOTAL		**18,688,285,436**	**6,330,773,123**

Refer Significant Accounting Policies and Notes to Accounts

Compiled by the Company from its Audited Accounts referred to in Auditor's report dated June 12, 2008

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Date: 12th June, 2008

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Ravi Sheth
Director

P. Ramanathan
Company Secretary & VP (Legal and Secretarial)
Place: Mumbai
Date: 12th June, 2008

ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Statement containing the salient features of Profit and Loss account as per Section 219 (1) (b) (iv) of the Companies Act 1956)

	Current Year Rupees	Previous Year Rupees
I. INCOME		
(a) Net Sales (Refer Annexure I)	1,375,563,611	988,340,485
(b) Project Divestment Income (Refer Note 17 of Notes to accounts)	11,163,893,110	-
(c) Dividend	463,312,223	636,027,766
(d) Interest	133,626,001	27,493,449
(e) Other Income	338,381,709	89,457,070
TOTAL	**13,474,776,654**	**1,741,318,770**
II. EXPENDITURE		
(a) Cost of goods consumed / sold		
Purchases of Trading goods	45,803,931	23,455,017
Less: Closing stock	(390,378)	-
	45,413,553	23,455,017
(b) Selling expenses	77,930,312	60,645,123
(c) Salaries, Wages and other Employee benefits	433,658,687	261,162,655
(d) Managerial Remuneration	44,397,678	56,437,253
(e) Interest	109,314,050	2,782,431
(f) Depreciation / amortisation	23,532,353	15,375,822
(g) Auditors Remuneration	11,072,554	6,694,773
(h) Provision for Doubtful debts	10,342,000	14,667,020
(i) Diminution in value of current investment	62,012,003	1,441,741
(j) General Administration Expenses	241,677,876	130,190,619
TOTAL	**1,059,351,066**	**572,852,454**
III. Profit before tax and before exceptional / non recurring items	12,415,425,588	1,168,466,316
IV. Provision for taxation	2,802,906,421	178,751,366
V. Profit after tax and before exceptional / non recurring items	**9,612,519,167**	**989,714,950**
VI. Exceptional / Non recurring items (net of deferred tax Rs. Nil (Previous year Rs. 8,325,227/-))	-	(16,408,069)
Profit for the year after tax and exceptional / non recurring items	9,612,519,167	1,006,123,019
Balance brought forward from previous year	743,424,690	247,710,858
Amount available for appropriation	10,355,943,857	1,253,833,877
Appropriations		
Transfer to General Reserve	970,000,000	101,000,000
Final Dividend (Proposed)	183,534,548	88,189,392
Interim Dividend	731,466,341	264,430,960
Tax on Dividend	155,504,401	56,788,835
Balance carried to Balance Sheet	**8,315,438,567**	**743,424,690**
Earnings Per Share (Refer Note 21 to Schedule 15 - II)		
Basic (before exceptional / non recurring items)	214.15	22.48
Diluted (before exceptional / non recurring items)	208.10	20.54
Basic (after exceptional / non recurring items)	214.15	22.85
Diluted (after exceptional / non recurring items)	208.10	20.91
Face value per share	2/-	2/-

Refer Significant Accounting Policies and Notes to Accounts

Compiled by the Company from its Audited Accounts referred to in Auditor's report dated June 12, 2008

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Date: 12th June, 2008

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Ravi Sheth
Director

P. Ramanathan
Company Secretary & VP (Legal and Secretarial)
Place: Mumbai
Date: 12th June, 2008

ANNEXURE I TO ABRIDGED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Sales	Current Year Rupees	Previous Year Rupees
Products (IPR Based-License)	939,519,700	711,504,771
Services (Project Based)	433,008,540	282,437,338
Sale of Goods (Trading)	58,987,842	28,945,774
	1,431,516,082	1,022,887,883
Less: Excise duty	55,952,471	34,547,398
TOTAL	**1,375,563,611**	**988,340,485**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
A. Cash flow from operating activities				
Net profit before tax and exceptional/non recurring item		12,415,425,588		1,168,466,316
Adjustments for:				
Depreciation/ amortisation	23,532,353		15,375,822	
Project divestment income	(11,163,893,110)		-	
Profit on sale of investments (net)	(46,229,142)		(27,758,464)	
Loss on sale of fixed assets (net)	133,352		231,227	
Diminution in value of current investments	62,012,003		1,441,741	
Dividend from investments	(463,312,223)		(636,027,766)	
Interest expense	109,314,050		2,782,431	
Exchange rate fluctuations-unrealised (net)	(358,994,561)		(82,936,769)	
Interest income	(133,626,001)	(11,971,063,279)	(27,493,449)	(754,385,227)
Operating profit before working capital changes		**444,362,309**		**414,081,089**
Adjustments for:				
Inventories	(390,378)		-	
Trade and other receivables	(100,204,000)		(245,202,578)	
Trade payables and provisions	142,042,328	41,447,950	104,279,830	(140,922,748)
Cash from operations		485,810,259		273,158,341
Tax paid		(301,179,304)		(140,652,979)
Net cash from operating activities		**184,630,955**		**132,505,362**
B. Cash flow from investing activities				
Purchase of fixed assets		(1,268,645,615)		(614,951,094)
Proceeds from sale of fixed assets		117,000		457,011
Purchase of investments in subsidiaries, associates and joint venture		(920,677,875)		(2,430,914,812)
Proceeds from partial sale of stake (Refer note 17 to notes to accounts)		11,271,985,630		-
Purchases of investments in others (including fixed deposits)		(43,456,089,189)		(3,955,238,406)
Proceeds from sale of investments in others(including fixed deposits)		32,512,641,729		3,917,148,443
Advance consideration pending transfer of Investments (net)		-		20,100,000
Interest Income		120,152,397		25,720,083
Loans and advances to subsidiary companies		(49,228,060)		46,626,896
Dividend from investments		460,800,798		636,027,766
Cash used in investing activities		(1,328,943,185)		(2,355,024,113)
Tax Paid		(2,570,806,933)		(9,818,724)
Net cash used in investing activities		(3,899,750,118)		(2,364,842,837)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
C. Cash flow from financing activities				
Proceeds from borrowings		1,106,864,400		4,474,000,000
Repayment of borrowings		(1,106,864,400)		-
Proceeds from issue of share capital		4,646,534,208		84,182,016
Issue expenses of GDR/ZCCB		(161,058,163)		(157,536,928)
Dividend paid during the year (including dividend tax)		(1,115,362,912)		(380,431,023)
Interest expense		(109,314,049)		(2,782,431)
Cash from financing activities		3,260,799,084		4,017,431,634
Net cash flow during the year		(454,320,079)		1,785,094,159
Net increase in cash and cash equivalents		**(454,320,079)**		**1,785,094,159**
Cash and cash equivalents (opening balance)		1,834,567,419		49,473,260
Cash and cash equivalents (closing balance)		1,380,247,340		1,834,567,419

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. Reconciliation of cash and bank balances with Cash and cash equivalents is as follows:

	Current Year Rupees	Previous Year Rupees
Cash and cheques on hand	-	10,812,902
Bank balances	1,312,728,189	1,776,585,005
Unrealised loss on foreign currency cash and cash equivalents	67,519,151	47,169,512
Cash and cash equivalents	1,380,247,340	1,834,567,419
- In deposit accounts (maturing more than 3 months)	2,189,743,932	23,566,406
- Interest accrued on fixed deposits	17,664,464	4,190,860
Unrealised loss on foreign currency cash and cash equivalents	(67,519,151)	(47,169,512)
Cash and bank balances	**3,520,136,585**	**1,815,155,173**
	-	-

2. Loans and advances given to subsidiary companies are considered as part of investing activities and are net of repayments.
3. Fixed deposits with banks with maturity period of more than three months are classified and grouped in investing activities and not included in cash and cash equivalents.
4. Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS 3) " Cash Flow Statement".
5. Previous years figures have been regrouped/rearranged wherever necessary to correspond with the figures of the current year.

