Financial Technologies
Creating Markets. Unlocking Value.™

ANNUAL REPORT 2008-09

Cover photograph: Financial Technologies' Annual Summit held at Goa, 23-26 January 2009 based on the theme *"Future of Financial Markets"*

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FUTURE OF FINANCIAL MARKETS

"The recent global challenges have strengthened the tectonic shift of economic activities towards emerging economies. As a major exchange creator in these economies, Financial Technologies will play a key role in designing the *future of financial markets*"

Jignesh Shah

Chairman & Group CEO, Financial Technologies Group

The world economic order has witnessed significant changes in its contours since the global financial system went through a new phase of economic meltdown leading to extreme risk aversion and drastic fall in demand across segments. Its domino effects have led to the need for more transparency, re-modeling of regulatory systems, and prompted policymakers to rethink the imperatives guiding the *future of financial markets*.

It was against this background that the Financial Technologies Group held its first *Future of Financial Markets* Summit in Goa in January 2009. The aim of the Summit was to bring participants of the global financial community—regulators, stock and commodity exchanges, media, banks, policymakers and other influencers—on a common platform to discuss and contribute towards shaping the financial markets of the future.

The forum also acknowledged the paradigm shift which is in favour of new-generation financial exchanges. For laying the foundation of a safer and more stable future, it is essential that we bring about complete real-time transparency in pricing of all assets and institute a comprehensive framework for the OTC derivative markets. Also, all standardised derivative contracts should be cleared through well-regulated central counterparties and executed either on regulated exchanges or regulated through electronic trade execution systems. Finally, market participants need to work with their international counterparts to ensure that a nation's comprehensive regulatory framework is matched by similar effective supervision in other countries.

The theme of this Annual Report is *future of financial markets*. This is in concurrence with our objective of contributing towards creation of a more robust and stable financial system across geographies. Messages from the CEOs and senior management team of the Financial Technologies Group reveal how the Group is positioned to take on myriad challenges, which may create barriers in transforming the *future of financial markets*.

Also, each new section of this report begins with an oil painting on canvas of select global exchanges that illustrate the inspiring history of financial markets. These paintings, along with rare photographs capturing the evolution of the financial capital of India, Mumbai, are showcased at the Exchange Square, Mumbai, which houses MCX Stock Exchange and MCX. These masterpieces of art have been specially commissioned by the Group, reflecting the rich past as an inspiration for the future. A tour of the Exchange Square is akin to walking through time. The Group believes that Mumbai (India) will soon regain it's position as an international financial centre like New York and London, true to the spirit of the past.

To engage, participate and contribute in shaping the *future of financial markets*, visit *www.futureoffinancialmarkets.com*.

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LETTER FROM CHAIRMAN & GROUP CEO

Painting collection, oil on canvas, circa 1611,
Ground floor, Media Room, Exchange Square, Mumbai

Painting collection, oil on canvas, circa 1883,
Ground floor, Visitor's Lounge, Exchange Square, Mumbai

The Amsterdam Stock Exchange

Established in 1602, the Amsterdam Stock Exchange, the world's 1st stock exchange, was subsequently renamed the Amsterdam Bourse.

The Chicago Board of Trade

Established in 1848, the Chicago Board of Trade (CBOT) is the world's 1st commodities futures & options exchange.

"While global financial markets are going through a sea change, innovation will be the decisive factor for the *future of financial markets* in the years to come."

Jignesh Shah
Chairman & Group CEO

LETTER FROM CHAIRMAN & GROUP CEO

Dear Shareholders,

THE NEW HORIZON AHEAD

In 2008, I wrote to you emphasising the value vested in your Company, Financial Technologies (India) Ltd. (FTIL), and how it is creating a world of opportunities. As we complete another successful year, I would like to acknowledge your unflinching trust and support which fueled FTIL's achievements, and give you an insight into your Company's accomplishments and the new opportunities that are becoming visible on the horizon.

The year 2008-09 saw global financial markets facing new challenges fraught with a new genre of complexities. This resulted in global institutions being forced to re-assess the risk-reward matrix, and rebuild business models to be more robust and capable of withstanding the test of time.

Our vision of transforming markets by creating tech-centric exchange trading platforms that offer a transparent pricing mechanism was vindicated as global institutions fell prey to counterparty risks associated with non-transparent products traded off-exchanges.

Journey continues-
2009: FT Tower sprawling over 2,00,000 sq ft symbolising Financial Technologies' manifold growth over the years.

JIGNESH SHAH
Chairman & Group CEO

THE FUTURE OF FINANCIAL MARKETS

As global financial markets witness a sea change, innovation will remain a key determinant of sustainable growth. Your Company believes that the *future of financial markets* will stand on four pillars of innovation: products, market structure, technology, and regulation.

These four pillars need to evolve from an open competitive environment spanning the entire spectrum of products and services. Building on these four pillars, we will transform economies, empower masses, change lives, and create immense depth in the financial ecosystem.

Convergence of value across asset classes and geographies through modern tech-centric financial markets will be the cornerstone for effective and efficient risk management. This will minimise price volatility and enhance value creation over time.

Despite the current trade contraction, the multiple forces of globalisation will continue to integrate economies and reshape the world economic order. Cross-listing, cross-clearing of products, global accessibility, cross-margining, technology intensive trading, and leveraging across time zones will foster fund flows and liquidity.

Change always demands fresh thought. Market reforms will involve strengthened capital requirements for complex financial instruments and derivatives, stringent new rating norms without any conflicts of interest, greater transparency and strict adherence to disclosure norms by all financial players and counterparties. These will become the essentials for all financial markets globally. In April 2009, heads of nations at G-20 Summit in London highlighted some of these measures for the *future of financial markets*.

> "Change demands fresh thought. Market reforms will include strengthened capital requirements for complex financial instruments and derivatives, stringent new rating norms without any conflicts of interest, greater transparency and strict adherence to disclosure norms by all financial players and counterparties. These will become essentials for the future development of financial markets globally."

While we are moving towards a robust regulatory regime, we need to be wary of over-regulation, as it might become a deterrent for growth. The September 2008 report, titled 'A Hundred Small Steps', by the Committee on Financial Sector Reforms (CFSR) headed by Professor Raghuram G Rajan, under the aegis of the Planning Commission, corroborates this belief and cautions, "…strict regulations on participation are no guarantee that risks are contained, in fact they may create additional sources of risk."

CONNECTING MARKETS THROUGH EXCHANGES

As the world gets flatter, markets will be better connected. Global operations and network of exchanges will bring to your Company economies of scale, and enable it to manage and mitigate global risks on a real-time basis.

Your Company believes that exchange-traded products provide inherent advantages over off-exchange or over-the-counter (OTC) products. The former offer mark-to-market valuation, clearing house guarantee, fungibility, lower impact cost, and higher liquidity—all without any associated counterparty risk. They are transparent and operate under proven regulatory supervision. Your Company has leveraged these advantages of exchange traded products and has built value for all its stakeholders by creating new exchanges, new markets, new products and investing in strategic geographies while focusing on promoting an interconnected and sophisticated marketplace.

True value ensues when we build on the four pillars of innovation, and create a trading platform which can cater to the needs of all market participants. Your Company strives to do exactly this.

Financial markets are increasingly underpinned by technology that creates, integrates, innovates, drives, and makes markets more accessible to everyone. Exchanges based on such technology offer transaction platforms that are fast, secure, transparent, and regulated.

We, at Financial Technologies, see new opportunities in creating well regulated and efficient tech-centric exchanges across multiple asset classes, spanning the emerging markets from Africa to Asia. These markets will transform emerging economies through real-time integration with global financial centers, efficient price discovery, and more accurate risk mitigation.

"Our vision is to create world's largest network of exchanges providing liquidity and depth to markets in the developing and emerging economies of India, China, Africa, Middle East, Southeast Asia, Central Asia, and possibly other economies in the future. Identifying high-growth regional economies remains our focus."

THE YEAR UNDER REVIEW

The year gone by has opened up new vistas for your Company, FTIL, and its group companies. Some of the key milestones are given below:

- In December 2008, Financial Technologies Group acquired a 60% stake in Bourse Africa (BA)—a spot and derivatives multi-asset exchange for trading in commodities, currencies and bonds. It will have a pan-African presence through a hub and spoke model. BA is accredited to Botswana International Financial Services Centre (IFSC) and supported by a world-class regulatory framework of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA).

- In January 2009, FTIL received the regulatory nod from the Central Bank of Bahrain to launch the Bahrain Financial Exchange (BFX)—the first-of-its-kind exchange in the Middle East—to offer a platform to trade in equities, commodities, bonds, currencies and Islamic finance instruments, or Sharia-compliant products.

- Global Board of Trade (GBOT), Mauritius, a multi-asset derivatives exchange is ready to go live.

- Multi Commodity Exchange (MCX), India's No. 1 commodity exchange, increased its market share to 87% (as on March 2009) with an average daily turnover of Rs 149 billion in FY 08-09, a rise of 45% y-o-y.

- MCX was ranked the fourth-largest commodity exchange in Asia by Futures Industry Association (FIA), Washington DC. It is also the seventh-largest commodity exchange in the world.

- MCX, in August 2008, became the first Indian commodity exchange to receive membership of the International Organization of Securities Commission (IOSCO).

- MCX Stock Exchange, which commenced operations in October 2008, has already established itself as the leading exchange in the currency derivatives segment, with around 50% market share (as on March 2009) and daily average volume of 261,820 contracts valued at Rs 13 billion.

- MCX Stock Exchange has initiated its divestment process to meet regulatory guideline on shareholding in exchanges. The Exchange has already placed its equity through primary and secondary market placements to a clutch of Indian banks and financial institutions, respectively.

- National Spot Exchange Ltd. (NSEL), India's first spot commodity exchange, went live on 15th October 2008.

- National Bulk Handling Corporation (NBHC) has 437 warehouses and 25 quality assurance laboratories. Additionally, the Company has managed over 5,000 storage facilities with close to 6.5 million MT stock of agri-commodities (cumulative) under collateral management with 31 leading public and private sector banks in India. The Company has also facilitated over 70,000 Warehouse receipts financing transactions to date worth over Rs 75 billion with an asset base of over Rs 108 billion.

- Indian Energy Exchange (IEX), promoted jointly with PTC India and other industry partners, has traded 2.6 million contracts valued at Rs 19.51 billion as on 31st March 2009, since it went live in June 2008.
- Dubai Gold and Commodities Exchange (DGCX) traded 1.03 million contracts during the period FY 08-09. More than 2.9 million contracts with a value of over US$ 119 billion have been traded since the exchange went live in 2005.
- Singapore Mercantile Exchange (SMX) is preparing to be a trading hub for precious metals, base metals, energy, and agricultural commodities, in addition to trading in cross-currency derivatives, carbon credits, and commodity indices.
- atom technologies, the revolutionary mobile transaction platform, completed successful transactions worth Rs 5.5 billion by 31st March 2009, and added clients including Tata Sky, ICICI Prudential, Cinemax, Fame Cinemas and Living Media. In August 2008, atom technologies became India's first and only end-to-end m-payment service provider to receive the Visa Payment Application Best Practices (PABP) certification.
- TickerPlant, the financial information services venture offering real-time market data and news has added important clients such as Axis Bank, IDBI, DCB, Times of India, Yahoo, GE Shipping, Thomas Cook, TATA Communications, and Reliance Capital, among others.
- MCX Stock Exchange Clearing Corporation started operations in the first quarter of 2009, to provide clearing services along with counterparty guarantee. With 57 clearing members, including banks and large corporate members, the new venture clears trades of over 400 members.

UNLOCKING VALUE

During fiscal 2008-09, your Company's financial performance was very encouraging. Financial Technologies has been among a select few listed companies to maintain its track record of rewarding its shareholders by paying out a handsome dividend of Rs 10 per share on Rs 2 paid up equity (500%) for the year under review. Your Company's standalone financials are as follows:

- Standalone operating revenue increased by 143% to Rs 3,343 million for the year ended 31st March 2009 as compared to Rs 1,376 million in FY 2007-08.
- Total income* for the year ended 31st March 2009 grew by 116% to Rs 4,994 million as compared to Rs 2,311 million for the year ended 31st March 2008.
- EBITDA* went up by 92% to Rs 2,655 million for the year ended 31st March 2009 as compared to Rs 1,384 million for the year ended 31st March 2008.
- EBITDA margin* of 53% for FY2008-09.
- PBT* was up by 106% to Rs 2,581 million for the year ended 31st March 2009 as compared to Rs 1,252 million for the year ended 31st March 2008.
- PAT* was up by 113% to Rs 2,065 million for the year ended 31st March 2009 as compared to Rs 970 million for the year ended 31st March 2008.

*excluding profit on sale of shares

CONSISTENT VALUE GENERATOR

Your Company has been rated among the top five investor-friendly companies based on shareholder returns by Business World magazine.

FTIL has offered unmatched growth over the years. CAGR across all financial metrics (for 5 years up to March 2009) are as listed below:

• Total Income*	96% (from Rs 335 million to Rs 4,994 million)
• EBITDA*	107% (from Rs 144 million to Rs 2,655 million)
• Net Profit*	114% (from Rs 99 million to Rs 2,065 million)
• EPS	144% (from Rs 2.26 to Rs 80.33)
• Dividend	124% (from Rs 0.4 to Rs 10)

(*excluding profit on sale of shares)

FOUNDATION FOR A GLOBAL CORPORATION

The Financial Technologies Group has set up a strong foundation to be one of the fastest growing global corporations in the business of exchanges and financial ecosystem. Some of the threads that bind the self-fueling business model of the Group are:

- Operates and manages the world's largest exchange network of 10 exchanges supported by 6 ecosystem ventures, and is the market leader in front-end exchange technology.
- Human resource base of over 3,000 highly qualified employees across the Group.
- Over 60 experts comprising the who's who of the industry serve as Members of the Board, Advisory Board, and Management. These doyens are armed with years of experience and expertise.
- Infrastructure comprising two office towers and measuring more than 320,000 sq ft with state-of-the-art facilities to support the Group's growth.
- Alliances with over 12 international exchanges and 18 domestic trade associations enable collaboration aimed at developing joint products and indices for the Asian and African markets, besides conducting joint research, and developing educational and awareness programs.
- Multiple product IPs providing end-to-end solution offerings for all market participants.
- Blue-chip domestic and international institutional investors with more than 30% stake in the shareholding structure.
- A diverse and vibrant market participant community with over 4,000 members in India, more than 1,000 institutions including top 30 banks.
- ODIN™, FTIL's flagship product for brokerage solutions, has over 80% market share with more than 350,000 trading licenses.

The Group is recognised as a global leader in establishing green field exchanges and related technology, and ecosystem ventures that are leading in their respective markets, as shown in the table:

FTIL Group Companies/Business	Market Share	Ranking
Technology Business (Trading Terminals)	Over 80% with 100,000 terminals and over 1000 clients (financial institutions)	#1
Multi Commodity Exchange	87% with a place in top-3 global ranking for Silver, Gold, Crude Oil, Copper and Zinc	#1
Indian Energy Exchange	92% of exchange traded electricity in India	#1
National Spot Exchange	95% spot commodity exchange trade	#1
National Bulk Handling Corporation	90% Warehouse receipt financing and collateral management in India	#1

NEW CHALLENGES, NEW OPPORTUNITIES

The Financial Technologies Group's vision is to continue to build a strong and profitable network of exchanges; to expand and provide liquidity and risk management solutions to the developing and emerging economies; and identify national and regional markets for its products.

The Group's domain expertise will enable it to introduce trading in new asset classes on its efficient tech-centric exchange platforms in different regions. As a part of the market structure innovation, the Group vigorously pursues its avowed mission of increasing access to markets by creating and operating exchanges that cater to the needs of the micro, small and medium enterprise (MSME) segment of the economy.

The Group develops efficient markets in diversified asset classes such as equities, interest-rate derivatives, credit default swaps, cross-currency derivatives, bonds, etc., depending on the regulatory framework of respective countries. It will continue to tap new opportunities to develop such markets.

In India, today, the bond market is still at an incipient stage. The Raghuram Committee report of September 2008 validates the case for development of the bond market in India. It recommends, "A corporate bond market could serve as a useful buffer between financial institutions and be an important source of stability in the current environment."

THE INDIA MODEL

It is precisely with the view to develop financial inclusion within India that FTIL and MCX have promoted a new-generation stock exchange, MCX Stock Exchange, which currently offers currency derivatives trading, and is poised to offer equity, exchange-traded interest rate derivatives and other exchange-traded financial products. The new Exchange has sought the regulator's permission to facilitate trade in equity (cash and F&O) and interest rate derivatives. Going forward, MCX Stock Exchange will also bring in innovations to offer a platform for SMEs, and introduce new equity and debt market products. MCX Stock Exchange has already initiated its demutualisation process by offering equity participation to strategic investors including leading domestic and international institutions, banks and stock exchanges.

Even the well-established segment of equity presents immense opportunities. Today, only about 1-1.5% of the population holds demat accounts, of which about 600,000 are active market participants on a given day, representing only about 0.06% of the population. In the developed nations, this number is as high as 30%-40%.

India has immense potential, and to tap it, we intend to develop a new 'India Model'. Even if we can mobilise just 10% (US$ 30 billion) of the current household savings of US$ 305 billion and channelise it into equities, bonds, currencies, and commodities markets, it will greatly augment the Indian economy and enhance the returns on our citizens' savings. If we can succeed in routing these domestic savings to corporate growth, it will reduce India's dependence on foreign investments for capital mobilisation.

We also see India graduating to the status of an international financial powerhouse; a place where multinational companies can look to raise capital or use as a hub for their regional capital deployment. India has the potential to become an exporter of capital rather than an importer.

At the same time, we as a nation need not have any fear about foreign investments. As the Raghuram Committee report says, "The primary lesson of the Asian financial crisis is not that foreign capital or financial markets are destabilising, but that poor governance, poor risk management, asset liability mismatches, inadequate disclosure, excessive related party transactions, and murky bankruptcy laws, make an economic system prone to crisis."

The Indian economy is breathing again. Riding on the back of resilient domestic demand, the Indian economy recorded a better than expected growth rate of about 6% in the fourth quarter of 2008-09. The economy grew by an aggregate of 6.7% for the fiscal 2008-09. Formation of the new government at the Centre has boosted the confidence level of industries, and with falling interest rates, controlled inflationary pressures, thrust on rural development and the infrastructure sector getting the attention it deserves, there is a new-found optimism on the economic outlook and the *future of financial markets* in India. The Economic Survey, released in July 2009, projects India's GDP growth at an average 9% per annum for the next few years.

GLOBAL REACH

Likewise, your Company will innovate to create the ideal business model to establish deeper financial markets and ecosystems in geographies ranging from Africa to Asia. We have conducted in-depth market studies for each of these geographies, and are looking at more such prospective markets where FTIL could successfully invest to create new-age financial markets. A case in point is Bourse Africa, which will operate on a hub and spoke model, with Botswana as the hub and spokes reaching out to 50 African nations. We intend to tap the huge potential for creating new exchanges (markets), establish an efficient price discovery mechanism for resources originating in Africa, and last but not the least, increase the financial depth of the markets and unlock intrinsic value which remains latent in the underdeveloped socio-economic pyramid of the region.

The year 2009-10 will be a defining year for the Group as we get ready to go live with SMX, GBOT, Bourse Africa, and BFX. We will continue to execute and scale the FTIL technology business, as well as scale MCX, MCX Stock Exchange, and NBHC to the next level of growth, while also focusing on making our other ventures more profitable. FTIL believes in spawning and incubating new exchanges in newer markets. I am sure the year ahead will see value being generated from our new exchanges; value in profit and value from the ever widening participatory base as the Group's exchanges continue to bring "markets to the masses" and benefits to all stakeholders.

FTIL strives to master scalability and end-to-end integration across the entire value chain of a transaction lifecycle. Your Company possesses deep domain knowledge on exchanges, governance and transaction technologies. The experience of our leadership team, Board of Directors, and Advisory Boards is remarkable. FTIL has broadbased expertise in setting up and operating next-generation financial markets globally. This, coupled with our global partnerships and strategic alliances, will take us far in our journey across continents.

Yes, the road ahead is challenging. However, you can be rest assured as the direction forward is well charted by your Company. The roadmap is to create a sustainable business strategy that continually generates value while consolidating Financial Technologies as a truly global institution.

Let's take this journey together to shape the *future of financial markets.*

Jignesh Shah
Chairman & Group CEO

Journey begins-
1995: Humble Beginnings - Hanuman Building, Fort - Mumbai, where FT was born in a 200 sq ft mezzanine floor rented space.

BUSINESS AND FINANCIAL HIGHLIGHTS

Painting collection, oil on canvas, circa 1844,
1st floor, Library, Exchange Square, Mumbai

The London Stock Exchange

The London Stock Exchange is one of the oldest stock exchanges in the world and can trace its history back more than 300 years.

"The Financial Technologies Group has the ability to steer the *future of financial markets* not only by building global enterprises but also by setting trends that will dominate the next-generation market platforms."

— G. N. Bajpai —

Former Chairman, SEBI and LIC

Chairman, Advisory Board - Financial Technologies (India) Ltd.

GROUP OVERVIEW

EXCHANGE BUSINESS

Commodity

Derivatives

MCX
India's No.1 Commodity Exchange

Spot

National Spot Exchange
Electronic Spot Market

Stock Exchange

MCX-SX
India's New Stock Exchange

Multi-Asset, Commodities & Derivatives

SMX
Singapore Mercantile Exchange
Where the world will trade

GBOT
Global Board of Trade

BOURSE AFRICA
African Markets. Global Opportunities.

DGCX
بورصة دبي للذهب والسلع
Dubai Gold & Commodities Exchange

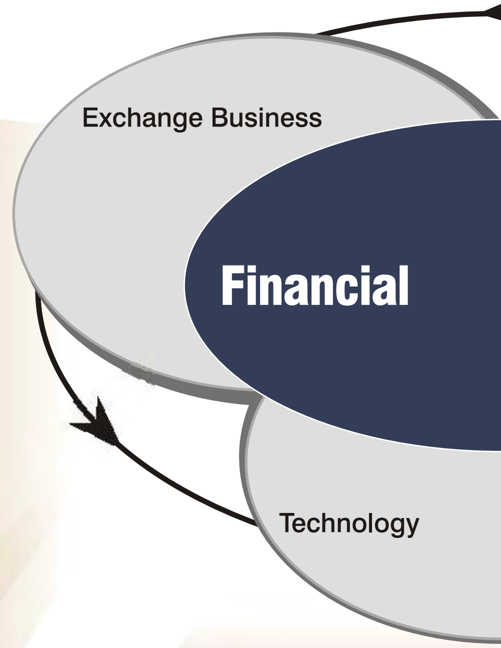
BFX
Multi asset trading one market
Bahrain Financial Exchange سوق البحرين المالي

Forex Spot

IBSFOREX

Energy

IEX
INDIAN ENERGY EXCHANGE
India's 1st Power Exchange



TECHNOLOGY

Exchange

DOME

Brokerage

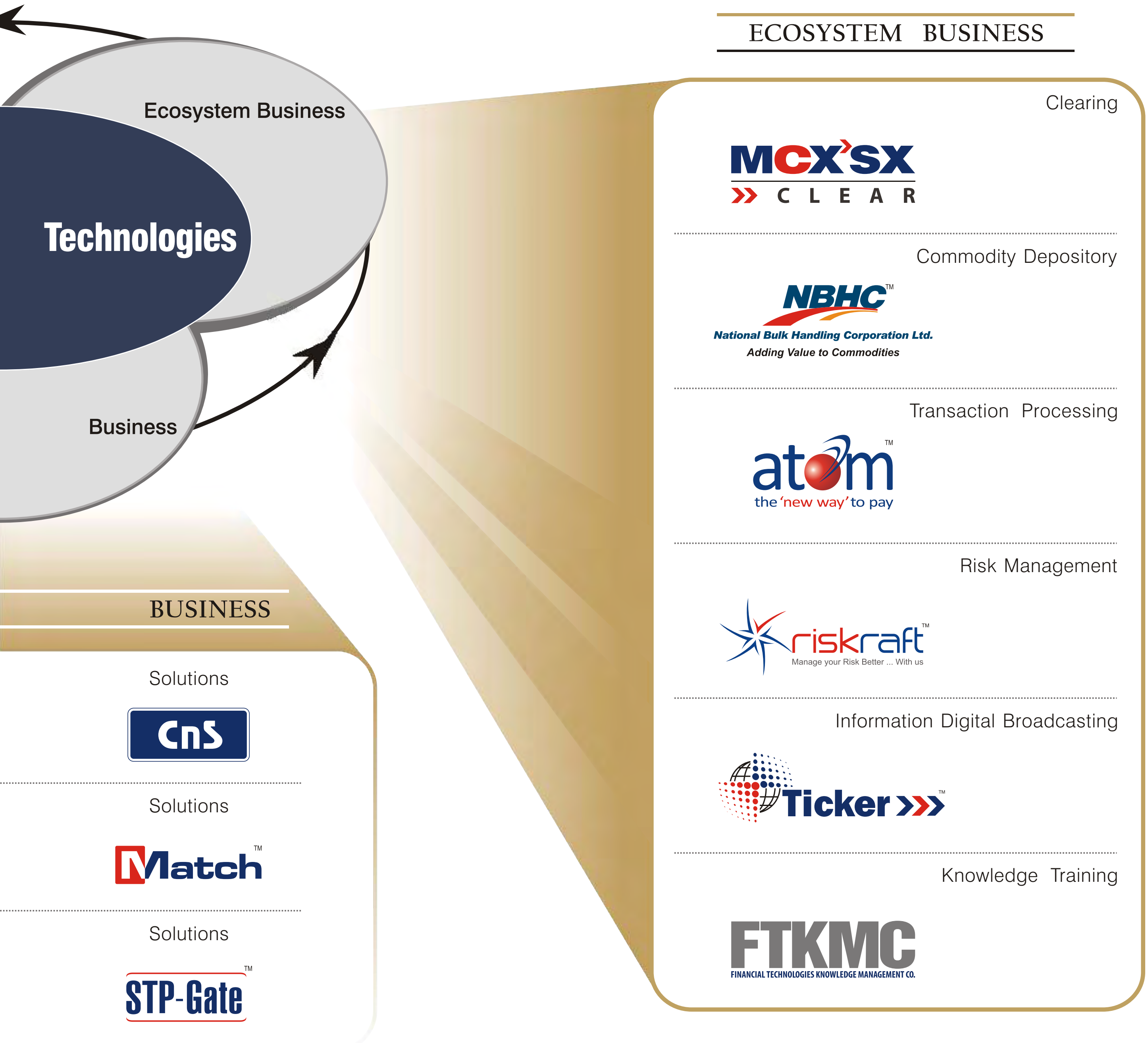
ODIN

Messaging

FTNET

The Financial Technologies Group offers a unique business model integrating its domain knowledge of end-to-end IT-enabled transaction and exchange technology with creating and operating exchanges. The Group has one of the world's largest exchange networks of 10 exchanges connecting the fastest-growing economies of Africa, Middle East, India and Southeast Asia. The Group's business model of setting up and operating efficient markets (exchanges) is well supported by ecosystem ventures to bring about long-term sustainability and robustness in the creating value for all its stakeholders, be it market participants, intermediaries or end-users.

The exchange network of the Group provides transaction opportunities that are transparent and well-regulated, providing mark-to-market valuation, clearing house guarantee, fungibility of deliveries and higher liquidity without associated counterparty risks. It also provides the opportunity for cross-listing, margin credits, carry-forward positions across exchanges, hedging and creates easy liquidity across connected markets around the world.



Financial Technologies (India) Ltd is today a global leader in offering technology IP (intellectual property) and domain expertise to create next-generation financial markets that are transparent, efficient and liquid, across all asset classes including equities, commodities, currencies and bonds. The Company is a pioneer in introducing end-to-end Straight-Through-Processing solution that support high density transactions.

The Group's ecosystem ventures address upstream and downstream opportunities to support its exchange ventures, including clearing, depository, information vending, and payment gateway, amongst others.

Non-linear business model of the Group not only builds unprecedented shareholder value, it also helps democratise global trade, transform economies, and empower SMEs and ordinary people by unlocking value from the middle and bottom of the socio-economic pyramid.

FTIL PRODUCT GRID

SOLUTIONS	PRODUCTS	MARKETS* FOREX SPOT	FOREX DERIVATIVES	EQUITY CASH	EQUITY DERIVATIVES	COMMODITY SPOT	COMMODITY DERIVATIVES
EXCHANGE	DOME	–	✓	✓	✓	✓	✓
	CnS	–	✓	✓	✓	✓	✓
	FX-Direct™	✓	✓	–	–	–	–
BROKERAGE Front Office	ODIN™	–	✓	✓	✓	✓	✓
	ODIN™ IOB	–	–	✓	✓	–	–
	ODIN™ Diet	–	✓	✓	✓	✓	✓
	Net.net	–	✓	✓	✓	✓	✓
	iWin™	–	✓	✓	✓	✓	✓
	DMA LIVE!	–	–	✓	✓	–	–
	ODIN™ Program Trading	–	✓	✓	✓	–	✓
	ODIN™ Greek Neutralizer	–	–	✓	✓	–	–
	Advanced Charting	–	✓	✓	✓	–	✓
Back Office	MATCH™	–	✓	✓	✓	–	✓
	e-Hastakshar™	–	✓	✓	✓	–	✓
	Protector	–	✓	✓	✓	–	✓
MESSAGING Pre Trade	FTNET	–	✓	✓	✓	–	✓
Post Trade	STP-Gate™	–	–	✓	✓	–	–

*ODIN™ supports
International exchanges DFM (Dubai), DGCX (Dubai), Tadawul Stock Exchange (Saudi Arabia) & ADX (Abu Dhabi)
Domestic Exchanges BSE, NSE, MCX, NCDEX, MCX Stock Exchange, National Spot Exchange

FEATURES	URL
A multi asset exchange product suite, offering an integrated matching engine, including surveillance, risk management, clearing and settlement.	www.ftindia.com/dome
CnS is a multi-user clearing and settlement system for commodity, equity, fixed income and currency exchanges / clearing corporations.	www.ftindia.com/cns
A multi-currency, multi-segment front-office trading application for the spot, swaps, and options markets - mainly for banks.	www.ftindia.com/fxdirect
A multi-exchange, multi-currency front-office trading and risk management system, which makes trading on multiple markets easier through the use of a single application.	www.ftindia.com/odin
A FIX enabled single console advanced front-end trading application with increased levels of operational ease and execution efficiency for Institutional investors. It has been integrated with Bloomberg, Fidessa, NYFIX and other leading global order routing networks and aggregators.	www.ftindia.com/odiniob
An application based trading front-end for broker's clients and active end users as it facilitates higher accessibility and availability through very low bandwidth.	www.ftindia.com/odindiet
An online browser based multi-exchange, multi-currency trading application, catering to a wide spectrum of financial market users.	www.ftindia.com/net.net
A multi market wireless internet mobile dealing desk application, which facilitates market participants to stay connected with the markets on a real-time basis.	www.ftindia.com/iwin
Direct market access services suite for the buy-side and sell-side to improve operational efficiencies and reduce transaction costs.	www.ftindia.com/dmalive
Facilitates auto-execution of trades based on selected strategies with maximum ease. Has inbuilt strategies such as cash and futures arbitrage, quote-driven and calendar strategies that search for profit making opportunities.	www.ftindia.com/odinprogramtrading
Facilitates users by providing various Greek values, which are required to neutral delta or gamma positions. It is a valuable tool for options traders and hedgers, arbitrageurs, and speculators that helps manage risk involved in complex positions of options and effectively implements delta hedging strategies.	www.ftindia.com/odingreekneutralizer
A comprehensive active charting in ODIN™ TWS, ODIN™ Diet and Net.net harnesses the potential of charts effectively, to time the market better and the tap profit making opportunities.	www.ftindia.com/advancedcharting
A multi-user, multi-exchange, multi-asset, multi-currency integrated back office accounting and settlement system, which addresses the needs of back office operations of retail and institutional broking houses.	www.ftindia.com/match
A unique document signing solution that enables seamless and secured flow of information in electronic form using digital certificates with minimised manual intervention.	www.ftindia.com/ehastakshar
Online post-trade, pre-acceptance risk management solution, which enables the members to mitigate risk in equity, equity derivatives, exchange-traded currency futures, as well as commodity segments.	www.ftindia.com/protector
A fully managed, FIX compliant global network that offers reliable access to major liquidity sources across multiple asset class.	www.ftindia.com/ftnet
A secure straight-through-processing platform which offers an online interface between fund houses, custodians and brokers.	www.ftindia.com/stpgate

*MATCH™ supports
International Exchanges DFM (Dubai), DGCX (Dubai), Tadawul Stock Exchange (Saudi Arabia) & ADX (Abu Dhabi)
Domestic Exchanges BSE, NSE, MCX, NCDEX, MCX Stock Exchange

FTIL PRODUCT OVERVIEW

EXCHANGE SOLUTIONS

- DOME - No.1 in price / volume proposition; integrated turnkey out-of-the-box solutions for exchanges globally
- Our solutions power more than 5 exchanges including MCX, MCX Stock Exchange, National Spot Exchange, DGCX, SMX and others
- Provides almost 99.999% uptime on the exchange and capacity to handle 10 million transactions in a day

BROKERAGE SOLUTIONS

- Robust, entrenched back-office & front-office solutions
- ODIN™ No. 1 in trading terminals in India with over 80% market share
- It enables over 4,000 members of MCX, MCX Stock Exchange, National Spot Exchange, NCDEX, BSE & NSE to transact in equity, commodities and currency markets
- Provides access to over 8 market segments, 1,000 institutions and brokerage clients, including top 30 banks

MESSAGING SOLUTIONS

- Robust and secure STP processing platform that provides online interface between fund houses, custodians and brokers, based on ISO 15022 messaging format
- STP-Gate™ offers messaging solutions for both equity as well as derivatives segment
- 190+ investment managers and 400+ trading members are its clients

PRODUCTS	COMPONENTS	DESCRIPTION
DOME		
	Order Matching Engine	Supports continous trading and auction trading; integrated with Order Management Engine and capable of incorporating matching algorithms.
	Order Management & Routing Engine	Versatile order management and order routing platform for complete trade life cycle; ensures seamless performance of high volume without compromising on security.
	Risk Management & Surveillance Engine (RMS)	Real time risk management solution; captures margin requirement and MTM loss on every trade; provides multiple alerts to exchange and Risk Management & Surveillance team; provides support to VaR and SPAN based margining system.
	Market Data Engine	Processes order to form market data for native, load balanced solutions, enabling market participants to view market data on real-time basis.
	Info Feed	Interface for info feed vendors who only need market data on real-time basis or at a delayed interval; query based enabler for quick delivery of market data.
	FIX and Non-FIX Interface	Interface to ISVs using FIX protocol and Non-FIX protocol based on the needs of the vendor / broker member; supports functions supported by Order Management System (OMS); manages ISV connections without overloading OMS.
	Trader Workstation	A feature-rich native trading desk which allows traders to view market data; useful for those who do not want to get into technical details of solutions and trade with limited controls.
	Members' Administrator	Administrative terminal which enables members / brokers to supervise activities of trader workstations under it's membership; enables the member / broker to view available and utilised margin limits.
CnS		
	Clearing	Application generates the end-of-day obligation for settlement with members, determining the margin requirement and MTM pay-in / pay-out.
	Settlement	User friendly settlement tracker for each member; with features for settlement of shortages from liquid collateral available with the exchange.
	Collateral Management	A system which allows exchanges to accept range of approved collateral; allows users to set ratio for liquid collateral with non-cash collateral.
	Banking Interface	Interface with banks that compliments the settlement system; ensures data integrity with bank.

Product overview contd...

PRODUCTS	COMPONENTS	DESCRIPTION
CnS		
	Members' Interface	Simplifies communication between members and exchanges for routine applications; members can electronically submit requests to exchanges with automated response updation system.
	Depository Interface	Ready interface for NSDL and CDSL depositories as per their respective protocol for equities and commodities.
ODIN™		
	ODIN™ TWS	A multi-exchange, multi-segment trading front-end for the members that allows them to trade in multiple market segments using a single application.
	Multi Admin	ODIN™ application facilitates the multi-admin feature, which is a valuable feature for creating various hierarchies of risk management and assigning different privileges to their risk managers. ODIN™ application has various pre-defined multi-admin categories such as Super User, Surveillance and Group Admin.
	STREAMER	An application which facilitates 'broadcast re-distribution' and 'controlled broadcast'. STREAMER supports heterogeneous networks and it's inherent architecture supports multi-location business model of a broking house.
	STP Switch™	It is an online interface between ODIN™ front-office and back-office products. Online trade confirmations are passed to back office products for processing.
	ODIN™ LBS	A load balancing utility that allows to connect multiple streamer applications. In case the STREAMER application being used fails, ODIN™ LBS automatically switches the user to another streamer application without any broadcast interruption. It also performs the load balancing distributions and forwards the client's connections to the respective streamer application.
ODIN™ IOB		
	Sales Trader	Designed for institutional dealing environment. Orders received from clients via FIX connectivity or through any other communication channels are assigned to dealers for execution. It can also execute orders by itself without assigning them to any dealers.
	Inbuilt Algos	Various algos like TWAP, VWAP, roll-over strategy and pair orders are available in ODIN™ IOB TWS for releasing orders on a single click.
IBT - Internet based trading tools		
	DP Gateway	DP interface module allows members to upload client's stock holdings. Client can sell his holding by selecting product type as delivery from stock watch or order entry.
	Purchase Today Sell Tomorrow (PTST)	A new product type for providing the benefit of 'Purchase Today Sell Tomorrow' with an in-built auto square-off facility.
	Margin Trade Funding (MTF)	A product type that facilitates administrators in defining the percentage of funding amount.
	Margin Plus	A product type that is used to generate stop-loss order with predefined trigger and limit price for every regular order placed. It helps investors mitigate their risk by limiting losses.

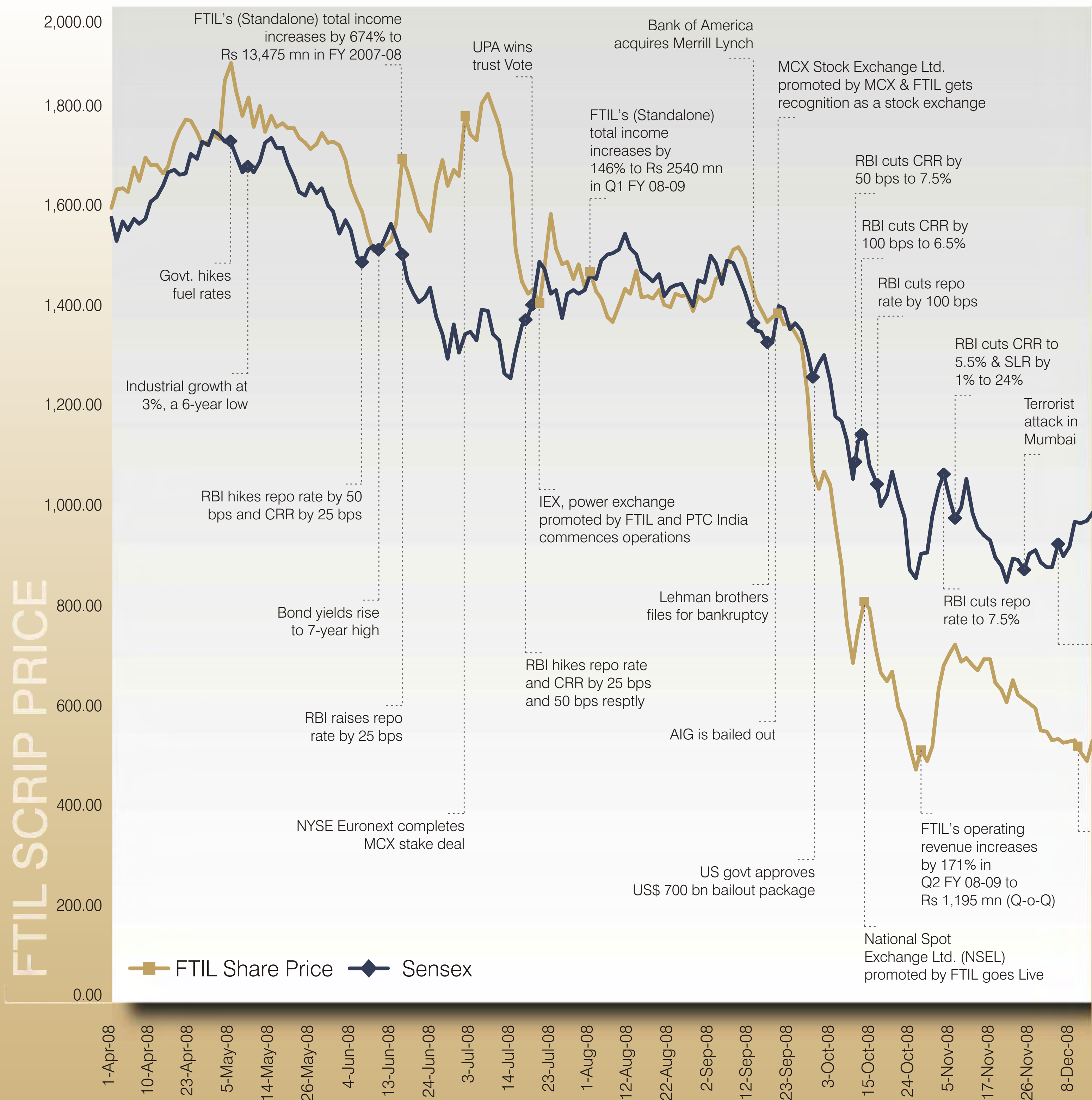
Product overview contd...