As per attached report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Date: 12th June, 2008

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Ravi Sheth
Director

P. Ramanathan
Company Secretary & VP (Legal and Secretarial)

Place: Mumbai
Date: 12th June, 2008

NOTES TO ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2008 AND ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

I. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

B. USE OF ESTIMATES

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

C. FIXED ASSETS (TANGIBLE 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.

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 a straight line basis over the lease term in accordance with the respective lease agreements.

F. DEPRECIATION AND AMORTIZATION

Depreciation and amortization is provided for on straight line basis. On assets other than leasehold land, leasehold improvements to premises, patent, trademark, technical know-how and computer software it is provided for at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

Leasehold improvements to premises and premium on leasehold land are each amortized over the period of lease. Patent and Trademarks are each amortized over eight years and technical know-how and computer software are each amortized over six years considering their respective useful lives.

G. INVESTMENTS

Current investments are carried at the lower of cost and 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. The difference between average carrying amount of the investment and sale proceeds, net of expenses, is recognized as profit or loss on sale of investments.

H. REVENUE RECOGNITION

Revenue is recognized when no significant uncertainty as to determination and realization exists. Sales include sale of products (licenses), services (contracts) and traded goods.

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 service contracts is recognized in proportion to the degree of completion by reference to and based on milestones/acts performed as specified in the contracts or on a straight line basis over the contract period where performance of several acts is required over that period. In the case of contracts for development of customized software, revenue is recognized on successful development and acceptance of the software.

In the case of time and material contracts, revenue is recognized on the basis of hours completed and material used.

Revenue from annual maintenance contracts and lease of licenses is recognized proportionately over the period in which the services are rendered/licenses are leased.

Revenue from sale of traded goods is recognized when the significant risks and rewards in respect of ownership of products are transferred by the Company.

Sales are stated net of returns, VAT and service tax wherever applicable.

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

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 settlement of all other transactions are recognized in the profit and loss account.

Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the balance sheet date and the resulting net exchange difference is recognized in the profit and loss account. Non monetary items denominated in foreign currency are carried at historical cost.

The Company enters into forward contracts to hedge recognized foreign currency assets/liabilities. The premium or discount on such contracts is amortized over the life of the contract. The exchange difference measured by the change in exchange rate between the inception dates of the contract/last reporting date as the case may be and the Balance Sheet date/Settlement date is recognized in the profit and loss account.

FOREIGN BRANCHES

The translation of the financial statements of foreign branches (non integral) is accounted for as under:

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. EMPLOYEE BENEFITS

a) Post employment benefits and other long term benefits

Payments to defined contribution retirement schemes viz. provident fund and employee state insurance are expensed as incurred.

For defined benefit schemes and other long term benefit plans viz. gratuity and compensated absenses expected to occur after twelve months, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of the available refunds and reduction in contributions to the scheme.

b) Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and performance incentives.

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". Tax expense comprises current tax, deferred tax, fringe benefit tax and wealth tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income-Tax Act, 1961. The Company recognizes deferred tax (subject to consideration of prudence) based on the tax effect of timing differences, being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the statement of profit and loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Fringe benefit tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961, and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India ('ICAI').

M. STOCK BASED COMPENSATION

The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e. difference between the market price of the Company's shares on the date of grant of options and the exercise price to be paid by the option holders. The compensation cost, if any, is amortized uniformly over the vesting period of the options.

N. IMPAIRMENT OF ASSETS

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at lower of historical cost or 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.

P. INVENTORIES

Inventories are stated at lower of cost or net realizable value. Cost comprises of cost of purchase and other costs incurred in bringing the inventories to their respective present location and condition. Cost is arrived at using First in First out (FIFO) basis.

NOTES TO ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2008 AND ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

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)	384,057,661	791,366,136
2.	Contingent liabilities not provided for in respect of:		
	(a) Guarantees given to third parties by the Company on behalf of it's wholly owned subsidiary companies.	111,275,926	-
	(b) Income tax demands disputed in appeal and pending decision before higher authorities	720,663	5,751,094
	(c) Excise duty demands contested by the Company. The Company is hopeful of positive outcome.	7,448,968	-
	(d) Contingent payment in respect of certain investments sold during the year (Representing differential amount payable to the buyers based on agreements entered into with them with stipulated payment contingencies)	Amount unascertainable	-
3.	Payment to auditors (excluding service tax)		
	(a) For audit fees	2,500,000	2,500,000
	(b) For special purpose audits of interim accounts	1,300,000	-
	(c) For other matters (such as certification work, etc.)		
	(i) For GDR/FCCB Issue related reports/certificates	6,500,000	3,550,000
	(ii) For other services such as certificates etc	7,35,000	610,000
	(d) For reimbursement of out of pocket expenses	37,554	34,773
	Total	11,072,554	6,694,773
4.	(i) Managerial remuneration under Section 198 of the Companies Act, 1956 paid or payable during the year		
	(a) Salaries and allowances	43,847,702	16,007,797
	(b) Provision for leave encashment	549,976	429,456
	(c) Commission to Managing Director	-	40,000,000
	Total	**44,397,678**	**56,437,253**

The above excludes gratuity and leave encashment which are actuarially valued and where separate amounts are not identifiable.

The aforesaid remuneration for the current year to the managing director and whole time director is based on revised remuneration scale as approved by the shareholders.

(ii) Managerial remuneration (commission) to a director is Rs. 28,000,000/- from another company. (Previous year Rs. Nil)

(iii) The Company has also paid sitting fees of Rs. 404,000/- (Previous Year: Rs. 162,000/-) to its non executive directors during the year.

(iv) Computation of net profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956:

		Current Year Rupees	Previous Year Rupees
	Net profit before tax and after exceptional/ non recurring items (gross of tax)	12,415,425,588	1,193,199,612
Add:	Directors remuneration (including commission)	44,397,678	56,437,253
	Directors sitting fees	404,000	162,000
	Provision for doubtful debts/advances	10,342,000	14,667,020
	Diminution in value of current investment	62,012,003	1,441,741
	Loss on sale of fixed assets (net)	133,352	231,227
		12,532,714,621	1,266,138,853
Less:	Profit on sale of investments (net) (including Project divestment income)	11,210,122,252	27,758,464
Provision for diminution in the value of investment written back		-	24,733,296
ZCCB Issue Expenses		-	157,536,929
Net profit under Section 349 of the Companies Act, 1956		1,322,592,369	1,056,110,164
(a) Eligible salaries, perquisites and commission @ 10% of above		132,259,237	105,611,016
Commission to Managing Director (As restricted by Board of Directors)		-	40,000,000
(b) Eligible salaries, perquisites and commission @ 1% of above		13,225,924	10,561,102
Commission to Non whole time director (As restricted by Board of Directors)		-	-

NOTES TO ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2008 AND ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

5. The Ministry of Company Affairs, Government of India vide its order no. 47/62/2008-CL-III dated Feb 20th, 2008 issued under section 212(8) of the Companies Act, 1956, has exempted the Company from attaching the Balance Sheet and Profit and Loss Account of subsidiaries (except two subsidiaries viz. Trans-Global Credit and Finance Limited and Capricorn Fin-Tech (Pvt) Ltd) under section 212(1) of the Companies Act, 1956. As per the order, key details of other subsidiaries are attached along with the statement under section 212 of the Companies Act, 1956.

6. The Company had made investments in 1,499,943 equity shares of e -Logistics Private Limited ('ELPL') for an amount aggregating Rs. 44,833,296/- in an earlier year.

   The Company and ELPL had agreed on the consent terms which were filed with the arbitrator who gave an award. Based on the award, the provision made towards diminution in value of investments was reversed in the previous year. The money received by the Company (including an installment as per the award) aggregating Rs. 25,100,000/- (including Rs. 5,000,000/- received during the year) has been appropriated towards the cost of 180,662 shares transferred back to ELPL and payment made by the Company to other aggrieved investors in terms of the award. The balance amount of Rs. 8,154,010/- received is carried forward as advance consideration pending transfer of investments.

   On that basis and considering the non payment of further installments by ELPL, the Company has, during the year, written down the said investments to Rs. 8,154,010/- being its fair value and charged Rs. 31,279,300/- to the Profit and Loss account which is included in Diminution in the value of current investments

   In the meantime, the Company has initiated Execution Proceedings of the award against ELPL and it's promoters before the Madras High Court for not honoring the terms of the award dated April 12, 2007 passed by the arbitrator.

   In addition to the above, the Company holds 846,065 shares in ELPL transferred to it by other aggrieved investors, in terms of the award of the arbitrator, which would be transferred back to ELPL on receipt of the money, which in turn would be paid back to such aggrieved shareholders.

7. The Company's investments in certain subsidiaries, including few of them incorporated during the year, aggregating Rs 2700,185,353/- and debts/loans and advances aggregating Rs. 95,757,281/- due from these subsidiaries as at March 31, 2008 are considered good.

   These entities have continuing losses including on account of expensing off costs relating to research and development activities in some cases. They are in various stages of executing their business plans/commencing operations which is expected to result in improved profitability. These investments are held by the Company as long term strategic investments in accordance with its vision to promote and invest in ventures which utilize its core technological capabilities towards creating world class enterprises.

8. Capital Work in Progress includes amount aggregating Rs. 386,005,711/- towards purchase of agricultural lands for, interalia setting up of a Research & Development and other related centres. The Company proposes to apply for permission from the concerned government department towards such purchases and towards change of the status of the lands from agricultural to non agricultural for industrial use. The entire amount would be capitalized on execution of the conveyance deeds together with the possession after receipt of necessary permissions.

9. During the year, the Company, pursuant to notices received by it under section 153A(a) of the Income Tax Act, 1961, filed revised returns for Assessment Years 2002-03 through 2007-08. Based on such revised returns filed, the Company has paid self assessment tax (including interest) aggregating Rs. 48,545,820/- (Previous year Rs. Nil). The Company has made adequate provision for income tax and interest on this account and does not expect any further liability at this stage.

10. (a) During the year, the Company allotted 1,662,811 equity share of Rs. 2/- each fully paid (based on seven GDRs representing one equity share) consequent to the issue of 11,639,677 Global Depositary Receipts ('GDRs') aggregating US $ 115 million equivalent to Rs. 4,522,725,000/-.

    (b) The GDR issue expenses aggregating Rs. 161,058,163/- (net of reimbursements) are adjusted against the Securities Premium Account.

The issue expenses consist of the following:

Particulars	Amount (Rs)
Underwriting commission	124,461,504
Legal and professional fees	22,799,270
Brokerage Charges	54,420,339
Audit fees	6,500,000
Printing and stationery expenses	6,037,860
Exchange Admission Fees	3,224,418
Miscellaneous expenses	7,557,023
Reimbursements received towards expenses	(63,942,251)
Total	161,058,163

(c) Statement of utilisation of proceeds out of GDR as of March 31, 2008:

	Proceeds (Rs)
Gross Proceeds	**4,522,725,000**
Less: Expenses relating to the Issue	161,058,163
Net proceeds	4,361,666,837
Deployment upto March 31, 2008	
Repayment of Commercial Paper	1,200,000,000
Capital Expenditure	38,312,194
Others (including foreign exchange fluctuations)	(31,699,414)
Total utilized	1,206,612,780
Balance held as under pending utilization	
(a) in Current and Deposit account in Scheduled bank (included in Schedule 6)	2,405,241,492
(b) in Investments in Mutual Funds (included in Schedule 4)	786,850,000
(c) Unrealised foreign exchange gain	(37,037,435)
Total Balance pending utilization	3,155,054,057

11. Stock based compensation:

(a) Details of the options granted under the two stock option plans are as under:

Schemes	Grant Date	No. of Options Granted	Exercise Price	Vesting Period
ESOP 2005	October 31, 2005	440,000	981.60	31.10.2005-30.10.2006
			981.60	31.10.2005-30.10.2007
			981.60	31.10.2005-30.10.2008
ESOP 2006	November 20, 2006	440,000	1812.70	20.11.2006 - 19.11.2007
			1812.70	20.11.2006 - 19.11.2008

Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs.2/- each. The intrinsic value of each option is nil, since the options are granted at the market price of the shares existing on the date of grant. The options have vesting periods as stated above in accordance with the vesting schedule as per the said plan and have an exercise period of three to fifteen months from the respective vesting dates.

The particulars of the options granted and lapsed under aforementioned two schemes are as follows:

Particulars	ESOP 2005 (Nos.)	ESOP 2006 (Nos.)
Options outstanding as at the beginning of the year	345,440	440,000
	(440,000)	(-)
Options granted during the year	-	-
	(-)	(440,000)
Options exercised during the year	126,130	-
	(85,760)	(-)
Options lapsed/forfeited during the year	7,510	-
	(8,800)	(-)
Options outstanding as at the year-end	211,800	440,000
	(345,440)	(440,000)
Options exercisable as at the year-end	-	-
	(-)	(-)

(Previous years figures are given in brackets)

The shareholders of the Company approved the re-issuance of lapsed options granted under above schemes to eligible employees and directors of the Company at such price and in such manner as the Board of Directors and the Compensation Committee may deem fit. Accordingly, such lapsed options as at March 31, 2008 available for re-issuance are 16,310.