PRODUCTS	COMPONENTS	DESCRIPTION
IBT - Internet based trading tools		
	Call N Trade	A special dealer terminal that facilitates viewing of cumulative position, order book, trade book and limits for the clients mapped, irrespective of the client's location. Call and Trade dealers can also square off or enter fresh positions on behalf of their clients.
	Payment Gateway	An interface which enables web clients to transfer funds online to various products in ODIN™.
	PG Retail	Facilitates fund transfer for offline retail clients through member's website.
	Messaging Utility	A special messaging utility that enables the member to send messages to clients connected to multiple ODIN™ Managers as well as to other products such as IPO and Mutual Fund. It also provides the functionality of sending SMS to clients for various related information such as order confirmation and trade confirmation.
	Password Mailer Utility	This utility tool provides ease of updating the password—via secure password stationery, email or SMS—for members providing IBT facility to their clients.
	eIPO	This web based client application enables end clients to perform bid transaction, view transaction book, get information related to IPOs, one's limits and TRS report.
	e-Mutual Fund	A web based front-end for investing in mutual funds; it facilitates retail investors to place orders, view order status and allocate funds online.
MATCH™		
	iMatch	An application that facilitates branch or end users to login through internet and / or intranet and view various reports generated by MATCH™.
	Match Messenger	An application that effectively and efficiently automates document generation and route to clients registered with back-office through email or fax.
	Report / Query Builder	Utility to generate ad-hoc reports on almost all the basic data in MATCH™ (Static Masters, Transactions like Trades, etc.).
	STP-Switch™	Utility to process trades and push into MATCH™ online from ODIN™ and / or exchange admin / zero terminals on a real-time basis.
	STP-Connect	A file-based interface with Omgeo Oasys Global Application for block level and contract/confirmation messages.
e-Hastakshar™		
	e-Hastakshar™	A unique document signing solution that enables seamless and secured flow of information in electronic form using digital certificates with minimised manual intervention.

Product overview contd...

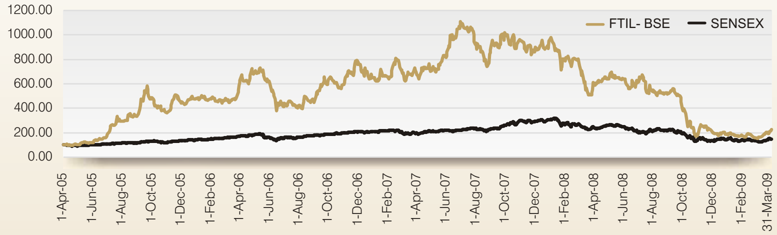
PRODUCTS	COMPONENTS	DESCRIPTION
Protector		
	Protector+	Post-trade, pre-acceptance risk management solution that helps members to mitigate risk in various segments. Also an add-on for handling Custodial Participant (CP) functionality and institutional clients.
	e-Protector	A web based reporting tool that allows branches and end clients of members to have online access to reports generated by Protector+.
STP-Gate™		
	STP-DIMEX	Offline file conversion utility for brokers to generate contract notes in ISO file format for sending to fund houses and custodians.
	STP-Proficient	Provides solution to fund houses to convert and generate broker confirmations (IFN 598) and settlement instruction (IFN 540 to 543) file in ISO 15022 standard format.
	STP-Navigator	Automated real time two-way interface for file transfer of updated data, ISO messages between STP-Gate™ and back office system of STP client.
	STP Matching System	Exhaustive offline utility that matches actual deals with ECNs on pre-defined parameters.
	STP Derivatives	Transaction processing platform for seamless convergence and online interface between brokers and fund houses.

FTIL SCRIP AND BSE SENSEX FY 2008-09

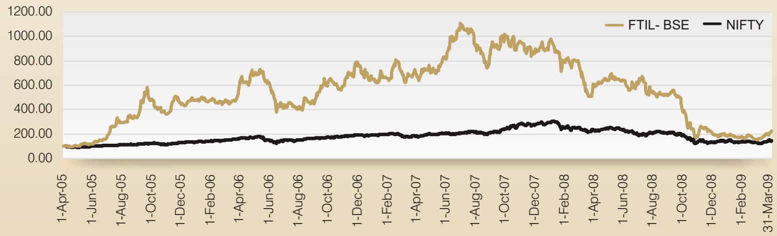


Rebased - FTIL v/s Indices (April 2005 - March 2009)

FTIL v/s SENSEX

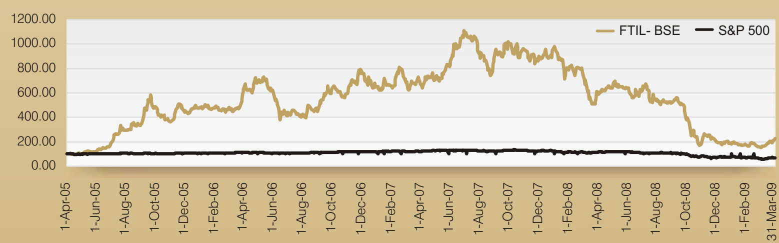


FTIL v/s NIFTY



FTIL v/s FTSE

FTIL v/s S&P 500



Note: The performance of the company's shares relative to global and domestic indices at a common base of 100 from 1st April 2005.

BUSINESS HIGHLIGHTS

QUARTER 1

April – June

- Financial Technologies (India) Ltd. (FTIL) was successfully certified to ISO 27001:2005 and ISO 9001:2000
- Indian Energy Exchange (IEX) - India's 1st electricity bourse jointly promoted by FTIL and Power Trading Corporation (India) Ltd., commenced operations

QUARTER 2

July – September

- NYSE Euronext acquired 3.9 million equity shares of Multi Commodity Exchange (MCX) at Rs 559.21 per share through its affiliate Euronext NV
- Launched Singapore Mercantile Exchange (SMX), a commodity futures exchange in Singapore, to trade in commodities, currencies and commodity indices
- Launched Direct Market Access - DMA LIVE, which together with FTNET provides international market connectivity and access to over 80% of Indian brokerage and institutional market

QUARTER 3

October – December

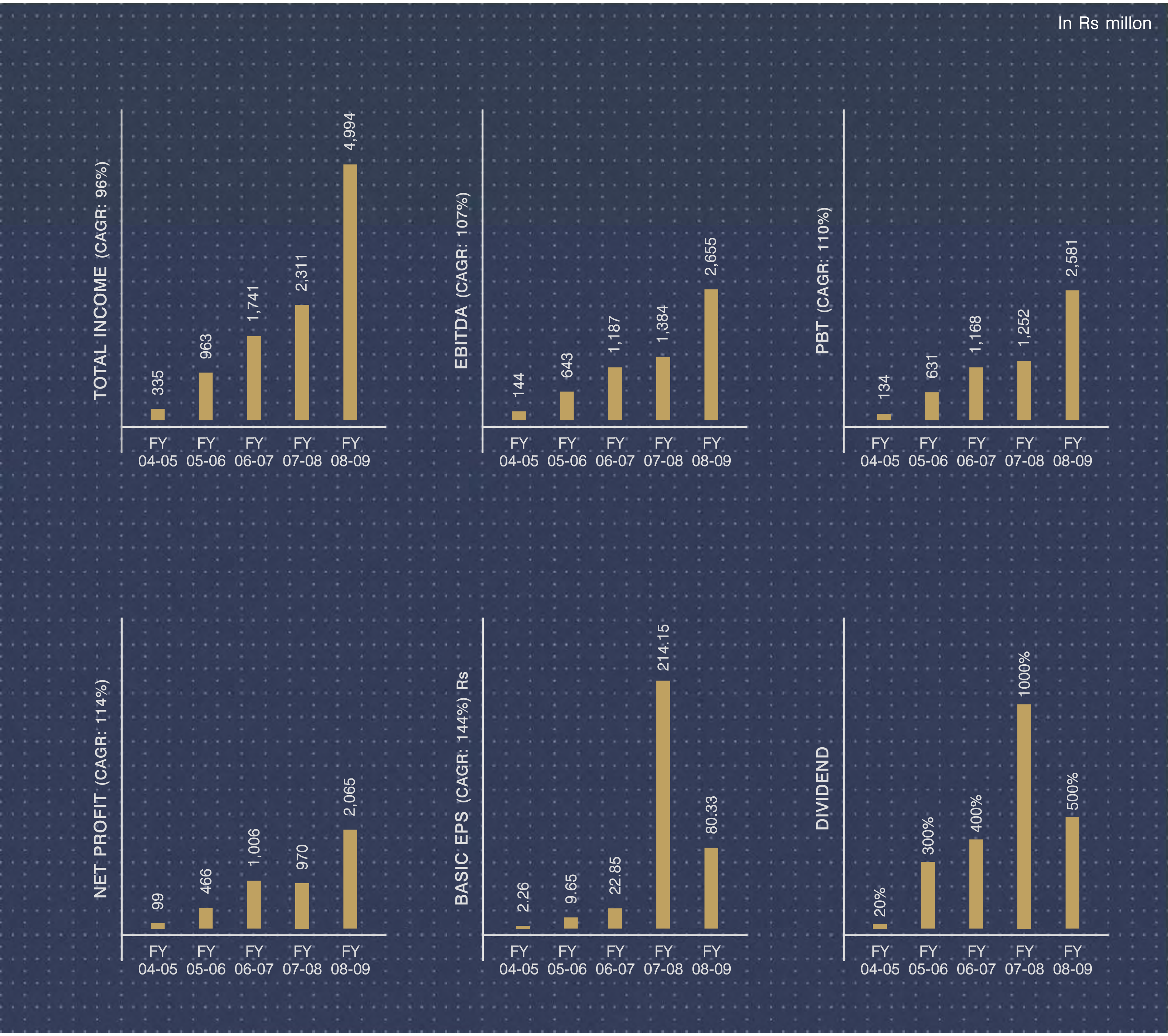
- MCX Stock Exchange, a pan India currency futures exchange, commenced operations
- atom technologies became India's first m-payment provider to receive VISA PABP certification
- National Spot Exchange Ltd. (NSEL) - India's first online spot trading platform, promoted by FTIL and NAFED, commenced operations
- FTIL ranked third among the Top 100 profitable companies by Business World magazine in October 2008
- Financial Technologies Group acquired 60% stake in Botswana based Bourse Africa Ltd. to set up a pan African spot & derivatives exchange
- FTIL ranked 11th in Business India's list of Super 100 companies with respect to efficient use of capital employed (ROCE)

QUARTER 4

January – March

- MCX launched futures trading in Electricity, the first Indian exchange to do this
- FTIL was bestowed with the 'Golden Peacock Innovative Product / Service Award - 2008' for its product, ODIN™ X Plaza, a fully managed gateway offering trading facility for exchange members, their dealers and clients through internet
- Launched Bahrain Financial Exchange (BFX), the first-of-its-kind exchange in the Middle East to trade in equities, commodities, bonds, currencies and Islamic finance instruments or Sharia-compliant products
- FTIL repurchased zero coupon Foreign Currency Convertible Bonds (FCCB) for US$ 7.02 million
- MCX clocked a record turnover of Rs 320 billion (single sided) at the close of trading hours on 19th March 2009
- MCX was ranked 4th amongst Asia's commodity bourses on the basis of trading volumes by Washington based Futures Industry Association (FIA)

FINANCIAL HIGHLIGHTS



Note: Figures shown above are excluding profit on sale of shares except per share data.

5-YEARS AT A GLANCE

(in Rs million, except per share data)

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
STANDALONE					
Financial Performance (excl. profit on sale of shares)					
Total Income	335.09	962.57	1,741.32	2,311.28	4,994.14
Profit before tax	133.93	631.33	1,168.47	1,251.54	2,580.91
Profit after tax	99.13	465.94	1,006.12	969.91	2,064.54
Financial Position					
Fixed Assets	63.95	91.75	690.64	2,072.61	2,841.08
Cash and Bank Balance (incl. investments in mutual funds)	1,100.97	1,142.26	2,957.60	12,112.31	11,617.23
Net Current Assets	91.53	(196.71)	1,487.49	2,861.45	4,636.32
Debt	0.00	0.00	4,344.17	3,994.51	4,610.98
Net Worth	1,386.51	1,510.18	1,986.60	14,693.78	17,496.99

RATIO ANALYSIS	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Performance Ratios (excl. profit on sale of shares)					
EBITDA / Total Income	43%	67%	68%	60%	53%
Aggregate Employee Costs / Total Income	23%	18%	18%	21%	19%
Profit before Tax / Total Income	40%	66%	67%	54%	52%
Effective Tax Rate - Tax / PBT	26%	24%	15%	23%	20%
PAT / Total Income	28%	44%	58%	42%	41%
Balance Sheet Ratios					
Current Ratio (Current Assets / Current Liabilities)	1.67	0.60	2.99	3.26	3.57
Ratio Growth (excl. profit on sale of shares)					
Total Income	21%	187%	81%	33%	116%
EBITDA	2%	347%	85%	17%	92%
PAT	-27%	356%	137%	-4%	113%
Per Share Ratios					
Basic EPS (Rs)	2.26	9.65	22.85	214.15	80.33
Price / Earning, end of year	117	171	89	8	8
Book Value (Rs)	31.51	34.32	45.05	320.24	381.33
Price / book value, end of year	8.38	49.80	40.57	5.01	1.63
Dividend per share (Rs)	0.40	6.00	8.00	20.00	10.00

MESSAGES FROM GROUP SENIOR MANAGEMENT

Painting collection, oil on canvas, circa 1908,
6th floor, Chairman's Office, Exchange Square, Mumbai

The New York Stock Exchange

The origin of the New York Stock Exchange (NYSE) can be traced to 1792, when 24 brokers signed the Buttonwood Agreement.

"Exchanges, we believe, play a pivotal role in helping the emerging economies pave the way for the *future of the financial markets* by introducing modern market mechanisms and creating accessible and transparent trading platforms."

Ashok Jha

IAS (retd.), Former Finance Secretary, Govt. of India
Chairman, MCX Stock Exchange

TECHNOLOGY

PARAS AJMERA
Director, Operations

DEWANG NERALLA
Director, Technology

MANJAY SHAH
Director, Business Development

Dear Shareholders,

We are indeed fortunate to be living in today's time and age. Nowhere in history have we witnessed so much progress in so short a time, particularly in the area of information and communication technology. Since the internet was thrown open for public use worldwide in the early 1990s, both hardware and software have undergone profound improvements in utility and user-friendliness. We shifted to the laptop from the desktop, and we are currently moving full throttle into mobile communications. Processing speeds are moving into the nanosecond zone.

Technology is not only changing the way market participants transact, it is also changing the nature of the marketplace. Technology systems and technology network systems are combining to redefine the market and market practices.

Financial Technologies (India) Ltd. (FTIL) has already distinguished itself as the market leader with a dominant share in the digital transaction-processing market. FTIL's end-to-end Straight Through Processing (STP) solutions support high-density transactions and cover all stages of a trade life-cycle—pre-trade, trade and post-trade.

EXCHANGE SOLUTIONS

DOME

During fiscal 2008-09, DOME (Distributed Order Matching Engine), released its ninth version with new modules—eXchange, Exchange Direct, Bank Gateway, Open Interest Manager and support to FIX protocol 4.2. This new version is a 64-bit memory address aware solution, capable of handling higher volumes and superior in terms of response time latency. It helps client-exchanges achieve higher business volumes without the addition of any other resource or process.

The year also saw your company successfully deploying the upgraded DOME system at MCX. Post the upgrade, the feedback from the trading community has been quite encouraging. The upgraded version of DOME was also installed at MCX Stock Exchange, NSEL, GBOT and SMX exchanges. The ensuing year is expected to see the deployment of this solution at BFX and Bourse Africa.

BROKERAGE SOLUTIONS

ODIN™

ODIN™ was launched 10 years ago and is today in its third-generation as a 64-bit program. Today, the ODIN™ software is used across the largest financial network distribution in India, with access to over top-1000 institutions and brokerage clients, including top-30 banks. It serves as a front-end software interface between these entities and the exchanges. Specialised add-on trading tools, such as Greek Neutralizer, Program Trading, and Advanced Charting were developed for ODIN™ users during the year under review. ODIN™ users can use these tools to manage risk, tap profit-making opportunities, take informed decisions, implement trading strategies, and increase capability of ODIN™ substantially.

ODIN™ Program Trading

ODIN™ Program Trading facilitates auto-execution of trades based on selected strategies with maximum ease. It has inbuilt strategies such as cash and futures arbitrage, quote-driven and calendar strategies that search for profit making opportunities.

ODIN™ Greek Neutralizer

Greek Neutralizer is a valuable tool for options traders and hedgers, arbitrageurs, and speculators, which helps manage risk involved in complex positions of options and effectively implements delta hedging strategies.

Advanced Charting

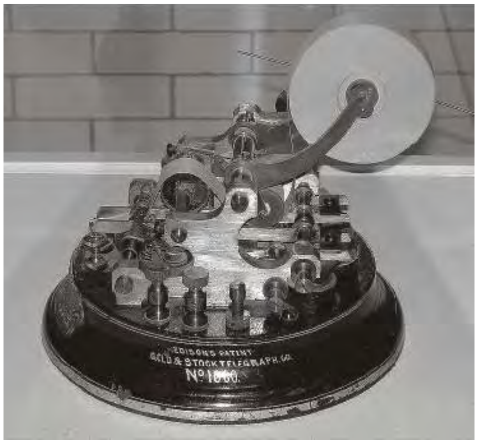
The comprehensive active charting in ODIN™ TWS, ODIN™ Diet and Net.net, harnesses the potential of charts effectively, to time the market better and to tap profit making opportunities.

ODIN™ X Plaza

Our product, ODIN™ X Plaza, introduced in October 2008, is a fully managed single gateway that offers trading facility to exchange members across multiple exchanges at minimal cost to facilitate comprehensive risk management. Being a completely location-independent and fully managed service, the product offers great value to members by allowing them focus on business expansion without having to worry about the infrastructure set-up and associated costs.

MATCH™

MATCH™, has been developed using fourth-generation tools for an improved and user-friendly interface. It is a multi-user, multi-exchange, multi-currency integrated back-office accounting and settlement system.



Photograph Collection, Exchange Square, Mumbai

Vintage ticker tape machine used to convey stock prices at exchanges. The term "ticker tape" came from the sound made by the machine as it printed, and tape simply refers to the machines using a paper tape printout as a rolling display of stock prices.

Financial Technologies continues to 'disrupt' legacy processes and replace them with cutting-edge breakthroughs while, remaining self-disruptive and innovative.

MESSAGING SOLUTIONS

FTNET

FTNET is a fully managed, FIX compliant global network which offers continuous business connectivity to buy-side and sell-side communities. During the year under review, FTNET was connected with international order routing networks in order to facilitate Foreign Institutional Investors (FIIs) to connect with sell-side communities and execute Care, Light Touch DMA and DMA orders.

STP-Gate™

STP-Gate™, a pioneering messaging solution, is robust, secure and scalable transaction-processing platform that enables seamless convergence and online interface between brokers and fund houses. In the fiscal year 2008-09, FTIL developed STP-Gate™ for derivatives segment.

Technology is the common thread that binds all the companies in the Financial Technologies Group. FTIL continues to 'disrupt' legacy processes, replacing these with cutting-edge breakthroughs, while, remaining self-disruptive and innovative. The Company is strongly positioned to unleash shareholder value by further capitalising on its leadership advantage, domain knowledge and flair for disruptive innovation, with an objective to deliver a single window for all transactions.

MULTI COMMODITY EXCHANGE

VENKAT CHARY
Chairman

LAMBERTUS RUTTEN
MD & CEO

Dear Shareholders,

Fiscal 2008-2009 has been another year of success for Multi Commodity Exchange Ltd. (MCX), India's No.1 commodity futures exchange. MCX registered a 36.8% growth in trading volumes, to 94.3 million contracts, as against about 68.9 million in 2007-08. In value terms the growth was even stronger, 45%, with the exchange reaching an average daily turnover of Rs 148.96 billion in 2008-09 (a market share of about 87%). The Exchange recorded the highest daily turnover of Rs 320.16 billion on 19th March 2009. In the first few months of the new financial year, 2009-10, the average daily turnover of MCX has already crossed Rs 178.33 billion. MCX's domestic accomplishments are reflected in its continued rise on the international charts. In March 2009, Washington-based Futures Industry Association (FIA) ranked MCX as the fourth-largest commodity bourse in Asia in terms of trading volumes. Globally, MCX is ranked first in silver, second in gold and is the third-largest exchange for crude oil, zinc, natural gas, and copper.

MCX has also continued leading in innovation. Among other things, it has the distinction of being the first commodity futures exchange in India (and, except for crude oil, Asia) to launch trading in steel, crude oil, plastic, aviation turbine fuel (ATF), carbon credit, electricity, and natural gas. The Exchange has also been the first to formulate a composite commodity futures index (MCX-COMDEX). It was the first to initiate evening trading in India. It has set up a state-of-the-art disaster recovery site. MCX has always been at the forefront in maximising value for its stakeholders by exploring new business opportunities and offering products and services that meet the needs of its diverse customer base.

MCX has imbibed global best practices in all of its operations. The Exchange's commitment to the society in which it operates was recognised in September 2008, when MCX was named by Priyadarshini Academy as 'India's First Green Exchange' for its efforts on climate change and moving closer to the vision of zero carbon footprint.

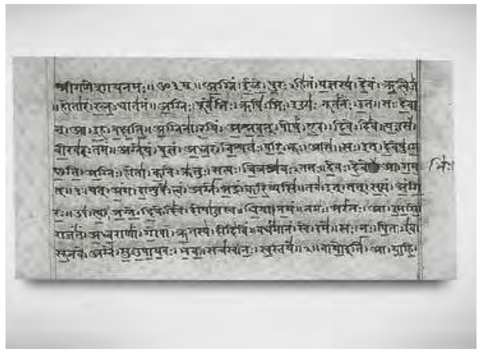
Dr Michael Nobel, Executive chairman of the Nobel Charitable Trust honoured MCX with the award.

During the year under review, MCX moved its operations to a state-of-the-art, intelligent 'green' building, Exchange Square, with an area of 120,000 sq ft and capacity to seat 650 people. Located at the heart of Mumbai's new IT—hub in Andheri (East), the building has world-class infrastructure.

INNOVATIONS

We believe there are myriad opportunities to explore if an organisation is proactive, vigilant and neutral. MCX has launched a slew of initiatives aimed at demystifying commodity futures markets and spreading awareness about the trading mechanisms facilitated by modern commodity exchanges. The initiatives include outreach programs and various awareness-enhancement services, such as advance price signals, and strengthening the fragmented physical markets on the combined strength of its ecosystem partners, including the Group's collateral management arm, National Bulk Handling Corporation Ltd. (NBHC) and the pan-India electronic spot market for commodities, National Spot Exchange Ltd. (NSEL).

To empower stakeholders, MCX intends to scale up its price dissemination using various forms of communication, such as increased use of ticker boards, collaboration with television channels, websites and ICT service providers, among others. Interestingly, our tie-up with Indian Oil Corporation has helped us to effectively disseminate prices by leveraging on their rural presence with the installation of MCX's tickers at rural petrol pumps. Likewise, the objective of MCX's outreach initiatives has been to provide end-to-end solutions to farming communities. The Gramin Suvidha Kendra (GSK) model, in collaboration with India Post, is one such initiative that has helped us reach farmers through an extensive and fast-growing network of more than 3,800 registered members and 160 post-office branches (as of 31st March 2009).



Photograph Collection, Exchange Square, Mumbai

A page from the Rigveda, manuscript in Devanagari, which provides information on the state of commodity trade in India during early 19th century

Exchange Square, the state-of-the-art, intelligent 'green' building houses the high tech exchanges—MCX and MCX Stock Exchange. The building adheres to 'green' norms and showcases MCX's commitment to fight global warming.

GROWTH DRIVERS

The growth opportunity in the Indian market remains huge. An ever increasing number of participants across the value chain, faced with the havocs that price volatility can create, realise the importance of hedging and risk management. While constrained by the policy environment, MCX continues with its efforts to promote awareness and education, and product innovation.

The parameters for future growth of the Exchange are encouraging. The current gloom in the financial markets has barely affected the Asian commodity exchanges. This can be attributed to the rapid economic expansion in the region due to increased demand for natural resources, including energy, metals, and agricultural products. Moreover, Asia is increasingly transforming itself from a major supplier of commodities to a key consumer. Accordingly, commodity turnover as a percentage of India's GDP increased from 5.1% in 2003-04 to 106.4% in 2007-08 (Source: FMC & Economic Survey of India). In comparison, this share in the developed markets is as high as 80%-90%.

According to ASSOCHAM, commodity volumes in India saw a CAGR of 46% during 2005-08, and are expected to grow at 30% per annum to reach a projected level of US$ 1.85 trillion by 2010. Another healthy sign is the increased participation of corporates in the trading pie in the last 2-3 years. The Indian markets will see substantial volume growth in the next few years with the Government expected to amend the Forwards Contract Regulation Act, 1952. Such a move would provide autonomy to the Forward Markets Commission (FMC), thus ushering in greater product innovation, besides exposing market participants to global trends and best practices. The IDFC-SSKI Research Report on Indian Exchanges projects that exchange-traded commodity turnover in India will increase to US$ 4 trillion by 2013-14.

The 2009-10 Union Budget of India announcement to abolish the proposed Commodity Transaction Tax (CTT) is visionary and good for the commodity markets. It will also stimulate huge investment in the warehousing sector as the uncertainty of commodity market viability with respect to CTT, which is actually a cost of transaction, has been removed. Furthermore, it puts the treatment of Indian commodity bourses at par with that of international exchanges, ensuring that they can look forward to the prospect of global competition with anticipation, not trepidation.

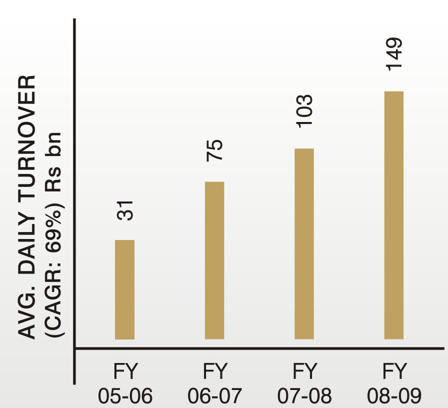
THE VALUE PROPOSITION

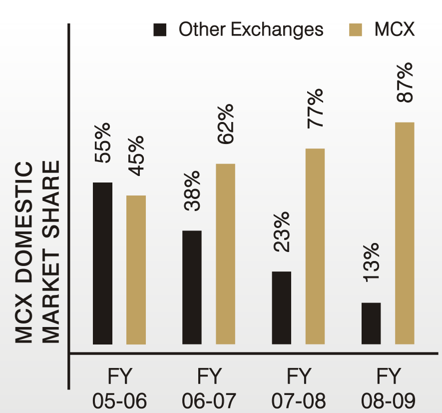
MCX operates a nationwide, fully automated online exchange for commodities futures trading. It has the right combination of innovative technology along with a strong market model that sets it apart from its peers. MCX employs a state-of-the-art, new generation integrated trading platform that permits fast and efficient operations in a cost effective manner. MCX leverages the strong domain expertise of Financial Technologies (India) Ltd. to be at par with global technology standards. The technology infrastructure is designed to be fully compatible with the needs of an electronic exchange, with rapid customisation and deployment capabilities. Members can connect to the Exchange's central system using multiple mediums of connectivity such as VSAT, leased line, Multi Protocol Label Switching (MPLS), Virtual Private Networks (VPNs), ISDN and internet. With an execution speed of microseconds, the Exchange enables its members to execute trades at high speed, resulting from fast order routing, online risk management, market surveillance and market data dissemination. The system and processes of the Exchange are designed to safeguard market integrity and to enhance transparency in operations.

> With an increasing number of value chain participants realising the need for hedging, raising the scale of MCX's operations would largely hinge on the changes in policies, education, and product innovation.

MCX acts as a catalyst in empowering masses by enabling efficient, transparent and liquid markets for commodities. This helps in democratising growth opportunities and spread the benefits of market liberalisation and globalisation.

MCX believes in playing a pivotal role in the emerging global





Source: MCX Research

market scenario and the increasingly borderless world. The Exchange has always had global aspirations and such a scenario unfolds new vistas for us. From a global perspective, we have tie-ups with leading exchanges and trade bodies around the world. MCX has entered into alliances with major international exchanges, and domestically with leading trade bodies and associations. We will be building on these strong relationships.

THE ROAD AHEAD

In the foreseeable future, there will be new instruments available alternate delivery options, exchange for physical (EFP) and exchange for swaps (EFS). We will have more product offerings, including options, swaps, and swaptions. Moreover, new forms of underlyings will make its way into the Indian commodity markets, such as freight, weather, events, economic indicators, and other intangibles (e.g., commodity, indices).

MCX has already set up a separate settlement company, MCX Clearing Corporation (MCX Clear), to support the projected growth in business. MCX Clear has tied up with the leading banks and institutions for efficient clearing and settlement. All these initiatives will widen the trading and clearing base by creating new opportunities and facilitating migration of market participants from off-exchange-traded or over-the-counter (OTC) markets to regulated and transparent exchange platforms.

Photograph Collection, Exchange Square, Mumbai

Cotton dealers in Bombay with cotton bales seen in the background. Cotton has been the leading commodity traded in Bombay since the 1770s.

As the Indian commodity market matures, the government is looking at inviting greater market participation from new entities, including banks and domestic financial institutions, FIIs, and asset management companies. This, in our view, will complete the entire gamut of market participants required to hedge and mitigate risks.

MCX intends to increase its market penetration from 1,000 to 7,600 centres in the next few years, and tap new market participants, such as FIIs, mutual funds and banks, subject to regulatory approvals.

Going forward, innovative application of ICT, increased awareness programs and outreach initiatives, product innovation in line with changing market dynamics and emerging challenges, and domain knowledge would remain the main pillars of the Exchange's expansion strategy.

MCX has grown spectacularly since its inception. In the Indian time zone, we believe that the exchange has been playing a vital role in the price discovery process. As India expands its globalisation drive, the Exchange will play an increasingly important role in integrating Indian markets with global markets. The exchange is looking forward to an exciting year with an aim to deliver good returns through robust growth, strong fundamentals and a profound sense of responsibility.

MCX STOCK EXCHANGE

JOSEPH MASSEY
MD & CEO

ASHOK JHA
Chairman

Dear Shareholders,

MCX Stock Exchange Ltd.—India's new stock exchange —was established by Financial Technologies (India) Ltd. (FTIL) and Multi Commodity Exchange (MCX) in response to the government's progressive move to allow Exchange Traded Currency Futures (ETCFs) in India. The Exchange's currency derivatives platform went live on 6th October 2008.

The Exchange is recognised under section 4 of Securities Contract (Regulation) Act, 1956 by Securities Exchange Board of India (SEBI). The Central Board of Direct Taxes (CBDT) has notified MCX Stock Exchange as a recognised stock exchange under the Rule 6 DDA of the Income Tax Act in its official gazette.

The *sine qua non* for any successful exchange are capital, strategic partners, and technology platforms. MCX Stock Exchange has an advantage in all these aspects as it is backed by the Financial Technologies Group, a global exchange technology provider with professional strategic partners and high standards of integrity.

MCX Stock Exchange has notched up extraordinary success within a short span of time. Currently, it has 575 (SEBI registered) members including 17 banks with 3,622 terminals spread over 441 centers. Its turnover crossed Rs 10 billion on its 26th trading day, and on 20th March 2009, it recorded a turnover of Rs 39.12 billion with 775,953 contracts—the highest since inception. Trade volumes grew from a daily average of Rs 2 billion when the Exchange commenced operations to Rs 11 billion within the first 100 trading days.

Also, in recent times, MCX Stock Exchange recorded the highest turnover of Rs 47.54 billion with 997,608 contracts on 19th May 2009. Open interest has been steadily increasing, and it has grown over 11 times since the Exchange went live. These indicators augur well for the rapid penetration of the Exchange in the currency futures segment.

MCX Stock Exchange has initiated its divestment process to meet regulatory guidelines on shareholding in exchanges, by placing 18% of equity through primary and secondary market placements with top Indian banks and institutions, respectively. It divested 6.48% equity to Union Bank of India and Bank of India through primary offering at Rs 10 per share (Face Value Re 1/- per share) involving total investment of Rs 87.5 crores in the company. About 5% of the Exchange's equity was divested by FTIL through a secondary offering to IFCI Limited at a consideration of about Rs 250 crores. In line with SEBI's regulatory guidelines for diversified shareholder base, the Exchange plans to divest 52% of its equity in the current round to select short listed financial and strategic investors by August 2009.

NOC Centre - MCX Stock Exchange, 5th floor, Exchange Square, Mumbai

The edge that MCX Stock Exchange enjoys over other Indian currency derivative exchanges is in terms of service delivery, good depth and liquidity, enhanced technology platform, and knowledge dissemination.

INNOVATIONS

The Indian financial market provides huge opportunities for exchanges to offer ETCFs as participants can include myriad entities such as importers, exporters, MSMEs (Micro, Small and Medium Enterprises), HNIs (High Net-worth Individuals), among others. MCX Stock Exchange enjoys a distinct edge in terms of service delivery, good depth and liquidity, enhanced technology platform, and knowledge dissemination.

The edifice of the Exchange is built on four pillars—information, innovation, education, and research. To enable market participants to understand the nuances of currency futures, the Exchange conducted a series of seminars / workshops across India. MCX Stock Exchange also signed MoUs with the Federation of Indian Exporters Organisation (FIEO) and other leading trade bodies, to reach the actual users and enable them to manage their currency risks. Moreover, in association with the Foreign Exchange Dealers' Association of India (FEDAI), it has launched a book called 'Primer on Currency Futures', which explains the dynamics of ETCFs. To drive awareness on hedging currency risk, the Exchange has conducted over 100 training workshops and education programs and launched its website in 11 regional languages. It also provides currency price updates through SMS.

THE VALUE PROPOSITION

MCX Stock Exchange enjoys competitive advantages including strong domain expertise, product innovation capabilities, robust and advanced technology support from FTIL, collaborative strength of global and domestic strategic alliances, and global best practices inculcated through alliances with international industry associations.

It plans to actively engage and collaborate with its strategic and financial investors—Exchanges, Banks, Financial Intermediaries, Rating firms, Index and ETF—to expand and grow its business based on mutual interest and subject to necessary board and regulatory approvals.

Areas of potential collaboration to include, but not limited to are:

- Financial Products: Indices, ETF and other global products for cross listing and distribution
- Banking: Merchant Banking, Investment Banking, Commercial and Corporate banking
- Technology Companies: Front, mid and back office solutions for exchanges' risk management, surveillance, algorithmic and high frequency / velocity trading, co-location etc.
- Credit Rating Agencies: Rating of different financial products across asset classes

- ISVs (Independent Software Vendors): Front, mid and back office trading solutions for brokers and financial intermediaries
- Information & Data Vendors: Data aggregators, distributors and information terminal providers
- Advisory & Consulting: Tax, legal, accounting, regulatory, management, communication (PR / IR) consulting
- Custodians & Depositories: Warehouse receipts, depository receipts, trading & management
- Insurance & Mutual Funds: Standard Insurance & Mutual Fund products
- AMCs & Funds: Standard Asset & Fund products
- Research & Training: Education, Training & Certification

Photograph Collection, Exchange Square, Mumbai

Certificate of membership of the Native Share and Stock Brokers' Association, Dalal Street, Fort, Bombay, awarded in 1906.

THE OPPORTUNITY

MCX Stock Exchange is well positioned to be the leading multi-asset exchange in India. Over the next 5 years, it expects to benefit from significant growth both in its existing markets as well as new product segments.

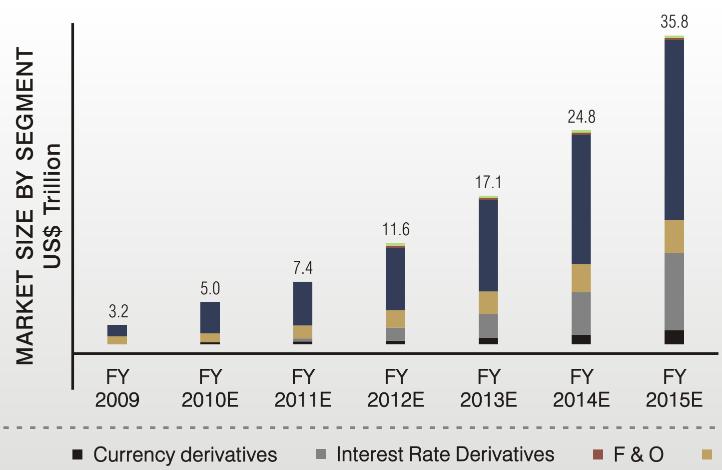
The daily global forex trading volume is likely to grow from US$ 3.2 trillion in April 2007 to US$ 5 trillion in 2010. According to the Bank of International Settlements (BIS), India's share in the worldwide forex market turnover had grown to 0.9% in 2007 from 0.3% in 2004. This indicates a tremendous scope for further growth. The daily average turnover in the Indian forex OTC markets was US$ 48 billion as of March 2008. Remittances shot up to an estimated US$ 40 billion in 2007-08 compared to US$ 10 billion in 1999-2000. Moreover, India's trade turnover in fiscal 2007-08 was US$ 391 billion while the services turnover was pegged at US$ 138 billion. Clearly, these statistics point toward a promising market in the future.

Research reports point out that the total market for exchange traded products across asset classes is expected to grow at CAGR of 47% from its current size in FY 2009 of US$ 3 trillion to US$ 36 trillion by FY 2015.

The Exchange will utilise its core capabilities to gain dominant market share positions in foreign currency derivatives, interest rate derivatives, debt and SMEs and become significant player in the cash equities and F&O segment over the next few years, subject to necessary regulatory approvals allowing the exchange to enter new products segments.

Competition in financial services sector will play a vital role as it did for the banking and telecom sectors. Thanks to the liberal policy adopted by the government, today, there are 100

MARKET SIZE BY SEGMENT



Operational Metrics	Estimated CAGR 2011 to 2015
Currency	42%
IRD	103%
Equity-Cash	27%
Equity-F&O	42%
SME	51%
Debt	36%

Source: MCX-SX Research

banks and over 25 insurance and 50 telecom companies providing the best of services to a whopping 300 million customers. Similarly, by implementing fair and unbiased competition in capital markets with level playing field to foster innovation and democratise economic growth, there is an opportunity to target at least 100 million customers versus 15 million (number of depository accounts currently) within a pre-defined period.

For sustained reforms, it is essential to develop an 'India Model' for equities, bonds, currencies and commodities. The model will ensure wider penetration of capital market services as has been achieved by the telecom and banking sectors. This can easily be achieved as we now have world class regulators, technology, clearing, settlement and depository systems.

Photograph Collection, Exchange Square, Mumbai

Banyan tree near the Town Hall, Bombay where Premchand Roychand started trading in 1850s.

The edifice of MCX Stock Exchange is built on four pillars—information, innovation, education, and research. Innovations in the areas of technology and market structure have differentiated it's model and operations.

MCX-STOCK EXCHANGE CLEARING CORPORATION

MCX Stock Exchange Clearing Corporation, approved by SEBI and RBI, commenced operations on 16th February 2009. It is the second clearing corporation in India. It is a subsidiary of MCX Stock Exchange with 51% equity ownership. The clearing corporation has state-of-the-art risk management system, which uses SPAN-based value-at-risk margining model apart from various other online and offline risk management tools. It provides counterparty guarantee, rendering settlement of trades, devoid of counterparty risk. HDFC Bank, ICICI Bank, Union Bank of India, State Bank of India, Axis Bank, IndusInd Bank, Kotak Mahindra Bank, and YES Bank are among the 52 clearing members of the Clearing Corporation.

THE ROAD AHEAD

The road ahead looks smooth considering that policymakers are likely to bring in greater liberalisation. This can be achieved by:

- widening the number of currency and cross-currency pairs, and other forex products that can be traded on an exchange platform;
- introducing interest rate derivatives and simple credit derivatives;
- allowing currency options trading;
- allowing corporate bonds;
- introducing newer options for delivery or cash settlement;
- facilitating entry of FIIs and NRIs / overseas participation;
- introducing new market segments such as MSMEs;
- increasing the lot size of currency futures from the current size of US$ 1,000 and raising the maximum permissible limit per client;
- extending trading hours from 5 p.m. to 11.30 p.m., which will enable us to cater to New York and London; and
- moving towards full rupee convertibility, which will most likely increase liquidity on the Exchange.