(b) The Company has followed the intrinsic value-based method of accounting for stock option. Had the compensation cost of the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India, the Company's net profit for the year would have been lower by Rs. 187,308,704/- (Previous year Rs. 158,698,543/-) and earnings per share as reported would be lower as indicated below:

(in Rupees)

Particulars	Current year	Previous Year
EPS before exceptional/non recurring items		
Net profit for the year	9,612,519,167	989,714,950
Less: Total stock-based employee compensation expense determined under fair value based method	187,308,704	158,698,543
Adjusted net profit for basic EPS	9,425,210,463	831,016,407
Less: Adjustment for potential conversion of ZCCBs (net of tax)	230,810,566	81,737,514
Adjusted net profit for diluted EPS	9,194,399,897	749,278,893
Weighted average no. of shares		
Basic	44,887,847	44,030,974
Add: Effect of dilutive options	195,734	167,420
Diluted	45,083,581	44,198,394
Basic and diluted earnings per share (face value Rs.2 /- per share)		
– As reported (in Rs.) Basic	214.15	22.48
Diluted	208.10	20.54
– As Adjusted (in Rs.) Basic	209.97	18.87
Diluted	203.94	16.95
EPS after exceptional/non recurring items		
Net profit for the year	9,612,519,167	1,006,123,019
Less: Total stock-based employee compensation expense determined under fair value based method	187,308,704	158,698,543
Adjusted net profit for basic EPS	9,425,210,463	847,424,476
Less: Adjustment for potential conversion of ZCCBs (net of tax)	230,810,566	81,737,514
Adjusted net profit for diluted EPS	9,194,399,897	765,686,962
Weighted average no. of shares		
Basic	44,887,847	44,030,974
Add: Effect of dilutive options	195,734	167,420
Diluted	45,083,581	44,198,394
Basic and diluted earnings per share (face value Rs. 2/- per share)		
– As reported (in Rs.) Basic	214.15	22.85
Diluted	208.10	20.91
– As Adjusted (in Rs.) Basic	209.97	19.25
Diluted	203.94	17.32

The fair value of each option on the date of grant is Rs. 483.88 under ESOP Scheme 2005 and Rs. 547.29 under ESOP Scheme 2006 using the Black-Scholes Option Pricing Formula, considering the following parameters:

		ESOP 2005	ESOP 2006
i	Expected volatility	64.48% to 86.41%	48.05% to 57.74%
ii	Option life	3 years	2 years
iii	Dividend yield	0.41%	0.49%
iv	Risk-free interest rate	5.98% to 6.41%	7.48% to 7.50%
v	To allow for the effects of early exercise, it is assumed that the employees would exercise the options after vesting date.		
vi	Expected volatility is based on the historical volatility of the share prices over the period that is commensurate with the expected term of the option.		

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

		As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
a)	Deferred tax liability:		
	Depreciation	33,811,169	10,700,705
		33,811,169	10,700,705
b)	Deferred tax asset:		
	Provision for doubtful debts, advances etc.	12,397,740	8,894,364
	Diminution in the value of current investment	17,771,865	-
	Provision for Leave Encashment and Gratuity	11,272,857	8,034,482
	Others	3,347,294	2,583,882
		44,789,756	19,512,728
	Net deferred tax asset	10,978,587	8,812,023

13. The Company has entered into operating lease agreements for its development centers ranging from 11 months to 36 months. The lease rentals recognized in the profit and loss account during the year and the future minimum lease payments under non cancellable operating lease are as follows:

	Current Year Rupees	Previous Year Rupees
Lease rentals (net of recoveries Rs. 19,997,795/-)	27,084,089	21,959,338
(Previous year Rs. 38,285,060/-)		
Obligations on non-cancellable leases		
Not later than one year	92,942,790	59,256,846
Later than one year and not later than five years	158,558,355	38,872,066
Later than five years	-	-

14. 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):

Nature of Expenses	Current Year Rupees	Previous Year Rupees
GDR Expenses	161,058,163	-
ZCCB Expenses	-	150,584,963
Salaries	15,346,598	19,228,408
Travelling Expenses	6,902,130	4,247,317
Professional fees	4,941,393	1,172,389
Membership & Subscription Fees	13,299,729	1,676,699
Rent	93,705	95,216
Other matters	8,523,831	3,735,367
Total	**210,165,549**	**180,740,359**

b) Earnings in foreign currency (including foreign branches):

Nature of Expenses	Current Year Rupees	Previous Year Rupees
Export of Products (IPR based)	35,030,868	3,283,781
Export of Services (Project based)	55,889,358	68,279,774
Interest on deposits	125,930,760	28,056,037
Profit on Sale of Investment	3,521,618,223	7,019,507
Other matters	7,884,386	1,161,239
Total	**3,746,353,595**	**107,800,338**

c) Trading Goods:

Class of Goods	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (Nos)	Amount (Rs)	Qty (Nos)	Amount (Rs)	Qty (Nos)	Amount (Rs)	Qty (Nos)	Amount (Rs)
Computer hardware including Peripherals and support charges	- (-)	- (-)	154 (209)	31,919,123 (20,329,393)	153 (209)	42,524,761 (25,212,601)	1 (-)	390,798 (-)
Computer Software including Licenses and Subscription charges	- (-)	- (-)	1,473 (1,859)	13,884,808 (3,125,624)	1,473 (1,859)	16,463,081 (3,733,173)	- (-)	- (-)
TOTAL	**-** **(-)**	**-** **(-)**	**1,627** **(2,068)**	**45,803,931** **(23,455,017)**	**1,626** **(2,068)**	**58,987,842** **(28,945,774)**	**1** **(-)**	**390,798** **(-)**

15. Segment Reporting

The Company has presented segmental information based on its consolidated financial statements, which are presented in the same annual report. Accordingly, in terms of the provisions of Accounting Standard (AS 17) "Segment Reporting", no disclosures related to segments are presented in its stand-alone financial statements.

16. Related Party information:

I. Names of related parties and nature of relationship:

(i) Entities where control exists (Subsidiaries)

1. Tickerplant Infovending Limited (Tickerplant)
2. IBS Forex Limited (IBS)
3. atom technologies limited (atom)
4. Riskraft Consulting Limited (Riskraft)
5. National Spot Exchange Limited (NSEAP)
6. National Bulk Handling Corporation Limited (NBHC)
7. Financial Technologies Middle East- DMCC (FT ME)
8. Global Board of Trade Ltd (GBOT)
9. Singapore Mercantile Exchange PTE Ltd (SME)
10. Knowledge Assets Pvt. Ltd. (KAPL)
11. FT Group Investments Pvt. Ltd. (FTGIPL)
12. Financial Technologies Communications Ltd. (FTCL)
13. Global Payment Networks Ltd. (GPNL)
14. FT Knowledge Management Company Ltd (w.e.f. 7th September, 2007) (FTKMCL)
15. Indian Bullion Market Association Ltd (subsidiary of NSEAP) (w.e.f 15th June, 2007)
16. Trans-Global Credit & Finance Ltd (w.e.f. 9th February, 2008) (TGCFL)
17. Singapore Mercantile Exchange Clearing Corporation PTE Ltd. (Subsidiary of SME)
18. Financial Technologies Middle East FZ-LLC (Subsidiary of FTME)
19. Capricorn Fin-Tech (Pvt). Ltd. (Subsidiary of FTME) Ltd (w.e.f. 25th March, 2008)
20. Multi Commodity Exchange of India Limited (MCX) (up to October 29, 2007)
21. Indian Energy Exchange Limited (IEX) (up to January 3, 2008)

(ii) Associate Companies:

1. Indian Energy Exchange Ltd. (w.e.f. January 4, 2008)
2. Multi Commodity Exchange of India Limited (MCX) (w.e.f October 30, 2007)

(iii) Joint Venture Companies:

1. Dubai Gold and Commodities Exchange (DGCX) – Jointly controlled in which Company holds 19% Share Capital (Previous year 20%).
2. Safal National Exchange of India Limited (SNX) - Jointly controlled in which Company holds 19% Share Capital (until October 29, 2007).

(iv) Key Management Personnel

1. Mr. Jignesh Shah : Chairman and Managing director
2. Mr. Dewang Neralla : Whole time director

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

1. Mr. Manjay Shah : Director - Business Development

(vi) Entity which exercises significant influence and also in which key management personnel has control.

1. La-fin Financial Services Private Limited (La-fin).

II. Transactions with subsidiaries, associates and joint venture entities :

(In Rupees)

Sr. No.	Nature of Transaction	Subsidiary Companies	Joint Venture Companies	Associate Companies
1	Loan given:			
	- Opening balance	-	-	-
		(-)	(-)	(-)
	- Given during the year	192,600,000	-	-
		(25,828,000)	(-)	(-)
	- Repaid during the year	162,800,000	-	-
		(25,828,000)	(-)	(-)
	- Balance as at 31.03.2008	29,800,000	-	-
		(-)	(-)	(-)
2	Sales – Services (Project based)	196,862,108	45,271,255	131,112,630
		(192,725,009)	(11,604,393)	(-)
3	Other Income-IEX	-	-	72,00,000
		(-)	(-)	(-)
4	Sale of traded goods	8,682,445	26,157,513	16,027,070
		(26,020,774)	(2,925,000)	(-)
5	Sales - Products (IPR Based License)	56,448,118	-	4,912,500
		(46,282,937)	(-)	(-)
6	Reimbursement of			
	- Cost of Leasehold Improvements & other assets charged to them	-	-	-
		(947,042)	(-)	(-)
7	Expenses charged by the Company	63,248,287	834,440	14,170,946
		(71,026,527)	(558,073)	(-)
8	Expenses charged to the Company			
	- by MCX relating to Offer for Sale by the Company as part of the proposed public issue of MCX	-	-	10,383,526
		(3,924,872)	(-)	(-)
	- other expenses	9,729,937		4,078,009
		(10,318,938)	(692,697)	(-)

NOTES TO ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2008 AND ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

Sr. No.	Nature of Transaction	Subsidiary Companies	Joint Venture Companies	Associate Companies
9	Advances			
	- Balance as at the close of the year	25,123,041	-	1,677,683
		(5,694,982)	(1,077)	(-)
10	Current liabilities as at the close of the year			
	- Advance against services	4,169,861	-	36,590,640
		(2,094,873)	(11,824,256)	(-)
	- Sundry Creditors	-	-	1,234,513
		(-)	(-)	(-)
	- Rent Deposits:			
	- Amount received towards Rent deposits	480,000	-	-
		(1,773,824)	(-)	(-)
	- Rent deposits refunded	405,000	-	480,000
		(1,773,824)	(-)	(-)
	- Rent Deposits (balance at the close of the year)	9,276,000	-	13,843,824
		(23,524,824)	(-)	(-)
11	Rent deposit placed during the year (MCX)	-	-	230,228
		(-)	(-)	(-)
12	Interest received	3,536,151	-	-
		(1,054,645)	(-)	(-)
13	Sundry Debtors			
	- Balance as at the close of the year	58,057,535	-	6,493,613
		(158,913,201)	(-)	(-)
14	Dividend Received from MCX	125,250,000	-	-
		(601,200,000)	(-)	(-)
15	Sale of Shares in DGCX to FTGIPL	-	-	-
		(94,259,507)	(-)	(-)
16	Miscellaneous expenses-STP system usage charges (MCX)	-	-	1250,000
		(-)	(-)	(-)
17	Guarantees given on behalf of	111,275,926	-	-
		(-)	(-)	(-)
18	Investments			
	Investment made during the year			
	Equity / Ordinary Shares	896,262,875	28,500,000	-
		(1,069,215,744)	(1,900,000)	(-)
	Optionally Convertible Preference Shares	-	-	-
		(1,361,699,068)	(-)	(-)
	Share Application Money paid (SNX)	-	-	-
		(-)	(17,385,000)	(-)
	Balance at the close of the year	3,362,685,354	82,878,000	256,765,630
		(2,826,922,478)	(106,525,000)	(-)

III. Transactions with Key Managerial Personnel, relatives of Key Managerial Personnel and Entity in which the Key Management has control.

(In Rupees)

Sr. No.	Nature of Transaction	Key Managerial Personnel	Relatives of Key Managerial Personnel and entities in which the key management has control and which exercises significant influence
1.	Salary & Allowances	44,397,678	10,800,000
		(56,437,253)	(1,200,000)
2.	Dividend paid during the year	184,805,114	262,319,436
		(65,245,688)	(92,330,498)
3.	Payment made by the Company as per arbitration award (La-fin) (Refer note 6 above)	- (-)	1,919,998 (-)

Notes:

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

(In Rupees)

Transaction during the year		Subsidiaries/Associates/Joint Venture Companies entities in which the key management has control and which exercises significant influence
Loan given:		
	atom	24,200,000
		(5,000,000)
	Tickerplant	54,300,000
		(3,528,000)
	Riskraft	14,200,000
		(7,000,000)
	NSEAP	10,000,000
		(10,300,000)
	NBHC	80,000,000
		(-)
Loan repaid during the year		
	atom	21,500,000
		(5,000,000)
	Tickerplant	41,300,000
		(3,528,000)
	Riskraft	10,000,000
		(7,000,000)
	NSEAP	10,000,000
		(10,300,000)
	NBHC	80,000,000
		(-)
Sales – Services (Project based)		
	MCX (as Subsidiary)	98,545,830
		(180,683,375)
	MCX (as an Associate)	118,971,306
		(-)
	DGCX	-
		(11,604,393)
	NBHC	50,000,000
		(-)
	SNX	45,271,255
		(-)