MCX Stock Exchange is poised to extend its nationwide electronic platform to interest rate futures (IRF), equities (cash and F&O). It has already approached SEBI for permission to facilitate trade in equity and other segments such as interest rate derivatives. In the future, the Exchange will offer new asset classes such as indices and ETF, fixed income (debt), and provide an exclusive platform for SMEs (small and medium enterprises), subject to regulatory approvals.

MCX Stock Exchange plans to introduce the new 'India model' for equity and other niche asset classes, which will not only increase market participation in a major way but also bring the 'markets to the masses' for a more inclusive and participative financial model across the population.

NATIONAL BULK HANDLING CORPORATION (NBHC)

Dear Shareholders,

National Bulk Handling Corporation Ltd. (NBHC), subsidiary of Financial Technologies (India) Ltd. (FTIL), with State Bank of India (SBI) as a strategic investor, has achieved all-round growth while continuing to outpace its peers. In an increasingly complex business landscape, NBHC is now acknowledged for its expansive reach, quality service, operational excellence, and integrity.

NBHC, today, has emerged as India's leading integrated agri-commodity and collateral management company. Its pan-India presence is supplemented by 437 storage facilities covering 10 million sq ft, having over 1.8 million MT storage capacity, another about 2,500 warehouses under collateral management, over 70 cluster and administrative locations, commodity care and pest management PPQ licenses at over 17 ports and locations, as well as quality assurance laboratories in over 25 locations.

NBHC delivers comprehensive, customised solutions that enable customers to boost revenues, optimise costs, mitigate risks and expand business on a pan-India scale. It has demonstrated its ability to 'add value' to commodities, exhibited by its track-record of consistently delivering quality service to its customers and associates.

PRODUCTS AND OPERATIONS

The cumulative funding under NBHC's collateral management services surpassed Rs 75 billion and the cumulative worth of Warehouse Receipts (WHR) issued were over Rs 108 billion. Apart from respected global institutions, banks—including Regional Rural Banks (RRBs) and co-operative banks—have established a healthy and proactive arrangement with NBHC for collateral management services.

NBHC's services have been increasingly gaining prominence. Large corporate houses and public sector enterprises have started recognising its services and seek solutions. Accordingly, it has signed an MoU with Haryana Warehousing Corporation (HWC), one of the leading players in India's warehousing industry.

NBHC's customised pest management solutions adhere to high quality standards and are environment-friendly as well. Its quality assurance laboratories are state-of-the-art facilities, proficient in testing over 125 commodities, inspection, grading, and certification services. Its central laboratory at Vashi (Navi Mumbai) has received the prestigious recognition as a GAFTA 'F' grade facility and also acquired the NABL accreditation (ISO 17025:2005).

NBHC has embarked on an ambitious project of integrating IT across its entire operations. The ERP, SAP and CRM are at an advanced stage of implementation.

While continuing as the sole service provider to MCX for physical deliveries on the commodity futures platform, NBHC also epitomises the synergy it derives from other constituents of the commodity ecosystem as well as with companies within the Financial Technologies Group.

NBHC has made outstanding contributions in the procurement of food grains under Minimum Support Price (MSP) on behalf of Food Corporation of India (FCI), Government of India. It has successfully facilitated thousands of farmers in realising the benefits of MSP as mandated by the central and state governments in, hitherto, untouched, backward, and interior areas across Orissa, Madhya Pradesh, Maharashtra, Gujarat and Rajasthan.

Photograph Collection, Exchange Square, Mumbai

The picture shows life at Lothal and the transport of commodities on boats to neighbouring areas. In the background are two large buildings where commodities were probably stored before their onward journey.

NBHC delivers customised and secure solutions to enable customers to increase revenues, decrease costs, mitigate risks, and leverage business opportunities on a pan-India level.

GROWTH DRIVERS

NBHC's major drivers of growth are interlinked with India's GDP, emergent logistics / road transport sector and expansion of the organised retail sector, amongst several other drivers. According to a report by Cushman & Wakefield, the capacity in the organised warehousing industry in India is estimated at 80 million MT and is growing at 35%-40% per annum. The current deficit of adequate and appropriate storage facilities of 35 million MT—expected to burgeon to 60 million MT by 2012—already has investments of US$ 2 billion from private-public enterprises, with projects at various stages of implementation.

The collateral management industry is still in its nascent stage. Addressing the much-needed comfort to lenders, the collateral management business is expected to witness a exponential growth during the coming years.

The organised food retail industry, which is expected to grow to US$ 20 billion by 2015, necessitates an efficient supply chain infrastructure. Moreover, a growing commodity futures market in conjunction with high demand for food and the increasing quality consciousness among consumers, national food safety measures, and enhanced public-private partnerships in MSP procurement have created a conducive environment for the warehousing industry.

The enactment of the W(D&R) Act 2007 and the eventual establishment of the Warehousing Development and Regulatory Authority will be the single-most important precursor to professionalise the industry, introducing systems and imbibing world-class practices. The Act also brings negotiability status to warehouse receipts, thus providing the much-needed liquidity to the post-harvest phase of agri-trade.

Some of the catalysts that will give impetus to the industry are: The Food Safety and Standards Act 2006; the convergence of the various state-regulated acts including the APMC Acts and bringing them under a unified and common code of regulation; the outsourcing of logistics and bulk handling and diversification of transport companies; growth in the commodities futures / spot market; growth in organised retail and logistics industry; increased focus on agri-lending; phasing out of Central Sales Tax (CST) and implementation of Basel II norms for risk management and its implication on credit disbursal by banks vis-à-vis margin / collateral.

THE ROAD AHEAD

Given the various opportunities and growth drivers available to facilitate successful execution of our business strategy, we believe that NBHC will continue to forge ahead on a strong and sustainable growth path across its business divisions.

NATIONAL SPOT EXCHANGE (NSEL)

ANJANI SINHA
MD & CEO

SHANKERLAL GURU
Chairman

Dear Shareholders,

National Spot Exchange Ltd. (NSEL), the first spot exchange for commodities in India, went live on 15th October 2008. NSEL is jointly promoted by Financial Technologies (India) Ltd. and National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED). It has started operations in eight states, namely, Gujarat, Maharashtra, Karnataka, Rajasthan, West Bengal, Madhya Pradesh, Kerala and Bihar. It continues to leverage on FTIL's expertise in technology and strong domain knowledge to create transparent, liquid and accessible markets for the masses and in the process, unlock enormous shareholder value.

NSEL is a demutualised exchange poised to transform the rural economy. It offers a state-of-the-art electronic platform, providing customised solutions to various marketing and procurement problems faced by commodity farmers, producers, traders, processors, exporters, importers, arbitrageurs, investors and the general public.

PRODUCTS AND OPERATIONS

NSEL conducts trading in both agricultural and non-agricultural commodity contracts. At present, it is successfully conducting compulsory delivery-based trading in castor seed, cotton, areca nut, guar seed, chana, gold and silver. Apart from serving as a pan-India electronic trading platform, NSEL disseminates real-time price and trade information. It functions on a delivery-based system with settlement guarantee and no counterparty risk. NSEL adheres to strict capital adequacy norms for its members. Moreover, the Exchange offers insurance for its members, and has an efficient clearing and settlement system. It also enjoys the best institutional support backed by unmatched experience in handling commodity market transactions.

The advantages of doing business on the NSEL platform include better price realisation, increased bargaining power for commodity producers, increased holding capacity, access to institutional credit, access to a national-level market, assurance of quality and quantity of commodities, and, above all, a shorter supply chain.

SPREADING ITS WINGS

In India, since agricultural marketing is a subject associated with the states, NSEL requires licensing from state governments. To this end, the Exchange has been receiving approvals on a state-by-state basis. It has obtained licenses from Gujarat, Maharashtra and Karnataka for setting up e-markets. In June 2008, it signed a Memorandum of Understanding (MoU) with the state-owned Gujarat Agro-Industries Corporation Ltd. (GAIC) to create a strategic alliance for the development of agri-business and other allied services and to provide an electronic market platform in the state. In the same month, NSEL started its membership drive and, finally, went live with exchange operations in October 2008.

Photograph Collection, Exchange Square, Mumbai

Cotton traders at the Bombay Cotton Exchange.

NSEL has also signed similar MoUs with the states of Rajasthan and Madhya Pradesh. In December 2008, it entered into an agreement with NAFED for procurement and processing of cotton, under Minimum Support Price (MSP) operations, in Andhra Pradesh.

In May 2009, NSEL promoted Indian Bullion Merchants Association (IBMA) as the national level body to represent the Indian bullion trade and industry. A host of leading Indian bullion trade and industry associations from all regions of India have joined hands with NSEL to create a pan India Electronic Spot Market for bullions. IBMA will also approve local refineries and introduce spot delivery contracts on NSEL. Though India is a leading player in import and trade of bullion and export of jewellery, it does not exert significant impact in discovery of gold prices in the international market as the country's bullion trade is fragmented and unorganised. IBMA's goal is to make India a price-setter rather than price-taker in bullion trade.

NSEL is a demutualised exchange poised to transform the rural economy. It offers a state-of the-art electronic platform providing customised solutions to various marketing and/or procurement problems faced by commodity farmers, producers, traders, processors, exporters, importers, arbitrageurs, investors and the general masses.

THE ROAD AHEAD

In the short period since its inception, NSEL has already gained a leadership position, with the highest daily turnover of Rs 1.04 billion achieved in March 2009. It has mustered over 250 members as on 31st March 2009. In 2009-10, it intends to expand its operations across different states in India. In terms of market opportunity and operational scalability, we are happy to inform you that, apart from exchange operations, NSEL will also be offering various other value-added services to its members. It will scale up volumes by launching a wide range of contracts on its platforms that would lead to a rise in the number of contracts and, therefore, an increase in volumes.

The key growth drivers for NSEL in recent times have been the amendment in state APMC Acts (which enable setting up of spot exchange facilities in respective states) and addition of new commodities and delivery centers. Meanwhile, the Exchange will also receive a boost if the government implements a single goods and services tax (GST) across the country, which will facilitate seamless pan-India trading.

VALUE PROPOSITION

NSEL enjoys natural synergies with the business model of the Financial Technologies Group, which encompasses transaction technology to create and operate robust exchanges and ecosystem businesses to support these exchanges. Moreover, given its high standards and strong domain expertise, FTIL, which provides the technology for exchange-related activities, has successfully delivered mission-critical transaction technologies.

In the years to come, NSEL will focus on modernising trade mechanisms in the commodity ecosystem, create value across all stakeholders or players in the participatory chain (from farmers to market intermediaries to investors) and provide year-on-year returns to investors with increased top-line and bottom-line growth.

SINGAPORE MERCANTILE EXCHANGE (SMX)

Dear Shareholders,

It gives us a sense of satisfaction to play an instrumental role in creating a market platform that can generate a paradigm shift in Asia. The region is home to more than half the world's population, and it produces and consumes every tradable asset class; it is the region where the centre of global economic activity is clearly gravitating. Nonetheless, there has been no major platform in Asia for price discovery and risk management—at least not one that effortlessly straddles multiple asset classes and reflects the breadth of regional economic development, nor one that sets reference pricing instead of merely receiving it from markets in other time zones. Moreover, the established global exchanges have had limited relevance in Asia due to the time-zone differences and the types of products traded.

To fill this void, Financial Technologies (India) Ltd. (FTIL) decided to set up the Singapore Mercantile Exchange (SMX), a transparent, electronic and easily accessible exchange platform in Singapore. Indeed, SMX is poised to emerge as a major pan-Asian platform.

ADVANTAGE SMX

Launched in mid-2008 amid challenging times in financial and commodity markets, we believe, SMX gains even more relevance today as the global community seeks more robust and reliable means to manage risk. One outcome—the shift from over-the-counter (OTC) trading to exchange-traded derivatives with central counterparty clearing—is increasingly gaining ground. With globalisation of markets and technological advances, liquidity will flow to exchanges that have greater efficiencies and lower trading costs.

SMX will fulfill the need for an efficient, cost-effective international mercantile exchange in the eastern hemisphere.

All preparations to commence operations have been completed and we expect the first products to begin trading in the ensuing financial year.

VALUE PROPOSITION

The disruptions in the global markets in 2008 have not changed the fundamentals. The rationale for SMX depends on a number of factors, which collectively strengthens the Exchange's competitive advantage. These factors are a function of the Exchange's location and its antecedents.

Asia is currently home to a number of fragmented exchanges. Many of these exchanges are large, but operate within markets with relatively restricted international access. Market participants seek an integrated, single-window for multiple products, where none currently exists. Collectively, they seek multiple alternatives to connect to a trusted trading engine, selecting from a wide variety of order management systems. SMX leverages on FTIL's proven state-of-the-art exchange technology to provide this accessible, transparent platform for trading, clearing and settlement.

By funneling liquidity into a single pool, SMX will serve as a vital tributary for international commerce. It will connect the worlds of physical and paper trading; link trade flows between Asia-Pacific and the world; and bridge the needs of traders, hedgers, investors and risk managers across time zones for price-setting and reference pricing.

SMX is a member of global futures' market associations, such as Futures Industry Association (FIA), Swiss Futures and Options Association (SFOA), Association of Futures Markets (AFM), and Futures and Options Association (FOA). The Exchange has initiated membership drives to engage with leading market participants. It has a clearing house, SMX Clearing Corporation, which will encourage OTC participants to trade on the Exchange, by providing a guarantee against any counterparty risk.

Photograph Collection, Exchange Square, Mumbai

Aerial View of Boat Quay,
a major trading district of Singapore - 1890.

Established exchanges from outside the region have had limited relevance to Asia due to time zone differences and the types of products traded. SMX will fulfill the need for an efficient, cost-effective international mercantile exchange in the eastern hemisphere.

STRATEGIC LOCATION

The business and regulatory environment, which engenders trust and confidence, underpins the value of SMX. Singapore has been consistently ranked among the most favourable business jurisdictions of the 'first world', reinforced by its role as a major global financial and physical trading hub. According to the World Exchange Federation, the Singapore financial market ranks sixth globally in terms of financial development. It is the second-largest foreign exchange trading center in Asia and fifth in the world.

Singapore is already a leading physical trading hub for fuel oil. With deregulation in many markets and the high energy consumption in Asia, the country could well emerge as a major global energy hub. Singapore is building on its lead as Asia's top oil hub. It is also strengthening its standing as the ideal commodities trading base for energy, carbon and commodity derivatives. These indications bode well for SMX.

SMX's regulator, the Monetary Authority of Singapore, has repeatedly proved its integrity and professionalism, enforcing the highest prudential standards, whether it is market supervision, operational processes, or capital adequacy of clearing corporations.

WHERE THE WORLD TRADES

SMX's ability to execute well is enhanced by the commitment of its sponsors and the drive of the Exchange's talented team. FTIL has a history of unlocking value by creating new markets. Its award-winning technologies-developed in-house-have been vertically integrated with exchanges downstream, thus generating new revenue sources for its shareholders.

SMX's team members come from diverse international talent centers. They are committed towards building an unparalleled trade-matching and risk-management platform, which will meet the demands of the market. The evolving requirements of customers will fuel functional innovations, which accordingly, will augment the performance of the SMX exchange platform. This virtuous circle will ensure that FTIL and its exchanges stay at the cutting edge of relevance to the markets. This can only enhance FTIL's shareholder value.

At SMX, we are keenly looking forward to starting this exciting journey in 2009-10, firmly establishing the Exchange as the platform *where the world trades*.

BAHRAIN FINANCIAL EXCHANGE (BFX)

NICK BISHOP
Chief Operating Officer

ARSHAD KHAN
Director

CRAIG HEWETT
Chief Business Officer

Dear Shareholders,

The Bahrain Financial Exchange (BFX) is the first multi-asset, multi-access international exchange in Bahrain and the Middle East. A wholly-owned initiative of the Financial Technologies Group, BFX will commence operations in the first quarter of 2010. The Exchange will provide an integrated, liquid platform where market participants can raise capital and manage risk using both conventional and Islamic financial instruments.

BFX will help restore confidence in financial markets and provide new opportunities through the creation of a transparent and liquid market with central counterparty clearing and depository services to mitigate risk. Indeed, exchanges were developed with the primary objective of risk management, and the current economic climate globally and in the Middle East further highlights the need for BFX.

MARKET OPPORTUNITY

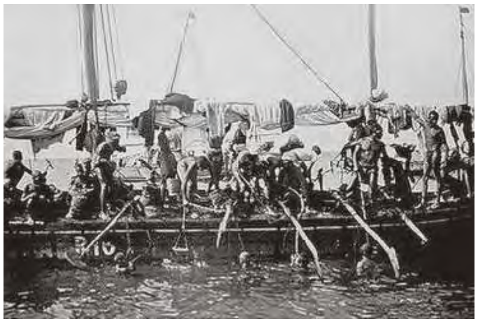
Currently, the financial markets in the Middle East are at the development stage and are largely characterised by a number of small exchanges with split liquidity and a lack of innovative product offerings for conventional and Sharia-compliant Islamic sectors. BFX will leverage on Financial Technologies' deep domain expertise in creating markets and its proven state-of-the-art multi-access technology to pool split liquidity. This will enable the Exchange to become a regional hub for market participants and the chosen venue for price discovery.

BFX will create significant value for all stakeholders by servicing one of the world's most diverse, fastest-growing and largest areas of financial liquidity with a combined GDP of approximately US$ 3,906 billion, population of over 320 million, average growth of 7% in 2008, annual earnings of over US$ 400 billion in oil and gas revenues, and US$ 300 billion of Sharia-compliant assets held by GCC banks alone.

THE BFX ADVANTAGE

Located in the Kingdom of Bahrain, BFX offers the distinct advantage of specialist knowledge of the Middle East's growth markets. Bahrain's market-oriented approach towards becoming a regional and international financial centre has attracted over 400 licensed financial institutions (and a deep and diverse financial community), providing access to a wide range of liquidity in the Middle East.

Earlier, liquidity used to enter Bahrain through various sources, but this money moved out to be invested in more liquid and developed markets overseas. BFX aims to bring this business back to Bahrain and retain it through the provision of a liquid, well-regulated and transparent market. The country is also widely regarded as the best regulated financial centre in the Middle East. The Exchange has been issued a license to trade and clear multiple assets. It will be regulated by the Central Bank of Bahrain (CBB) while also enjoying the support of Bahrain's Economic Development Board (EDB). Clearly, BFX is set to further reinforce Bahrain's position in the global financial sector.



Photograph Collection, Exchange Square, Mumbai

Arab pearl divers, Persian Gulf, Bahrain; the pearl fisheries of the Persian Gulf have been in existence since early 1500s.

PRODUCTS AND OPERATIONS

BFX will list products across a myriad of asset classes, including equities, bonds, currencies, commodities, indices, funds and trust units, while, at the same time, become the market of choice for conventional products in the region. The Exchange intends to pioneer the development of innovative Sharia-compliant financial instruments, which can be listed and traded on the BFX, thus tapping into a market estimated at US$ 1-1.2 trillion.

This multi-asset approach, coupled with consistent focus on multi-access, scalable one-to-many technology and a membership structure for regional and overseas organisations, creates an environment that offers a complete ecosystem of end-to-end trading for the financial community. This is not only efficient but also provides low latency and low cost.

BFX offices will have plug-and-trade, fully-automated electronic trading floor, using cutting-edge technology. The offices will offer high-quality services to meet the needs of users. Trading seats will be available for both individual and corporate users. These seats will offer direct market access, real-time data and news services, and a comprehensive client services / investor relations team. The BFX trading floor will facilitate real-time market sentiment and ensure concentration of liquidity to benefit markets and users.

BFX's multi-asset approach, coupled with multi-access, scalable one-to-many technology and a membership structure for regional and overseas organisations, creates a trading environment that offers a complete ecosystem of end-to-end trading for the financial community, which is not only efficient but also provides low latency and low cost.

VALUE CREATION

As the market for exchange products and services is in the development stage in this region, BFX is establishing an in-house training academy—that meets international standards—to facilitate market understanding of products and services on offer. Training and education courses will cover a wide array of financial services, with the objective of providing training and development to Exchange users and the next generation of financial specialists in the region. This move, which has positive long-term implications, will ensure greater awareness, continuous market development and local employment.

To underline the development and future success of BFX, we have brought in professionals—both international and local—with significant experience, domain knowledge and high integrity. They have been drawn from leading financial institutions around the globe, such as the Financial Technologies Group, the Euronext Group, the Indian capital markets, the Middle Eastern capital markets and the London Metal Exchange.

The experience of these professionals, coupled with the impeccable reputation that BFX's sponsors enjoy for establishing successful exchange ventures, will enable it to achieve its objectives and become the most sophisticated and customer-focused exchange, meeting the needs of the Middle Eastern markets and beyond. The coming months will see BFX firmly establish its credentials in these growth markets, and unlock and concentrate the huge liquidity potential by offering multi-asset trading on one market.

GLOBAL BOARD OF TRADE (GBOT)

Dear Shareholders,

It has been a defining year for Global Board of Trade Ltd. (GBOT), Mauritius. The Exchange is now ready to go live, considering that the infrastructure has been set up and other major tasks have been completed. Promoted by the Financial Technologies (India) Ltd. (FTIL), GBOT is expected to play a significant role in realising the vision of creating a new world economic order—an order in which wealth is more equitably distributed through transparent and accessible exchange platforms. The Exchange will be a pan-African, single-window, multi-asset class derivative exchange for the global investing community.

GBOT received its clearing house license from the Financial Services Commission—the regulator for the non-bank financial-services sector in Mauritius—under the Financial Services Development Act, 2001. The Exchanges has also drafted the rules and is ready with the contract specifications for commodities on the futures and options (F&O) platform. On the operations front, the Exchange has completed training the staff in administration, member administration, clearing and settlement (CnS), trading workstations, and the MATCH™ (software) interface with CnS.

ADVANTAGE MAURITIUS

The moderate tax regime that Mauritius provides, is immensely beneficial investors and traders alike. Moreover, the island nation has an ever-expanding network of double taxation treaties, making it a major route for investments into China, India, Indonesia and South Africa.

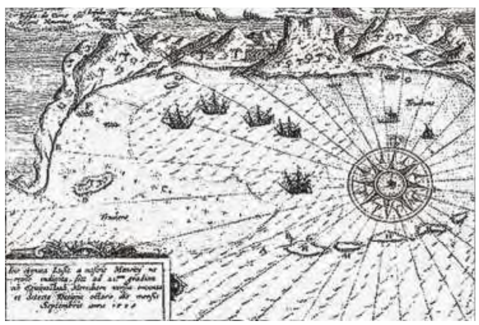
Mauritius has all the attributes of a modern-day financial ecosystem, such as:

- Robust regulatory framework and legal structure;
- Good governance;
- Offshore financial center status;
- Major transit port in the region;
- Ease of doing business;
- Good international political and business relationships;
- Large pool of skilled and multi-lingual workforce.

The most encouraging aspects of the country are embodied in its strong institutions, which promote economic development, a strong private sector, and policy flexibility.

The macroeconomic stability in Mauritius has been driven by trade liberalisation, stable inflation over the long-term, sustainable foreign-exchange rate regime, and a favourable balance-of-payments position. The country's GDP rose by 5.3% from Mauritian Rupee (MUR) 206.9 billion in 2007 to MUR 233.7 billion in 2008. In 2008, the services sector accounted for an estimated 73.6% of the GDP followed by industry (22.1%) and agriculture (4.3%). The major commodities that constitute the country's foreign trade include sugar, chemicals, metal products, and petroleum products, among others.

Mauritius is internationally best-known as a hub for private and productive investments. Equity trading on Mauritian exchanges exceeds US$ 400 million annually. The country is also actively involved in regional cooperation and is a member of the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the proposed Indian Ocean Rim Association.



Photograph Collection, Exchange Square, Mumbai

The oldest trade map of Mauritius, 1601, by Theodore De Bry showing routes to Africa and Asia Pacific

PRODUCTS AND OPERATIONS

GBOT will offer futures and options trading in virtually all exchange-traded asset classes, including equities, derivatives, currencies, and debts. The commodities to be traded in the first phase include precious metals, base metals, energy, agricultural commodities, carbon credits, and freight derivatives. GBOT's commodity market segment will facilitate buyers and sellers to protect their businesses from the adverse impact of global price volatility across commodities.

The F&O contract specifications have already been completed for commodities. Such as platinum, gold, silver, aluminum, copper, zinc, nickel, raw sugar, white sugar, robusta coffee, arabica coffee, wheat, maize, ATF, light sweet crude, and brent crude. While work has been initiated on shipping freight futures, GBOT has also taken a leap in the CER (certified emission reduction) market by becoming a member of Defra, UK (carbon credit registry) to ensure delivery of carbon credits on the exchange.

GBOT's members will benefit by way of modern trade mechanisms of price discovery and price risk management in commodities and other asset classes – unleashing handsome results not only for the market participants but also investors, who bring the all-important liquidity to trading platforms.

MARKETING STRATEGY

GBOT's marketing strategy is built on creating a product profile that would suit myriad investors, ranging from mid-sized investors (currently excluded from participating on the bigger global exchanges) to institutional and sophisticated investors. The Exchange will take steps to tap the liquidity pool available in the African continent. It will look at various options, including tapping brokers through DMAs. It will also focus on Indian brokers who are currently unable to service the large NRI contingent due to local regulations in India.

The key drivers that will propel business in Africa are economic growth, demography, political stability, and the external environment. The experience of African nations over the past few decades reveals that countries can break out of the poverty trap, embark on sustained growth, and experience rapid gains in living standards. Mauritius itself has been a shining example in that regard.

THE WAY FORWARD

GBOT represents the Financial Technologies Group's mission to create organised market platforms in emerging economies, and connecting them with one another, as well as with global markets. This will create "markets for the masses" on a global scale. By connecting with different regions for trading, GBOT's members will benefit through modern trade mechanisms to achieve price discovery and risk management in commodities and other asset classes. In a nutshell, it would unleash handsome results not only for hedgers, but also investors (and speculators) who bring in the all-important liquidity to the trading platforms.

Moving forward, GBOT remains resolute in its commitment to create value for all its stakeholders by meeting the needs of a diverse customer base and imbibing global best practices.

BOURSE AFRICA

Dear Shareholders,

We are glad to inform you that Bourse Africa has obtained all regulatory approvals and is at an advanced stage of cementing partnerships with well-established African institutions. The Exchange is engaging with all relevant market participants, targeting a launch in the next few quarters.

TRANSFORMING AFRICA

Bourse Africa is a breakthrough institution, the first of its kind, and one that will radically transform Africa by organising markets and empowering commodity chains while opening up new opportunities for international participation in what is often described as 'the last emerging market'.

Promoted by the Financial Technologies Group, Bourse Africa will be a spot and derivatives exchange, offering multiple asset-class trading in commodities and currencies. With its hub in Botswana—one of Africa's fastest-growing economies with a robust political and regulatory environment—and subsidiaries located across the continent, Bourse Africa will provide an efficient, secure, transparent and trustworthy platform to facilitate physical delivery, procurement, price discovery, price risk management, investment and arbitrage by participants across African markets, and between African and international markets.

Bourse Africa is accredited by the Botswana International Financial Services Centre (IFSC) and regulated by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). This, in combination with the Exchange operating as a self-regulatory organisation, will ensure market integrity, systemic stability, and investor protection.

VALUE PROPOSITIONS

The Exchange's initial focus will be on commodities, followed by diversification into currencies and other asset classes. Africa has a sizable commodity base, with annual exports totaling close to US$ 350 billion. Moreover, other than select agricultural products being traded in South Africa, the African commodity sector currently has no indigenous exchange on which these commodities can be traded and associated risks hedged.

We believe that Bourse Africa will fill this void, offering derivative products on pan-African commodities with an established international profile—initially cocoa, cotton, maize, crude oil and gold—and spot products on critical commodities to the participating African economies. In a nutshell, Bourse Africa will offer an array of unique solutions and products that will appeal to commercial and institutional participants alike.

For commercial participants active in the African commodity markets, Bourse Africa will offer extensive opportunities for physical delivery, procurement, hedging, investment and arbitrage. Increased transparency and the cross-border nature of the Exchange's markets will catalyze sales and procurement strategies for participants active in the physical markets. With delivery points in Africa easily accessible to the participants in the continent, the basis risk will be low. Therefore, Bourse Africa will make an efficient platform for hedging. Smaller farmers, too, will be empowered through greater information dissemination and newer tools to enhance cropping decisions, marketing strategies, access to finance, and risk management.

For institutional and other investors, Bourse Africa will act as the gateway to the exciting opportunities that Africa offers. The continent is irresistibly proving to be the next frontier for investment. In this backdrop, Bourse Africa will provide an efficient and secure environment to trade in a range of new products with unique price dynamics and a range of volatility levels.

Photograph Collection, Exchange Square, Mumbai

The Diamond diggings, South Africa: depicting crowds surrounding a diamond mine - 1872

Bourse Africa is a breakthrough institution, a first of its kind, one that will radically transform Africa by organizing markets and empowering commodity chains while opening up new opportunities for international participation in what is often described as 'the last emerging market'.

CONNECTING AFRICAN MARKETS

The market parameters in Africa augur well for Bourse Africa. There is an increasingly perceived need for exchange-driven services and solutions, including better procurement, price discovery, price risk management and central counterparty clearing among multiple stakeholders in the ecosystem, both public and private. In addition, the emerging African middle class is increasingly demonstrating financial sophistication by looking at newer investment opportunities. Moreover, given the financial meltdown and mature asset classes in developed economies, international investors have been continually exploring new investment avenues in emerging markets.

Bourse Africa will be the first central counterparty clearing house in Africa (outside of South Africa). The Exchange will also offer depository services for warehouse receipts and other documents of title. In addition, it will provide facilitative services, including dissemination of market information, training and capacity-building, and educational services to create a cadre of highly-trained African professionals to staff a rapidly growing industry.

THE ROAD AHEAD

Bourse Africa will revolutionise the way the continent produces, markets, finances and invests in its commodities and other asset classes. The Exchange's arrival will herald a level-playing field for participants through increased transparency and easier access to markets. The instruments offered on Bourse Africa will enhance value and improve risk management in specific sectors, stimulating a cycle of investment and growth. On one hand, the Exchange will seek to achieve the historic promise of African economic integration, and, on the other, catalyze the continent's engagement with international markets in a way that is at once advantageous and equitable.

Clearly, Bourse Africa is poised to play a crucial role in modernising Africa's commodity ecosystem and increasing the continent's clout in global markets. In the process, it will further consolidate the Financial Technologies Group's position as an innovator of markets for the masses, thus generating high value-addition for its shareholders.

INVESTOR RELATIONS

Dear Shareholders,

The global economic environment has been tepid since the onset of the economic meltdown and has resulted in challenges for the financial markets worldwide. However, in recent months the resilience of the Indian economy, buoyed by its fundamental strengths of growing domestic demand, has witnessed "green shoots".

Re-building investors' confidence

It is heartening that India recorded a better than expected growth rate of 5.8% in the fourth quarter of FY 2008-09 and posted a healthy 6.7% GDP growth during the fiscal year. India, China and some of the emerging markets in Asia and Africa are projected to grow at around 8% in next few years.

This has revived Indian investors' confidence in the Indian financial markets to a large extent. Accordingly it was reflected in the performance of Indian commodity and currency bourses. With the new foundation for financial infrastructure being re-laid, it is only a matter a time that the confidence of investors in other emerging markets will bounce back.

Securing the Future

If ever there was a time when the financial markets were being closely monitored, it is now. The transition in financial markets has necessitated greater transparency, better regulations, more efficient risk management systems, and accountability in market operations. The current financial milieu presents an opportunity accentuated by the resounding need to create markets with centralised clearing, increased transparency and empowered regulators. We are witnessing a tectonic shift of the global hotbed of financial services towards emerging markets in Asia and Africa. Moreover, your Company, with its indigenous trading technology platform and deep domain expertise, is creating next generation financial markets in these epicenters of activities, across Asia and Africa.

Despite the challenging global financial environment and a demanding financial year, the Group has achieved major breakthroughs by setting up exchanges in emerging economies of Asia and Africa, including Singapore, Botswana and Bahrain.

> The rapid growth of the group has made it essential for us to ensure comprehensive communication with the investing community.

Your Company's robust business model rose up to the challenges of FY 2008-09, to pay out total dividend of 500%. Your Company was ranked 3rd by Business World (India's leading business magazine) in its BW Real 500 report on profitability of Indian companies, and 11th in Business India's (another leading Indian business magazine) list of Super 100 companies in terms of return on capital employed.

INVESTOR COMMUNICATION AND COMPLIANCE

Transparency, accountability, effective communication and the highest standards of corporate governance are the principles on which the Financial Technologies Group has built its investor relations. Our Investor Relations program is based on the following key factors:

- Industry research: We offer industry analysis on an ongoing basis to support the decisions of investors and analysts and help investors put things in perspective.
- Investor mix: It is our constant endeavor to widen our investor base and attract investors with different investing styles.
- Information dissemination: We regularly disseminate information to all our investors and other stakeholders in accordance with your Company's corporate governance principle and communication practices. Our communications focus on key factors such as fundamental and technical analysis, SWOT analysis simulation / modeling, the commitment of the top management and their vision. Some of our investor communication initiatives include:
  - FTMarkets is a weekly newsletter to update key developments in various market segments within the sector and also at FTIL
  - FTIL Communique is a quarterly update on the financials and operations of FTIL and also the sector
  - FTCommunity is an initiative which connects market participants and the financial community at large on a single online platform. It contains several sub-platforms, each designed to transcend traditional barriers to communication and information. These include:
    - FTWiki: One-stop-shop for information on financial markets
    - FTResearch: Financial markets research library
    - FTLive: YouTube for the Financial markets
    - FTConnect: Financial markets event calendar and meeting scheduler
  - 'Investors' section of the FTIL website (www.ftindia.com/investors/investors.htm) has been revamped. Key new features include:
    - Personalised dashboard — My FT, email and SMS alerts
    - Interactive Annual Reports of the latest and past financial years
    - Information on investor conferences and relevant industry events
    - Online meeting scheduler
  - FTIL annual report provides both macro and micro view of the sector, and the Company's operations and financials
  - We engage with key strategic and financial investors through ongoing meetings / calls to share updates and also discuss potential areas of interest. We also organise roadshows and participate in investor meets / events.
- Compliance & Governance: We ensure strict compliance of all corporate governance norms that apply, including adherence to Clause 49. We continuously strive to improve our governance and risk management systems.

As a major exchange innovator and a key player in the emerging markets, we look to the future with a sense of enthusiasm and anticipation. And we would like to take this opportunity to THANK our stakeholders, for your continued support and interest in the Financial Technologies Group.

BOARD OF DIRECTORS, ADVISORY BOARD MEMBERS & KEY MANAGEMENT TEAM

1. Mr. Hariraj Chouhan
2. Mr. Devendra Agrawal
3. Mr. Shreekant Javalgekar
4. Mr. Lambertus Rutten
5. Mr. Charles Seeger
6. Mr. Anjani Sinha
7. Mr. Anil Choudhary
8. Dr. Bandi Ram Prasad

9. Mr. Naresh Deshpande
10. Dr. Ajit Ranade
11. Mr. Vepa Kamesam
12. Mr. V. Hariharan
13. Mr. Venkat Chary
14. Mr. G. N. Bajpai
15. Mr. R. V. Shahi
16. Mr. Shvetal Vakil
17. Mr. Venugopal
18. Mr. U. Venkataraman
19. Mr. Nayan Mehta
20. Mr. Ganesh Rao
21. Mr. Paras Ajmera
22. Mr. Ravi K. Sheth
23. Mr. Jignesh Shah
24. Mr. A. V. Rajwade
25. Mr. Dewang Neralla
26. Mr. Manjay Shah
27. Mr. Paul Joseph
28. Mr. Naishadh Desai
29. Mr. Miten Mehta
30. Mr. B. D. Sumitra
31. Mr. C. M. Maniar
32. Mr. Joseph Massey
33. Ms. Asha Das
34. Mr. C. Subramaniam
35. Mr. Jayant Deo
36. Mr. Sunil Khairnar
37. Mr. K.R.C.V. Seshachalam

BOARD OF DIRECTORS & ADVISORY BOARD

BOARD OF DIRECTORS

Executive

- Mr. Jignesh Shah
  Chairman & Managing Director
- Mr. Dewang Neralla
  Wholetime Director

Non Executive

- Mr. P. G. Kakodkar
  Director
- Mr. C. Subramaniam
  Director
- Mr. Ravi K. Sheth
  Director
- Mr. Chandrakant Kamdar
  Director
- Mr. R. Devarajan
  Director

ADVISORY BOARD

- Mr. Narayanan Vaghul
  Chairman of ICICI Bank
- Dr. S. Narayan
  Former Economic Advisor to PM
- Mr. G. N. Bajpai
  Former SEBI Chairman
- Mr. K. Karnik
  Former President of NASSCOM

COMPANY SECRETARY

- Mr. Naishadh P. Desai
  Vice President - Legal & Company Secretary
- Mr. Hariraj Chouhan
  Company Secretary & Compliance Officer

CORPORATE INFORMATION

AUDITORS

- Deloitte Haskins & Sells

LEGAL ADVISORS

- J. Sagar Associates
- Crawford Bailey

SHARE TRANSFER AGENTS

Karvy Computershare Private Limited

17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081.

Website: www.karvy.com

REGISTERED OFFICE

Financial Technologies (India) Ltd.

Doshi Towers First Floor, 1 A & B No.156,

Periyar, EVR Salai Kilpauk, Chennai 600 010. India

BANKERS

- HDFC Bank Ltd. - www.hdfcbank.com
- HSBC Ltd. - www.hsbc.co.in
- Union Bank of India - www.unionbankofindia.com
- Axis Bank Ltd. - www.axisbank.com
- Deutsche Bank - www.deutschebank.co.in

DIRECTORS' REPORT

Painting collection, oil on canvas, circa 1859,
5th floor, MCX Trading & Surveillance Center, Exchange Square, Mumbai

Börse Berlin AG

Börse Berlin AG or the Berlin Stock Exchange, founded in 1685, is one of the oldest exchanges in Germany, and was housed in Burgstraße.

"The growth of Financial Technologies reflects the maturity of the mind that has grasped and seized opportunities across geographies. It has thereby positioned itself as an enabler of the *future of financial markets* at the global level."

— Dewang Neralla —

Director - Technology, Financial Technologies (India) Ltd.

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Twenty First Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March 2009.

(Rs in Million except per share data)

Financial Performance	STANDALONE		CONSOLIDATED	
Particulars	Current Year 2008-09	Previous Year 2007-08	Current Year 2008-09	Previous Year 2007-08
Revenue	3,343.22	1,375.56	3,164.21	2,669.30
Other income				
Profit on sale of shares	2,067.28	11,163.89	1,910.43	10,503.58
Others	1,651.30	935.33	1,851.49	1,022.24
(Decrease) / Increase in closing stock	(0.39)	0.39	(0.39)	0.39
Total Income	7,061.41	13,475.17	6,925.74	14,195.51
Total Operating Expenditure	2,339.43	926.90	3,804.18	2,425.80
EBITDA	4,721.98	12,548.27	3,121.56	11,769.71
Interest	1.40	109.31	48.71	123.28
Depreciation / amortization	72.39	23.53	118.99	97.47
Profit before tax	4,648.19	12,415.43	2,953.86	11,548.96
Provision for taxation	962.23	2,802.91	1,007.65	2,940.23
Profit after Tax	3,685.96	9,612.52	1,946.21	8,608.73
Add: Share in profits of Associates	NA	NA	527.12	249.06
Less: Minority Interest	NA	NA	16.67	163.19
Net Profit available after Minority Interest	3,685.96	9,612.52	2,456.66	8,694.60
Add: Balance b/f from previous year	8,315.44	743.42	7,155.02	522.21
Balance available for appropriation	12,001.40	10,355.94	9,611.68	9,216.81
Appropriations				
Final dividend (proposed)	91.77	183.53	91.77	183.53
Interim dividend	367.07	731.47	367.07	731.47
Tax on dividend	77.98	155.50	77.98	176.79
Transfer to Statutory Reserve	-	-	0.16	-
Transfer to General Reserve	368.59	970.00	368.59	970.00
Balance c/f to Balance Sheet	11,095.99	8,315.44	8,706.11	7,155.02
Earnings per share				
Basic	80.33	214.15	53.54	193.70
Diluted	80.33	208.10	53.48	187.66

RESULTS OF OPERATIONS

The consolidated financial results for the year ended 31st March 2009, are not comparable with the consolidated financial figures of the previous year as one of the material subsidiary company viz. "Multi Commodity Exchange of India Ltd. (MCX)," ceased to be the subsidiary of the Company w.e.f. 29th October 2007 and hence MCX account is not consolidated during the year.

On consolidation basis, for the year ended 31st March 2009, your Company has reported a total income of Rs 6,925.74 million and net profit available after Minority Interest of Rs 2,456.66 million. The total income and net profit available after Minority Interest (excluding profit on sale of shares) is higher by 36% and 39% respectively, compared to the previous year's figures.