Transaction during the year		Subsidiaries/Associates/Joint Venture Companies entities in which the key management has control and which exercises significant influence
Sale of traded goods		
	MCX (as subsidiary)	- (22,227,166)
	MCX (as an Associate)	16,027,070 (-)
	Tickerplant	415,926 (3,534,816)
	NSEAP	7,682,817 (-)
	SNX	26,157,513 (2,925,000)
Sales – Product (IPR based)		
	MCX (as subsidiary)	21,417,250 (25,494,629)
	FTME	35,030,868 (20,788,308)
Reimbursement of		
- cost of leasehold improvements & other assets recovered by the Company		
	MCX (as subsidiary)	- (186,578)
	atom	- (163,133)
	Tickerplant	- (201,911)
	Riskraft	- (163,133)
	IBS	- (512,332)
- Expenses recovered by the Company		
	MCX (as a subsidiary)	19,833,135 (31,366,712)
	MCX (as an associate)	13,270,701 (-)
	Tickerplant	11,055,550 (11,082,941)
	NSEAP	8,145,302 (8,011,565)
	SNX	834,440 (558,073)
Expenses charged to the Company		
- Other expenses		
	MCX (as a subsidiary)	39,77,603 (8,798,875)
	NBHC	3,968,434 (1,233,929)
	DGCX	- (690,564)
	MCX (as an Associate)	4,026,809 (-)

Transaction during the year		Subsidiaries/Associates/Joint Venture Companies entities in which the key management has control and which exercises significant influence
Interest received		
	MCX (as a subsidiary)	-
		(396,758)
	atom	453,834
		(157,498)
	NSEAP	233,333
		(500,389)
	Tickerplant	1,055,892
		(-)
	Riskraft	358,167
		(-)
	NBHC	1,178,334
		(-)
Amount received towards rent deposits		
	MCX (as a subsidiary)	-
		(1,773,824)
	FTKMCL	480,000
		(-)
Rent deposits refunded during the year		
	Tickerplant	405,000
		(-)
	NBHC	-
		(1,773,824)
	MCX (as an Associate)	480,000
		(-)
Investment made during the year		
	GBOT	-
		(1,116,347,634)
	SME	-
		(1,015,016,954)
	NBHC	5,17,500,000
		(-)
	FTME	98,377,675
		(69,050,050)
	IEX (as a subsidiary)	109,500,000
		(500,000)
Guarantees given on behalf of		
	FTGIPL	90,275,926
		(-)

(In Rupees)

Transaction during the year		Key Managerial Personnel
Salary and allowances		
	Jignesh Shah	34,406,523
		(51,862,655)
	Dewang Neralla	9,991,155
		(4,574,598)
Dividend paid		
	Jignesh Shah	183,375,036
		(64,520,846)
	La-fin	261,728,561
		(92,089,679)

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

(c) Previous years figures are given in brackets.

17. The Company from time to time promotes and invests in ventures which utilize its core technological capabilities towards creating world class enterprises. The Company also divests such ventures from time to time to unlock shareholders values. During the year, the Company sold/divested partial stake in investments held in Multi Commodity Exchange of India Limited ('MCX') and Dubai Gold and Commodities Exchange (DGCX). The resultant profit of Rs. 11,163,893,110/- (net of directly attributable expenses of Rs. 484,605,972/-) is considered as Project Divestment Income and is disclosed under 'Other Income'.

Subsequent to the said disposals, MCX ceases to be a subsidiary of the company. As at March 31, 2008 the Company holds 37.40% of the issued share capital of MCX and 19% in DGCX.

18. (a) The holders of Zero Coupon Convertible Bonds due 2011 ('ZCCBs') have an option to convert the ZCCBs into equity shares at any time on and after January 30, 2007 upto the close of business on December 14, 2011, at an initial conversion price of Rs.2362.68 per equity share at a fixed exchange rate on conversion of Rs. 44.6738 to US $ 1, subject to certain adjustments as per the terms of the issue. Under certain conditions, the Company, on or after December 20, 2007 but not less than seven business days prior to December 21, 2011, has an option to mandatorily convert the ZCCBs into equity shares, in whole, but not in part. Further, under certain circumstances, the Company has the option to redeem the ZCCBs, in whole but not in part, at their Early Redemption Amount. Unless previously converted or redeemed or purchased and cancelled, the Company will redeem these bonds at 147.14 percent of their principal amount on December 21, 2011. As at 31st March, 2008 none of the bonds has been converted into equity shares and the balance of ZCCB outstanding as restated as on March 31, 2008 aggregating Rs. 3,994,510,000/- has been disclosed under "Unsecured Loans" in the balance sheet.

(b) The Company has accrued the redemption premium on a prorata basis, in accordance with the requirements of Accounting Standard (AS-29) 'Provisions, Contingent Liabilities and Contingent Assets' and debited the same to Securities Premium account as permitted by Section 78 of the Companies Act 1956.

(c) Statement of utilization of proceeds out of ZCCB till March 31, 2008

	Proceeds (Rs)
Proceeds received (net of expenses)	**4,316,463,071**
Less: Deployment upto March 31, 2007	2,544,156,411
Balance pending utilization as on March 31, 2007	**1,772,306,660**
Deployment for the year ended March 31, 2008	
Investments in subsidiaries	2,885,700
Capital Expenditure	905,950,375
Others (including Foreign Exchange fluctuations)	115,483,233
Total utilized	**1,024,319,308**
Balance held as under pending utilization	
(a) in Current and Deposit account in Scheduled bank (included in Schedule 6)	595,307,300
(b) in Investment in Mutual Fund (included in Schedule 4)	81,221,000
(c) Unrealised loss on foreign exchange	71,459,052
Total Balance pending utilization	**747,987,352**

19. Employee benefit plans:

Defined contribution plans: Amounts recognized as expenses towards contributions to provident fund, employee state insurance corporation and other funds by the Company are Rs. 12,409,372/- (Previous Year Rs. 8,615,060/-).

Post employment defined benefit plans:

Gratuity Plan: The Company makes annual contributions to the Employee's Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

The following table sets out the status of the gratuity plan as required under AS -15

		Gratuity Plan (Funded) 2007-08 (Rupees)	Gratuity Plan (Funded) 2006-07 (Rupees)
I.	**Change in benefit obligation:**		
	Projected benefit obligation at the beginning of the year	12,410,170	7,630,218
	Interest Cost	992,814	572,266
	Current Service Cost	6,034,181	2,110,459
	Benefit Paid	(160,363)	(608,510)
	Actuarial loss on obligations	931,250	2,705,737
	Projected benefit obligation at the end of the year	**20,208,052**	**12,410,170**
II.	**Change in plan assets**		
	Fair value of the plan asset at the beginning of the year	6,550,775	2,582,325
	Expected return on plan assets	524,062	206,586
	Contributions	6,842,950	4,380,303
	Benefits paid	(160,363)	(608,510)
	Actuarial gain / (loss) on plan assets	110,023	(9,929)
	Fair value of plan assets at the end of the year	13,867,447	6,550,775
	Excess of obligation over plan assets	**6,340,605**	**5,859,395**
III.	**Gratuity expense for the year**		
	Current service cost	6,034,181	2,110,459
	Interest cost	992,814	572,266
	Expected return on plan assets	(524,062)	(206,586)
	Net actuarial loss recognized	821,227	2,715,666
	Gratuity cost	**7,324,160**	**5,191,805**
IV.	**Actual return on plan assets**	**634,085**	**196,657**
V.	**Category of Assets as at end of the year**		
	Insurer Managed Funds	13,867,447	6,550,775
	Total	**13,867,447**	**6,550,775**
VI.	**Assumptions**		
	Discount rate	8.00 %	8.00 %
	Salary escalation rate	7.50 %	7.50 %
	Expected rate of return on plan assets	8.00 %	8.00 %

Expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by LIC, since the fund is managed by LIC.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors, such as supply and demand in the employment market.

20. 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 on 31.03.08	Balance as on 31.03.07	Maximum amount outstanding during the year
National Bulk Handling Corporation Limited	Subsidiary	530,628	102,374	51,460,661 (4,341,415)
National Spot Exchange Limited	Subsidiary	6,739,618	28,722	14,529,863 (24,868,872)
Tickerplant Infovending Limited	Subsidiary	19,491,865	979,915 #	25,041,112 (4,839,105)
Riskraft Consulting Limited	Subsidiary	4,998,834	17,936 #	7,339,200 (11,169,576)
atom technologies Limited	Subsidiary	3,529,309	28,633	14,067,770 (6,006,146)
Financial Technologies Middle East- DMCC	Subsidiary	-	-	- (6,976,478)
Financial Technologies Communications Limited	Subsidiary	2,683,832	127,095	2,683,832 (127,095)
Global Payment Networks Limited	Subsidiary	5,100,729	180,995	8,241,695 (266,000)
Indian Energy Exchange Limited	Subsidiary until 03-01-08 and associate w.e.f. 04-01-08	1,677,683	181,375	3,967,352 (181,375)
FT Group Investments Pvt. Ltd.	Subsidiary	266,354#	287,591#	287,591 (287,591)
Knowledge Assets Pvt. Ltd.	Subsidiary	266,354#	287,591#	287,591 (287,591)
Singapore Mercantile Exchange PTE Limited	Subsidiary	2,000,110#	1,991,818#	2,000,110 (1,991,818)
FT Knowledge Management Company Limited	Subsidiary	8,997,079	-	8,997,079 (-)
Trans-Global Credit & Finance Limited	Subsidiary	318,330#	-	318,330 (-)
Parshva Systems	Others	-	1,245,715	1,285,294 (1,360,327)

- Non interest bearing

Notes:

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

ii) None of the loanees has made investments in the shares of the Company.

iii) Previous years figures are given in brackets

21.Earnings Per Share is calculated as follows:

Particulars		Current Year Rupees	Previous Year Rupees
EPS before exceptional/non recurring items			
a.	Net profit during the year (for basic EPS)	9,612,519,167	989,714,950
	Less: Adjustment for potential conversion of ZCCBs (net of tax)	230,810,566	81,737,514
	Net profit available for equity shareholders (for Dilutive EPS)	9,381,708,601	907,977,436
b.	Weighted average number of equity shares		
	Basic	44,887,847	44,030,974
	Add: Effect of dilutive stock options	195,734	167,420
	Diluted	45,083,581	44,198,394
c.	Basic earnings per share	214.15	22.48
	Diluted earnings per share	208.10	20.54
d.	Face value per share	2/-	2/-
EPS after exceptional/non recurring items			
a.	Net profit during the year (for basic EPS)	9,612,519,167	1,006,123,019
	Less: Adjustment for potential conversion of ZCCBs (net of tax)	230,810,566	81,737,514
	Net profit available for equity shareholders (for Dilutive EPS)	9,381,708,601	924,385,505
b.	Weighted average number of equity shares		
	Basic	44,887,847	44,030,974
	Add: Effect of dilutive stock options	195,734	167,420
	Diluted	45,083,581	44,198,394
c.	Basic earnings per share	214.15	22.85
	Diluted earnings per share	208.10	20.91
d.	Face value per share	2/-	2/-

22. Joint Venture Disclosure:

a) Jointly Controlled Entities ('JCEs')by the Company :

1.	Name of the Entity	:	Dubai Gold and Commodities Exchange DMCC ('DGCX')
	Country of Incorporation	:	United Arab Emirates
	% Holding	:	19 % (Previous year 20%)
2.	Name of the Entity	:	Safal National Exchange of India Ltd ('SNX')- (jointly controlled until October 29, 2007 – refer note below)
	Country of Incorporation	:	India
	% Holding	:	19%

b. Company's share of interest in the assets, liabilities, income and expenses with respect to JCEs (each without elimination of the effects of transactions between the Company and the JCEs) on the basis of unaudited financial statements of the JCEs as at and for the year ended March 31, 2008:

The amounts are translated at the year end rate for assets and liabilities and average rate for income and expenses for DGCX.

(In Rupees)

	DGCX	SNX
I. Assets		
1. Fixed Assets	20,931,136 (32,631,269)	- (677,358)
2. Current Assets a) Debtors	- (2,688,642)	- (-)
b) Cash and Bank Balances	229,301,159 (268,406,064)	- (6,758,248)
c) Loans and Advances	4,250,394 (3,618,607)	- (3,804,277)
II. Liabilities		
1. Current Liabilities	188,307,923 (168,854,326)	- (537,079)
2. Provisions	3,761,285 (2,551,305)	- (-)
III. Miscellaneous Expenditure to the extent not written off or adjusted (a) Preliminary Expenses	- (-)	- (341,344)
(b) Pre operative Expenses	- (-)	- (3,025,353)
IV. Income		
1. Admission Fees	17,703,226 (48,677,358)	- (-)
2. Transaction Fees	2,672,342 (678,854)	- (-)
3. Interest Income	7,346,288 (10,552,848)	- (-)
4. Other Income	161,708 (64,595)	- (-)
V. Expenses		
1. Operating and Other Expenses	65,055,145 (57,709,701)	- (-)
2. Depreciation	19,642,707 (21,536,358)	- (-)
VI. Contingent liabilities	- (-)	- (-)
VII. Capital Commitments	- (-)	- (12,375,726)

(Previous year figures are given in brackets)

Note:

No disclosures are being made for the current year, since SNX ceased to be a jointly controlled entity during the year in accordance with Accounting Standard (AS-27) 'Financial Reporting of Interests in Joint Ventures'.

23. During the year, the Company entered into the following derivative instruments for hedging the Company's exposure to movements in foreign exchange rates and are not used for trading or speculative purposes:

Forward Exchange Contracts outstanding as at March 31, 2008 are:

Currency	Notional Amount	Buy or Sell	Cross Currency
US Dollar	8,000,000	Sell	INR

There were no derivative instruments entered into and outstanding as at end of previous year.

24. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below –

Particulars	Rupees	Amount in Foreign Currency	Foreign Currency
Net payables	797,857,590	19,747,785	USD
	(2,617,316,955)	(60,248,953)	
Net receivables	2,249,996	77,748	SGD
	(38,660)	(135)	
Net receivables	498,440	12,410	CHF
	(-)	(-)	

25. During the year, the Company proposed to divest part of its investments aggregating to 3,600,000 equity shares of MCX at a price at which MCX proposes to make a public issue ("the Issue"). The expenses related to the proposed public issue of MCX, including Offer for Sale by the Company, are shared by the Company (as a selling shareholder) in proportion to the number of shares proposed to be sold as a part of the Issue, as approved by the Board of Directors of the Company. Accordingly, expenses incurred by the Company wholly and exclusively in connection with proposed transfer of shares are included in Legal and Professional Fees aggregating Rs. 7,202,518/- and in miscellaneous expenses Rs 3,181,008/-

26. Remittance in foreign currency on account of dividend:

The Company has paid dividend, during the year, in respect of shares held by non-resident shareholders including Foreign Institutional Investors and GDR custodian. The total amount remitted as stated below represents amount paid into Indian bank as per mandate/direction given by the non resident shareholders. Consequently, the exact amount of dividend remitted in foreign currency cannot be ascertained.

Year to which the dividend relates	Number of non resident shareholders	Number of Shares held by non resident shareholders on which dividend is due	Amount of dividend paid to Non Resident shareholders (Amount in Rs.)
Dividends paid during 2007-08			
2007-08 (1st Interim Dividend)	376	14,961,607	14,961,607
2007-08 (2nd Interim Dividend)	438	16,504,322	115,530,254
2007-08 (3rd Interim Dividend)	593	16,147,947	129,183,576
2006-07 (4th Interim Dividend)	334	14,354,501	51,676,204
2006-07 (Final)	398	14,863,952	29,727,904
Dividends paid during 2006-07			
2006-07 (1st Interim Dividend)	278	12,900,071	10,320,057
2006-07 (2nd Interim Dividend)	278	13,278,857	10,623,086
2006-07 (3rd Interim Dividend)	318	14,035,548	11,228,438
2005-06 (Final)	276	13,008,493	67,644,164

27. During the year the Company raised unsecured loan on issue of Commercial Paper of Rs. 1,200,000,000/- and repaid it during the year. The maximum amount outstanding during the year is Rs. 1,200,000,000/-

NOTES TO ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2008 AND ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

28. The aggregate amount of revenue expenditure incurred during the year on Research and Development and shown in the respective heads of the account is Rs 70,974,838/- (Previous year Rs 32,823,601/-).

29. **Key Ratios**:

	2007-08	2006-07
Income /Total Assets ratio	67.53%	24.61%
Return On Net Worth ratio	65.42%	50.65%
Profit after tax/Income ratio	71.34%	57.78%

30. Figures for the previous accounting year have been regrouped/rearranged wherever necessary to correspond with the figures of the current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Compiled by the Company from it's Audited Accounts referred to in Auditor's report dated June 12, 2008

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Date: 12th June, 2008

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Ravi Sheth
Director

P. Ramanathan
Company Secretary & VP (Legal and Secretarial)

Place: Mumbai
Date: 12th June, 2008

BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE:

I. Capital raised during the year (Amounts in Rs. Thousands)

Public Issue	ESOP
4,527,550	123,809
Bonus Issue	**Private Placement**
-	-

II. Position of mobilisation and Deployment of funds (Amounts in Rs. Thousands)

Total Liabilities	Total Assets
18,688,285	18,688,285
Paid up Capital	**Resevers and Surplus**
91,767	14,602,008
Secured Loans	**Unsecured Loans**
-	3,994,510
Net Fixed Assets	**Investments**
2,072,606	13,743,256
Net Current Assets	**Deferred Tax**
2,861,445	10,979
Misc. Expenditure	**Accumulated Losses**
-	-

IV. Performance of Company (Before Exceptional Items) (Amount in Rs. Thousands)

Turnover (Sales and Other Income)	Total Expenditure
13,475,167	1,059,741
Profit/(Loss) Before Tax	**Profit/(Loss) After Tax**
12,415,426	9,612,519
Earnings per Share in Rs. (refer Note 19)	**Dividend Rate %**
214	1000%

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

Item Code (ITC Code)	Product Description
85,249,009.10	Software Product

STATEMENT REGARDING SUBSIDIARY COMPANIES AS REQUIRED U/S 212

(Amount in Rupees)

Particulars	IBS Forex Limited	Riskraft Consulting Limited	atom technologies limited	National Spot Exchange Limited	Indian Bullion Market Association Limited	National Bulk Handling Corporation Limited	Global Payment Networks Limited	Financial Technologies Communications Limited	Financial Technologies Middle East DMCC	Financial Technologies Middle East FZ LLC	FT Group Investments Pvt. Ltd.	Knowledge Assets Pvt. Ltd.	Global Board of Trade Limited	Singapore Mercantile Exchange PTE Ltd.	Singapore Mercantile Exchange Clearing Corporation PTE Ltd.	FT Knowledge Management Company Limited	Tickerplant Infovending Limited
Paid up Capital	40,000,000	50,000,000	75,400,000	110,000,000	500,000	770,000,000	10,000,000	500,000	184,951,500	1,631,925	2,396,780	399,530	1,248,946,152	852,910,867	289,397,000	500,000	100,000,000
Reserves and Surplus	(10,777,011)	(47,268,197)	(62,933,481)	(16,706,521)	(867,860)	12,791,442	(11,935,076)	(2,249,710)	(95,554,529)	(733,333)	(4,194,464)	(377,760)	(152,693,529)	(72,055,165)	3,687,699	(10,918,659)	(99,811,790)
Total Assets	29,430,808	11,469,000	23,643,685	39,448,380	100,000	1,141,912,014	6,821,830	980,430	146,802,947	2,252,981	88,448,775	379,997	1,099,077,104	956,726,600	293,673,333	10,439,216	40,410,130
Total Liabilities	29,430,808	11,469,000	23,643,685	39,448,380	100,000	1,141,912,014	6,821,830	980,430	146,802,947	2,252,981	88,448,775	379,997	1,099,077,104	956,726,600	293,673,333	10,439,216	40,410,130
Details of Investment (except in case of Investment in Subsidiaries)	23,981,650	-	-	30,000	-	75,000	403,560,000	-	-	-	-	-	-	-	-	-	-
Total Income	4,152,250	5,119,138	5,638,836	129,393	-	590,747,661	-	-	96,637,572		10,555	40	44,865,866	18,689,442	4,100,232	8,157,626	4,793,624
Profit before taxation	616,916	(21,521,605)	(29,416,875)	(52,586,828)	(867,860)	40,012,667	(11,669,857)	(2,111,391)	(43,712,710)	(230,060)	(3,961,617)	(112,357)	(157,726,463)	(65,600,874)	3,816,520	(10,726,659)	(74,558,916)
Provision for taxation	66,600	211,700	440,000	310,500	-	10,388,542	73,000	-	-	-	-	-	(23,658,970)	(2,387,390)	336,960	192,000	295,000
Profit after taxation	550,316	(21,733,305)	(29,856,875)	(52,897,328)	(867,860)	29,624,125	(11,742,857)	(2,111,391)	(43,712,710)	(230,060)	(3,961,617)	(112,357)	(134,067,493)	(67,988,263)	3,479,560	(10,918,659)	(74,853,916)

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