On a standalone basis, your Company has reported a total income of Rs 7,061.41 million and net profit of Rs 3,685.96 million. The total income and net profit (excluding profit on sale of shares) is higher by 116% and 113% respectively, compared to the previous year's figures.

Product Developments and new version releases during the fiscal year 2009:

- DOME - During fiscal 2008-09, our flagship product suite for exchange solutions, DOME (Distributed Order Matching Engine), released its new version, which is 64 bit memory address aware. Thereby, the application can handle higher volumes and is equipped with enhanced response time, comparable with any world-class exchange. The upgraded DOME application was deployed at MCX and was also installed at MCX Stock Exchange and National Spot Exchange Ltd. (NSEL).
- ODIN™ with 64 bit Compatibility - Upgraded version of ODIN™ with increased scalability and efficiency.
- ODIN™ Program Trading - A special trading application that facilitates implementation of trading strategies with maximum ease and has a built-in intelligence to search for profit making opportunities.
- ODIN™ Greek Neutralizer - A valuable tool for option traders, option hedgers, arbitrageurs and speculators, it helps to manage risk involved in complex positions in options, and effectively implement delta hedging strategies.
- Advanced Charting - Advanced technical analysis tools to harness the potential of charts effectively to time the market better and tap profit-making opportunities.
- ODIN™ X Plaza - A fully managed gateway for members, facilitating dealers and clients to trade through the internet at a significantly reduced cost.
- FTNET - A FIX network that connects buy and sell side clients for order execution.
- STP-Gate™ for Derivative Segment - Extension of STP-Gate™ to include the derivatives segment.
- ESG - Enterprise Solutions Group provides consulting services including Data Center - design and implementation, Information Security and Assurance Services, Network and IT Infrastructure, Quality Management, Business Continuity Management / Disaster Recovery planning and Quality Assurance.

DIVIDEND

During the year under review, your Company paid three interim dividends totaling to Rs 367.07 million (Rs 8/- per share on par value of Rs 2/- per share). The Directors recommended a final dividend of Rs 2/- per share i.e. 100% on par value of Rs 2/-, subject to the approval of the shareholders at the ensuing Annual General Meeting. The total dividend—including interim and final—aggregated to Rs 10/- per share i.e. 500% on par value of Rs 2/- each for the financial year ended 31st March 2009, (previous year, the total dividend aggregated to Rs 20/- per share i.e. 1000% on par value of Rs 2/- each). The total cash outgo on account of total dividend (including interim dividend) and tax thereon amounted to to Rs 536.82 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.

The break up of the dividend pay-outs are as under:

(Rs in Million except dividend per share data)

	Interim Dividends			Final Dividend	Total
	1st Interim	2nd Interim	3rd Interim	recommended	
Dividend per share	4	2	2	2	10
Dividend	183.53	91.77	91.77	91.77	458.84
Tax	31.18	15.60	15.60	15.60	77.98
TOTAL	214.71	107.37	107.37	107.37	536.82

SHARE CAPITAL AND ZERO COUPON CONVERTIBLE BONDS (ZCCBs)

a) Equity

During the year under review, there is no change in the Authorised, Issued and Subscribed Share Capital of the Company.

b) Zero Coupon Convertible Bonds (ZCCBs)

During the year under review, your Company repurchased 9,500 Zero coupon Foreign Currency Convertible Bonds (ZCCBs) of the face value of US$ 1000 each at a discount of an average 37.57% on the book value. The resulting gain (net of commission) of Rs 115.3 million is included in Other Income. Consequent upon such a repurchase, the repurchased 9,500 ZCCBs stand cancelled.

INVESTMENT

The total investment of the Company stood at Rs 14,444.65 million, an increase of 5% from the previous year of Rs 13,743.26 million. Out of this, investment in Mutual Funds amounted to Rs 7,209.55 million, as compare to Rs 8,592.17 million in the last fiscal.

During the year under review, the Company also made an investment totaling to Rs 2,050.96 million in various subsidiaries of your Company.

For details, refer schedule of investments covered in the attached Balance Sheet.

INFRASTRUCTURE

A state-of-the-art development center, situated at Andheri (East), Mumbai, admeasuring around 200,000 sq ft, with capacity to accommodate approximately 1400 seats, will be ready and commissioned by December 2009. The consolidation of various offices at the development center will help the Company to rationalise its costs, apart from increasing productivity by bringing everyone under one roof.

HUMAN RESOURCE DEVELOPMENT

The core belief that integrates and drives your Company is to develop technology focused on intellectual property creation in the financial securities industry by harvesting intellectual capital.

With a vision to be the "Most Preferred Employer", the focus areas for HR during 2008-09 were

- To build pride, respect, trust and team spirit.
- To establish a performance-driven culture by being PERFECT (Proactive, Entrepreneurial, Responsive, Focused, Enthusiastic, Customer-oriented and Team-oriented).
- To align the individual's competencies with the organisation's business objectives.

Training and Development

Over the year under review, your Company conducted many technical, non-technical and soft skill training programs to ensure the 'lowest time to competence'. The key initiatives were:

- Creation of a focused Training & Development cell with an objective of equipping human capital with necessary skills to meet the business needs.
- Identifying training needs based on performance appraisals and rolling out company-wide programs conducted by skilled external and internal trainers.
- Defining training man-days for all employees.

Some of the competency development initiatives are:

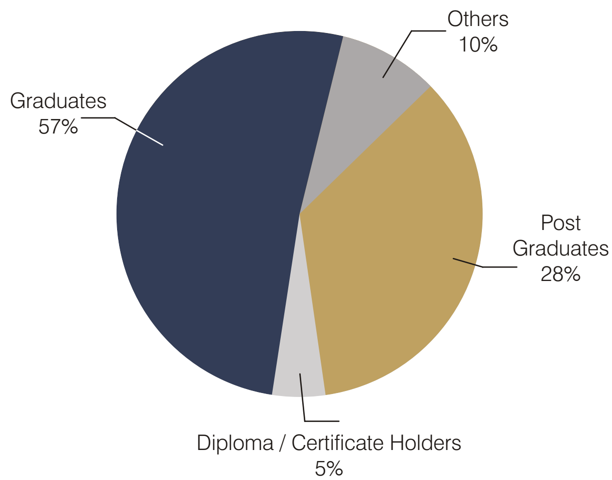
- LEAD (Leverage, Empower, Align and Develop) aimed at developing tomorrow's leaders today.
- Team building workshops titled TEAM (Together Everyone Achieves More) were also conducted.

Rewards and Recognition

In 2008-09, your Company's HR team won "Amity HR Excellence Award" organised by Amity University.

The employee strength of the FTIL in 2008-09 was 1,134.

QUALIFICATION WISE BREAK-UP



Building a performance - oriented work culture through learning, empowerment, innovation, team work and transparency is the Human Resources Department's commitment to the FTIL.

AWARDS / RECOGNITION

Your Company received the following awards and recognition during the year

- Ranked 32nd in a survey of 'Top 200 Indian IT Companies' conducted by DataQuest and published in its July 2008 issue.
- Ranked 3rd in the list of 'Most Profitable Companies' published in Business World 500 Special Issue, 20th October 2008.
- Won the 48th ABCI (Association of Business Communicators of India) Annual Award in the Annual Report category, awarded on 7th November 2008.
- Won the Golden Peacock Award for Innovative Product / Service 2008. It was presented by His Excellency Shri. S. C. Jamir, Hon'ble Governor of Maharashtra, on 17th January 2009. Dignitaries sharing the dais included Dr. Ola Ullsten, former Prime Minister of Sweden, and Dr. Madhav Mehra, President of UK-based World Council for Corporate Governance.

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.

The Company has been granted exemption for the year ended 31st March 2009, by the Ministry of Corporate Affairs from attaching to its Balance Sheet, the individual Annual Reports of its subsidiary companies. In terms of the approval, Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the Subsidiaries have not been attached with the Annual Report of the Company. These documents will be made available upon 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 has 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 of its subsidiaries.

During the year, your Company incorporated a wholly owned subsidiary namely Boursa India Ltd. (BIL) in the month of February 2009. As the first financial year of BIL will end on 31st March 2010, the financial statements of BIL are not consolidated / attached.

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. The issuance of equity shares pursuant thereto will be subject to compliance with all applicable laws and regulations.

The Remuneration and Compensation Committee of Directors of the Company at its meeting held on 31st March 2009 has approved surrender / cancellation of 440,000 Stock Options by the employees, which was granted to them under Employee Stock Option Scheme - 2006, due to adverse stock market conditions vis-a-vis Company's share price.

The total numbers of options in force and outstanding at the end of the year are 207,425 and NIL for ESOP - 2005 and ESOP - 2006 respectively.

Requisite disclosure in respect of the Employee Stock Option Scheme pursuant to the terms of Guidelines of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 has been provided in Annexure B of this Report.

QUALITY

Quality continues to be an integral aspect of our business at Financial Technologies. In its endeavour for continual improvement, your Company have implemented process improvement initiatives, and formed an independent team to monitor quality. Your Company was recognised for its process adherence and improvements, and was recommended for continuation of its ISO 9001:2000 certification. The Company has also successfully cleared the Surveillance Audit for ISO 27001:2005, and was recommended for continuation of the said certification. These accolades are in line with our vision of becoming a globally recognised company that provides high quality software and business solutions, and showcases our commitment towards being a quality-focused and process-driven organisation.

RISK MANAGEMENT

Your company has a risk management policy in place to ensure that key operational risks are effectively mitigated. Transparency as well as the level of participation in the decision making process has improved through elaborate and effective reporting mechanisms, leading to speedy execution.

The Risk Management Committee (RMC) of your Company co-ordinates to identify, evaluate and mitigate the risk exposure of the Company in a holistic manner.

INTERNAL AUDIT AND CONTROLS

During the financial year, your Company continued to implement recommendations of the Internal Auditors to improve internal controls.

The findings of the Internal Auditors are discussed with the process owners, and suitable corrective and proactive actions are taken as per the directions of the Audit Committee, on an on-going basis, to improve operational efficiencies.

OUTLOOK

The financial year 2008-2009 was a year of great achievement for your Company as it undertook several new initiatives towards achieving its stated goal of promoting a global exchange network and thus facilitating price discovery, efficient trade, risk hedging and access to structured finance for its clients.

The coming year promises to be a defining moment in your Company's history as these initiatives are expected to bring unprecedented rewards in terms of revenues and recognition.

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 a part of this Annual Report.

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

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis statement is covered elsewhere in this Report.

CORPORATE SOCIAL OPPORTUNITY

At Financial Technologies, we consider Corporate Social Responsibility (CSR) as an opportunity and have christened it as Corporate Social Opportunity (CSO). CSO is at the core of your Company's vision and mission. We make markets accessible to the masses and help bring about a more equitable distribution of wealth in the emerging economies of the world.

In addition to the CSO ingrained in our business model, we have target-specific CSO activities. These include:

- 'Khushi Ki Kiran': This initiative enables employee-volunteers to get directly involved with the society at large through various activities as well as donations.
- Blood Donation Drive: We organise blood donation drives annually at our offices in association with Rotary Blood Bank, Mumbai. We were able to collect 500 blood units through our pan-India employees' drive held on 23rd May 2008.
- Mumbai Marathon: We have been regularly participating in the Mumbai Marathon for the cause of children and education. This year we supported the NGO, 'Save The Children of India' (STCI).
- HIV / AIDS Policy: 'Jagrut' is an employee-driven program, which strives to reach out to all employees of the company.

  World AIDS Day 2008 was celebrated with a sensitisation program for the Group's senior management, who participated in an interaction with Dr. Anjana Palve from Avert Society, an NGO working for the cause of HIV / AIDS patients.
- World Environment Day: We celebrated The World Environment Day on 4th and 5th June 2008. A creative workshop was organised for employees' children / relatives of ages 14-18 years on the theme "CO_2-Kick the Habit! – Towards Low Carbon Economy". Suggestions were also invited from employees on ways to conserve environmental resources at home and the workplace.
- Gramin Suvidha Kendra (GSK): This initiative focuses on empowering farmers to adopt a market-oriented cropping / selling / warehousing strategy by disseminating information, expert advice and high quality farming techniques. GSK operates across five states, 11 locations and has more than 3,400 farmers registered with it.

  GSK related developments in 2008:

  - Launched weather insurance on a pilot basis at GSK Jalgaon where 22 farmers insured 43 acres of cotton and soybean crop.
  - MoU with Mahindra Shublabh Services Ltd., the agricultural input arm of Mahindra and Mahindra Ltd., to supply agricultural inputs through the GSK platform.

- MoU with Eureka Forbes Ltd. to supply rural water purifiers through GSK.
- Launch of year-long farmer awareness programs across all the GSK locations in association with NABARD. A total of 110 programs have been planned over a 3-phase period.

- In 2008, Financial Technologies financially supported 'Sashi Mangalyam Education Society', which runs a day school for mentally-challenged boys and girls. The 125 students associated with the institution are provided free education, including computer literacy and therapy sessions.
- Citizen duties in a democracy: The Group has partnered with 'Jaago Re', the online voters' registration movement, and is working towards ensuring maximum participation of its employees in this unique drive.

To sum up, CSO is an article of faith in your Company. We believe our activities are collectively architecting an imminent new world economic order in which prosperity will be shared by the masses.

DIRECTORS

The Board of Directors of the Company at its meeting held on 24th January 2009, has subject to the approval of the members at the ensuing Annual General Meeting re-appointed Mr. Jignesh Shah as the Managing Director and Mr. Dewang Neralla as the Wholetime Director of the Company with effect from 31st January 2009, for a further period of 3 years.

During the year under review, Mr. Chandrakant Kamdar and Mr. R. Devarajan have been appointed as additional Directors of your Company. As per the provisions of Section 260 of the Companies Act, 1956, these Directors will hold office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notices under Section 257 of the Act along with requisite deposit in respect of the aforesaid persons, proposing their appointment as Directors of the Company.

Mr. Ashish Dalal, ceased to be the Director of the Company with effect from 31st December 2008. The Board of Directors place on record its appreciation for the valuable contribution made by Mr. Dalal during his tenure as Director of the Company.

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. P. G. Kakodkar, Director of the Company, will retire by rotation at the ensuing Annual General Meeting, and being eligible offer himself for re-appointment.

None of the Directors of the Company have been disqualified for being appointed as Directors 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:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with the explanation relating to material departures;
- that they have selected such accounting policies and applied them consistently and have made judgements 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 profit or loss of the Company for that period;
- that they have taken proper and sufficient care to maintain 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; and
- that they have prepared the annual accounts on a going-concern basis.

AUDITORS

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

STATUTORY INFORMATION

- Fixed Deposits

  Your Company has not accepted any deposits, and no principal or interest was outstanding as on the date of the Balance Sheet.

- 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.

- 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.

- "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 the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations. The list of Group companies / Associates / Joint Ventures is enclosed and forms part of this Annual Report.

- Special Business:

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

ACKNOWLEDGEMENT

Your Directors thank the clients, vendors, financial institutions, bankers, business associates and various governmental as well as regulatory agencies for their invaluable support in contributing to the Company's growth. Your Directors appreciate the contribution made by the employees, whose hard work, dedication and commitment have enabled your 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

Mumbai,
30th June 2009

Jignesh Shah
Chairman & Managing Director

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 to the adoption of various energy saving methods for conservation of energy, and has taken adequate measures to use equipment, which would entail cost efficiency. It continues its endeavour to improve energy conservation and utilisation.

Technology Absorption, Research & Development

The Research & Development activity of your Company is mainly focused on the development of new software products to meet customers' requirements. Since your Company operates in a sector, which witnesses rapid technological change and quality up-gradations, product improvement is given special attention.

The future plan of action also lays stress on the introduction of new Software products for both domestic and export markets.

Amount spent: Revenue Expenses Rs 120,741,352/-

Foreign Exchange Earnings & Outgo

The details of foreign exchange earnings and outgo are mentioned in Note 11(a) & 11(b) of Schedule 15 II 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) Ltd. – Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2006".

Sr. No.	Description	ESOP - 2005	ESOP - 2006*
1.	Options granted	440,000	440,000
2.	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 1,812.70 per share
3.	Options vested	440,000	440,000
4.	Options exercised	211,890	Nil
5.	Options lapsed / forfeited	20,685	440,000
6.	Variations of terms of options	None	None
7.	Money realised by exercise	Rs 207,991,224	Nil
8.	Options in force	207,425	Nil
9.	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 receive a grant in any one year of option amounting to 5% or more of options granted during that year	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
10.	Diluted EPS	80.33	208.10
11.	Fair value of the options	483.88	547.29
12.	The Company has followed the intrinsic value-based method of accounting for stock options granted after 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:	The Company's Net Profit for the year would be higher by Rs 181,460,227 and earning per share as reported would be indicated as below: Adjusted EPS - Basic - Diluted	Rs 84.29 84.29
13.	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:		
	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.		

**During the year, the ESOP 2006 Scheme was cancelled.*

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

(ii) Entities Where Control Exists (subsidiaries)
1. atom technologies Ltd. (atom)
2. TickerPlant Ltd. (TickerPlant)
3. Riskraft Consulting Ltd. (Riskraft)
4. National Bulk Handling Corporation Ltd. (NBHC)
5. National Spot Exchange Ltd. (NSEL)
6. IBS Forex Ltd. (IBS)
7. Global Payment Networks Ltd. (GPNL)
8. Financial Technologies Communications Ltd. (FTCL)
9. Financial Technologies Middle East, DMCC (U.A.E.) (FTME)
10. Global Board of Trade Ltd. (Mauritius) (GBOT)
11. FT Group Investment Pvt. Ltd. (Mauritius) (FTGIPL)
12. Knowledge Assets Pvt. Ltd. (Mauritius) (KAPL)
13. Singapore Mercantile Exchange Pte. Ltd. (SMX)
14 Singapore Mercantile Exchange Clearing Corporation Pte. Ltd. (subsidiary of SMX)
15. FT Knowledge Management Company Ltd. (FTKMC)
16. Trans-Global Credit and Finance Ltd. (TGCFL)
17. Indian Bullion Market Association Ltd. (Subsidiary of NSEL)
18. Credit Market Services Ltd.(CMSL) (w.e.f. 23rd May 2008)
19. Bourse Africa Ltd. (BAL) (subsidiary of FTGIPL) (w.e.f. 5th October 2008)
20. Boursa India Ltd. (BIL) (w.e.f. 16th February 2009)
21. Takshashila Academia of Economic Research Ltd. (TAER) (w.e.f. 9th June 2008)
22. Capricorn Fin-Tech (Pvt.) Ltd. (Subsidiary of FTME, DMCC)
23. APIAN Finance & Investment Ltd. (w.e.f. 30th April 2008)
24. Grameen Pragati Foundation (subsidiary of atom upto 2nd February 2009)
25. ICX Platform (Pty) Ltd. (Johannesburg, South Africa) (w.e.f. 4th April 2008)
26. Bahrain Financial Exchange B.S.C. Closed (Subsidiary of FTME)
27. Financial Technologies Middle East FZ-LLC

(iii) Associate Companies:
1. Multi Commodity Exchange of India Ltd. (MCX)
2. Indian Energy Exchange Ltd. (IEX)
3. MCX Stock Exchange Ltd. (MCX-SX)
4. MCX Stock Exchange Clearing Corporation Ltd. (subsidiary of MCX-SX)
5. ACE Group (Audit Control and Expertise Global Ltd.)

(iv) Joint Venture Companies:
1. Dubai Gold and Commodities Exchange (U.A.E.) (DGCX)
2. Safal National Exchange of India Limited (SNX)

Dated: 30th June 2009
Place: Mumbai

Jignesh Shah
Chairman & Managing Director

FINANCIAL CALENDAR FOR FY 2009-10

July 2009

Announcement of unaudited standalone results for Q1 FY 2009-10

October 2009

Announcement of unaudited standalone results for Q2 FY 2009-10

January 2010

Announcement of unaudited standalone results for Q3 FY 2009-10

June 2010

Announcement of audited consolidated and standalone results for FY 2009-10

Q1 FY 2009-10

Q2 FY 2009-10

Q3 FY 2009-10

FY 2009-10

MANAGEMENT DISCUSSION AND ANALYSIS

Painting collection, oil on canvas, circa 1874, 2nd floor, Library, Exchange Square, Mumbai

The Brussels Stock Exchange

Founded in 1801, the Brussels Stock Exchange merged with the Paris Bourse and the Amsterdam Exchange in 2000, to form Euronext NV, and was renamed Euronext Brussels.

"Four predominant features of the *future of financial markets* would be: product innovation, knowledge and technology, risk management, and distribution of market benefits. The Financial Technologies Group is in a vantage position to shape the *future of financial markets* on all four fronts."

– Dr. S. Narayan –

IAS (retd.), Former Advisor to the Prime Minister of India

Member, Advisory Board - Financial Technologies (India) Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

TRENDS IN GLOBAL FINANCIAL MARKET

Given the change in the economic scenario, global financial markets are passing through a phase of transition. Widespread changes have necessitated regulatory reforms aimed at increasing market transparency and building investor confidence. Reforms that were introduced have revived optimism in the markets since the beginning of the financial year 2009-10.

The global exchange industry has witnessed a paradigm shift from the days of the open out-cry system to the current, quote-driven, fully automated system, which offers superior advantages in terms of time and cost. With augmented application of information technology, trading platforms are accessible from anywhere in the world through trading terminals or internet. Global financial trade is not only facilitated by technology but is very much dependent on it. In fact, one of the most powerful drivers of global trade and financial transactions is technology, as it ensures speed, reliability and verifiability.

The World Federation of Exchanges (WFE) recently recommended broad regulatory reforms to mitigate systemic risk in OTC markets and products. These include making OTC trading standardised and transparent by moving standardised portion of this market on to regulated exchanges and developing a system for reporting and disseminating OTC prices and other OTC trade information. Also, clearing standardised OTC products through regulated clearing houses was recommended. Technology will facilitate this transition in the financial industry leading to fewer intermediaries. The reduction in the number of intermediaries could lead to a net withdrawal of risk capital from the markets. Moreover, technology will boost scalability, which would translate into more customers and increase the transaction handling capability.

Electronification

In recent times, exchanges have witnessed increased transition from pit-based trading venues to fully electronic models. Electronic Communication Networks (ECNs) have widened the access for market participants by allowing remote members to trade on-exchange. Consequently, it has created a wider participant base and driven volumes on exchanges. The growing amount of liquidity on exchanges is the evidence of increased market participation. The exchange industry has benefited on account of increased participation, shorter execution time and a cost effective trading environment.

Technological advancements

All new exchanges operating globally are electronic markets. An exchange trading system is a facility that provides electronic order routing (the delivery of orders from users to the execution system), automated trade execution (the transformation of orders into trades) and electronic dissemination of pre-trade (bid / offer quotes) and post-trade information (transaction price and volume data). The new exchanges have been fostering greater efficiency through electronic trading systems, which simplify connections and reduce cost of operations. Technology has been instrumental in the formation of networks of exchanges that have bolstered liquidity, significantly increasing the size and role of these exchanges.

Technology has been the key to rapid growth in the exchange industry. The lower hardware and software costs in trading and order routing systems, reduction in lead time, increased used of smart-order routing systems, and innovative solutions such as Direct Market Access (DMA) allow high-frequency traders to connect almost directly to exchanges and thereby reducing the time and cost of transaction on exchanges.

Competition

Increasing competition both amongst the market participants and exchanges has made technology a weapon of choice. Exchanges and market participants are making necessary upgradation in technology to improve performance and meet the competitive demand. Performance and capacity, coupled with the requirement for round the clock (24x7) trading, and the need for niche functionality to attract liquidity, will require significant investment in the next-generation trading technology.

Consolidation

Increased market activity and growing volumes on exchanges have resulted in the rise of multi-asset class exchanges, with survival of the fittest being the rule of the game. Diversification of revenues through vertical integration (pre-trade, trade and post-trade value chain), significant cost synergies and pooling of liquidity in identical products has ensured access to deeper markets and volumes. Increased revenue by cross-selling products, complementing distribution channels and low integration risk with limited dependence on human capital has been a compelling rationale for the consolidation in the exchange industry.

Trends seen today will shape the financial markets of tomorrow and the trends point to a stronger, safer and more transparent markets sans borders and barriers; exactly the kind of markets being created by Financial Technologies. Leveraging economies of scale in technology, operations, product innovation, clearing, settlement and delivery across the pre-trade, trade and post-trade lifecycles, liquidity, absence of counter-party risks and transparency in price setting process are some of the appealing propositions that are offered by the network of exchanges promoted by Financial Technologies.

Indian Economy

The Indian economy continues to be driven by domestic consumption and domestic investment. Additional factors that have contributed to this robust environment are sustained investment and high savings rate. As far as the percentage of gross capital formation in GDP is concerned, there has been a significant rise from 22.8% in the fiscal year 2001, to 39.1% in 2007-08. In addition, the gross rate of savings as a proportion to GDP registered solid growth from 23.5% to 37.7% for the same period. The current household savings is around US$ 305 billion. Channelising these savings in to multiple investment options by opening up the economy can generate phenomenal opportunities in the financial market.

FINANCIAL MARKET IN INDIA

Equity

Equity markets have exhibited 46% CAGR over the last 14 years to reach the current annual turnover of US$ 3 trillion. Futures & Options (F&O) have been the key drivers of liquidity on equity exchanges and currently contribute 72% to the aggregate volumes. While the global average ratio between cash and F&O is 3-5x, on Indian bourses, the turnover in the F&O segment is 3x vis-à-vis the cash market.

The low penetration and availability of limited risk hedging and investment instruments in India highlight the tremendous growth potential that exists in the Indian financial markets. While equity market capitalisation in India has reached significant levels (108% of GDP), advanced processes such as algorithm trading and DMA remain novel concepts for the Indian market. Trading on DMA channels has been a very popular trend in developed markets such as the US, where DMA accounts for nearly 18% of the total traded volumes. With regard to algorithm trading, nearly 40% of the volumes traded on NYSE are programmed. The potential opportunity offered by these advanced technologies is immense and would be a key growth driver for the Indian financial markets.

"Markets are like the mirror of mankind, revealing every hour of every working day the way we value ourselves and the resources of the world around us."

- Naill Ferguson

Commodity

Commodity markets—highly unorganised till about three years ago—are comparatively younger in the Indian context. Interestingly, India is one of the largest consumer of precious metals such as gold and silver, and also the largest producer of agri-commodities. With turnover on commodity exchanges registering a 40x growth over the last five years, the Indian commodities market is finally rising above its structural inefficiencies and attracting relevant participation as also liquidity.

Commodities are valued at 45% of India's GDP with the size of the physical commodity market at US$ 320 billion. Globally, commodity derivatives markets are at an average 30-40x the underlying physical market, while India currently stands at 3x. According to a recent IDFC-SSKI research report on Indian Exchanges, the commodity market turnover is expected to reach US$ 4 trillion by FY 14 (Considering the fact that the industry would take time to mature, the report has discounted the global average by 50%).

Indian commodity market is yet to emerge in terms of product offerings, and permitting market participants such as FIIs, MFs and banks to trade on commodity platforms. Thus, changes in regulations and increase in competition in the commodity segment is certainly set to drive liquidity on these exchanges.

Currency

The foreign exchange market is huge and continues to rise. The estimates are that contracts worth nearly US$ 3.2 trillion were being traded each day in the global forex markets, in 2007 (BIS report 2007). According to the report, the foreign exchange market turnover of India in 2007 was US$ 34 billion. It is currently estimated to be around US$ 48 billion, of which, approximately US$ 1.2 billion USD-INR contracts are traded on exchange platforms. We believe that the Indian currency market will witness phenomenal growth in currency volume with the introduction of currency and cross currency pairs other than USD-INR on the exchange platform.

Leading industry participants such as Reuters indicate that the OTC market is well on its way to become a US$ 40 billion market in the next five years. In line with the global average ratio of 5:1 between OTC and currency derivatives, the potential of the Indian currency derivatives segment is pegged at US$ 8 billion (an 8x increase from the current estimate). According to a recent IDFC-SSKI research report on Indian Exchanges, the currency market daily turnover is expected to reach US$ 4 billion by FY 14 (Considering the nascent stage of development of the segment, the report discounted the global average by 50%).

Bond Market

Total debt outstanding in the Indian market as on June 2008 was just US$ 0.46 trillion, constituting 33% of the total Indian capital market, whereas, in the US market, total debt outstanding as on June 2008 was US$ 31.1 trillion, constituting 60% of the total US capital market. The corporate bond market in India remains minuscule, at 3.2% of GDP compared to the equity market capitalisation of about 108%, according to a report released by the Asian Development Bank last year. Moreover, corporates in the US rely on the bond market as a source of debt funds vis-à-vis bank loans availed by Indian companies. Bank loans as a percentage of the debt market in India have been quite high. Therefore, there is a need to develop the Indian bond market.

Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) are a major growth engine for the Indian economy. In fact, these enterprises have been playing a critical role in the socio-economic development of the country. There are approximately 13 million SMEs in India, producing about 8,000 products providing employment to 41 million people. Moreover, SMEs contribute 40% of the total industrial output and 40% of all exports. Besides the challenges of global economic slowdown and the fluctuating USD-INR equation, the Indian SMEs face problems of low finance availability. In such a scenario, an exchange can provide a platform for SMEs to raise capital and enable them to face competition.

FINANCIAL TECHNOLOGIES (INDIA) LTD. - UNIQUELY POSITIONED

Financial Technologies (India) Ltd (FTIL) with its established infrastructure and deep domain expertise, is uniquely positioned to take advantage of the opportunities by providing technology solutions to exchanges as well as trading members. Your Company's highly robust and scalable exchange and trading technology platform (Intellectual Property), gives it a decisive edge in driving mass disruptive innovation at a speed and cost of execution that is unmatched in the financial markets. With the expected increase in trading volumes, demand for new products, and managing bilateral and multilateral transactions, your Company's future growth potential looks encouraging.

REVIEW OF OPERATIONS

The three cornerstones of the Financial Technologies Group's self-fuelling business model are the technology business, exchange ventures and ecosystem ventures. The Group has a network of 10 exchanges—five in India and five overseas—supported by six ecosystem ventures that complement the exchange ventures by addressing upstream and downstream market opportunities.

Its technology business in turn plays a pivotal role in integrating the exchange and ecosystem ventures by providing the latest IP-centric technology, which keeps the Group in sync with the global competitive environment. The financial year 2008-09 has been yet another successful year for the Group, as new markets (exchanges) and ecosystem ventures were established to create one of the largest networks of exchanges across the globe.

TECHNOLOGY BUSINESS

FTIL asserted its deep-rooted presence this year by capturing more than 80% market share in electronic trading solutions in India, including front-end solutions for Indian brokerage industry. FTIL's suite of products mainly comprise of exchange solutions and brokerage solutions.

Brokerage & Messaging Solutions

FY08-09 was marked by innovation, upgradation and excellence in regard to FTIL's brokerage solution business. While your Company continues to add innovative products to its portfolio, the existing products have also seen major upgradation. The new and existing products have received appreciation from clients and analysts, and resulted in increased business.

ODIN™, our flagship brokerage solution, has been revamped and reinforced with components which have enhanced its performance and helped it to carve out a niche for itself. In fact, its pre-eminence was corroborated by a study on 'Electronic Trading Solutions in India 2008' by Frost & Sullivan, a Fortune 500 global research firm.

Exchange Solutions

The financial year 2008-09 saw full-scale implementation of our flagship exchange solutions product suite, DOME (Distributed Order Matching Engine) on two domestic exchanges—MCX Stock Exchange Ltd. and National Spot Exchange Ltd. (NSEL)—while implementation is nearing completion at the Singapore Mercantile Exchange Pte. Ltd. (SMX) and Global Board of Trade (GBOT), Mauritius.

The ninth version of DOME was released with additional modules—e-Xchange, Exchange Direct, Bank Gateway and Open Interest Manager—for improved performance and functionality of the trading system software. e-Xchange provides an online interface for its members to update their information / requests electronically, thus replacing the conventional offline messaging. With the introduction of Exchange Direct, member administrators can now have multiple logins that allow the operators to utilise their time more effectively. This version is also compliant with the FIX 4.2 protocol for timely and secure transactions.

The ODIN™ 64-bit version has delivered a multifold increase in performance, scalability and compatibility. It has been extended to provide support to the currency derivatives segment, which promises to be the next big opportunity.

The product portfolio has received a boost with the introduction of state-of-the-art products leveraging the latest delivery models such as the Software As A Service (SAAS). ODIN™'s leadership position has been reinforced with introduction of a complete range of support products and features. While the revamped flagship products continue to drive the growth, new products such as ODIN™ Greek Neutralizer, ODIN™ Program Trading, Advanced Charting, ODIN™ X plaza, FTNET and DMA LIVE will ensure growth in the coming years. FTIL's zeal for innovation was rewarded again with the newly launched product ODIN™ X Plaza—based on the SAAS model—winning the prestigious 'Golden Peacock Innovative Product / Service Award – 2008'.The STP bouquet of products and services was extended to include the derivatives market, during the year under review.

EXCHANGE VENTURES

The Financial Technologies Group is a creator and operator of exchanges in the fastest growing economies from Africa to Asia. These exchanges have facilitated better price discovery, risk management and structured finance. In FY 08-09, the group expanded operations to include new asset classes, new markets and new regions such as Africa and Singapore. This year saw the dawn of four new exchanges—one in India and three overseas—MCX Stock Exchange in India and Singapore Mercantile Exchange, Bourse Africa (Botswana) and Bahrain Financial Exchange, overseas. The following are some of the key developments in each of the Group's exchanges:

India's No.1 Commodity Exchange

www.mcxindia.com

MULTI COMMODITY EXCHANGE OF INDIA LTD.

Multi Commodity Exchange of India Ltd. (MCX), promoted by FTIL, is India's No. 1 commodity exchange, which is demutualised and has over 87% market share. MCX is certified to ISO 9001:2000 and ISO / IEC 27001:2005 (information Security Management System standard). Moreover, in April 2009, it was certified to ISO 14001:2006 (Environment Management System standard). Globally, MCX is the 7th largest commodity futures exchange in terms of volumes, despite participation being restricted to domestic players. Furthermore, MCX ranks first in silver, second in gold, third in crude oil, zinc and copper futures. In 2008, Futures Industry Association (FIA) ranked MCX as the fourth-largest commodity exchange in Asia in terms of number of contracts traded. As on 31st March 2009, FTIL had a 31.18% stake in MCX.

Since its inception, MCX has been well placed to tap the enormous potential of the commodities market. It currently has 53 commodities trading across segments including bullion, base metals, energy and agri-commodities. The Exchange has carved a prominent place for itself with continuous innovation and development.

In FY 08-09, MCX recorded an average daily turnover of Rs 148,964 million, an increase of 45% as compared to FY 07-08. As on 31st March 2009, the Exchange had a wide membership base of 2,046 members. It recorded the highest-ever single-day turnover of Rs 320,163 million on 19th March 2009. During the year under review, MCX launched futures trading in "electricity" for the first time in India, along with other commodities such as areca nut and heating oil, and revised the transaction fee levied for commodities trading on the MCX platform.

India's New Stock Exchange

www.mcx-sx.com

MCX STOCK EXCHANGE LTD.

Recognised by SEBI and RBI, MCX Stock Exchange Ltd. (MCX-SX) has been allowed to facilitate trade in exchange-traded currency derivatives. As on 31st March 2009, FTIL held a 49% stake in MCX-SX.

More and more large corporates and banks are using currency futures to manage risk against currency price fluctuation or to take advantage of an anticipated market direction. The Exchange is increasingly being used by corporates and banks to hedge the risk associated with fluctuations in currency values. Within five months of operations since inception, MCX-SX has garnered a market share of around 50%.

Introduction of new products such as exchange rate derivatives, currency and cross currency pairs, and simple credit market derivatives, post the respective regulatory approvals, is expected to drive volumes on the Exchange.

MCX-SX recorded an average daily volume of 261,820 contracts, valued at Rs 13,055 million and open interest of 194,170 contracts, as on 31st March 2009. The Exchange recorded the highest daily volume of 775,953 contracts valued at Rs 39,120 million on 20th March 2009. The Exchange's total forex turnover increased from US$ 60 million to US$ 1 billion within five months of operations since inception.

www.nationalspotexchange.com

NATIONAL SPOT EXCHANGE LTD.

National Spot Exchange Ltd. (NSEL) is India's first nationwide spot exchange for commodities. FTIL set up NSEL in partnership with National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), a leading government agency engaged in food procurement, distribution, and storage activities. NSEL services the Rs 17,500 billion physical trade market (spot market) for agri-commodities, and provides opportunities to physical trade participants as well as investors. As on 31st March 2009, FTIL had a 99.99% stake in NSEL.

NSEL commenced operations on 15th October 2008. Currently, NSEL offers spot trading in commodities in gold, silver, and agri–commodities such as castor seed, cotton, areca nut, guar seed, chana, among others. It has started trading operations in eight states namely Gujarat, Maharashtra, Rajasthan, Karnataka, Madhya Pradesh, West Bengal, Kerala and Bihar.

NSEL recorded a total turnover of Rs 15,990 million, as on 31st March 2009. The Exchange also recorded an increase in the average daily turnover from Rs 8 million in October 2008 to Rs 261 million in March 2009.

www.iexindia.com

INDIAN ENERGY EXCHANGE LTD.

Indian Energy Exchange Ltd. (IEX) is Asia's first-ever power exchange for spot trading in electricity. The IEX is an automated and demutualised bourse with nationwide operations within the regulatory parameters of the Central Electricity Regulatory Commission (CERC). The Exchange facilitates equitable, transparent and efficient trading of power, and bridges the demand-supply mismatch by bringing larger players together to buy and sell in an auction-based system, thus providing liquidity to the power markets. As on 31st March 2009, FTIL had 41.22% stake in IEX.

IEX, India's first power exchange, commenced operations on 27th June 2008. The first year of operations has been constructive for IEX. It has strengthened its foothold in the nascent power market and has built relationships with market participants. The Exchange has maintained its strong hold over the market, with 92% market share as on 31st March 2009. The objective of the Exchange is to organise, operate and develop a market place for spot power trade in India.

IEX recorded a total turnover of Rs 19.51 billion and highest daily traded volume of 20,451 MWh, as on 31st March 2009. The increase in volumes can be attributed to the greater market awareness. The Exchange is in the process of introducing new contracts such as week ahead and month ahead contracts, post regulatory approval from CERC. It will further improve market efficiency and promote integration of regional markets.

www.dgcx.ae

DUBAI GOLD AND COMMODITY EXCHANGE

Dubai Gold and Commodity Exchange (DGCX), the first derivatives and commodities exchange in the Middle East, operates in a free trade zone with a 50-year tax holiday for the Exchange and its members. It offers huge advantages to existing participants in the physical commodities markets in the region. These include an effective regulatory structure, futures and options trading for a range of commodities, robust risk management and surveillance systems, and settlement guarantees provided by the Dubai Commodities Clearing Corporation (DCCC). DGCX is a joint venture between Financial Technologies (39%), MCX (5%), other international investors (5%) and the Dubai Multi Commodities Centre (DMCC) (51%). The year 2008-09 saw MCX divesting 3% of its holding in DGCX to international investors.

DGCX is a technology driven demutualised exchange that provides a trading platform for a wide array of commodities and currencies. It offers a fully automated, state-of-the-art infrastructure accessible from anywhere in the world, thus widening opportunities for the growing investment community of the region. During the year the Exchange launched Brent crude oil and WTI crude oil futures contracts.

Since inception, more than 2.8 million contracts valued at over US$ 119 billion have been traded on DGCX, The Exchange recorded an average daily volume of 4,084 contracts worth US$ 224 million, as on 31st March 2009.

IBSFOREX

www.ibsfx.com

IBS FOREX LTD.

IBS Forex provides a digital trading platform for inter-bank forex transactions and has introduced the concept of 'value for money' pricing. It primarily caters to spot and forward trading in USD-INR for inter-bank forex market in India by providing an electronic order-matching platform IBS Forex has recorded a cumulative turnover of about US$ 60 billion till March 2009. About 25 leading banks—public and private sector banks—use the IBS Forex platform. As on 31st March 2009, FTIL had a 76% stake in IBS Forex.

SMX
Singapore Mercantile Exchange
Where the world will trade

www.smx.com.sg

SINGAPORE MERCANTILE EXCHANGE PTE. LTD.

Singapore Mercantile Exchange Pte. Ltd. (SMX), an international commodity derivatives exchange situated in Singapore, will offer a state-of-the-art electronic trading platform to trade in a diversified basket of commodities including futures and options contracts on precious metals, base metals, agriculture commodities, currencies and commodity indices. The Exchange caters to the Asian time zone between Tokyo and London and provides central counter party for all trades executed on it through wholly owned clearing corporation, SMXCC. SMX is at an advanced stage of obtaining the necessary regulatory approvals from the Monetary Authority of Singapore (MAS). As on 31st March 2009, FTIL had 100% stake in SMX.

GBOT
Global Board of Trade

www.gbot.mu

GLOBAL BOARD OF TRADE LTD.

Global Board of Trade Ltd. (GBOT), licensed by the Financial Services Commission of Mauritius, will be the first pan-African, derivatives exchange and a gateway to serve the African continent. GBOT will be an electronic trading platform, with its central matching engine connected by VSAT / internet to its members' terminals in their respective offices anywhere in the world. GBOT received its clearing house license from the Financial Services Commission. The Exchange has also drafted the rules and is ready with the contract specifications for commodities on the futures and options (F&O) platform and has initiated a membership drive. As on 31st March 2009, FTIL had 100% stake in GBOT.

www.bfx.bh

BAHRAIN FINANCIAL EXCHANGE LTD.

Bahrain Financial Exchange Ltd. (BFX) aims to provide Middle East with the most sophisticated, transparent and liquid exchange, offering access to a diverse range of multi-asset products within a unique customer-centric environment. BFX will be an efficient platform for regional and international businesses to raise capital by issuing and listing various types of financial instruments on its markets. Through a multi-access trading model, the Exchange will offer multi-asset class trading of conventional products while also pioneering Sharia-compliant products within the regulatory framework of the Central Bank of Bahrain (CBB).

www.bourseafrica.com

BOURSE AFRICA LTD.

Bourse Africa is the first pan-African spot and derivatives multi-asset exchange to offer trading in commodities and currencies, under the regulatory framework of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). The Exchange will have a pan-Africa presence with the hub located in Botswana and spoke subsidiaries across Africa. Bourse Africa is accredited to the Botswana International Financial Services Centre (IFSC).

ECOSYSTEM VENTURES

Ecosystem ventures are setup to aid and complement the exchange businesses by providing the required upstream and downstream integration which includes clearing, settlement, warehousing, collateral management, credit support, mobile based services and information broadcasting to give end-to-end solutions to intermediaries and market participants. Here below is an overview of the Group's various ecosystem ventures:

www.nbhcindia.com

NATIONAL BULK HANDLING CORPORATION LTD.

National Bulk Handling Corporation Ltd. (NBHC) is an end-to-end solutions provider in warehousing and bulk handling of agri-commodities. In March 2007, it was certified to ISO 22000:2005, a quality standard for food safety management. The combination of ISO 22000:2005 certification with ISO 9001:2000 has made NBHC a preferred Indian partner of the global food chain participants for end-to-end commodity management solutions.

Today, NBHC has 437 warehouses and 25 quality assurance laboratories. Additionally, the Company has managed over 5,000 storage facilities with close to 6.5 million MT stock of agri-commodities (cumulative) under collateral management with 31 leading public and private sector banks in India. The Company has facilitated over 70,000 Warehouse receipts financing transactions to date worth over US$ 1.67 billion with an asset base of over US$ 2.4 billion.

www.atomtech.in

atom technologies Ltd.

atom technologies Ltd. (atom) is a digital retail initiative of the Financial Technologies Group. atom has created multiple products and services for mobile payment, mobile banking, IVR based payments and mobile based service distribution network. It is a new age payment processing system enabling 'any transaction on mobile'. The transactions are routed through banks' payment gateways using phones. atom uses Interactive Voice Response (IVR) technology, which eliminates manual intervention and ensures foolproof transactions. As on 31st March 2009, FTIL had an 99.37% stake in atom.

In FY 08-09, the total number of transactions of atom touched Rs 5.5 billion. The Company expanded its clientele base to include companies such as Dell, Tata Sky, Dish TV, Sun Direct, ICICI Lombard, ICICI Prudential, Reliance General Insurance, India Today Group, Deccan Chronicle, Magna Mags, Fame Cinemas, Cinemax, Seventy mm, ebay, futurebazaar.com, among others.

New Mobile Payment Services

- atom Paybuzz (IVR): A simple and secure payment solution based on IVR technology, which allows users to make payments without revealing their credit card data.
- atom Cards: A simple, secure and single-touch payment solution.

Micro-banking platform and merchant acquiring business

- atom SEWA: A mobile banking platform for banks and MFIs providing technology-enabled financial inclusion services.
- Merchant acquiring business: Bank services and other services are provided on the same terminal, enabling mobile payments through points-of-sale (POS).
- Field-force automation (Feet on Street): Availability of real-time data, leveraging on the technology for direct benefits, accountability and better supervision, new and secure payment options for customers, automation, exponential growth prospects, automatic reconciliation, and 24x7 support and security.

www.tickerplantindia.com

TICKERPLANT LTD.

TickerPlant Ltd. (TickerPlant) is India's emerging global content provider which organises and delivers real-time market data that supports quality decision-making. TickerPlant also provides price performance services to address the middle-of-the-pyramid markets at competitive prices and is designed to deliver integrated solutions that are tailor made to meet one's business information requirements. The solutions provide real-time market data—on two platforms, mobile and internet—with rich features and functionalities that meet customer requirements. TickerPlant caters to all segments of the financial markets including banks, corporates, broking houses, media, HNIs, etc. Using open technology standards, the TickerPlant framework offers high flexibility to its users while maintaining the highest level of security. As on 31st March 2009, FTIL had a 100% stake in TickerPlant.

www.riskraft.com

RISKRAFT CONSULTING LTD.

Riskraft Consulting Ltd. (Riskraft) is a knowledge initiative of the Financial Technologies Group, focused on providing high quality domain consulting services to the Banking and Financial Services Industry (BFSI) on financial risk management, risk analytics, quantitative techniques and data warehousing for risk management. Riskraft's technology platform for Risk Based Supervision (RBS) has been successfully launched during the year by a regulator abroad. Riskraft has also been retained by an Indian regulator to develop quantitative models for its internal use. As of 31st March 2009, FTIL had 100% stake in Riskraft.

www.ftkmc.com

FT KNOWLEDGE MANAGEMENT COMPANY LTD.

FT Knowledge Management Company Ltd. (FTKMC) is the knowledge hub of the Financial Technologies Group. FTKMC traces its origins to the erstwhile MCX Centre of Academia Consultancy and Training, a department of MCX. It offers short-term and long-term training programmes and also provides consultancy services. These programmes aim to leverage on the knowledge and domain expertise possessed by the Financial Technologies Group with an aim to impart quality education on financial markets and create financial market specialists. As on 31st March 2009, FTIL had a 100% stake in FTKMC.

www.mcx-sxccl.com

MCX STOCK EXCHANGE CLEARING CORPORATION LTD.

MCX Stock Exchange Clearing Corporation Ltd. (MCX-SX CCL), the clearing arm of the MCX-SX, has been jointly promoted the MCX-SX, MCX and FTIL. MCX-SX CCL, approved by SEBI and RBI, commenced operations on 16th February 2009 and completed its first settlement on 17th February 2009. MCX-SX set up this clearing corporation within six months of commencing operations. MCX-SX CCL is India's second clearing corporation. MCX-SX CCL has a state-of-the-art risk management system which uses SPAN based Value at Risk (VaR) margining model, apart from various other online and offline risk management tools. As on 31st March 2009, FTIL had a 23% stake in MCX-SX CCL.

RISK MANAGEMENT

FTIL has instituted a risk management policy to ensure that key operational risks are effectively mitigated. Transparency as well as the level of participation in the decision making process has improved through elaborate and effective reporting mechanisms leading to speedy execution. FTIL's risk management committee (RMC) helps identify, evaluate and mitigate the risk exposure of your Company in a holistic manner.

INTERNAL AUDIT AND CONTROLS

Your Company has appointed V. Sankar Aiyar & Co. as its internal auditor. During the year, your Company continued to implement their recommendations to improve internal controls. Internal auditors' findings are discussed with the respective process owners and suitable corrective actions are taken according to the directions of Audit Committee on an on going basis to improve efficiency in operations.

OUTLOOK

The financial year 2008-2009 was a year of great achievement for FTIL as it boldly undertook several new initiatives focused on achieving its stated goal of promoting a global exchange network to facilitate price discovery, efficient trade, risk hedging and access to structured finance for its clients.

FY 2009-10 promises to be a defining year in your Company's history as these initiatives are expected to bring unprecedented rewards in terms of revenues and recognition.

COMPETITIVE STRENGTHS

Brand Equity and Market Leadership

Financial Technologies has established strong brand equity owing to its exceptional track record of unlocking value by offering innovative digital transaction solutions and creating new markets by spawning and incubating new exchanges, new products and investing in strategic geographies, with an aim to promote an interconnected and sophisticated marketplace. It is the market leader in terms of technological innovation, customer service and client satisfaction, and provides end-to-end product solution across the value chain, instead of restricting its domain knowledge to just being a service provider within the process chain.

Comprehensive domain and technical expertise

FTIL is one of the global leaders in offering technology IP (Intellectual Property) and domain expertise to create and trade on next-generation financial markets that are transparent, efficient and liquid, across all asset classes including equities, commodities, currencies and bonds, among others.

Your Company leverages its economies of scale in technology, operations, product innovation, clearing, settlement and delivery across the pre-trade, trade and post-trade lifecycle. This drives transaction, lowers impact costs and boosts value efficiencies across the Group's exchanges. Moreover, the opportunity for cross-listing, distribution, margining, arbitrage, clearing, settlement and delivery of products across the Group's exchanges creates an explosive 'network effect' on liquidity and product innovation along with ecosystem partners and market participant community.

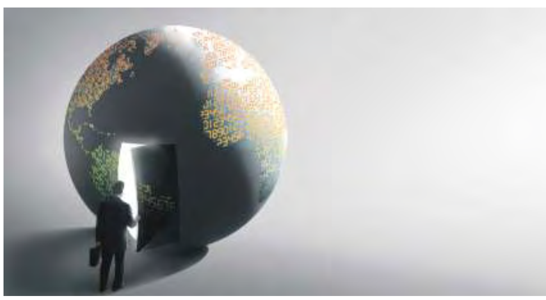
Technical Innovation

FTIL is a champion of disruptive innovation. It believes in disrupting its own products and productised services from time to time to stay aligned to new requirements and updated technologies. A case in example is ODIN™, your Company's brokerage solution, which was launched 10 years ago as a 16-bit software, and is today in its third-generation as a 64-bit program. It serves as a front-end software interface, which provides hi-end direct market access to exchanges.

DOME is yet another illustration of FTIL's 'proactive, self-innovative and self-disruptive' approach to business. The current version of DOME is 64-bit memory address aware solution, which is more powerful as compared to its earlier versions and superior in terms of response time latency.

Experienced Management Team

The Financial Technologies Group is steered by over 60 experts and professionals who serve as Members of the Board, Advisory Board, and Management of FTIL, its subsidiaries and associate companies. Their contributions individually and as a team have been paramount to your Company's success. These leaders are experts in the financial-technology domain, with over 600 man-years of experience and expertise in varied areas of the business. The leadership has helped us build a world-class organisation that continues to create value for all its stakeholders by meeting the needs of a diverse customer base and imbibing global best practices.



"Opportunity rarely knocks on your door. Knock rather on opportunity's door if you ardently wish to enter."

- B. C. Forbes

OPPORTUNITIES

The forces of globalisation have changed the contours of the world. Today, we live in a connected world, where markets need to be integrated. Technology has enabled integration of global markets and broadened the participatory base through increased accessibility. There is immense opportunity for the financial markets in India and other emerging markets to develop further. This can happen with a regulatory regime that facilitates market innovations and by the leveraging of technology for faster dissemination of information and seamless transactions. Technology, more than anything else, is the central cog in the mass disruptive innovation that Financial Technologies is able to drive in the financial markets domain.

Technology

Financial markets worldwide are focusing on greater transparency, higher liquidity, wider participatory base, more efficient price discovery, and better risk management. Regulated exchange platforms are intrinsically better equipped to cater to these developments vis-à-vis off-exchange or Over-the-Counter (OTC) platforms. Over the last few years there has been a surge in the volumes of exchange-traded products across various asset classes, be it commodities, equities, bonds or currencies.

FTIL's robust and scalable exchanges and trading technology platforms (Intellectual Property), coupled with deep domain expertise, uniquely positions your Company to create electronic, organised, and regulated financial markets for 'new asset classes' and 'new investor classes' that are either under-served by traditional economic vehicles or unviable for economic considerations.

New Markets

The region from Africa to Asia is driving production and consumption of almost all asset classes. These emerging economies are also increasingly influencing global pricing and trade. The Financial Technologies Group is focused on setting up efficient and profitable exchanges and ecosystem ventures in the emerging economies from Africa to Asia.

Regulations permitting trading in asset classes such as equities, interest-rate derivatives, credit default swaps, cross-currency derivatives, bonds, etc., are likely to be introduced in India and other markets in which the Group operates. Our domain expertise will enable us to introduce trading in new asset classes on our efficient tech-centric exchange platforms in different regions. We also intend to cater to the needs of new market participants such as the micro, small and medium enterprises (MSMEs), foreign institutional investors (FIIs), mutual funds, among others, as and when regulatory reforms are introduced.

Inorganic Growth Opportunities

While organic growth has been the most important driver of FTIL's growth in India and other emerging markets, your Company believes in forging alliances and working jointly with market leaders across business verticals and geographies. We believe, this will foster growth and transform your Company in to a truly global entity. FTIL constantly evaluates various inorganic growth opportunities and will continue to do so to complement its organic growth model.

Leveraging on Exchange Business

The growth of the Group's exchange business has a direct impact on its products business. Being a leader in providing front-end and back-end transaction products and STP solutions to the financial services industry, FTIL continues to 'disrupt' legacy processes and replaces them with cutting-edge breakthroughs—while, at the same time, we continue to nurture our deep domain expertise to create and operate exchanges.

FINANCIAL POSITION AND RESULT OF OPERATIONS

CONSOLIDATED

The consolidated financial results for the year ended 31st March 2009, are not comparable with the consolidated financial figures of the previous year as one of the material subsidiary company 'Multi Commodity Exchange of India Ltd. (MCX),' ceased to be the subsidiary of the Company w.e.f. 29th October 2007 and hence analysis of consolidated financials is not provided.

STANDALONE

Shareholder's Equity

FTIL currently has only one class of shares – equity shares of face value of Rs 2/- (Rupees Two only) each. The Company's authorised share capital is Rs 300 million, divided into 150 million equity shares of Rs 2/- each.

During the year under review there was no change in the paid-up equity share capital of the Company and stood at Rs 91.77 million as on 31st March 2009.

Reserves and Surplus

During the year, Financial Technologies' total reserves and surplus position improved by 19% to Rs 17,405.22 million from Rs 14,602.01 million for the financial year 2007-08.

Balance in Securities premium account as at 31st March 2009 stood at Rs 4,977.28 million as compared to Rs 5,147.68 million in the previous year. The Securities premium account has been adjusted during the year to the extent of provision created for premium payable on redemption of ZCCB as permitted by section 78 of the Companies Act 1956.

Shareholders' Fund

Total shareholder funds stood at Rs 17,496.99 million as on 31st March 2009 as against Rs 14,693.78 million as on 31st March 2008, an increase by 19%.

As per the Companies Act, 1956 your Company has transferred 10% of the net profit of the current year to General Reserve. The balance in the Profit and loss account as on 31st March 2009 stood at Rs 11,095.99 million.

Loan Funds

During the year the Company repurchased 9,500 Zero Coupon Convertible Bonds (ZCCBs) of face value of US$ 1,000 each at an average discount of 37.57% on book value, resulting in gain of Rs 115.34 million (Net of expenses) which has been disclosed as part of Other Income. Consequent upon such repurchase, the repurchased 9,500 ZCCBs stands cancelled. As on 31st March 2009 the value of ZCCBs outstanding is Rs 4,610.98 million (US$ 90.5 million).

Deferred Tax Liability

As on 31st March 2009, the Company reported accrual of total deferred tax liability of Rs 166.70 million. Deferred tax assets and liabilities are recognised 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.

Fixed Assets

(in Rs million)

As on 31st March	2009	2008	Growth
Leasehold land	78.55	68.82	14%
Building	18.08	18.08	N.A.
Improvement to leasehold premises	41.51	20.85	99%
Office equipment (including computer hardware)	199.66	132.47	51%
Furniture & Fixtures	24.69	14.16	74%
Vehicles	24.74	14.54	70%
Intangible assets including software, technical know-how etc.	290.76	189.10	54%
Gross Block	677.99	458.02	48%
Less: Accumulated depreciation / amortisation	146.34	77.51	89%
Net Block	531.65	380.51	40%
Capital work-in-progress	2,309.43	1,692.09	36%
Total Fixed Assets	2,841.08	2,072.61	37%

During the year, there was net addition of Rs 219.97 million to gross block comprising mainly of computer software, office equipment and improvement to leasehold premises. The total fixed assets as on 31st March 2009 stood at Rs 2,841.08 million, an increase of 37% over the previous year. During the year, capital work-in-progress increased to Rs 2,309.43 million from Rs 1,692.09 million mainly on account of building of the state-of-the-art development center / office building.

Investments

Investment by the Company stood at Rs 14,444.65 million as at 31st March 2009, as compared to Rs 13,743.26 million as at 31st March 2008. The investments mainly comprise of investments in mutual funds, subsidiaries, joint venture and associate companies.

Current Assets, Loans & Advances

Your Company's total current assets, loans and advances position as at 31st March 2009 is Rs 6,438.76 million as compared to Rs 4,128.88 million in the previous year.

Cash and bank balances were higher at Rs 4,407.68 million from Rs 3,502.47 million last year. The said increase was primarily on account of operational surplus generated during the year.

Break up of Cash and Bank Balances (in Rs million)

	As at 31st March 2009	As at 31st March 2008
Deposits Accounts (FDR)	3,849.80	3,307.92
Current Account	557.88	194.55
TOTAL	4,407.68	3,502.47

Sundry Debtors outstanding amounted to Rs 840.14 million (net of provisions) as at 31st March 2009 as compared to Rs 189.64 million in the previous year. The substantial increase in amount due is result of export sales in the last quarter of the financial year. These debtors outstanding are considered good and realisable.

Loans and advances (net of provision) amounted to Rs 1,085.88 million as against Rs. 416.20 million in the previous financial year. Increase is mainly due to loans and advances to subsidiary companies, security deposit placed for rented premises and advance payment of income taxes. Other current asset increased from Rs 20.18 million in FY 2007-08 to Rs 105.05 million in FY 2008-09 mainly due to interest accrued on FDRs.

Current liabilities and provisions

At the end of 31st March 2009, the Company's current liabilities stood at Rs 734.13 million, of which Rs 459.48 million was outstanding to creditors. In comparison, the current liabilities in the previous year was Rs 600.81 million, of which Rs 394.29 million was outstanding to creditors.

Provisions at the year end stood at Rs 1,068.31 million as compared to Rs 666.63 million in the previous year. It includes a provision of Rs 887.84 million towards premium on redemption of ZCCBs as compared to Rs 415.99 million in the previous year. The Company provided Rs 107.36 million for final dividend to equity shareholders and the dividend tax thereof.

Revenue Analysis

Revenue from Operations increased by 143% to Rs 3,343.22 million (net of excise duty) in FY 2008-09 compared to Rs 1,375.56 million in FY 2007-08. The Company mainly derived revenues from sale of IPR licenses, annual maintenance charges, software customisation and from project based services.

Other Income

Other income (excluding profit on sale of shares) during the year was at Rs 1,651.30 million as compared to Rs 935.33 million in the previous year, an increase of 77%. Other income comprised mainly of interest / dividend income on investments, profit on sale of investments, shared business support services, gain on repurchase of ZCCBs and exchange rate fluctuation. During the previous financial year 2007-08, the Company had made profit on sale of investments of Rs 11,210.12 million as compared to Rs 2,202.65 million in the current year. Further, during the current year the Company had a gain (net of expenses) of Rs 115.34 million on account of extinguishment of ZCCBs of US$ 9.5 million.

Expense Review

Total operating and other expenses during the current year stood at Rs 2,252.98 million as compared to Rs 881.09 million in the previous year. In the current year, operating and other expenses includes a provision of Rs 637.63 million for diminution in the value of long term investments.

During the year under review, the operating cost (excluding provision for diminution in the value of investments) has increased in absolute terms. However it constitutes 47% of total revenue during the year as compared to 60% in the previous year, resulting a decrease of 13% of total revenue.

Profit Analysis (excluding profit on sale of shares)

- Operating profit before interest, depreciation and tax (EBITDA) during the year increased by 92% to Rs 2,654.70 million, compared to EBITDA of Rs 1,384.38 million in FY 2007-08
- Profit before tax for FY 2008-09 increased by 106% to Rs 2,580.91 million compared to Rs 1,251.54 million in FY 2007-08
- Profit after tax during the year increased by 113% to Rs 2,064.54 million in comparison to Rs 969.91 million in FY 2007-08

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CORPORATE GOVERNANCE REPORT

Painting collection, oil on canvas, circa 1850,
4th floor, MCX Network Operation Center, Exchange Square, Mumbai

The Philadelphia Stock Exchange

Established in 1834 as Merchants' Exchange and was renamed the Philadelphia Stock Exchange in 1875.

"I am a strong votary of a truly professional Board of Directors. At Financial Technologies, independent directors have the requisite domain knowledge to raise the benchmark for the quality of corporate governance, which is crucial for the *future of financial markets*."

Kiran Karnik

Former President, NASSCOM

Member, Advisory Board - Financial Technologies (India) Ltd.

CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the financial year 2008-09 as per the format prescribed by Securities and Exchange Board of India (SEBI) and as incorporated in Clause 49 as per the Listing Agreement is set out hereunder:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is a systematic process to ensure that all stakeholders' aspirations as well as societal expectations are met. Your Company's corporate governance is based on a philosophy of trusteeship, transparency, empowerment, accountability, consistency and ethical corporate behaviour.

Continuous improvement in corporate practices, professionalism, transparency, accountability will enhance the growth of your Company, improve efficiency and raise confidence of all stakeholders. This will maximise stakeholder value, foster trust and co-operation at all levels, and across all functions and constituents of the organisation.

Your Company strives to adopt the best corporate governance practices—beyond that mandated by the regulatory framework—to inculcate a culture that guides and drives the Board, management and employees to ethically maximise stakeholder value.

Your Company complies with the requisite mandatory and certain non-mandatory requirements of the revised Clause 49 of the Listing agreement. The Company has adopted a Code of Conduct for Board of Directors and Senior Management which is strictly adhered to. The Company has an Insider Trading Dealing Code in place which complies with SEBI (Prohibition of Insider Trading) Regulations 1992 as amended.

2. BOARD OF DIRECTORS

2.1 Size and Composition of Board of Directors

The Board of Directors of the Company consists of seven professionally competent members, comprising of two Promoter & Executive Directors and five Non-Executive Directors of which four are Independent Non-Executive Directors. The composition of the Board of Directors is as per the table given below:

Sr No.	Name of the Director	Designation	Category	Shareholding in the Company (no. of shares)
1.	Mr. Jignesh P. Shah	Chairman & Managing Director	Promoter & Executive Director	8,329,585
2.	Mr. Dewang Neralla	Wholetime Director	Promoter & Executive Director	60,374
3.	Mr. C. Subramaniam	Director	Independent, Non-Executive	Nil
4.	Mr. P. G. Kakodkar	Director	Independent, Non-Executive	2,150
5.	Mr. Ashish S. Dalal*	Director	Independent, Non-Executive	Nil
6.	Mr. Chandrakant Kamdar**	Director	Independent, Non-Executive	Nil
7.	Mr. R. Devarajan**	Director	Independent, Non-Executive	Nil
8.	Mr. Ravi K. Sheth	Director	Non-Independent, Non-Executive	2,492,854

**ceased to be Director w.e.f. 31st December 2008.*
***Appointed as Additional Director w.e.f. 23rd March 2009.*

2.2 Board Meetings:

a) Attendance at the Board Meetings and the last Annual General meeting

The table mentioned below gives the attendance record of each Director at Board Meetings held during FY 2008-09 as well as the last Annual General Meeting. It also gives details of the number of other Directorships and Chairmanship / Membership of Committees of each Director in various Companies as on 31st March 2009.

			Attendance Particulars		No. of other Directorships and Committee Membership / Chairmanship		
						Committee	
Sr No.	Name of the Director	No. of Board Meetings held	Board Meetings	Last AGM	Other Directorship	Membership	Chairmanship
1.	Mr. Jignesh P. Shah	7	6	No	13	-	-
2.	Mr. Dewang S. Neralla	7	7	No	10	-	-
3.	Mr. C. Subramaniam	7	7	Yes	05	04	02
4.	Mr. Ravi K. Sheth	7	5	No	02	01	-
5.	Mr. P. G. Kakodkar	7	5	No	11	05	02
6.	Mr. Ashish S. Dalal	7	4	Yes	-	-	-
7.	Mr. Chandrakant Kamdar	7	1	-	-	-	-
8.	Mr. R. Devarajan	7	1	-	-	-	-

"The art of progress is to preserve order amid change and to preserve change amid order."

- Alfred North Whitehead

b) 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 7th April 2008; 12th June 2008; 31st July 2008; 22nd September 2008; 31st October 2008; 24th January 2009; 23rd March 2009. The maximum time gap between any two meetings was not more than four calendar months.

c) Code of Conduct

The Company has formulated and implemented a Code of Conduct for the Board of Directors and Senior 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 of the Company, forms part of the Corporate Governance Report.

d) Insider Trading Policy

The Company has implemented the Insider Trading System called "Financial Technologies (India) Ltd. Share Dealing Code" ("Policy") to comply with the SEBI (Prohibition of Insider Trading) Regulations 1992 issued by SEBI, as amended from time to time.

e) Compliance reports of all laws

The Board has ensured the review of compliance reports of all laws applicable to the Company and has reviewed the compliance reports every quarter. During the year under review, there are no instances of non compliance.

2.3 The details of directorship of the Company's Directors in other Indian public companies are given below:

Name of the Director	Other Directorship Details
Mr. Jignesh P. Shah	Multi Commodity Exchange of India Ltd., TickerPlant Ltd., National Bulk Handling Corporation Ltd., atom technologies Ltd., Riskraft Consulting Ltd., National Spot Exchange Ltd., IBS Forex Ltd., Safal National Exchange of India Ltd., Global Payment Networks Ltd., Financial Technologies Communications Ltd., Indian Energy Exchange Ltd., FT Knowledge Management Company Ltd., MCX Stock Exchange Ltd.
Mr. Dewang Neralla	TickerPlant Ltd., atom technologies Ltd., Riskraft Consulting Ltd., Global Payment Networks Ltd., Financial Technologies Communications Ltd., Indian Bullion Market Association Ltd., Trans-Global Credit & Finance Ltd., Credit Market Services Ltd., Grameen Pragati Foundation, Boursa India Ltd.
Mr. C. Subramaniam	Compuage Infocom Ltd., TickerPlant Ltd., atom technologies Ltd., Riskraft Consulting Ltd., National Bulk Handling Corporation Ltd.
Mr. Ravi K. Sheth	The Great Eastern Shipping co. Ltd., Greatship (India) Ltd.
Mr. P. G. Kakodkar	Multi Commodity Exchange of India Ltd., Sesa Industries Ltd., IBS Forex Ltd., Uttam Galva Steel Ltd., Anand Rathi Financial Services Ltd., Fomento Resorts and Hotels Ltd., Centrum Finance Ltd., Goa Carbon Ltd., Sesa Goa Ltd., Apian Finance & Investment Ltd., MCX Stock Exchange Ltd.
Mr. Chandrakant Kamdar	Nil
Mr. R. Devarajan	Nil

2.4 Information provided to the Board

The Board of the Company is presented with all the information whenever applicable and materially significant. This information is submitted either as a part of agenda papers or tabled before the Board Meeting or circulated to the members of the Board. This information inter-alia includes:

- Annual Budget including the capital budget and the operating plan of the business.
- Un-audited quarterly results and its business segments.
- Minutes of the Audit Committee and other committees.
- Information on recruitment and remuneration of senior employees including appointment and removal of Chief Finance Officer and Company Secretary.
- Materially important litigations, show cause notices, demands, penalties and prosecution.
- Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
- Details of any Joint Venture or collaboration or any major new client wins.
- Fatal or serious accidents, dangerous occurrences etc.
- Transactions which involve substantial payment towards goodwill, brand equity or intellectual property.
- Any issue, which involves possible public liability claims of a substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken adverse view regarding another enterprise that can have negative implications on the Company.
- Any significant development in Human Resources / Industrial relations front right from recruitment to retirement issues.
- Sale of material nature of assets, investments, subsidiaries which is not in the normal course of business.

- Non-compliance of any regulatory or statutory provisions or listing requirements as well as services related to shareholders such as non-payment of dividend etc.
- Quarterly details of risk related areas which are material in nature and action initiated by the management to mitigate the same.

3. AUDIT COMMITTEE

3.1 Composition, names of members and Chairperson

The Audit Committee comprises of the following Executive / Non-executive Directors

Name of the Member	Designation	Category
Mr. Ashish S. Dalal*	Chairman / Member	Independent Director
Mr. C Subramaniam	Member	Independent Director
Mr. P. G. Kakodkar	Member	Independent Director
Mr. Chandrakant Kamdar**	Chairman / Member	Independent Director
Mr. R. Devarajan****	Member	Independent Director
Mr. Dewang Neralla***	Member	Executive Director

**Ceased to be Director w.e.f. 31st December 2008.*
***Appointed as the Chairman w.e.f. 23rd March 2009.*
****Appointed w.e.f. 1st January 2009.*
*****Appointed w.e.f. 23rd March 2009.*

3.2 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 functioning 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, fix audit fees and approve payment for 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. transactions 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 thereon;
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 the shareholders and creditors, if any.

3.3 Meetings and attendance

Name of the Director	No. of Audit Committee Meetings held	Attendance Particulars
Mr. Ashish S. Dalal*	3	3
Mr. C. Subramaniam	5	5
Mr. P. G. Kakodkar	5	5
Mr. Chandrakant Kamdar***	-	-
Mr. R. Devarajan***	-	-
Mr. Dewang Neralla**	1	-

*Ceased to be Director w.e.f. 31st December 2008.
**Appointed w.e.f. 1st January 2009.
***Appointed w.e.f. 23rd March 2009.

3.4 Risk Management

The Company improvised the Risk Management Framework for the Group. A Risk Management Committee (RMC) has been constituted and a structured process for identification, assessment, control / mitigation and escalation / monitoring of risks has been put in place. A plan of action is being drawn to penetrate the process to address operational risks and also widen the implementation thereof across entities / business units. The RMC is mandated to review and upgrade the process on a continuous basis.

4. REMUNERATION AND COMPENSATION COMMITTEE

4.1 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
Mr. Chandrakant Kamdar**	Member	Independent Director
Mr. R. Devarajan**	Member	Independent Director

*Ceased to be Director w.e.f. 31st December 2008.
**appointed w.e.f. 23rd March 2009.

4.2 Brief Description of the terms of reference

1. Review the overall compensation policy, service agreements and employment conditions of the Managing Director and Wholetime Directors and other employees of appropriate cadres with a view to motivating the best managerial talents, and their remuneration package.
2. Evaluate the remuneration paid by comparable organisations.
3. Review the performance of the Managing Director and Whole-time Directors and make recommendations to the Board in this regard.
4. Monitor and implement the ESOS / ESOP Scheme and also formulate such schemes hereafter for grant of Stock Options to the employees including Managing and Wholetime Directors (other than Promoter Directors) in accordance with the relevant regulations for the time being in force and issue and allotment of equity shares and recommend the same to the Board for its consideration and monitor proper implementation thereof.

   During the year the Committee met three times. Mr. P. G. Kakodkar and Mr. C. Subramaniam attended all the meetings, while Mr. Ashish Dalal and Mr. Chandrakant Kamdar attended one meeting each.

4.3 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.

4.4 Directors' Remuneration

i) Remuneration to Executive Directors

The aggregate value of salary, perquisites paid for the year ended 31st March 2009 to the Managing Director and Whole-time Director are as follows

(Amount in Rupees)

Name of the Member	Jignesh Shah Managing Director	Dewang Neralla Whole Time Director	Total
Salaries and allowances	29,771,003	14,684,248	44,455,251
Monetary value of perquisites	4,986,451	5,490	4,991,941
Provision for leave encashment	413,486	203,745	617,232
Commission	115,000,000	-	115,000,000
TOTAL*	150,170,940	14,893,483	165,064,424

**Excluding gratuity and compensated absences. Refer Schedule 15 of the notes forming part of accounts.*

Besides, the Managing Director and Wholetime Director are also entitled to retirement benefits and encashment of leave, as per the rules of the Company. 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 pays sitting fees of Rs 10,000/- per meeting to the Non-executive Directors for attending the meetings of the Board and of the Audit Committee. The gross sitting fees (including sitting fees paid for attending the Committee meetings of Directors) for the year ended 31st March 2009 is as follows

Name of the Director	Gross Sitting Fees (Rs)
Mr. C. Subramaniam	120,000
Mr. Ravi K. Sheth	50,000
Mr. Ashish S. Dalal	70,000
Mr. P. G. Kakodkar	100,000
Mr. Chandrakant Kamdar	10,000
Mr. R. Devarajan	10,000

During the year, the Directors have not been issued any stock options by the Company. For the details of shares held by Non-Executive Directors, Members are requested to refer to the section 2.1 of this Report.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE

5.1 Composition, names of Members and Chairperson

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

Name of the Member	Designation	Category
Mr. C. Subramaniam	Chairman	Independent Director
Mr. Dewang S. Neralla	Member	Wholetime Director

5.2 Compliance Officer

Mr. Hariraj S. Chouhan, Company Secretary is the Compliance Officer and can be contacted at 349, Business Point, 7th Floor, Western Express Highway, Chakala, Andheri (East), Mumbai – 400 069.

T: 91 22 6715 2000, F: 91 22 6715 2001, E-mail: info@ftindia.com

5.3 Brief Description of the terms of reference

The Committee, inter alia, approves transfer and transmission of shares, issue of duplicate share certificates and reviews all the matters connected with the share transfers. The Committee also looks into the redressal of complaints from shareholders / Investors related to transfer of shares, non receipt of Balance Sheet, non receipt of dividends etc. The Committee oversees performance of the Registrar and Transfer Agents of the Company. The Committee met 11 times during the year under review.

The status of nature of Complaints received, resolved and pending during the financial year ended 31st March 2009 is as follows:

Nature of Complaints	Received	Resolved	Pending
Non receipt of share certificate after transfer / merger / split / consolidation	17	17	0
Non receipt of Annual Report	4	4	0
Non receipt of Dividend	40	40	0
TOTAL	**61**	**61**	**0**

During the year, no share transfer / complaints remained pending for more than 30 days. Also, there were no share transfers pending as on 31st March 2009.

6. GENERAL BODY MEETINGS

6.1 The date, time and venue for the last three Annual General Meetings are mentioned hereunder:

Financial Year	Date	Time	Venue of the Meeting
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
2007-08	28-08-2008	10.00 a.m.	Russian Cultural Centre, 74, Kasturi Ranga Road, Chennai 600 018

Particulars of Special Resolutions passed during the previous three Annual General Meetings:

Date	Particulars
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 Wholetime 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) Appointment of Mr. Manjay P. Shah under Section 314(1B) of the Companies Act, 1956, with revised remuneration 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 the 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
28-08-2008	No special resolution was passed

6.2 Postal ballot

During the last financial year, no special resolution was passed through postal ballot. The provisions relating to postal ballot will be complied as per the provisions of the Companies Act, 1956 as and when a situation arises. Similarly, no business is required to be transacted through postal ballot at the forthcoming Annual General Meeting.

6.3 Disclosures

6.3.1 The Company has not entered into any transaction of material nature with the Promoters, Directors or Management, or their relatives, which may have any potential conflict of interest with the Company at large. During the year, the Company had entered into a contract with M/s. Leadsoft Solutions Pvt. Ltd. wherein one of the Directors of the Company is also on the Board of M/s. Leadsoft Solutions Pvt. Ltd. Pursuant to requirement of Section 297 of the Companies Act, 1956, the Company had obtained necessary approval from Regional Director, Southern Region, Chennai. There are no material transactions with related parties that may have any potential conflict with the interest of the Company at large. Apart from receiving sitting fees, there is no pecuniary transaction with the independent / non-executive directors. Transactions with related parties are disclosed in Notes to the Accounts in the Annual Report.

6.3.2 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.

6.4 Non-Mandatory requirements

6.4.1 The Board

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

6.4.2 Remuneration Committee

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

6.4.3 Shareholders' Rights

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

6.4.4 Audit qualifications

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

6.4.5 Training of Board Members

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

6.4.6 Mechanism for evaluating non-executive Board members

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

6.4.7 Whistle Blower Policy

The Company has not established any formal Whistle Blower Policy.

7. MEANS OF COMMUNICATION

7.1 The quarterly and half yearly results are published in newspapers namely Trinity Mirror, an English newspaper and Makkal Kural, a regional language newspaper.

7.2 Your Company does not send the half yearly report to each household of shareholders. The half yearly financials are posted on our Company's website www.ftindia.com, under 'Investors' section.

7.3 The Company's audited and un-audited financial results, press releases, press coverage, press clippings, stock information, Annual reports, Frequently Asked Questions (FAQs) etc are also posted on the Company's website www.ftindia.com.

The Company's financial results, shareholding pattern, corporate announcements, etc. are posted on the website www.corpfiling.co.in, as per requirements of clause 52 of the Listing Agreement.

7.4 Management Discussion and Analysis Report

This information is covered elsewhere in this Annual Report.

7.5 CEO / CFO Certification

This information is covered elsewhere in this Annual Report.

8. GENERAL SHAREHOLDER INFORMATION

8.1 Annual General Meeting

Date : 25th September 2009, Friday

Time : 10.00 a.m.

Venue : Russian Cultural Centre, 74, Kasturi Ranga Road, Chennai 600 018.

8.2 Financial Calendar

Financial Year : 1st April 2009 to 31st March 2010

Financial Reporting for the quarter ending (tentative and subject to change)

30th June 2009	:	End of July, 2009
30th September 2009	:	End of October, 2009
31st December 2009	:	End of January, 2010
31st March 2010	:	End of April or end of June, 2010 (audited figures) as per Stock Exchange Listing Agreement

8.3 Book-closure date and Dividend Disclosure

a) Book-closure date

The books shall be closed from 21st September 2009 to 25th September 2009 (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:

- As beneficial owners at the end of the business day on 19th day of September 2009, as per the details available with NSDL and CDSL, and
- On the Register of Members as on 19th day of September 2009 of owners holding shares in physical form.

b) Announcement of Dividend

The Board of Directors have proposed a final dividend of 100% i.e Rs 2/- 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 Rs 10/- (i.e. 500%) per share.

c) 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 29th September 2009 but within the statutory time limit of 30 days.

8.4 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 ('SGX-ST')

The Annual Listing Fees have been paid to these Stock Exchanges for the Financial Year 2009–10.

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 31st March 2009, there were 34,855 shareholders of the Company.

8.5 Stock Market Codes

Indexes covering FTIL India

a) Trading Symbol

Name of the Stock Exchanges	Scrip Code	Reuters	Bloomberg	Bond Code (FCCB)
Bombay Stock Exchange Ltd.	526881	FITE.BO	FTECH:IN	-
National Stock Exchange of India Ltd.	FINANTECH	FITE.NS	-	-
Madras Stock Exchange Ltd.	WTG	-	-	-
Ahmedabad Stock Exchange Ltd.	67641	-	-	-
Luxembourg Stock Exchange - (GDR)	FinTechnolIndia GDR ne	-	-	
SGX-ST	-	-	-	028010800

b) Depository for Equity Shares : NSDL and CDSL

c) Demat ISIN Number

- Equity share : INE111B01023
- FCCB : XS0280108001

d) GDR Security Numbers

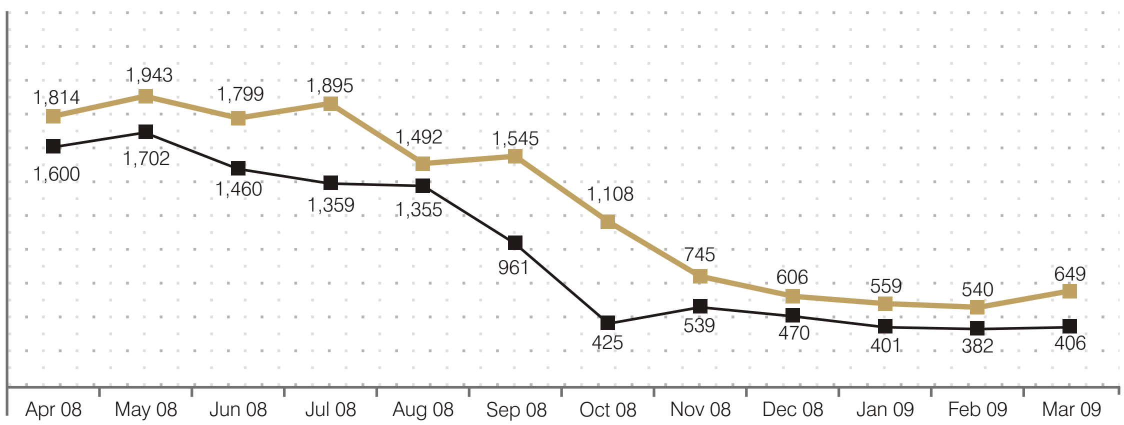
- Regulation S GDRs : Master Regulation S GDR ISIN: US31769V2060
  Master Regulation S GDR Common Code: 032082424
  Master Regulation S GDR CUSIP: 31769V206
- Rule 144A GDRs : Master Rule 144A GDR ISIN: US31769V1070
  Master Rule 144A GDR CUSIP: 31769V107
  Master Rule 144A GDR Common Code: 032082823

8.6 Stock Market Data

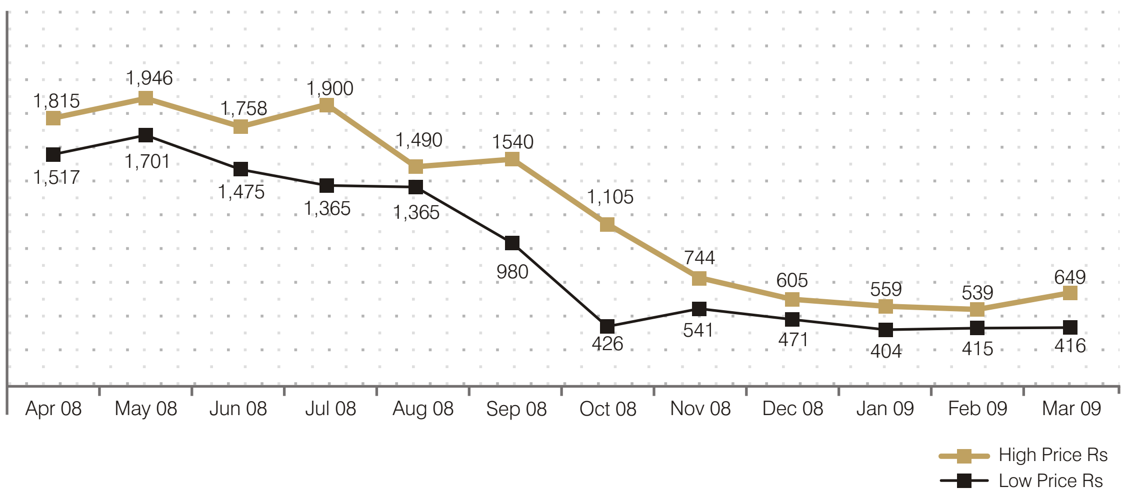
The market price data covering the period April 2008 to March 2009 are given below

Month & Year	National Stock Exchange High Price Rs	National Stock Exchange Low Price Rs	National Stock Exchange Volume Nos.	Bombay Stock Exchange High Price Rs	Bombay Stock Exchange Low Price Rs	Bombay Stock Exchange Volume Nos.
Apr 2008	1,814.00	1,600.00	890,494	1,815.00	1,571.00	257,603
May 2008	1,942.90	1,701.55	1,250,930	1,945.85	1,701.00	306,883
Jun 2008	1,799.00	1,460.00	1,160,868	1,757.70	1,475.00	379,583
Jul 2008	1,895.00	1,358.60	1,517,658	1,900.05	1,365.00	483,336
Aug 2008	1,491.90	1,355.30	1,526,162	1,490.00	1,356.00	409,151
Sep 2008	1,545.00	960.50	1,864,808	1,540.00	980.00	903,265
Oct 2008	1,108.00	425.05	2,200,774	1,105.00	426.00	796,398
Nov 2008	745.00	539.00	1,770,214	744.00	541.00	743,652
Dec 2008	606.00	470.10	3,397,849	604.95	471.00	1,858,044
Jan 2009	559.00	401.00	1,578,158	558.70	404.00	932,365
Feb 2009	540.00	382.35	1,216,093	538.90	415.25	740,133
Mar 2009	649.00	406.00	4,755,243	648.55	416.00	7,653,951

NSE PRICE DATA



BSE PRICE DATA



8.7 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 31st March 2009 is given in the chart below:

CHART SHOWING FTIL PRICE IN BSE VS SENSEX AT A COMMON BASE OF 100 FROM APRIL 2005 TO MARCH 2009

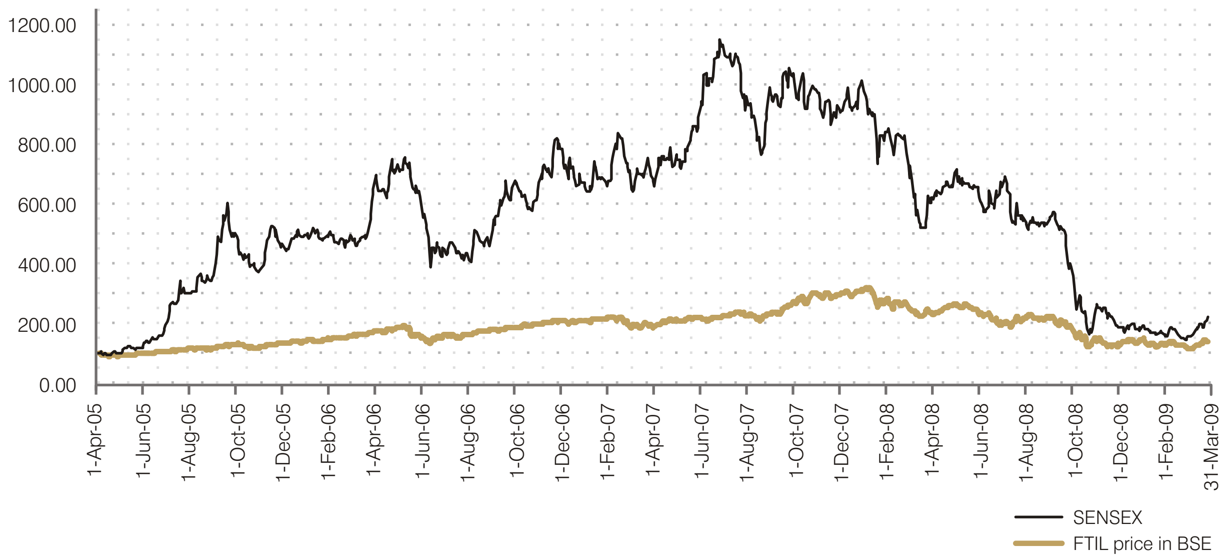
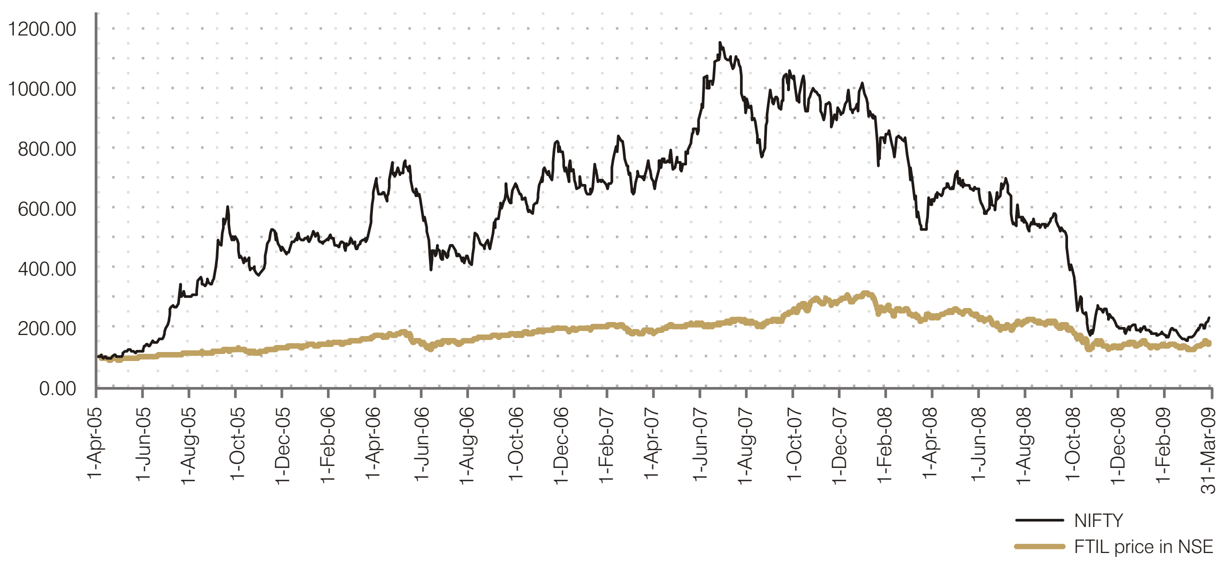


CHART SHOWING FTIL PRICE IN NSE VS CNX NIFTY AT A COMMON BASE OF 100 FROM APRIL 2005 TO MARCH 2009



8.8 Registrars & Transfer Agents

Karvy Computershare Private Ltd.

Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081

T: +91 40 2342 0818

F: +91 40 2342 0814

E-mail: igkcpl@karvy.com

8.9 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.

8.10 Dematerialisation of shares and liquidity

The shares of the Company are compulsorily traded in dematerialised (electronic) form and available for trading under both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March 2009 a total of 45,724,447 equity shares of the Company, forming 99.65% of the Share Capital, stood dematerialised.

Category	No. of shareholders	% of shareholders	No. of equity shares	% of shares
Physical	547	1.57	159,190	0.35
Electronic				
Under CDSL	10,368	29.75	3,222,828	7.02
Under NSDL	23,940	68.68	42,501,619	92.63
TOTAL	34,855	100.00	45,883,637	100.00

8.11 Distribution of Shareholding and Shareholding Pattern as on 31st March 2009

Shareholding Range	Shareholders		Shares held	
	Number	% of Total	Number	% of Total
1 - 500	33,731	96.78	1,328,050	2.89
501 - 1000	485	1.39	361,442	0.79
1001 - 2000	264	0.76	386,234	0.84
2001 - 3000	88	0.25	219,346	0.48
3001 - 4000	64	0.18	227,894	0.50
4001 - 5000	24	0.07	112,297	0.25
5001 - 10000	70	0.20	515,246	1.12
10001 & above	129	0.37	42,733,128	93.13
TOTAL	34,855	100.00	45,883,637	100.00

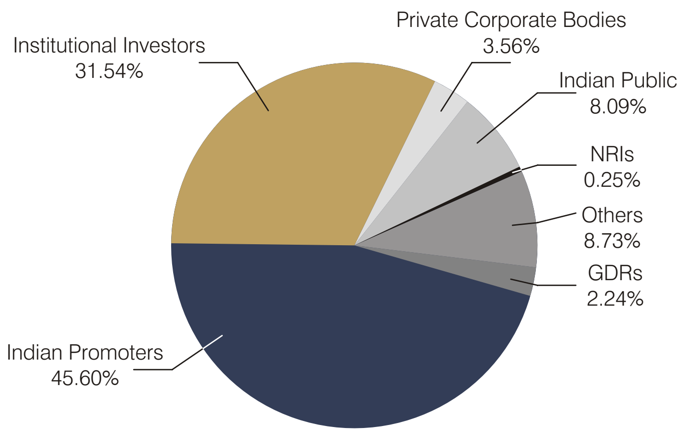
8.12 Shareholding Pattern

As on 31st March 2009	No. of Shares Held	% of Share Holding
A. Promoter's Holding		
Indian Promoters:	20,920,738	45.60
(Promoters Directors, their relatives and companies under their control)		
Foreign Promoters	-	-
Subtotal (A)	20,920,738	45.60
B. Public Shareholdings		
Institutional Investors:		
a) Mutual Funds	3,088,164	6.73
b) Banks	42,951	0.09
c) Foreign Institutional Investors	11,343,310	24.72
d) Foreign Bodies-DR	233	0.00
Non-Institutional Investors:		
a) Private Corporate Bodies	1,632,386	3.56
b) Indian Public	3,708,709	8.09
c) NRIs	116,331	0.25
d) Others	4,003,738	8.73
Subtotal (B)	23,935,822	52.17
GDRs underlying Equity shares	1,027,077	2.24
Subtotal (C)	1,027,077	2.24
GRAND TOTAL	45,883,637	100.00

Notes:

1. The Company has issued 11,639,677 GDRs in FY 2007-08, whereby seven GDRs represent one equity share of nominal value of Rs 2/- each.
2. The total foreign holding is 12,486,951 shares i.e. 27.21% of the total capital.

SHAREHOLDING PATTERN



8.13 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.

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

8.14.1 Foreign Currency Convertible Bonds (FCCBs)

During the Financial Year 2006-07, the Company had issued Zero Coupon Convertible Bonds ('ZCCBs') due in 2011 aggregating to US$ 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 (SGX-ST).

As per the terms of the issue, 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 30th January 2007 up to the close of business on 14th December 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 Company, on or after 20th December 2007 but not less than seven business days prior to 21st December 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 during their tenure at their Early Redemption Amount subject to RBI regulations. Unless previously converted or redeemed or purchased and cancelled, the Company will redeem them at 147.14 percent of their principal amount on 21st December 2011.

During the year, the Company repurchased 9,500 ZCCBs of face value of US$ 1,000 each as per Reserve Bank of India Circulars. The resultant gain (net of commission) on such repurchase of Rs 115,340,252/- is accounted as Other Income'. Consequent upon such repurchase, 9,500 ZCCBs stand cancelled. As at Balance sheet date 90,500 ZCCBs having face value of US$ 1,000 each are outstanding and disclosed in the Balance Sheet, as restated, as Unsecured Loan.

8.14.2 Employee Stock Option Scheme (ESOP)

The Company had granted 440,000 stock options each under the Financial Technologies (India) Ltd. 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 1,812.70 respectively.

During the year, 440,000 stock options were surrendered / cancelled which had been granted to the designated employees under Employee Stock Option Scheme 2006.

The ESOP plans 2005 and 2006 have been 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 to twelve months from the vesting date.

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

Details of options granted, exercised, lapsed and outstanding are disclosed in Note no. 8 of Schedule 15 to the Accounts in the Annual Report.

9. LOCATIONS OF OFFICES

1. Chennai Registered office

Financial Technologies (India) Ltd.
Doshi Towers, First Floor, 1A & B,
No. 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.

10. 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, 7th Floor, Western Express Highway,

Chakala, Andheri (East), Mumbai 400 069.

T: +91 22 6715 2000 F: +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, 7th Floor Western Express Highway,

Chakala, Andheri (East), Mumbai 400 069.

T: +91 22 6715 2000 F: +91 22 6715 2001

E-mail: ir@ftindia.com

11. 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 a company to the Investor Education and Protection Fund, established by the Central Government under the provisions of section 205C of the Companies Act, 1956.

Shareholders of the Company who have either not received or have not encashed their dividend warrants, for the financial year 2003-04, 2004-05, interim and Final Dividend 2005-06, Interim and Final Dividend 2006-07, Interim and Final Dividend 2007-08, Interim Dividend 2008-09, are requested to claim the unpaid/unclaimed dividend from the Company before transfer to the above mentioned fund. Company before transfer to the above mentioned fund.

Particulars	Rate of Dividend	Date of Declaration	Due for Transfer on or Before
Final Dividend 2003-04	10%	25-Sep-2004	30-Nov-2011
Final Dividend 2004-05	20%	27-Sep-2005	01-Dec-2012
Interim Dividend 2005-06	40%	26-Oct-2005	30-Dec-2012
Final Dividend 2005-06	260%	29-Sep-2006	03-Dec-2013
1st Interim Dividend 2006-07	40%	31-Jul-2006	04-Oct-2013
2nd Interim Dividend 2006-07	40%	31-Oct-2006	04-Jan-2014
3rd Interim Dividend 2006-07	40%	31-Jan-2007	06-Apr-2014
4th Interim Dividend 2006-07	180%	16-Apr-2007	20-Jun-2014
Final Dividend 2006-07	100%	28-Sep-2007	02-Dec-2014
1st Interim Dividend 2007-08	50%	31-Jul-2007	04-Oct-2014
2nd Interim Dividend 2007-08	350%	31-Oct-2007	04-Jan-2015
3rd Interim Dividend 2007-08	400%	17-Jan-2008	23-Mar-2015
Final Dividend 2007-08	200%	28-Aug-2008	02-Nov-2015
1st Interim Dividend 2008-09	200%	31-Jul-2008	05-Oct-2015
2nd Interim Dividend 2008-09	100%	31-Oct-2008	05-Jan-2016
3rd Interim Dividend 2008-09	100%	24-Jan-2009	30-Mar-2016

12. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

As stipulated by SEBI, a qualified Practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges, where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

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. P. G. Kakodkar
Date of birth	10.03.1937
Date of appointment	31.01.2001
Qualifications	M. A. (Economics)
Experience in specific functional areas	Ex-Chairman of State Bank of India (SBI), work spanning over four decades with SBI, handled all aspects of Banking and Finance.
Other Directorships	Sesa Goa Ltd., Uttam Galva Steel Ltd., Sesa Industries Ltd., Goa Carbon Ltd., Fomento Resorts and Hotels Ltd., Centrum Finance Ltd., Multi Commodity Exchange of India Ltd., IBS Forex Ltd., Apian Finance & Investment Ltd. Anand Rathi Financial Services Ltd., MCX Stock Exchange Ltd.
Membership/Chairmanship on Committees of other companies	2 Chairmanship 5 Membership
Number of shares held in the Company	2,150

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 31st March 2009.

For Financial Technologies (India) Ltd.

Jignesh Shah
Chairman & Managing Director

Place: Mumbai
Date: 30th June 2009

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

We, Jignesh Shah, Chairman & 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 31st March 2009 and 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 a 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 violation of the Company's Code of Conduct
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting. We have also evaluated the effectiveness of the internal control systems of the Company with respect to financial reporting, and deficiencies in the design or operation of internal controls, if any, have been disclosed to the Auditors and the Audit Committee. They have been intimated about the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee of
   i. significant changes in internal control during the year
   ii. significant changes in accounting policies during the year; 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 who has 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: 30th June 2009

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 31st March 2009, 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, 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

R. D. Kamat
Partner
Membership No.: 36822
Place: Mumbai
Date: 30th June 2009

FINANCIALS

Painting collection, oil on canvas, circa 1920,
5th floor, Research & Planning Center, Exchange Square, Mumbai

The Paris Stock Exchange

Recognised in 1801, the Paris Stock Exchange is housed at the Palais Brongniart since 1827.

"Transparency is vital to responsible business. If there is to be one factor that will distinguish the *future of financial markets*, it will be: transparency. Companies that realise this today will be that much better equipped for the future."

– C. Subramaniam –
Director, Financial Technologies (India) Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S 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 31st March 2009, 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 (1) certain subsidiaries, whose financial statements reflect total assets of Rs 7,864,412,813/- as at 31st March 2009, total revenues of Rs 1,653,340,011/- and net cash inflows amounting to Rs 1,039,051,966/- for the year then ended as considered in the consolidated financial statements and (2) associate companies, wherein the Company's share of net loss for the year aggregates Rs 14,969,083/-. These financial statements and other financial information 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) We have relied on the unaudited financial statements of (1) two subsidiaries whose financial statements reflect total assets of Rs 27,774,083/- as at 31st March 2009, total revenues of Rs 55,480,566/- and net cash inflows amounting to Rs 5,451,498/- for the year then ended as considered in the consolidated financial statements and (2) a joint venture company, whose financial statements reflect Group's share of total assets of Rs 693,751,326/- as at 31st March 2009, total revenues of Rs 48,229,994/- and net cash inflows amounting to Rs 192,030,910/-. These unaudited financial statements as approved by the respective management of these companies have been furnished to us and our report in so far as it relates to the amounts included in respect of the subsidiary and joint venture is based solely on such approved unaudited financial statements.

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' as notified by the Companies (Accounting Standards) Rules, 2006.

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 31st March 2009;

   (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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, dated: 30th June 2009.

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH 2009

(Amount in Rupees)

	Schedule No.	As at 31st March 2009		As at 31st March 2008
I. SOURCES OF FUNDS				
(1) Shareholders' funds				
(a) Share Capital	1	91,767,274		91,767,274
(b) Reserves and Surplus	2	16,934,255,928		14,920,514,031
			17,026,023,202	15,012,281,305
(2) Minority interest			185,257,216	117,854,515
(3) Loan funds				
Secured loans	3		1,679,535,600	248,349,785
Unsecured loan	4		4,610,975,000	3,994,510,000
(4) Deferred tax liability (net)			176,024,004	721,542
(Refer Notes 8 (B) & 26 to Schedule 18 II)				
TOTAL			23,677,815,022	19,373,717,147
II. APPLICATION OF FUNDS				
(1) Fixed assets	5			
(a) Gross block		1,126,921,222		642,028,100
(b) Less: depreciation / amortisation		266,450,806		139,888,751
(c) Net block		860,470,416		502,139,349
(d) Capital work-in-progress		2,360,549,807		1,708,805,689
			3,221,020,223	2,210,945,038
(2) Goodwill (on consolidation)			93,224,047	1,636,000
(3) Investments	6		11,411,730,166	11,841,625,771
(4) Deferred tax asset (net)			18,506,780	40,072,538
(Refer Note 8 (A) to Schedule 18 II)				
(5) Foreign Currency Monetary Item Translation Difference Account (FCMITDA) (Refer Note 18 to Schedule 18 II)			352,608,206	-
(6) Current assets, loans and advances				
(a) Inventories	7	75,635,914		591,475,056
(b) Sundry debtors	8	3,337,569,572		390,274,986
(c) Cash and bank balances	9	7,468,018,597		5,525,450,332
(d) Other current assets	10	110,305,818		20,499,855
(e) Loans and advances	11	1,197,463,699		680,754,165
		12,188,993,600		7,208,454,394
Less: Current liabilities and provisions				
(a) Current liabilities	12	2,473,570,846		1,231,305,756
(b) Provisions	13	1,134,697,154		697,710,838
		3,608,268,000		1,929,016,594
Net current assets			8,580,725,600	5,279,437,800
TOTAL			23,677,815,022	19,373,717,147
Significant accounting policies and notes to accounts	18			

The schedules referred to above form an integral part of the accounts
As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place: Mumbai
Date: 30th June, 2009

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Chandrakant Kamdar
Director

Naishadh Desai
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 30th June, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2009

(Amount in Rupees)

	Schedule No.	Current Year	Previous Year
INCOME			
Sales / operating income	14	3,216,421,604	2,725,252,401
Less: Excise duty		52,215,291	55,952,471
		3,164,206,313	2,669,299,930
Other income	15	3,761,928,881	11,525,818,248
(Decrease) / increase in closing stock		(390,378)	390,378
		6,925,744,816	14,195,508,556
EXPENDITURE			
Purchase of trading goods		80,975,204	29,500,094
Operating and other expenses	16	3,723,217,236	2,396,292,033
Interest	17	48,709,800	123,284,165
Depreciation / amortisation [includes Group's share of joint venture Rs 2,148,775/- (Previous year Rs 15,348,853/-)]		118,985,878	97,471,026
		3,971,888,118	2,646,547,318
Profit before tax		2,953,856,698	11,548,961,238
Provision for taxation			
Income tax: Current tax		859,165,948	2,947,549,625
Deferred tax		198,811,979	(27,221,275)
Excess provision of Income tax in respect of earlier years (Refer Note 26 to Schedule 18 II)		(60,370,046)	-
Fringe benefit tax		9,810,471	19,675,938
Wealth tax		233,098	226,350
Profit after tax		1,946,205,248	8,608,730,600
Add: Share of profit's of Associates		527,127,786	249,053,510
Less: Minority interest		16,672,719	163,187,488
Net profit for the year		2,456,660,315	8,694,596,622
Balance brought forward from previous year		7,155,015,789	522,210,692
Profit available for appropriations		9,611,676,104	9,216,807,314
Appropriations			
Transfer to general reserve		368,596,250	970,000,000
Transfer to statutory reserve		155,343	-
Final dividend (Proposed)		91,767,274	183,534,548
Interim dividends		367,069,096	731,466,341
Tax on dividend		77,979,240	155,504,401
Tax on dividend of a subsidiary company		-	21,286,235
Balance carried to balance sheet		8,706,108,901	7,155,015,789
Earning per share (Refer Note 24 to Schedule 18 II)			
Basic		53.54	193.70
Diluted		53.48	187.66
Face value per share		2/-	2/-
Significant accounting policies and notes to accounts	18		

The schedules referred to above form an integral part of the accounts
As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place: Mumbai
Date: 30th June 2009

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Chandrakant Kamdar
Director

Naishadh Desai
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 30th June 2009

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2009

(Amount in Rupees)

	Current Year		Previous Year	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		2,953,856,698		11,548,961,238
Adjustments for:				
Depreciation / amortisation	118,985,878		97,471,026	
Employees stock option compensation cost	-		1,079,300	
Profit on sale of partial stake in an associate company (Previous year subsidiary / associate / joint venture companies)	(1,910,427,866)		(10,503,580,193)	
Profit on sale of investments (net)	(164,875,114)		(113,215,865)	
Loss on sale of fixed assets (net)	1,363,295		135,884	
Loss on fixed assets scrapped / written off	2,333,816		642,283	
Gain on extinguishment of debt	(115,340,252)		-	
Diminution in value of current investments	5,878,382		62,071,948	
Provision for Diminution in value of Long term investments	53,229,692		-	
Dividend from investments	(435,220,687)		(443,277,568)	
Interest expense	48,709,800		123,284,165	
Exchange rate fluctuations - unrealised (net)	(166,845,509)		(194,935,827)	
Interest income (including Group's share of joint ventures)	(302,330,619)	(2,864,539,184)	(274,534,640)	(11,244,859,487)
Operating profit before working capital changes		89,317,514		304,101,751
Adjustments for:				
Inventories	515,839,142		(573,864,821)	
Trade and other receivables	(2,924,123,029)		(664,666,268)	
Trade payables and provisions	1,276,689,230	(1,131,594,657)	1,132,548,682	(105,982,407)
Cash (used in) / from operating activities		(1,042,277,143)		198,119,344
Tax paid		(284,712,644)		(559,917,989)
Net cash used in operating activities		(1,326,989,787)		(361,798,645)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(1,014,488,286)		(1,527,375,957)
Proceeds from sale of fixed assets		3,579,741		1,100,012
Proceeds from partial sale of stake in an associate company [(Previous year subsidiary / associate / joint venture companies) (net of brokerage) (Refer Note no 5 to Schedule 18 II)]		2,062,266,330		10,088,977,662
Purchase of investments (including fixed deposits placed)		(41,601,019,667)		(93,942,107,230)
Acquisition of subsidiary and investment in associates		(999,815,854)		-
Proceeds from sale of investments (including fixed deposits matured)		42,255,019,748		82,410,449,638
Advance paid towards purchase of shares		-		(59,907,967)
Interest income		210,013,231		282,747,075
Dividend from associate company		12,722,793		-
Dividend from investments		437,732,112		440,766,143
Cash from / (used in) investing activities		1,366,010,148		(2,305,350,624)
Tax paid		(556,864,406)		(2,600,260,933)
Net cash from / (used in) investing activities		809,145,742		(4,905,611,557)
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Repayment) / Proceeds from working capital demand loan (net)		(93,553,425)		158,553,425
Proceeds from other borrowings		1,500,000,000		1,197,426,694
Repayment of borrowings		(381,976,482)		(1,106,864,400)
Proceeds from issue of share capital		-		4,646,534,208
Issue expenses of GDR		-		(161,058,163)
Dividend paid during the year (including dividend tax)		(643,133,989)		(1,136,649,147)
Payment of dividend to minority shareholders in a subsidiary company (including dividend tax)		-		(82,415,114)
Proceeds from issue of shares to minority shareholders in subsidiaries		50,031,500		72,775,800
Interest expenses		(48,709,800)		(123,284,165)
Net cash from financing activities		382,657,804		3,465,019,138
Net decrease in cash and cash equivalents		(135,186,241)		(1,802,391,064)
Cash and cash equivalents (opening balance)		3,543,913,170		5,346,304,234
Cash and cash equivalents (closing balance)		3,408,726,929		3,543,913,170

Notes to cash flow statement:

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

(Amount in Rupees)

	Current Year	Previous Year
Cash	1,169,674	3,715,924
Bank balances in current & deposit accounts (maturing within 3 months)	4,051,028,849	3,290,734,977
Unrealised exchange (gain) / loss (net) on foreign currency cash and cash equivalents*	(643,471,594)	249,462,269
Cash and cash equivalents	3,408,726,929	3,543,913,170
Bank balances:		
In deposit accounts (maturing more than 3 months)	3,415,820,074	2,230,999,432
Unrealised exchange gain / (loss) (net) on foreign currency cash and cash equivalents*	643,471,594	(249,462,270)
Cash and bank balances	7,468,018,597	5,525,450,332

**Includes Rs 432,914,400/- (Previous Year - Rs 33,514,859/-) accounted in Foreign Currency Translation Reserve.*

2. 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.
3. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard AS-3 "Cash Flow Statement".
4. Details of fixed deposits under lien are given in Schedule 9.
5. Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place: Mumbai
Date: 30th June 2009

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Chandrakant Kamdar
Director

Naishadh Desai
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 30th June 2009

SCHEDULES

FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
SCHEDULE 1: SHARE CAPITAL			
Authorised:			
150,000,000 equity shares of Rs 2/- each		300,000,000	300,000,000
Issued, subscribed and paid up:			
45,883,637 equity shares of Rs 2/- each fully paid up		91,767,274	91,767,274
Notes:			
(a) Of the above:			
(i) 33,000,494 equity shares of Rs 2/- each fully paid up have been allotted for consideration other than cash pursuant to schemes of amalgamation			
(ii) 343,730 equity shares of Rs 2/- each fully paid up have been allotted to the employees under Employee Stock Option Scheme ('ESOP') schemes			
(b) 1,662,811 equity shares of Rs 2/- each fully paid-up have been allotted against Global Depositary Receipts issued by the company			
(c) Particulars of options on unissued capital (Refer Note 7 and Note 22 to Schedule 18 II)			
TOTAL		91,767,274	91,767,274
SCHEDULE 2: RESERVES AND SURPLUS			
Capital reserve			
Balance as per last balance sheet		14,759,312	14,759,312
Capital reserve on consolidation			
Balance as per last balance sheet	3,990,886		1,326,869,244
(Less) / Add: On change in Group's interest (net)	(693,418)		719,764
	3,297,468		1,327,589,008
Add: Share of Guarantee Fund (including interest) of an associate company	4,713,832		-
Less: Transferred to general reserve on sale of controlling interest	-		1,323,598,122
		8,011,300	3,990,886
Securities premium account			
Balance as per last balance sheet	5,147,676,942		985,460,099
Add: Received during the year on issue of shares under ESOP	-		123,556,948
Add: Received during the year on issue of shares under GDRs	-		4,519,399,378
	5,147,676,942		5,628,416,425
Less: GDR issue expenses	-		161,058,163
Less: Provision for premium payable on redemption on ZCCB (net of tax of Rs 301,460,213/-) (Previous year Rs Nil) [including prior period tax Rs 141,394,022/- (Previous year Rs Nil)]	170,396,251		319,681,320
		4,977,280,691	5,147,676,942
Employees stock option outstanding			
Balance as per last balance sheet	1,343,022		1,602,952
Add: Deferred employee compensation expense	-		1,079,300
	1,343,022		2,682,252
Less: Transferred to general reserve on lapse and exercise of options	1,343,022		1,339,230
		-	1,343,022
General reserve			
Balance as per last balance sheet	2,506,574,136		245,218,485
Add: Transferred from profit and loss account	368,596,250		970,000,000
Add: On loss of controlling interest in subsidiary	-		2,794,306
Add: Transferred from capital reserve on consolidation on sale of controlling interest	-		1,324,937,352
Add: Transferred from employees stock option outstanding account	1,343,022		-
Add / (less): Group's share of changes in associates equity not included in profit and loss account	64,312,114		(36,376,007)
	2,940,825,522		2,506,574,136

SCHEDULES

FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
Less: Share issue expenses in associates	1,814,776		-
Less: Transfer to Guarantee Fund of associate company	4,671,375		-
Less: Adjustment on account of change in accounting policy for exchange differences [(net of tax of Rs 70,607,130/-) (Refer Note 18 of Schedule 18 II)]	177,905,897		-
		2,756,433,474	2,506,574,136
Statutory reserve			
Balance as per last balance sheet	-		-
Add: Movement during the year	155,343		-
		155,343	-
Foreign currency translation reserve			
Balance as per last balance sheet	86,239,143		(49,024,029)
Add: Movement during the year	396,084,296		135,263,172
		482,323,439	86,239,143
Profit and loss account	8,706,108,901		7,155,015,789
(Add) / Less: Group's share of joint ventures	(95,494,317)		21,103,722
		8,801,603,218	7,133,912,067
Group's share of joint ventures		17,040,566,777	14,894,495,508
Revenue reserves (including foreign currency translation reserve)		(106,310,849)	26,018,523
TOTAL		16,934,255,928	14,920,514,031

SCHEDULE 3: SECURED LOANS

	As at 31st March 2009	As at 31st March 2008
Working capital demand loans from banks (Refer Note 1 below)	65,000,000	158,553,425
Term loan from banks (Refer Note 2 & 3 below)	1,614,535,600	89,796,360
	1,679,535,600	248,349,785
Group's share of joint ventures	-	-
TOTAL	1,679,535,600	248,349,785

Notes:

1) Secured by hypothecation of present and future stock of raw materials, finished goods and book debts of NBHC
2) Include loan of Rs 1,500,000,000/- (Previous year Rs Nil) secured against first charge by way of hypothecation of stock of raw materials, semi finished and finished goods, consumables, stores and spares and such other movables including book debts, bill whether documentary or clean, outstanding monies, receivables both present and future including collateral deposit of Rs 150,000,000/- (Previous year Rs Nil)
3) Includes loan of Rs 114,535,600/- (Previous year Rs Nil) secured by gurantee by the Company and collateral security deposit of an equivalent amount

SCHEDULE 4: UNSECURED LOAN

	As at 31st March 2009	As at 31st March 2008
Zero coupon convertible bonds (ZCCBs) (Refer Note 22 to Schedule 18 II)	4,610,975,000	3,994,510,000
Group's share of joint venture	-	-
TOTAL	4,610,975,000	3,994,510,000

SCHEDULES

FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 5: CONSOLIDATED FIXED ASSETS

(Amount in Rupees)

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
Particulars	Cost as at 01.04.08	Additions	Deletion/ Adjustments	Cost as at 31.03.09	Upto 31.03.08	For the Year	Deletions/ Adjustments	Upto 31.03.09	As at 31.03.09	As at 31.03.08
Tangible assets										
Leasehold Land	69,699,431	-	(9,734,725)	79,434,156	1,569,615	1,283,045	-	2,852,660	76,581,496	68,129,816
Building	18,082,611	-	-	18,082,611	3,833,124	294,747	-	4,127,871	13,954,740	14,249,487
Leasehold premises improvements	54,359,498	54,910,703	(1,687,489)	110,957,690	15,421,193	21,215,741	(387,092)	37,024,026	73,933,664	38,938,305
Networking Equipments	-	714,866	-	714,866	-	23,818	-	23,818	691,048	-
Equipments (Refer Note no. 3)	228,668,092	237,416,652	(5,081,821)	471,166,565	65,935,230	48,738,162	(922,832)	115,596,224	355,570,341	162,732,862
Furniture and Fittings	21,673,993	26,555,602	456,261	47,773,334	10,619,955	2,476,599	41,885	13,054,669	34,718,665	11,054,038
Vehicles	20,610,798	25,949,901	2,477,179	44,083,520	3,366,434	3,634,955	1,172,277	5,829,112	38,254,408	17,244,364
SUB TOTAL	413,094,423	345,547,724	(13,570,595)	772,212,742	100,745,551	77,667,067	(95,762)	178,508,380	593,704,362	312,348,872
Intangible assets										
Trade Mark	1,307,265	981,180	-	2,288,445	282,622	216,007	-	498,629	1,789,816	1,024,643
Technical Know-how	633,413	800,000	-	1,433,413	633,413	66,316	-	699,729	733,684	-
Computer Software	192,729,626	111,956,426	451,295	304,234,757	10,382,954	38,887,713	63,823	49,206,844	255,027,913	182,346,672
SUB TOTAL	194,670,304	113,737,606	451,295	307,956,615	11,298,989	39,170,036	63,823	50,405,202	257,551,413	183,371,315
Group's share of joint venture	34,263,373	3,611,046	(8,877,446)	46,751,865	27,844,211	2,148,775	(7,544,238)	37,537,224	9,214,641	6,419,162
TOTAL	642,028,100	462,896,376	(21,996,746)	1,126,921,222	139,888,751	118,985,878	(7,576,177)	266,450,806	860,470,416	502,139,349
Previous year	1,199,230,779	393,350,432	950,553,071	642,028,100	212,304,244	97,471,026	169,886,519	139,888,751	502,139,349	-
Capital Work-In-Progress includes capital advances Rs 44,212,390/- (Previous Year Rs 1,507,250,150/-) includes Group share of joint venture Rs 844,397/-(Previous year Rs 15,993,967)									2,360,549,807	1,708,805,689

Note:

1. Capital Work-In-Progress is in respect of acquisition of land, building under construction and improvements thereto etc.
2. In respect of capital advances towards purchase of agricultural land (Refer Note 16 of Schedule 18 II)
3. Equipments includes 'office equipments', computer hardware, fumigation and laboratory equipments
4. Exchange differences on account of translation of foreign subsidiary's and joint venture's fixed assets into Rupees, included under adjustment for the year is Rs 24,495,976/- (Previous year Rs 2,956,862/-) in gross block and Rs 12,533,282/- (Previous year Rs 2,035,916/-) in depreciation / amortisation
5. Deletions / Adjustment in the gross block and depreciation includes Rs Nil (Previous year Rs 905,642,447/-) and Rs Nil (Previous year Rs 158,422,238/-) respectively, being adjustment on sale of controlling interest in 'MCX'
6. Exchange difference (loss) (net) included in Capital Work-In-Progress Rs 221,152,112/- (Previous year Rs Nil) and Fixed Assets Rs 9,734,725/- (Previous year Rs Nil) pursuant to amendment to the notification of the Companies (Accounting Standards) Amendment rules 2006 on 31st March 2009, which amended Accounting Standard 11 - The Effects of changes in Foreign Exchange Rates. (Refer Note 18 to Schedule 18 II)

SCHEDULES

FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
SCHEDULE 6: INVESTMENTS			
Investment in Associates: (Refer Notes 15 & 17 (a) & (b) to Schedule 18 II)		2,555,427,194	1,390,248,426
Long term [at cost (unless otherwise stated)]			
In equity shares	1,419,537,098		1,395,403,848
Less: Provision for other than temporary diminution in the value of investments	(45,600,000)		-
		1,373,937,098	1,395,403,848
In preference shares	23,000,000		23,000,000
Less: Provision for other than temporary diminution in the value of investments	(23,000,000)		-
		-	23,000,000
In Government and other securities		10,235,000	5,105,000
Current (at lower of cost and fair value)			
In equity shares (net of recoveries)	18,454,594		8,154,010
In units of mutual funds	7,453,676,280		9,019,714,487
		7,472,130,874	9,027,868,497
		11,411,730,166	11,841,625,771
Group's share of joint ventures		-	-
TOTAL		11,411,730,166	11,841,625,771
Notes:			
1. Aggregate value of quoted investments (net of diminution)		18,648,421	-
2. Market value of quoted investments		18,556,609	-
SCHEDULE 7: INVENTORIES			
(As verified, value and certified by the management)			
Raw materials		-	205,729,577
Packing materials		42,361,693	-
Stores & spares		32,410,224	31,936,343
Finished Goods [(including traded goods of Rs 863,997/-) (Previous year Rs 390,378/-)]		863,997	353,809,136
		75,635,914	591,475,056
Group's share of joint ventures		-	-
TOTAL		75,635,914	591,475,056
SCHEDULE 8: SUNDRY DEBTORS			
Debts		3,389,611,809	421,197,955
Less: Provision		52,042,237	30,922,969
		3,337,569,572	390,274,986
Group's share of joint ventures		-	-
TOTAL		3,337,569,572	390,274,986
Notes: Sundry debtors includes:			
Considered good		3,337,569,572	390,274,986
Considered doubtful		52,042,237	30,922,969
		3,389,611,809	421,197,955
Group's share of joint ventures		-	-
		3,389,611,809	421,197,955
SCHEDULE 9: CASH AND BANK BALANCES			
Cash [Includes cheques on hand Rs 383,379/- (Previous year Rs 3,220,655/-) and remittance in transit Rs Nil (Previous year Rs 79,877/-)]		1,115,547	3,673,488
Bank Balances:			
(i) In current accounts		1,092,770,486	301,520,645
(ii) In deposit accounts*		5,711,563,796	4,749,718,341
		6,805,449,829	5,054,912,474
Group's share of joint ventures		662,568,768	470,537,858
TOTAL		7,468,018,597	5,525,450,332

* includes fixed deposits under lien with banks for overdraft, credit facilities and bank guarantee Rs 367,370,985 /- (Previous year Rs 214,341,822/-)

SCHEDULES

FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
SCHEDULE 10: OTHER CURRENT ASSETS			
Interest accrued on bank fixed deposits		110,305,818	17,988,429
Dividend accrued on investments		-	2,511,426
		110,305,818	20,499,855
Group's share of joint ventures		-	-
TOTAL		110,305,818	20,499,855
SCHEDULE 11: LOANS AND ADVANCES			
Advance towards purchase of shares	-		59,907,967
Advances recoverable in cash or kind or for value to be received	362,993,112		293,632,199
Advance income tax including tax deducted at source (net)	545,983,553		139,577,609
Premises and other deposits	281,740,238		186,170,547
		1,190,716,903	679,288,322
Less: Provision		7,258,628	7,258,628
		1,183,458,275	672,029,694
Group's share of joint ventures		14,005,424	8,724,471
TOTAL		1,197,463,699	680,754,165
Notes: Loans and advances includes:			
(a) Considered good		1,183,458,275	672,029,694
Considered doubtful		7,258,628	7,258,628
		1,190,716,903	679,288,322
Group's share of joint ventures - Considered good		14,005,424	8,724,471
		1,204,722,327	688,012,793
(b) Rs 258,605,996/- (Previous year Rs 159,571,684/-) paid as deposits towards premises taken on lease.			
SCHEDULE 12: CURRENT LIABILITIES			
Advance received from members towards:			
- Application money (pending admission)	7,795,000		-
- Security deposits	2,936,818		-
- Network equipment deposits	660,000		-
- Other liabilities	14,671,595		-
- Trading margin from members	89,563,983		-
		115,627,396	-
Security deposits from others		898,252	29,628,553
Sundry creditors:			
Total outstanding dues of micro & small enterprises		-	-
Total outstanding dues of creditors other than micro & small enterprises		1,785,455,602	649,554,173
Advance consideration pending towards transfer of shares		-	8,154,010
Unclaimed dividends**		4,800,587	3,755,843
Unearned revenue / income received in advance		156,579,844	160,130,145
		2,063,361,681	851,222,724
Group's share of joint ventures		410,209,165	380,083,032
TOTAL		2,473,570,846	1,231,305,756
** No amount due and outstanding to be credited to Investor Education and Protection Fund.			
SCHEDULE 13: PROVISIONS			
For taxation (including wealth tax) (net)		20,965,629	9,444,037
For premium on redemption of ZCCBs (Refer Note 22 (b) to Schedule 18 II)		887,843,584	415,987,120
For fringe benefit tax (net)		7,627,102	2,750,253
For employee benefits		91,792,132	47,082,672
Proposed dividend		91,767,274	183,534,548
Tax on dividend		15,595,848	31,191,696
		1,115,591,569	689,990,326
Group's share of joint ventures		19,105,585	7,720,512
TOTAL		1,134,697,154	697,710,838

SCHEDULES

FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Amount in Rupees)

		Current Year	Previous Year
SCHEDULE 14: SALES / OPERATING INCOME			
Products (IPR based - license)		866,144,059	959,110,386
Services (Project based)		1,001,977,652	213,949,037
Sale of traded goods		101,129,618	38,838,006
Income from procurement services		37,867,711	-
Sales	6,428,233,731		630,873,329
Less: Cost of sales (Refer Note 10 to Schedule 18 II)	6,241,260,226		502,095,390
		186,973,505	128,777,939
Storage & allied services		797,670,189	413,198,254
Service charges		55,666,040	8,390,230
Interest relating to NBHC activities		1,243,679	-
Membership admission fees		127,265,100	83,725,000
Annual subscription fees		6,336,013	53,705,000
Transaction fees		1,202,783	761,032,508
Terminal charges		-	15,020,000
		3,183,476,349	2,675,746,360
Group's share of joint ventures		32,945,255	49,506,041
TOTAL		3,216,421,604	2,725,252,401
SCHEDULE 15: OTHER INCOME			
Dividend from:			
Long term investments	4,646,930		2,925,000
Current investments	430,573,757		440,352,568
		435,220,687	443,277,568
Interest from:			
Bank on deposit accounts	223,600,021		255,980,286
Others	66,158,938		704,484
[(Tax deducted at source Rs 7,570,677/-) (Previous year Rs 16,718,193/-)]		289,758,959	256,684,770
Shared Business Support Services		129,000,000	-
IT Infrastructure sharing income		4,741,645	-
Gain on extinguishment of debt		115,340,252	-
Deposit appropriation		-	20,504,229
Profit on sale of partial stake in an associate company [(Previous year subsidiary / associate / joint venture companies) (Refer Note 5 to Schedule 18 II)]		1,910,427,866	10,503,580,193
Profit on sale of investments (net)			
Long term investments	57,997		66,353,218
Current investments	164,817,117		46,862,647
		164,875,114	113,215,865
Training, Certification and Franchise fees		23,061,445	14,500,697
Penalties from members and others		-	19,529,590
Other recoveries from members (net)		-	2,242,529
Exchange rate fluctuations (net)		650,648,121	69,660,946
Service tax set off claimed		-	10,692,421
Miscellaneous income		23,570,053	45,928,019
		3,746,644,142	11,499,816,827
Group's share of joint ventures		15,284,739	26,001,421
TOTAL		3,761,928,881	11,525,818,248

SCHEDULES

FORMING PART OF THE CONSOLIDATED ACCOUNTS

(Amount in Rupees)

	Current Year		Previous Year
SCHEDULE 16: OPERATING AND OTHER EXPENSES			
Payment to and provisions for employees:			
Salaries and bonus	1,601,154,647		881,718,503
Contribution to provident fund and other funds	50,749,486		29,067,095
Gratuity	43,020,479		13,943,724
Employee stock option compensation cost	-		1,079,300
Staff welfare expenses	23,783,047		29,883,412
		1,718,707,659	955,692,034
Procurement expenses		10,336,751	-
Stores, spares and other consumables expenses		32,149,774	41,574,658
Processing charges		-	36,242,232
Electricity		55,330,356	29,849,155
Advertisement expenses		15,739,415	43,343,420
Business promotion / development expenses		76,249,478	40,131,196
Brokerage and commission charges		25,974,498	22,208,638
Rent (Refer Note 9 of Schedule 18 II)		626,866,048	338,101,937
Service charges		46,557,297	37,032,979
Repairs and maintenance - others		20,113,977	17,050,013
Traveling and conveyance		89,052,661	89,003,092
Communication expenses		62,787,214	56,045,012
Insurance		13,049,403	11,714,920
Diminution in value of current investments		5,878,382	62,071,948
Provision for Diminution in value of long term investments		53,229,692	-
Printing & Stationery		27,250,296	30,816,415
Irrecoverable debts / advances written off		23,544,645	580,053
Loss on sale of fixed assets (net)		1,363,295	135,884
Loss on assets scrapped / written off		2,333,816	642,283
Data fees expenses		27,115,981	19,241,133
Security charges		77,431,797	38,725,675
Legal and professional charges		158,581,988	132,015,258
Preliminary expenses written off		410,081	1,359,922
Provision for doubtful debts / advances		22,458,134	22,461,329
Membership fees and subscriptions		12,335,705	19,737,208
Sponsorships and seminar expenses		17,977,030	30,183,418
Labour charges		57,452,527	33,154,726
Contribution to investor protection fund		-	1,458,333
License fees		5,886,254	40,273,496
Rates and taxes		23,501,248	534,431
Miscellaneous expenses		256,724,496	108,090,830
		3,566,389,898	2,259,471,628
Group's share of joint ventures		156,827,338	136,820,405
TOTAL		3,723,217,236	2,396,292,033
SCHEDULE 17: INTEREST			
Interest on:			
Fixed loans		3,031,288	96,871,899
Others [including interest on delayed tax payments Rs 1,273,649/- (Previous year Rs 16,282,127/-) and interest on working capital demand loans from banks Rs 43,467,617/- (Previous year Rs 9,701,025/-)]		45,678,512	26,412,266
		48,709,800	123,284,165
Group's share of joint ventures		-	-
TOTAL		48,709,800	123,284,165

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO CONSOLIDATED ACCOUNTS

SCHEDULE 18

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 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 generally drawn upto the same reporting date as that of the Parent Company, viz 31st March 2009.

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 recognised in the period in which the results are known / materialise.

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' as notified by the Companies (Accounting Standards) Rules, 2006 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, translation of financial statements for consolidation is done in accordance with the policy stated in Note L below.

c) The difference between the cost of investment in the subsidiaries, over the share of equity in the subsidiaries, on acquisition date, is recognised 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 recognised 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 Note L below.

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.

SIGNIFICANT ACCOUNTING POLICIES

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E. Intangible assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition and are carried at cost less accumulated amortisation and impairment loss, if any.

F. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Premium relating to redemption of zero coupon convertible bonds is debited to Securities Premium Account as permitted under section 78 of the Companies Act, 1956. 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 recognised as expenses on straight line basis over the lease term in accordance with the respective lease agreements.

H. Depreciation and amortisation

a) Depreciation and amortisation is provided for on straight line basis, except as stated in (b) and (c) below, and is based on the following useful lives as per Schedule XIV / as 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 GBOT
Premium on leasehold land	Over the period of lease
Networking equipments	5 years
Office equipments (excluding computer hardware)	3-21 years
Computer hardware	3-6 years
Furniture and fittings	3-16 years
Vehicles	11 years
Trade mark and copyrights	5-10 years
Technical knowhow	6 years
Computer software	3-6 years

b) In IBS Forex Ltd. 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 carrying amount of the investments determined on the basis of average cost and sale proceeds, net of expense, is recognised as profit or loss on sale of investments.

J. Revenue recognition

a) Revenue is recognised when no significant uncertainty as to determination and realisation 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 recognised 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 customised software, revenue is recognized on successful development and acceptance of the software.

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

Revenue from annual maintenance contracts, lease of licenses, IT infrastructure sharing income and Shared Business Support Services is recognised proportionately over the period in which the services are rendered / licenses are leased.

Revenue from sale of traded goods is recognised when the significant risks and rewards in respect of ownership of products are 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 exchange are recognised when received. Advances against membership application are only recognised 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) Income from consultancy services is recognised when the services are provided.

g) Service charges include income from various services viz. collateral management services, delivery fees, gateway service charges, demat, data fee and message services which are recognised 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.

h) Dividend income is recognised when the Company's right to receive the dividend is established. Interest income is recognised on time proportion basis. Insurance claim receivable is recognised when such claim is admitted by the Insurance Company.

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 of the options. (Refer Note 7).

L. Foreign currency transactions and translation

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the balance sheet date and hitherto, the resultant exchange differences were recognised in profit and loss account. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 issued on 31st March 2009, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long term monetary items are dealt with in the following manner:

i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

ii. In other cases such differences are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' and amortised to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortisation does not extend beyond 31st March 2011. (Refer Note 18 below).

Exchange differences relating to long-term monetary items that have been recognised in the profit and loss account during the previous year ended 31st March 2008 have been reversed from the opening balance of General Reserve and accounted for in accordance with (i) and (ii) above.

All other exchange differences are dealt with 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 arising from 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 recognised in the profit and loss account.

Foreign operations

The translation of the financial statements of non integral foreign operations (including branches) 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.

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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 recognised in full in the profit and loss account for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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 recognised 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 recognises 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 realised. 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 raw materials and trading goods are valued at cost on First in First out (FIFO) basis and are stated at lower of cost or net realisable value. Cost comprises of cost of purchase and other costs incurred in bringing the inventories to their respective present location and condition. Stores, Spares and Consumables are stated at cost or net realisable value whichever is less. In case of defective and obsolete items, due allowance is estimated and provided for wherever necessary.

Packing materials - 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 recognised 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 recognised but disclosed by way of notes to the accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

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II. NOTES FORMING PART OF ACCOUNTS:

1. Entities 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:

Sr. No.	Name of Subsidiaries	Country of incorporation	Proportion of Ownership Interest (Current year)	Proportion of Ownership Interest (Previous year)
1.	atom technologies Limited (atom)	India	99.37%	87.53%
2.	IBS Forex Limited (IBS)	India	76.00%	76.00%
3.	National Spot Exchange Limited (NSEL)	India	99.99%	99.99%
4.	Indian Bullion Market Association Limited (wholly owned subsidiary of NSEL)	India	100.00%	100.00%
5.	National Bulk Handling Corporation Limited (NBHC)	India	80.79%	86.04%
6.	TickerPlant Limited (TickerPlant)	India	100.00%	100.00%
7.	Riskraft Consulting Limited (Riskraft)	India	100.00%	100.00%
8.	Financial Technologies Middle East DMCC (FTME)	U.A.E.	100.00%	100.00%
9.	Financial Technologies Middle East FZ LLC [(wholly owned subsidiary of FTME)	U.A.E.	100.00%	100.00%
10.	Capricorn Fin-Tech (Private) Limited (wholly owned subsidiary of FTME)	Bangladesh	100.00%	100.00%
11.	Bahrain Financial Exchange BSC (c) (BFX) (subsidiary of FTME)	Kingdom of Bahrain	100.00%	-
12.	Financial Technologies Communications Limited (FTCL)	India	100.00%	100.00%
13.	Global Payment Networks Limited (GPNL)	India	100.00%	100.00%
14	FT Knowledge Management Company Limited (FTKMCL)	India	100.00%	100.00%
15.	Trans-Global Credit & Finance Limited (TGCFL)	India	100.00%	@100.00%
16.	FT Group Investments Pvt. Ltd. (FTGIPL)	Mauritius	100.00%	100.00%
17.	Bourse Africa Limited (BAL) (w.e.f. 15th October 2008) (subsidiary of FTGIPL)	Botswana	74.00%	-
18	Knowledge Assets Pvt. Ltd. (KAPL)	Mauritius	100.00%	100.00%
19.	Global Board of Trade Limited (GBOT)	Mauritius	100.00%	100.00%
20.	Singapore Mercantile Exchange Pte. Ltd. (SMX)	Singapore	100.00%	100.00%
21.	Singapore Mercantile Exchange Clearing Corporation Pte. Ltd. (wholly owned subsidiary of SMX)	Singapore	100.00%	100.00%
22.	ICX Platform (Pty) Limited (ICX) (w.e.f. 7th April 2008)	South Africa	90.00%	-
23.	Credit Market Services Limited (CMSL) (w.e.f. 23rd May 2008)	India	@99.99%	-
24.	Apian Finance & Investment Limited (w.e.f. 25th April 2008)	India	99.99%	-
25.	Takshashila Academia of Economic Research Limited (TAER) (w.e.f. 9th June 2008)	India	100.00%	-
26.	Grameen Pragati Foundation (Subsidiary of atom) (w.e.f. 25th July 2008 upto 2nd February 2009)	India	100.00%	-
27.	Boursa India Ltd. (w.e.f. 16th February 2009)	India	@100.0%	-
28.	Multi Commodity Exchange of India Limited (MCX) (upto 29th October 2007)	India	-	64.11%
29.	Indian Energy Exchange Limited (IEX) (upto 3rd January 2008)	India	-	©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)	India	31.18%	37.40%
Indian Energy Exchange Limited (IEX)	India	41.22%	44.00%
MCX-SX Clearing Corporation Limited (MCX-SX CCL) (w.e.f. 7th November 2008)	India	23.00%	-

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO CONSOLIDATED ACCOUNTS

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.	@39.10%	39.00%

Held by the Parent Company: 18.6% and FTGIPL: 20.5% (Previous Year 19% and 20% respectively)

@ consolidated based on unaudited financial statements and for the year ended 31st March 2009 and 2008 of the respective companies

© consolidated based on unaudited financial statements and for the periods beginning on 1st April 2007 to 3rd January 2008 and on 4th January 2008 to 31st March 2008.

(Amount in Rupees)

	Current Year	Previous Year
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	320,524,625	471,493,506
Group's share of joint ventures in capital commitments	-	-
3. Contingent Liability not provided for in respect of :		
a) Income tax demands against which the Company is in appeal (including adjustable against Securities Premium account Rs 141,394,022/- (Previous Year Rs Nil))	253,569,185	720,663
b) Claims not acknowledged as debts	1,091,271	-
c) Service tax and excise dues contested by the Company.	8,303,968	7,448,968
d) Share of contingent liabilities of associates:		
i) Claims not acknowledged as debts	907,849	57,464,287
ii) Penalty income payable to Investor Protection Fund	24,916,930	20,123,395
iii) Income tax demands against which the associate is in appeal including interest thereon	6,670,212	-
Group's share of joint ventures in contingent liabilities	-	-
4. Payment to auditors (excluding service tax):		
a) For audit fees	6,539,427	4,129,812
b) Other matters (such as certification work etc.)	3,648,497	7,235,000
c) For reimbursement of out of pocket expenses	37,649	37,754

5. The Company, as part of its core business strategy promotes and invests in new 'Exchange', 'Technology' and 'Ecosystem' ventures that utilise its technological capabilities and domain expertise towards creating world class enterprises. The investment in each such venture is assessed for its risks and is limited to a pre-determined level and will generate returns after the ventures start ramping-up operations in 2 to 4 years time frame. The Company, as part of its non-linear business model, will continue to unlock value by broadening the investor base of its ventures.

   During the year, the Company sold partial investments held in a group Company. The resultant profit of Rs 1,910,427,866/- (Previous year Rs 10,503,580,193/-) (net of directly attributable brokerage expenses of Rs 98,331,750/- (Previous year Rs 484,605,972/-) is disclosed as 'Profit on sale of partial stake in an associate company' in 'Other Income' (Refer Schedule 15) which was hitherto disclosed as 'Project Divestment Income') based on nature of income.

6. During the previous year, the Company had sold part of its investments in its unlisted group company to certain investors. The Share Purchase agreements included covenants as regards to compensation / exit by the said investors in the envisaged time frame. The said time frame which expired during the year has been extended in one case and in others; the Company is in dialogue for alternatives including extension of time frame. Subsequent to the Balance Sheet date, part of the said shares have been sold by one of the investors to other investors on similar terms. The Company has also received enquiries from other potential investors for investments in the said group company on better terms.

SIGNIFICANT ACCOUNTING POLICIES

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7. Stock based compensation

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	31st October 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	20th November 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 to twelve months (Previous year three to fifteen months) from the respective vesting dates.

During the year company, due to adverse stock market condition and vis-à-vis Company's share price on request of option holders cancelled options granted under ESOP 2006 scheme.

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

Particulars	ESOP 2005 (Nos)	ESOP 2006 (Nos)
Options outstanding as at the beginning of the year	211,800	440,000
	(345,440)	(440,000)
Options granted during the year	-	-
	(-)	(-)
Options exercised during the year	-	-
	(126,130)	(-)
Options lapsed / forfeited during the year	4,375	440,000
	(7,510)	(-)
Options outstanding as at the year-end	207,425	-
	(211,800)	(440,000)
Options exercisable as at the year-end	207,425	-
	(-)	(220,000)

(Previous years figures are given in brackets)

Lapsed options available for grant / re-issuance are: 20,685 (Previous year: 16,310)

B. The Group has followed the intrinsic value-based method of accounting for stock options. Had the compensation cost of the Company's stock based compensation plan been determined using the fair value approach, the Company's net profit for the year would have been higher (in view of options cancelled and previous amortisation written back) by Rs 181,460,227/- (Previous year lower by Rs 187,308,704/-) and earnings per share as reported would be higher as indicated below:

(Amount in Rupees)

Particulars		Current Year	Previous Year
Net profit for the year		2,456,660,315	8,694,596,622
Add / (less): Total stock-based employee compensation (credit) / charge determined under fair value based method (net of intrinsic value based compensation expense)		181,460,227	(187,308,704)
Adjusted Net profit (For Basic EPS)		**2,638,120,542**	**8,507,287,918**
Less: Adjustment for potential conversion of ZCCBs (net of tax)		-	230,810,566
Less: Effect of Dilutive potential equity shares of associate / subsidiary company		2,799,014	3,522,375
Adjusted Net profit (For Diluted EPS)		**2,635,321,528**	**8,272,954,977**
Weighted average no. of shares			
Basic		45,883,637	44,887,847
Add: Effect of dilutive options		-	195,734
Diluted		45,883,637	45,083,581
Basic and Diluted earnings per share (face value Rs 2/- per share)			
As reported (in Rs)	Basic	53.54	193.70
	Diluted	53.48	187.66
As adjusted (in Rs)	Basic	57.50	189.52
	Diluted	57.43	183.50

SIGNIFICANT ACCOUNTING POLICIES

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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:

(Amount in Rupees)

	As at 31st March 2009	As at 31st March 2008
a) Deferred tax liability:		
Depreciation	-	33,811,169
	-	33,811,169
b) Deferred tax asset:		
Provision for doubtful debts, advances etc.	-	12,397,740
Diminution in value of current investment	-	17,771,865
Employee benefits	-	11,272,857
Unrealised foreign exchange loss	18,506,780	25,270,508
Others	-	7,170,737
	18,506,780	73,883,707
Deferred tax asset (net)	18,506,780	40,072,538

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

(Amount in Rupees)

	As at 31st March 2009	As at 31st March 2008
a) Deferred tax liability:		
Depreciation	116,830,511	6,018,314
Others	119,226,907	-
	236,057,418	6,018,314
b) Deferred tax asset:		
Provision for doubtful debts, advances etc.	19,690,563	-
Diminution in value of current investment	12,916,185	-
Employee benefits	23,287,069	1,458,967
Carried forward loss	-	3,279,869
Others	4,139,597	557,936
	60,033,414	5,296,772
Deferred tax liability (net)	176,024,004	721,542

9. The Group has entered into agreements for non cancellable operating leases for various premises ranging from 7 months to 36 months. The lease rentals recognised in the profit and loss account during the year and the future minimum lease payments under non cancellable operating lease are as follows:

(Amount in Rupees)

	Current Year	Previous Year
Lease rentals (included in Schedule 16)	478,027,810	130,432,092
Obligations on non-cancellable leases		
Not later than one year	288,469,416	196,076,014
Later than one year and not later than five years	240,102,421	279,532,026
Later than five years	-	-

SIGNIFICANT ACCOUNTING POLICIES

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10. Group Companies have entered into agreements with Food Corporation of India (FCI) and National Agricultural Co-operative Marketing Federation of India Limited (NAFED) (Government of India Undertakings) to carry out the activities of procurement and / or processing of commodities on their behalf. The activity yields a guaranteed price on delivery of these procured / processed commodities to FCI and NAFED. Hence, the Companies do 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 the company to the processors is also not the manufacturing activity of the said companies. The procurement activity carried out is by the Group's own / borrowed funds. The risk and rewards to the company are operational, executional and incidental to the activities of procurement.

11. In a group company, the commodities stored by the company on behalf of National Agricultural Co-operative Marketing Federation of India Limited 'NAFED' at the processors premises were destroyed by fire resulting into total loss of Rs 129,494,212/-. The Company had insured such goods on behalf of NAFED. The Company submitted a claim of loss of Rs 101,655,894/- with the insurance company and the claim is under consideration of the insurance company. The entire amount of loss of goods by fire is recoverable from NAFED. No provision for the goods lost by fire has been made in the books of accounts in view of the fact that the primary liability of making provision is that of NAFED and not that of the company. The company has taken steps to inform insurance company as also NAFED in this regards. In the opinion of the management, no liability to the Company is envisaged in this regards.

12. Increase in remuneration to the MD & CEO of Rs 9,000,000/- per annum in a group company, duly approved by the Remuneration committee, Board of Directors and the shareholders, is subject to the approval of the Central Government. In the parent company, the reappointment and remuneration aggregating Rs 27,510,737/- of the managing director and the whole time director with effect from 1st February 2009 by the Board of Directors is subject to approval of the members in the ensuing general meeting. The remuneration by way of salary, perquisites and commission payable from the said date has been fixed by the Board of Directors in accordance with the powers granted to it by the Articles of Association of the Company.

13. During the year, a group company has lodged insurance claim of Rs 115,200,000/- with the insurance company under fidelity insurance policy which are fully covered under the said policy. The Company has taken all necessary action to protect any collateral / financial damage.

14. Other interest includes interest of Rs 39,460,109/- on outstanding receivables from the Food Corporation of India of Rs 384,687,480/-, towards the procurement of wheat and paddy under Minimum Support Price (MSP) scheme of the Government of India, from the farmers on their behalf.

15. The particulars of investment in associates as of 31st March 2009 are as follows.

    The capital reserve and carrying amount of investment in associates as at 31st March 2009 is as follows:

(Amount in Rupees)

Name of the Associates	Capital Reserve	Carrying Amount
Multi Commodity Exchange of India Limited (MCX)	-	1,511,294,701
	(-)	(1,279,918,778)
Indian Energy Exchange Limited (IEX)	2,195,526	110,012,841
	(2,195,526)	(110,329,648)
MCX-SX Clearing Corporation Limited (MCX-SX CCL)	-	11,831,812
	(-)	(-)
MCX Stock Exchange Limited (MCX-SX)	-	661,500,000
	(-)	(-)
Audit Control & Expertise Global Ltd. (ACE)	-	260,787,840
	(-)	(-)

16. Capital work-in-progress (Refer Schedule 5) includes amount aggregating Rs 474,596,833/- (Previous year Rs 386,005,711/-) towards purchase of agricultural lands for, interalia setting up of a Research & Development and other related centers. 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 capitalised on receipt of necessary permissions.

17. (a) As at 31st March 2009, the Company holds 49% stake in MCX Stock Exchange Limited (MCX-SX). However, considering the management's intention coupled with regulatory requirement as per the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006, the Company would reduce substantially its stake so as not to exceed the limit prescribed in the said regulation within a period of 1 year from the date of recognition granted to MCX-SX by SEBI. Hence, considering intention to hold temporarily, the same have not been considered for equity method of accounting in the consolidated financial statements.

    (b) The Company holds 20% stake in Audit Control and Expertise Global Ltd., Audit Control and Expertise Ltd and Commodity Risk Management Technology Pte Ltd. The shares have an embedded 'purchaser put option' exercisable from June 2009 - June 2010. The management has exercised the put option subsequent to balance sheet date and hence, considering intention to hold temporarily, have not been considered for equity method of accounting in the consolidated financial statements.

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18. The Company has adopted the option offered by the notification of the Companies (Accounting Standards) Amendment Rules 2006 which amended Accounting Standard 11 on "The Effects of Changes in Foreign Exchange Rates".

    Pursuant to the aforesaid notification, exchange differences relating to long term monetary items have been accounted for as described in accounting policy L of Schedule 18-I above.

    Accordingly, during the year foreign exchange loss (net) of Rs 230,886,837/- has been added to the cost of the fixed assets / capital work-in-progress and Rs 516,543,586/- has been debited to the Foreign Currency Monetary Item Translation Difference Account (unamortised balance at the year end is Rs 352,608,205/-). Consequent to this, profit for the year is higher by Rs 614,017,329/- (net of tax of Rs 217,990,740/-) and General Reserve is lower by Rs 177,905,897/- (net of tax of Rs 70,607,130/-).

19. During the year, the Company entered into the derivative instruments for hedging the Company's exposure to movements in foreign exchange rates and did not use it for trading or speculative purposes:

    The Forward Exchange Contracts outstanding as at 31st March 2009 are:

Currency	Notional amount	Buy or sell	Cross currency
-	-	-	-
(US Dollar)	(8,000,000)	(Sell)	(INR)

Previous year figures are given in brackets.

20. 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 organisational 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 categorised 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

(Amount in Rupees)

Particulars	STP Technologies /Solutions	Exchange based revenue	Storage & Allied services	Others	Elimination	Total
External revenue	1,869,116,024 (1,154,462,800)	180,873,784 (962,988,549)	791,076,793 (413,198,254)	375,355,003 (194,602,798)	- (-)	3,216,421,604 (2,725,252,401)
Less: Excise duty	52,215,291 (55,952,471)	- (-)	- (-)	- (-)	- (-)	52,215,291 (55,952,471)
Net external revenue	1,816,900,733 (1,098,510,329)	180,873,784 (962,988,549)	791,076,793 (413,198,254)	375,355,003 (194,602,798)	- (-)	3,164,206,313 (2,669,299,930)
Inter-segment revenue	1,530,219,291 (249,129,837)	- (1,490,984)	- (22,000,000)	37,537,508 (39,586,879)	(1,567,756,799) (312,207,700)	- (-)
Net sales / income from operations	3,347,120,024 (1,347,640,166)	180,873,784 (964,479,533)	791,076,793 (435,198,254)	412,892,511 (234,189,677)	(1,567,756,799) (312,207,700)	3,164,206,313 (2,669,299,930)
Segment result	861,525,972 (484,989,933)	-449,402,913 (221,964,408)	-15,215,270 (-23,167,801)	106,947,195 (4,351,790)	- (-)	503,854,984 (688,138,330)
Add: Unallocable income						3,459,598,262 (11,251,283,608)
Less: Unallocable expenses						1,263,217,367 (541,711,175)
Less: Interest expense						48,709,800 (123,284,165)
Add: Interest Income						302,330,619 (274,534,640)
Profit before tax						2,953,856,698 (11,548,961,238)

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Particulars	STP Technologies / Solutions	Exchange based revenue	Storage & Allied Services	Others	Elimination	Total
Less: Provision for taxation (including taxes in respect of earlier years)						1,007,651,450 (2,940,230,638)
Profit after tax before minority interest and share of profit of associates						1,946,205,248 (8,608,730,600)

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 multi asset class like commodity and forex based derivatives etc. 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, procurement, process management and risk consultancy activities.
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:

(Amount in Rupees)

Particulars	Current Year	Previous Year
Net revenue / income from operations		
Within India	3,053,275,963	2,547,902,322
Outside India	110,930,350	121,397,608
TOTAL	3,164,206,313	2,669,299,930

21. Related Party information

I. Names of related parties and nature of relationship:

(a) Associate Companies:

1. Multi Commodity Exchange of India Limited (MCX)
2. Indian Energy Exchange Limited (IEX)
3. MCX-SX Clearing Corporation Limited (MCX-SX CCL) (w.e.f 7th November 2008)
4. MCX Stock Exchange Limited (MCX-SX) (w.e.f 8th September 2008)
5. Audit Control & Expertise Global Ltd. (ACE) (w.e.f 9th April 2008)

(b) Key Management Personnel:

Mr. Jignesh Shah	:	Chairman and Managing Director
Mr. Dewang Neralla	:	Whole time Director

(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 Ltd. (La-fin)

SIGNIFICANT ACCOUNTING POLICIES

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II. Transactions with related parties

(Amount in Rupees)

Sr. No.	Transactions during the year	Associate companies	Key Managerial Personnel	Relatives of Key Managerial Personnel	Entity in which the key management has control and which exercises significant influence
1.	Sales - Products (IPR Based License)				
	MCX	10,814,856	-	-	-
		(4,912,500)	(-)	(-)	(-)
	MCX-SX	15,000,000	-	-	-
		(-)	(-)	(-)	(-)
2.	Sales - Services (Project based)				
	MCX	829,932,531	-	-	-
		(118,971,306)	(-)	(-)	(-)
	MCX-SX	188,542,210	-	-	-
		(-)	(-)	(-)	(-)
	IEX	88,915,146	-	-	-
		(12,141,324)	(-)	(-)	(-)
3.	Sale of traded goods				
	MCX	54,798,671	-	-	-
		(16,027,070)	(-)	(-)	(-)
	MCX-SX	31,172,394	-	-	-
		(-)	(-)	(-)	(-)
	IEX	16,015,325	-	-	-
		(-)	(-)	(-)	(-)
4.	Other income				
	a. Shared business support services				
	MCX	108,000,000	-	-	-
		(-)	(-)	(-)	(-)
	MCX-SX	21,000,000	-	-	-
		(-)	(-)	(-)	(-)
	b. IT Infrastructure sharing income				
	MCX	3,848,277	-	-	-
		(-)	(-)	(-)	(-)
	MCX-SX	893,368	-	-	-
		(-)	(-)	(-)	(-)
	IEX	550,224	-	-	-
		(-)	(-)	(-)	(-)
	c. Rendering of services				
	IEX	-	-	-	-
		(7,200,000)	(-)	(-)	(-)
5.	Rent deposits charged by the Group to MCX				
	Rent deposits refunded to the company	13,843,824	-	-	-
		(480,000)	(-)	(-)	(-)
	Balance at the close of the year	-	-	-	-
		(13,843,824)	(-)	(-)	(-)
6.	Rent deposits charged to the Group by MCX				
	Amount given towards rent deposits	21,097,600	-	-	-
		(230,228)	(-)	(-)	(-)
	Balance at the close of the year	21,327,828	-	-	-
		(230,228)	(-)	(-)	(-)
7.	Miscellaneous expenses (MCX)	-	-	-	-
		(5,264,568)	(-)	(-)	(-)
8.	Recoveries charged by the Group towards expenses:				
	MCX	38,709,882	-	-	-
		(17,916,265)	(-)	(-)	(-)
	MCX-SX	6,044,048	-	-	-
		(-)	(-)	(-)	(-)
	IEX	278,668	-	-	-
		(1,318,485)	(-)	(-)	(-)
	MCX-SX CCL	366,371	-	-	-
		(-)	(-)	(-)	(-)

SIGNIFICANT ACCOUNTING POLICIES

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(Amount in Rupees)

Sr. No.	Transactions during the year	Associate companies	Key Managerial Personnel	Relatives of Key Managerial Personnel	Entity in which the key management has control and which exercises significant influence
9.	Reimbursement of expenses charged to the Company:				
	by MCX relating to Offer for Sale by the Company as part of the proposed public issue of MCX	3,157,580	-	-	-
		(10,383,526)	(-)	(-)	(-)
	Other expenses:				
	MCX	100,817,117	-	-	-
		(8,874,855)	(-)	(-)	(-)
	MCX-SX	1,415,300	-	-	-
		(-)	(-)	(-)	(-)
	IEX	129,255	-	-	-
		(473,140)	(-)	(-)	(-)
10.	Purchase of fixed assets (MCX)	34,842,342	-	-	-
		(-)	(-)	(-)	(-)
11.	Advances as at the close of the year				
	MCX	2,722,442	-	-	-
		(10,993,110)	(-)	(-)	(-)
	MCX-SX	13,120,494	-	-	-
		(-)	(-)	(-)	(-)
	IEX	418,240	-	-	-
		(-)	(-)	(-)	(-)
	MCX-SX CCL	607,935	-	-	-
		(-)	(-)	(-)	(-)
12.	Liabilities as at the close of the year				
	MCX	24,518,726	-	-	-
		(37,825,153)	(-)	(-)	(-)
	MCX-SX	300	-	-	-
		(-)	(-)	(-)	(-)
	IEX	31,051	-	-	-
		(-)	(-)	(-)	(-)
13.	Sundry Debtors				
	MCX	174,381,298	-	-	-
		(-)	(-)	(-)	(-)
	MCX-SX	138,011,848	-	-	-
		(-)	(-)	(-)	(-)
	IEX	29,146,779	-	-	-
		(6,493,613)	(-)	(-)	(-)
14.	Remuneration (including professional fees) (Refer Note (c) below)	-	165,064,424	8,542,528	-
		(-)	(65,113,011)	(13,496,400)	(-)
15.	Dividend paid	12,722,793	101,959,508	523,016	145,404,756
		(-)	(184,805,114)	(590,875)	(261,728,561)
16.	Payment made by the Company as per arbitration award (La-fin)	-	-	-	967,970
		(-)	(-)	(-)	(1,919,998)

SIGNIFICANT ACCOUNTING POLICIES

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Notes:

a) The company has identified Key Managerial Personnel (KMP) of the reporting enterprise as the KMP of the Group. Previous year's disclosure has been accordingly modified.

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

(Amount in Rupees)

Transaction during the year		Amount
Remuneration (including professional fees):		
	Jignesh Shah	150,170,940
	(Refer Note 'c' below)	(55,121,856)
	Dewang Neralla	14,893,483
		(9,991,155)
Dividend paid:	Jignesh Shah	101,235,020
		(183,375,036)

c) Includes Group's share of remuneration paid by associate company in previous year.

22. (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 30th January 2007 upto the close of business on 14th December 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 USD 1, subject to certain adjustments as per the terms of the issue. Under certain conditions, the Company, on or after 20th December 2007 but not less than seven business days prior to 21st December 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 during their tenure, at their Early Redemption Amount subject to RBI regulations. Unless previously converted or redeemed or purchased and cancelled, the Company will redeem them at 147.14 percent of their principal amount on 21st December 2011.

During the year, the Company repurchased 9,500 ZCCB's of face value USD 1,000/- each as per Reserve Bank of India Circulars. The resultant gain (net of commission) on such repurchase of Rs 115,340,252/- is included in Schedule 15 'Other Income'. Consequent upon such repurchase, 9,500 ZCCBs stand cancelled. As at Balance sheet date, 90,500 ZCCB's of face value USD 1,000/- each are outstanding and disclosed in Schedule 4 as restated as Unsecured loan.

(b) The movement in provision for redemption premium payable on redemption of ZCCB's in accordance with Accounting Standard (AS-29) 'Provisions, Contingent Liabilities and Contingent Assets' is as follows:

(Amount in Rupees)

Premium payable on redemption of ZCCBs	As at 31st March 2009	As at 31st March 2008
Opening balance	415,987,120	96,305,800
Add: Provision during the year	561,326,280	319,681,320
Less: Adjustment on buy back during the year	89,469,816	-
Closing balance	887,843,584	415,987,120

SIGNIFICANT ACCOUNTING POLICIES

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23. Employee benefit plans:

i) Defined contribution plans: Amounts recognised as expenses towards contributions to provident fund, employee state insurance corporation and other funds by the Group are Rs 50,749,486/- (Previous year Rs 29,067,095/-).

ii) Post employment defined benefit plans:

a) Gratuity Plan: The Parent Company and certain group companies make 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. Said companies make 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 one of the Group Company (hitherto all other Group Companies) gratuity plan is non-funded.

The following table sets out the status of the funded / unfunded gratuity plan for the year ended 31st March 2009 as required under AS-15 (Revised):

(Amount in Rupees)

	Current Year		Previous Year	
	Gratuity Plan (Funded)	Gratuity Plan (Non-Funded)	Gratuity Plan (Funded)	Gratuity Plan (Non-Funded)
I. Change in benefit obligation:				
Projected benefit obligation at the beginning of the year	@23,870,186	-	12,410,170	1,001,853
Interest cost	1,887,481	-	992,814	80,148
Current service cost	10,847,476	267,439	6,034,181	1,414,664
Benefit paid	(947,726)	-	(160,363)	-
Cost on amendment of plan	18,223,858	-	-	-
Actuarial loss on obligations	9,410,403	-	931,250	1,165,469
Projected benefit obligation at the end of the year	63,291,678	267,439	20,208,052	3,662,134
II. Change in plan assets				
Fair value of the plan assets at the beginning of the year	13,867,447	-	6,550,775	-
Expected return on plan assets	1,109,396	-	524,062	-
Contributions	23,937,072	-	6,842,950	-
Benefits paid	(693,308)	-	(160,363)	-
Actuarial gain on plan assets	416,731	-	110,023	-
Fair value of plan assets at the end of the year	38,637,338	-	13,867,447	-
Excess of obligation over plan assets	24,654,340	267,439	6,340,605	3,662,134
III. Expense for the year				
Current service cost	11,080,849	267,439	6,034,181	1,414,664
Interest cost	1,887,481	-	992,814	80,148
Expected return on plan assets	(1,109,396)	-	(524,062)	-
Net actuarial loss recognised	9,553,829	-	821,227	1,055,337
Cost on amendment of plan	18,223,858	-	-	-
Less: Recovered from Group Companies	(1,494,089)	-	-	-
Gratuity cost	38,142,532	267,439	7,324,160	2,550,149
IV. Actual return on plan assets	1,526,127	-	634,085	325,437
V. Category of Assets as on 31st March:				
Insurer managed funds (Fund is managed by LIC of India as per IRDA guidelines, category wise composition of planned assets is not available)	38,637,338	-	13,867,447	9,245,229
TOTAL	38,637,338	-	13,867,447	9,245,229
VI. Assumptions				
Discount rate	8.00%	8.00%	8.00%	8.00%
Salary escalation rate	8.00%	8.00%	7.50%	7.50%
Expected rate of return on plan assets	8.00%	-	8.00%	-

@Non-funded Liability of some group companies towards gratuity in the previous year, funded during the year

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.

SIGNIFICANT ACCOUNTING POLICIES

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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 to Rs 5,687,974/- (Previous year Rs 2,340,518/-).

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 19,105,585/- (Previous year Rs 7,720,511/-).

24. Earnings Per Share is calculated as follows:

(Amount in Rupees)

Particulars	Current Year	Previous Year
a. Net Profit for the year (for Basic EPS)	2,456,660,315	8,694,596,622
Less: Adjustment for stock options of subsidiary / associate company	2,799,014	3,522,375
Less: Adjustment for potential conversion of ZCCBs (net of tax)	-	230,810,566
Net Profit available for equity shareholders (for Diluted EPS)	2,453,861,301	8,460,263,681
b. Weighted average number of equity shares		
Basic	45,883,637	44,887,847
Add: Effect of Dilutive Stock Options	-	195,734
Diluted	45,883,637	45,083,581
c. Basic earnings per share (Rs)	53.54	193.70
Diluted earnings per share (Rs)	53.48	187.66
d. Face value per share (Rs)	2/-	2/-

25. 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 146,633,587 /- (Previous year Rs 91,244,720/-).

26. On completion of assessments under section 153A(a) of Income Tax Act subsequent to year end and considering tax positions taken and appeals filed by the Group, the Group has written back excess provisions in respect of current taxes in previous years of Rs. 60,370,046/- and has provided for deferred tax liabilities in respect of timing differences as appropriate.

27. During the previous year, the Company proposed to divest part of its investments aggregating 3,600,000 equity shares of MCX at a price at which MCX proposed to make a public issue. MCX had also filed its Draft Red Herring Prospectus with Securities and Exchange Board of India in the previous year. However, due to unfavorable market conditions the issue has been postponed to a later date.

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO CONSOLIDATED ACCOUNTS

28. 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.

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place: Mumbai
Date: 30th June, 2009

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Chandrakant Kamdar
Director

Naishadh Desai
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 30th June, 2009

STANDALONE FINANCIAL STATEMENTS

AUDITORS' REPORT

TO THE SHAREHOLDERS OF FINANCIAL TECHNOLOGIES (INDIA) LTD.

1. We have audited the attached Balance Sheet of Financial Technologies (India) Ltd. as at 31st March 2009, 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. Without qualifying our opinion, we draw attention to Note 25 to Schedule 15-II of the financial statements regarding investments in certain subsidiaries aggregating Rs 4,326,274,551/- which are yet to break even (share of cumulative losses Rs 1,210,751,139/-) against which provision for diminution of Rs 509,625,934/- is considered adequate based on their business plans.

5. 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 31st March 2009 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi) 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 31st March 2009;

      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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, dated: 30th June, 2009.

ANNEXURE TO THE AUDITORS' REPORT

RE: FINANCIAL TECHNOLOGIES (INDIA) LTD.

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) In our opinion, verification of inventories has been carried out at reasonable intervals by the management during the year.

b) In our opinion and according to the information and explanations given to us, 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. There are no closing inventories.

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. According to the information and explanations given to us, there are no undisputed amounts payable in respect of the aforesaid statutory dues as at 31st March 2009 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.

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 preceeding 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 guarantees given by the Company for loans taken by it's subsidiary companies from banks, 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 Company has not availed any term loans during the year and hence clause 4(xvi) of the Order is not applicable to the Company.

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) In a previous year, the Company had issued unsecured Zero Coupon Convertible Bonds and Rs 4,610,975,000/- is outstanding as at 31st March 2009. Being unsecured, the question of creation of security or charge in respect thereof 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.7 and 16 (d) of Schedule 15-II respectively.

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

For Deloitte Haskins & Sells,
Chartered Accountants

R. D. Kamat
Partner
Membership No. 36822

Mumbai, dated: 30th June, 2009

BALANCE SHEET

AS AT 31ST MARCH 2009

(Amount in Rupees)

	Schedule No.	As at 31st March 2009		As at 31st March 2008
I. SOURCES OF FUNDS				
(1) Shareholders' funds:				
(a) Share Capital	1	91,767,274		91,767,274
(b) Reserves and Surplus	2	17,405,221,401		14,602,008,162
			17,496,988,675	14,693,775,436
(2) Loan funds:				
Unsecured Loan - Others				
Zero Coupon Convertible Bonds (ZCCBs) (Refer Note 16(a) to Schedule 15 II)			4,610,975,000	3,994,510,000
(3) Deferred tax liability (Net) [Refer Note 9 and 27 to Schedule 15 II]			166,703,282	-
TOTAL			22,274,666,957	18,688,285,436
II. APPLICATION OF FUNDS				
(1) Fixed assets:	3			
(a) Gross block		677,992,689		458,023,283
(b) Less: depreciation / amortisation		146,339,103		77,510,765
(c) Net block		531,653,586		380,512,518
(d) Capital work-in-progress		2,309,427,766		1,692,093,295
			2,841,081,352	2,072,605,813
(2) Investments	4		14,444,654,828	13,743,255,829
(3) Deferred tax asset (net) [Refer Note 9 to Schedule 15 II]			-	10,978,587
(4) Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer Note 15 to Schedule 15 II]			352,608,206	-
(5) Current assets, loans and advances:				
(a) Inventories of trading goods		-		390,378
(b) Sundry debtors	5	840,143,312		189,640,600
(c) Cash and bank balances	6	4,407,681,411		3,502,472,121
(d) Other current assets	7	105,052,802		20,175,889
(e) Loans and advances	8	1,085,881,006		416,204,464
		6,438,758,531		4,128,883,452
Less: Current liabilities and provisions:				
(a) Current liabilities	9	734,129,364		600,813,199
(b) Provisions	10	1,068,306,596		666,625,046
		1,802,435,960		1,267,438,245
Net current assets			4,636,322,571	2,861,445,207
TOTAL			22,274,666,957	18,688,285,436
Significant accounting policies and notes to accounts				

The schedules referred to above form an integral part of the accounts
As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place: Mumbai
Date: 30th June, 2009

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Chandrakant Kamdar
Director

Naishadh Desai
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 30th June, 2009

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2009

(Amount in Rupees)

Particulars	Schedule No.	Current Year	Previous Year
INCOME			
Sales	11	3,395,439,259	1,431,516,082
Less: Excise duty		52,215,291	55,952,471
		3,343,223,968	1,375,563,611
Other income	12	3,718,573,304	12,099,213,043
(Decrease) / Increase in closing stock		(390,378)	390,378
		7,061,406,894	13,475,167,032
EXPENDITURE			
Purchase of trading goods		86,454,545	45,803,931
Operating and other expenses	13	2,252,979,489	881,091,110
Interest	14	1,397,420	109,314,050
Depreciation / amortisation		72,387,355	23,532,353
		2,413,218,809	1,059,741,444
Profit before tax		4,648,188,085	12,415,425,588
Provision for taxation			
Income Tax: Current tax		838,173,552	2,796,279,256
Deferred tax		177,681,869	(2,166,564)
Excess provision of Income tax in respect of earlier years (Refer Note 27 of Schedule 15 II)		(57,638,712)	-
Fringe benefit tax		3,782,475	8,716,379
Wealth tax		226,398	77,350
Profit after tax		3,685,962,503	9,612,519,167
Balance brought forward from previous year		8,315,438,567	743,424,690
Amount available for appropriation		12,001,401,070	10,355,943,857
Appropriations			
Transfer to general reserve		368,596,250	970,000,000
Final dividend (Proposed)		91,767,274	183,534,548
Interim dividend		367,069,096	731,466,341
Tax on dividend		77,979,240	155,504,401
Balance carried to Balance Sheet		11,095,989,210	8,315,438,567
Earnings per share (Refer Note 19 to Schedule 15 II)			
Basic		80.33	214.15
Diluted		80.33	208.10
Face value per share		2/-	2/-
Significant accounting policies and notes to accounts	15		

The schedules referred to above form an integral part of the accounts
As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place: Mumbai
Date: 30th June, 2009

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Chandrakant Kamdar
Director

Naishadh Desai
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 30th June, 2009

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2009

(Amount in Rupees)

	Current Year		Previous Year	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		4,648,188,085		12,415,425,588
Adjustments for:				
Depreciation / amortisation	72,387,355		23,532,353	
Profit on sale of investments (net)	(2,202,653,851)		(11,210,122,252)	
Loss on sale of fixed assets (net)	721,216		133,352	
Gain on extinguishment of debt	(115,340,252)		-	
Diminution in value of current investments	5,878,382		62,012,003	
Provision for other than temporary diminution in the value of long term investment	637,625,934		-	
Dividend from investments	(434,559,839)		(463,312,223)	
Interest expense	1,397,420		109,314,050	
Exchange rate fluctuations - unrealised (net)	(179,046,198)		(358,994,561)	
Interest income	(227,576,676)	(2,441,166,509)	(133,626,001)	(11,971,063,279)
Operating profit before working capital changes		2,207,021,576		444,362,309
Adjustments for:				
Inventories	390,378		(390,378)	
Trade and other receivables	(754,601,066)		(100,204,000)	
Trade payables and provisions	300,968,181	(453,242,507)	142,042,328	41,447,950
Cash from operations		1,753,779,069		485,810,259
Tax paid		(153,523,668)		(301,179,304)
Net cash from operating activities		1,600,255,401		184,630,955
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(737,520,873)		(1,268,645,615)
Proceeds from sale of fixed assets		1,781,379		117,000
Purchase of investments in subsidiaries, associates and joint venture		(2,734,035,968)		(920,677,875)
Proceeds from partial sale of stake [(net of brokerage) (Refer Note 14 to Schedule 15 II)]		2,062,266,330		11,271,985,630
Purchases of investments in others (including fixed deposits)		(39,978,031,498)		(43,456,089,189)
Proceeds from sale of investments in others (including fixed deposits)		40,798,404,815		32,512,641,729
Interest Income		140,188,338		120,152,397
Loans and advances to subsidiary companies		(207,175,099)		(49,228,060)
Dividend from investments		437,071,264		460,800,798
Cash used in investing activities		(217,051,312)		(1,328,943,185)
Tax paid		(569,021,203)		(2,570,806,933)
Net cash used in investing activities		(786,072,515)		(3,899,750,118)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowings		-		1,106,864,400
Repayment of borrowings		(357,968,800)		(1,106,864,400)
Proceeds from issue of share capital		-		4,646,534,208
Issue expenses of GDR		-		(161,058,163)
Dividend paid during the year including dividend tax		(643,133,989)		(1,115,362,912)
Interest expense		(1,397,420)		(109,314,049)
Net cash from financing activities		(1,002,500,209)		3,260,799,084
Net cash flow during the year		(188,317,323)		(454,320,079)
Net increase in cash and cash equivalents		(188,317,323)		(454,320,079)
Cash and cash equivalents (opening balance)		1,380,247,340		1,834,567,419
Cash and cash equivalents (closing balance)		1,191,930,017		1,380,247,340

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2009

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 (Refer Schedule 6) with cash and cash equivalents is as follows:

(Amount in Rupees)

	Current Year	Previous Year
Cash and cheques on hand	-	-
Bank balances	1,541,496,552	1,312,728,189
Unrealised (gain) / loss on foreign currency cash and cash equivalents	(349,566,535)	67,519,151
Cash and cash equivalents	1,191,930,017	1,380,247,340
In deposit accounts (original maturing more than 3 months)	2,866,184,859	2,189,743,932
Unrealised (gain) / loss on foreign currency cash and cash equivalents	349,566,535	(67,519,151)
Cash and bank balances	4,407,681,411	3,502,472,121

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. Details of fixed deposits under lien are given in Schedule 6
6. Previous years figures have been regrouped / rearranged wherever necessary to correspond with the figures of the current year.

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place: Mumbai
Date: 30th June, 2009

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Chandrakant Kamdar
Director

Naishadh Desai
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 30th June, 2009

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
SCHEDULE 1: SHARE CAPITAL			
Authorised:			
150,000,000 equity shares of Rs 2/- each		300,000,000	300,000,000
Issued, subscribed and paid up:			
45,883,637 equity shares of Rs 2/- each fully paid-up		91,767,274	91,767,274
Notes:			
a) Of the above			
(i) 33,000,494 equity shares of Rs 2/- each fully paid-up have been allotted for consideration other than cash pursuant to schemes of amalgamation.			
(ii) 343,730 equity shares of Rs 2/- each fully paid-up have been allotted to the employees under Employee Stock Option ('ESOP') schemes.			
b) 1,662,811 equity shares of Rs 2/- each fully paid-up have been alloted against Global Depositary Receipts ('GDR') issued by the Company (Refer Note 7 to Schedule 15 II)			
c) Particulars of options on unissued capital (Refer Note 8 and 16 to Schedule 15 II)			
TOTAL		91,767,274	91,767,274
SCHEDULE 2: RESERVES AND SURPLUS			
Capital Reserve:			
Balance as per last Balance Sheet		14,759,312	14,759,312
Securities Premium Account:			
Balance as per last Balance Sheet	5,147,676,942		985,460,099
Add: Received during year on issue of shares under ESOP	-		123,556,948
Add: Received during year on issue of GDRs	-		4,519,399,378
	5,147,676,942		5,628,416,425
Less: GDR issue expenses	-		161,058,163
Less: Provision for premium payable on redemption of ZCCB [(net of tax of Rs 301,460,213/- (including prior period tax of Rs 141,394,022/-) Previous Year Rs Nil)]	170,396,251		319,681,320
		4,977,280,691	5,147,676,942
General Reserve:			
Balance as per last Balance Sheet	1,125,324,312		155,324,312
Add: Transferred from Profit and Loss Account	368,596,250		970,000,000
Less: Adjustment on account of change in accounting policy for exchange differences (net of tax of Rs 70,607,130/-) (Refer Note 15 to Schedule 15 II)	177,905,897		-
		1,316,014,665	1,125,324,312
Foreign Currency Translation Reserve:			
Balance at the commencement of the year	(1,190,971)		(554,682)
Add: Movement during the year	2,368,494		(636,289)
		1,177,523	(1,190,971)
Profit and Loss Account		11,095,989,210	8,315,438,567
TOTAL		17,405,221,401	14,602,008,162

SCHEDULES

FORMING PART OF THE ACCOUNTS

SCHEDULE 3: FIXED ASSETS

(Amount in Rupees)

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
Particulars	Cost as at 01.04.08	Additions	Deletion / Adjustments	Cost as at 31.03.09	Upto 31.03.08	For the Year	Deletions / Adjustments	Upto 31.03.09	As at 31.03.09	As at 31.03.08
Tangible assets										
Leasehold Land	68,816,572	-	(9,734,725)	78,551,297	1,135,422	874,607	-	2,010,029	76,541,268	67,681,150
Building	18,082,611	-	-	18,082,611	3,833,124	294,747	-	4,127,871	13,954,740	14,249,487
Improvements to leasehold Premises	20,851,243	20,657,433	-	41,508,676	9,159,662	4,418,400	-	13,578,062	27,930,614	11,691,581
Office Equipments (including Computer hardware)	132,468,735	70,864,928	3,669,504	199,664,159	42,994,696	21,651,928	2,469,025	62,177,599	137,486,560	89,474,039
Furniture and Fittings	14,164,571	10,521,164	-	24,685,735	7,296,174	1,200,083	-	8,496,257	16,189,478	6,868,397
Vehicles	14,540,789	11,814,575	1,615,214	24,740,150	2,599,981	2,116,217	997,840	3,718,358	21,021,792	11,940,808
SUB TOTAL	268,924,521	113,858,100	(4,450,007)	387,232,628	67,019,059	30,555,982	3,466,865	94,108,176	293,124,452	201,905,462
Intangible assets										
Trade Mark	496,140	72,000	-	568,140	199,525	64,360	-	263,885	304,255	296,615
Technical Knowhow	633,413	-	-	633,413	633,413	-	-	633,413	-	-
Computer Software	187,969,209	102,171,734	582,435	289,558,508	9,658,768	41,767,013	92,152	51,333,629	238,224,879	178,310,441
SUB TOTAL	189,098,762	102,243,734	582,435	290,760,061	10,491,706	41,831,373	92,152	52,230,927	238,529,134	178,607,056
TOTAL	458,023,283	216,101,834	(3,867,572)	677,992,689	77,510,765	72,387,355	3,559,017	146,339,103	531,653,586	380,512,518
Previous year	231,988,252	230,897,025	4,861,994	458,023,283	58,590,054	23,532,353	4,611,642	77,510,765	380,512,518	173,398,198
Capital Work-In-Progress includes Capital advances Rs 17,272,314/- (Previous Year Rs 1,492,647,000/-)									2,309,427,766	1,692,093,295

Note:

1. Capital Work-In-Progress including capital advances is in respect of land, building and improvements thereto.
2. In respect of capital Work-In-Progress towards purchase of agricultural land aggregating to Rs 474,596,833/- Previous Year Rs 386,005,711/- Refer Note 6 of Schedule 15-II .
3. Exchange difference (loss) (net) included in capital Work-In-Progress Rs 221,152,112/- (Previous year Rs Nil) and Fixed assets Rs 9,734,725 (Previous year Rs Nil) pursuant to amendment to the notification of the Companies (Accounting Standards) Amendment rules 2006 on 31st March 2009, which amended Accounting Standard 11 The Effects of changes in Foreign Exchange Rates. (Refer Note 15 to Schedule 15-II)

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
SCHEDULE 4: INVESTMENTS			
I] Long Term investments [at cost / carrying amount (unless otherwise stated)]			
A) Trade Investments (Unquoted):			
In equity shares			
(i) 21,845,586 (Previous Year: 21,845,586) Equity shares of Rs 5/- each fully paid-up of Multi Commodity Exchange of India Ltd.	109,227,930		109,227,930
(ii) 11,000,000 (Previous Year: 11,000,000) Equity shares of Rs 10/- each fully paid-up of Indian Energy Exchange Ltd.	110,000,000		110,000,000
(iii) 1,150,000 (Previous Year: Nil) Equity shares of Rs 10/- each fully paid-up of MCX-SX Clearing Corporation Ltd.	11,500,000		-
(iv) 661,500,000 (Previous Year: Nil) Equity shares of Re 1/- each fully paid-up of MCX Stock Exchange Ltd. (Refer Note 26 to Schedule 15 II)	661,500,000		-
(v) 1,900 (Previous Year: 1,900) Class B Shares of USD 1,000/- each, fully paid in Dubai Gold and Commodities Exchange DMCC	82,878,000		82,878,000
(vi) 1,496,500 (Previous Year: 1,496,500) Equity shares of Rs 10/- each fully paid-up of Delhi Stock Exchange Ltd.	104,755,000		104,755,000
(vii) 4,50,000 (Previous Year: 450,000) Equity shares of Rs 10/- each fully paid-up of National Stock Exchange of India Ltd.	1,253,125,000		1,253,125,000
(viii) 72,500 (Previous Year: 72,500) Equity shares of Rs 10/- each fully paid-up of Vadodara Stock Exchange Ltd.	11,020,000		11,020,000
(ix) 4,560,000 (Previous Year: 4,370,000) Equity Shares of Rs 10/- each, fully paid in Safal National Exchange of India Ltd.	45,600,000		43,700,000
		2,389,605,930	1,714,705,930
Less: Provision for other than temporary diminution in the value of investments		(45,600,000)	-
		2,344,005,930	1,714,705,930
B) Other than Trade (Unquoted)			
In equity shares of Subsidiary Companies			
(i) 3,040,000 (Previous Year: 3,040,000) Equity shares of Rs 10/- each fully paid-up of IBS Forex Ltd.	30,400,000		30,400,000
(ii) 40,000,000 (Previous Year: 10,000,000) Equity shares of Rs 10/- each fully paid-up of Tickerplant Ltd.	400,000,000		100,000,000
(iii) 29,999,900 (Previous Year: 10,999,900) Equity shares of Rs 10/- each fully paid-up of National Spot Exchange Ltd.	299,999,000		109,999,000
(iv) 5,000,000 (Previous Year: 5,000,000) Equity shares of Rs 10/- each fully paid-up of Riskraft Consulting Ltd.	50,000,000		50,000,000
(v) 149,057,500 (Previous Year: 6,600,000) Equity shares of Re 1/- each (Previous year Rs 10/- each) fully paid-up of atom technologies Ltd.	208,457,500		66,000,000
(vi) 66,000 (Previous Year: 17,000) Equity shares of AED 1000/- each fully paid-up of Financial Technologies Middle East DMCC	767,455,590		198,036,393
(vii) 66,250,000 (Previous Year: 66,250,000) Equity shares of Rs 10/- each fully paid-up of National Bulk Handling Corporation Ltd.	662,500,000		662,500,000
(viii) 1,000,000 (Previous Year: 1,000,000) Equity shares of Rs 10/- each fully paid-up of Global Payment Networks Ltd.	10,000,000		10,000,000
(ix) 50,000 (Previous Year: 50,000) Equity shares of Rs 10/- each fully paid-up of Financial Technologies Communications Ltd.	500,000		500,000
(x) 60,002 (Previous Year: 60,002) Ordinary shares of USD 1/- each fully paid-up of FT Group Investments Pvt Ltd.	2,487,486		2,487,486
(xi) 10,002 (Previous Year: 10,002) Ordinary shares of USD 1/- each fully paid-up of Knowledge Assets Private Ltd.	397,886		397,886
(xii) 328,671 (Previous Year: 328,671) Ordinary shares of MUR 100/- each fully paid-up of Global Board of Trade Ltd.	44,654,034		44,654,034
(xiii) 1 (Previous Year: 1) Ordinary share of USD 1/- each fully paid-up of Singapore Mercantile Exchange Pte Ltd.	30		30
(xiv) 35,000,000 (Previous Year: 25,000,000) Ordinary shares of SGD 1/- each fully paid-up of Singapore Mercantile Exchange Pte Ltd.	1,015,016,925		725,011,457
(xv) 3,750,000 (Previous Year: 50,000) Equity shares of Rs 10/- each fully paid-up of FT Knowledge Management Ltd.	37,500,000		500,000
(xvi) 50,000 (Previous Year: 50,000) Equity shares of Rs 10/- each fully paid-up of Trans-Global Credit and Finance Ltd.	500,000		500,000

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
(xvii) 90 Equity Shares (Previous Year: Nil) of Rand 1/- each in ICX Platform (Pty) Ltd.	49,912,500		-
(xviii) 5,249,900 (Previous Year: Nil) Equity shares of Rs 10/- each fully paid-up of Credit Market Services Ltd.	52,499,000		-
(xix) 50,000 shares (Previous year: Nil) of Rs 10/- each in Takshashila Academia of Economic Research Ltd.	500,000		-
(xx) 50,000 shares (Previous year: Nil) of Rs 10/- each in Boursa India Ltd.	500,000		
(xxi) 4,313,845 (Previous Year: Nil) Equity shares of Rs 10/- each fully			-
paid-up of Apian Finance & Investment Ltd.	54,973,760		-
		3,688,253,711	2,000,986,286
Less: Provision for diminution in the value of investments		(569,025,934)	-
		3,119,227,777	2,000,986,286
In Optionally Convertible Preference shares of Subsidiary Companies			
(i) 7,888,080 (Previous Year: 7,888,080) 5% Optionally convertible Preference Shares of MUR.100/- each fully paid-up of Global Board of Trade Ltd.	1,071,693,600		1,071,693,600
(ii) Nil (Previous Year: 10,000,000) 5% Optionally convertible Preference Shares of SGD 1/- each fully paid-up of Singapore Mercantile Exchange Pte Ltd.	-		290,005,468
(iii) 15,000,000 (Previous Year: NIL) 5% Optionally convertible Preference Shares of USD 1 each fully paid-up of FT Group Investments Pvt. Ltd.	653,700,000		-
		1,725,393,600	1,361,699,068
In Optionally Convertible Preference shares of others			
(i) 230,000 (Previous Year: 230,000) 5% Optionally convertible Preference Shares of Rs 100/- each fully paid-up of Mehul Telecom Pvt Ltd.	23,000,000		23,000,000
Less: Provision for other than temporary diminution in the value of Investments	(23,000,000)		-
		-	23,000,000
In Bonds			
(i) 1,000 (Previous Year: 500) Non convertible redeemable taxable bonds of Rs 10,000/- each of Rural Electrification Corporation Ltd.		10,000,000	5,000,000
In Government securities			
(i) National Saving Certificate- VIII Issue		20,000	-
Total Long Term Investment		7,198,647,307	5,105,391,284
II] Current (at lower of cost and fair value)			-
Other than Trade (Quoted)			
In equity shares others			
(i) 1,033,982 (Previous year: Nil) Equity Shares of MUR 1/- each in Casino Limited (subsequently known as Knowledge Economies Ltd.)		18,454,596	-
(ii) 1,319,281 (Previous Year: 1,319,281) Equity shares of Rs 10/- each fully paid-up of eLogistics Private Limited (net of recoveries)		-	8,154,010
		18,454,596	8,154,010
Other than Trade (Unquoted)			
In equity shares others			
(i) 3,600,000 (Previous Year: 7,507,540) Equity shares of Rs 5/- each fully paid-up of Multi Commodity Exchange of India Ltd. [(including in respect of offer of sale (Refer Note 28 to Schedule-15 II)]		18,000,000	37,537,700
In units of mutual funds			
1 11,035,694.52 (Previous Year: 15,000,000.00) units of Rs 10/- each of ABN Amro Fixed Term Plan-Series 10-Plan F-Instl. Growth	110,356,945		150,000,000
2 18,179,405.07 (Previous Year Nil) units of Rs 10/- each of AIG India Treasury Fund-Super IP-DDR	181,994,024		-
3 10,000,000.00 (Previous Year: 10,000,000.00) units of Rs 10/- each of Birla-FMP INSTL - Series AQ - Growth	100,000,000		100,000,000
4 20,764,507.55 (Previous Year: 201,120,991.71) units of Rs 10/- each of Birla Sunlife Liquid Plus Instl - DDR	207,786,274		201,346,740
5 6,901,522.7 (Previous Year Nil) units of Rs 10/- each of Birla Sunlife Short term Fund-IP-DDR	69,053,185		-
6 10,000,000.00 (Previous Year: 10,000,000.00) units of Rs 10/- each of Birla-FTP INSTL - Series AM - Growth	100,000,000		100,000,000

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

		As at 31st March 2009	As at 31st March 2008
7	30,009,786.89 (Previous Year Nil) units of Rs 10/- each of Baroda Pioneer Liquid Fund	300,286,931	-
8	37,696,468.31 (Previous Year Nil) units of Rs 10/- each of HDFC Cash Management Fund- Treasury Advantage Plan - Wholesale Daily dividend	378,152,122	-
9	10,000,000.00 (Previous Year: 10,000,000.00) units of Rs 10/- each of HSBC Fixed Term Series 44 institutional Growth.	100,000,000	100,000,000
10	5,000,000.00 (Previous Year: 5,000,000.00) units of Rs 10/- each of JM Fixed Maturity Fund- Series-IX - 15 Months - Institutional - Growth Plan	50,000,000	50,000,000
11	14,435,103.15 (Previous Year Nil) units of Rs 10/- each of JP Morgan India Treasury Fund - Super institutional DDR	144,479,504	-
12	40,002,973.7 (Previous Year Nil) units of Rs 10/- each of Principal Cash Management Fund-IP-DDR	400,057,739	-
13	5,000,000.00 (Previous Year Nil) units of Rs 10/- each of Principal PNB Fixed Maturity Plan 385 Days-Series 11	50,000,000	-
14	36,942,042.89 (Previous Year Nil) units of Rs 10/- each of Reliance Medium Term Fund-DDR	631,542,695	-
15	10,000,000.00 (Previous Year Nil) units of Rs 10/- each of Reliance Fixed Horizon Fund - XII-Series 3-Growth	100,000,000	-
16	24,336,741.25 (Previous Year Nil) units of Rs 10/- each of Sundaram BNP Paribas Money Fund Super IP DDR	245,686,704	-
17	10,000,000.00 (Previous Year Nil) units of Rs 10/- each of Sundaram BNP Paribas Fixed Term Plan-F	100,000,000	-
18	10,000,000.00 (Previous Year Nil) units of Rs 10/- each of Sundaram BNP Paribas FTP - 367 days series 8	100,000,000	-
19	90,332.60 (Previous Year Nil) units of Rs 1000/- each of Templeton India treasury management A/c -Super IP - DDR	90,393,396	-
20	12,054,522.82 (Previous Year Nil) units of Rs 10/- each of Templeton India Ultra Short Term Bond-Super-IP-DDR	120,685,061	-
21	1,622,707.73 (Previous Year Nil) units of Rs 10/- each of SBI SHF-Liquid Plus -IP-DDR	16,235,191	-
22	49,180.98 (Previous Year Nil) units of Rs 1000/- each of Tata Liquid Fund - SHIP-DDR	54,813,184	-
23	Nil (Previous Year: 10,059,462.37) units of Rs 10/- each of ABN AMRO Interval Fund - Monthly Plan A - Calendar Monthly Dividend	-	100,595,141
24	Nil (Previous Year: 100,495.35) units of Rs 1,000/- each of AIG Short term Fund-institutional Weekly Dividend	-	100,495,861
25	Nil (Previous Year: 25,000,000.00) units of Rs 10/- each of Birla - FTP INSTL- Series AE - Growth	-	250,000,000
26	Nil (Previous Year: 2,646.60) units of Rs 10/- each of Birla Cash Plus-Instl Premium- Daily Dividend Reinvestment	-	26,518
27	Nil (Previous Year: 5,000,000.00) units of Rs 10/- each of BSL Quarterly Interval Fund - Series 2 - Dividend payout	-	50,000,000
28	Nil (Previous Year: 25,000,000.00) units of Rs 10/- each of BSL Interval Income Fund - Institutional- Monthly Series I, Dividend payout	-	250,000,000
29	Nil (Previous Year: 15,054,404.84) units of Rs 10/- each of BSL Interval Income Fund - Institutional - Monthly Series 2 - Dividend payout	-	150,544,500
30	Nil (Previous Year: 9,274,731.66) units of Rs 10/- each of Birla Income Plus Quarterly Dividend - Reinvestment	-	98,130,370
31	Nil (Previous Year: 10,000,000.00) units of Rs 10/- each of BSL Interval Income Fund institutional - Quarterly - Series III - Dividend payout	-	100,000,000
32	Nil (Previous Year: 8,073,533.01) units of Rs 10/- each of Canara Robeco Liquid Plus-Institutional - Daily Dividend Fund.	-	100,169,131
33	Nil (Previous Year: 15,000,000.00) units of Rs 10/- each of DBS Chola Interval Income Fund - Quarterly Plan B- Institutional Dividend - auto redemption	-	150,000,000
34	Nil (Previous Year: 25,840,535.97) units of Rs 10/- each of DBS Chola Interval Income Fund-Monthly Plan I-A dividend - Auto rollover	-	258,927,373
35	Nil (Previous Year: 9,749,086.77) units of Rs 10/- each of DBS Chola Liquid Fund - Super IP - DDR	-	97,799,914

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

		As at 31st March 2009	As at 31st March 2008
36	Nil (Previous Year: 13,031,948.50) units of Rs 10/- each of DWS Credit Opportunities Cash Fund Weekly Dividend Plan	-	130,746,191
37	Nil (Previous Year: 10,184,335.28) units of Rs 10/- each of ING Vysya Liquid Plus Fund - Institutional Daily Dividend	-	101,876,961
38	Nil (Previous Year: 10,000,000.00) units of Rs 10/- each of ING Fixed Maturity Fund – XXXVI - Institutional Dividend	-	100,000,000
39	11,165,125.97 (Previous Year: 10,366,415.34) units of Rs 10/- each of HDFC Arbitrage Fund Wholesale Plan Quarterly Dividend	111,654,117	103,667,010
40	Nil (Previous Year: 15,000,000.00) units of Rs 10/- each of HDFC FMP 13M March 2008 (VII)- 2- Wholesale Plan Growth	-	150,000,000
41	Nil (Previous Year: 14,498,797.71) units of Rs 10/- each of Kotak Flexi Debt Scheme - Daily Dividend	-	145,438,890
42	Nil (Previous Year: 13,859,389.31) units of Rs 10/- each of Kotak Bond (Regular) - Quarterly Dividend	-	145,857,599
43	10,000,000 (Previous Year: 10,000,000) units of Rs 10/- each of Kotak FMP 15M Series 4 Growth	100,000,000	100,000,000
44	Nil (Previous Year: 5,122,408.50) units of Rs 10/- each of Kotak Quarterly Interval Plan Series 3 Dividend	-	51,224,579
45	534,627.38 (Previous Year Nil) units of Rs 10/- each of Kotak Floater - Long term-DDR	5,388,937	-
46	5,000,000.00 (Previous Year Nil) units of Rs 10/- each of Kotak 13M series 5-Growth	50,000,000	-
47	Nil (Previous Year: 15,000,000.00) units of Rs 10/- each of LICMF Fixed Maturity Plan-Series 37-13 months	-	150,000,000
48	Nil (Previous Year: 45,010,930.20) units of Rs 10/- each of LICMF Fixed Maturity Plan-Series 32-13 months	-	450,109,302
49	Nil (Previous Year: 10,000,000.00) units of Rs 10/- each of LICMF Fixed Maturity Plan- Series 34-16 months	-	100,000,000
50	87,240,215.58 (Previous Year Nil) units of Rs 10/- each of LIC Income Plus Fund - Daily Dividend Plan	872,402,156	-
51	32,682,122.79 (Previous Year: Nil) units of Rs 10/- each of LIC Liquid Mutual Fund	358,852,976	-
52	Nil (Previous Year: 20,494,158.32) units of Rs 10/- each of Lotus India Arbitrage Fund-Dividend	-	207,890,868
53	Nil (Previous Year: 4,905.28) units of Rs 10/- each of Lotus India Liquid Fund-Super Institutional Daily Dividend	-	49,055
54	12,981,827.76 (Previous Year Nil) units of Rs 10/- each of Religare Ultra Short Term Fund-IP-Daily Dividend Reinvestment	130,022,092	-
55	10,000,000 (Previous Year Nil) units of Rs 10/- each of Religare yearly FMP series 1-Plan A - Growth	100,000,000	-
56	Nil (Previous Year: 20,437,839.30) units of Rs 10/- each of Lotus India Liquid Plus Fund- Institutional Daily Dividend	-	204,699,267
57	Nil (Previous Year: 100,475.49) units of Rs 1,000/- each of Mirae Asset Liquid Plus fund - Super institutional Dividend Plan (Daily)	-	100,476,152
58	Nil (Previous Year: 10,171,676.96) units of Rs 10/- each of ICICI Prudential Interval Fund II- Quarterly Interval Plan-C–Retail Dividend-Reinvest Dividend	-	101,716,770
59	10,000,000.00 (Previous Year: 10,000,000.00) units of Rs 10/- each of ICICI Prudential FMP Series 41-19 months Plan - Retail Cumulative	100,000,000	100,000,000
60	15,621,045.64 (Previous Year: 14,086,835.80) units of Rs 10/- each of ICICI Prudential Equity & Derivatives Fund-Income Optimiser - Institutional Dividend-Reinvest Dividend	165,922,005	150,024,801
61	Nil (Previous Year: 998,957.42) units of Rs10/- each of Principal Floating Rate Fund FMP Institutional Option-Daily Reinvestment	-	10,001,861
62	Nil (Previous Year: 275,961.33) units of Rs1,000/- each of Reliance Liquid Plus Fund -Institutional Option-Daily Dividend Plan	-	276,274,031
63	Nil (Previous Year: 20,000,000.00) units of Rs10/- each of Reliance Fixed Horizon Fund IV- Series 7 - Institutional - Growth Plan	-	200,000,000
64	Nil (Previous Year: 5,000,000.00) units of Rs 10/- each of Reliance Fixed Horizon Fund IV- Series 4 - Institutional - Growth Plan	-	50,000,000

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
65 Nil (Previous Year: 9,992,006.40) units of Rs 10/- each of Reliance Monthly Interval Fund Series I- Institutional Dividend Plan	-		100,000,000
66 Nil (Previous Year: 15,000,000.00) units of Rs 10/- each of Sundaram BNP Paribas Fixed Term Plan-D - Institutional- Growth	-		150,000,000
67 10,001,704.90 (Previous Year: 10,001,704.90) units of Rs 10/- each of Templeton Fixed Horizon Fund SeriesVII - Plan C- Institutional- Growth	100,017,049		100,017,049
68 Nil (Previous Year: 10,038,762.85) units of Rs 10/- each of Tata Fixed Income Portfolio Fund Scheme A2 Institutional Monthly Dividend	-		100,491,494
69 Nil (Previous Year: 9,550,985.25) units of Rs 10/- each of Tata Dynamic Bond Fund Option A - Dividend	-		100,315,145
70 Nil (Previous Year: 10,674.64) units of Rs 10/- each of UTI Liquid Plus Fund Institutional - Daily Dividend Reinvestment	-		10,676,928
71 Nil (Previous Year: 58,660,965.10) units of Rs 10/- each of UTI Spread Fund-Dividend Plan - Reinvestment	-		633,573,620
72 57,022,855.93 (Previous Year: 28,658,782.43) units of Rs 10/- each of JM Money Manager Super Plus Plan - Daily Dividend (171)	570,480,055		286,705,326
73 30,865,460.47 (Previous Year: 9,859,816.47) units of Rs 10/- each of LICMF Floating Rate Fund-STP-Dividend Plan	313,235,039		151,339,124
74 44,578,050.96 (Previous Year: 41,132,298.45) units of Rs 10/- each of JM Arbitrage Advantage Fund-Dividend Plan (159)	450,055,544		419,006,498
75 10,000,000.00 (Previous Year: 10,000,000.00) units of Rs 10/- each of Kotak Wealth Builder Series I - Growth	100,000,000		100,000,000
76 3,000,000.00 (Previous Year: 3,000,000.00) units of Rs 10/- each of Kotak Twin Advantage Series III- Growth	30,000,000		30,000,000
77 Nil (Previous Year: 22,148,129.55) shares of USD 1/- each of JPM USD Money Market Fund Capital Daily Dividend Reinvestment	-		871,958,766
		7,209,552,925	8,592,172,835
Total current investments		7,246,007,521	8,637,864,545
TOTAL		14,444,654,828	13,743,255,829
Notes:			
1) Aggregate value of quoted current investments (net of diminution)		18,454,596	-
2) Market value of quoted investments		18,454,596	-
3) Aggregate value of unquoted investments (net of other than temporary diminution)		14,426,200,232	13,743,255,829

4) Purchased and sold during the year

Investments in Mutual Funds

(Amount in Rupees)

Name of The Scheme	Face Value	No of Units	Cost
1 ABN AMRO Interval Fund Monthly Plan A Calender Monthly Dividend	10	11,624	116,241
2 ABN AMRO Interval Fund Monthly Plan A Dividend Redemption	10	5,062,318	50,623,175
3 Fortis Overnight Fund -IP-DDR	10	20,087,662	200,921,647
4 Fortis Money Plus-IP-DDR	10	10,206,131	102,062,325
5 ABN Amro Interval Fund Series 2-Quarterly Plan M Interval Dividend Redemption	10	15,000,000	150,000,000
6 AIG SDort term Fund-institutional Weekly Dividend	1,000	396	396,592
7 AIG India Treasury Fund-Super IP-DDR	10	13,331,856	133,465,209
8 AIG Quarterly Interval Fund Series 1-Dividend Payout	1,000	50,000	50,000,000
9 AIG Quarterly Interval Fund Series 2-Dividend Payout	1,000	50,000	50,000,000
10 AIG India Liquid Fund-Super-IP-DDR	1,000	270,528	270,779,388
11 Bharti Axa Liquid Fund-IP-DDR	1,000	241,110	241,110,176
12 Birla Cash Plus-Institutional Premium Plan-DDR	10	19,965,960	200,048,939
13 Birla Sunlife Savings Fund - Daily Dividend Reinvestment	10	82,175,022	822,309,011
14 Birla Sunlife Short term Fund - IP-DDR	10	64,964,270	650,000,000
15 Birla Sunlife Income Plus Quarterly Dividend Reinvest	10	266,533	2,806,203

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

Name of The Scheme	Face Value	No of Units	Cost
16 BSL Quarterly Interval Fund-Series 8-Dividend Payout	10	10,000,000	100,000,000
17 BSL Interval Income Fund-Quarterly Plan Series 4	10	10,000,000	100,000,000
18 BSL Interval Income Fund-Quarterly Plan Series 1	10	10,000,000	100,000,000
19 BSL Interval Income Fund-Institutional-Monthly Series II Dividend payout	10	56,539	565,392
20 BSL Interval Income Retail-Monthly Series II Dividend payout	10	10,000,000	100,000,000
21 BSL Interval Income Fund Quarterly Series 9	10	10,000,000	100,000,000
22 Canara Robeco Interval Monthly Institutional Dividend Fund	10	9,993,005	100,000,000
23 Canara Robeco Liquid Fund-IP-DDR	10	29,473,075	295,939,150
24 Canara Robeco Liquid Fund-Super IP-DDR	10	147,201,264	1,478,047,897
25 Canara Robeco Tresury Advantage Fund Super IP DDR	10	20,113,475	249,549,891
26 Canara Robeco Interval Scheme-Series 2 (Quarterly Plan 2)	10	10,000,000	100,000,000
27 Canara Robeco FMP Series 3 Quarterly Plan 4	10	10,000,000	100,000,000
28 Canara Robeco Liquid Plus-IP-DDR	10	88,034	1,092,251
29 DBS Chola Interval Income Fund-Monthly Plan A	10	4,984,051	50,000,000
30 DBS Chola Interval Income Fund-Monthly Plan A Dividend	10	145,441	1,459,990
31 DBS Chola Interval Income Fund-Quarterly Plan B - Dividend payout	10	30,709	307,500
32 DBS Chola Fixed Maturity Plan Series 10 (Quarterly Plan 2)	10	10,000,000	100,000,000
33 DBS Chola Freedom Income Fund-IP-DDR	10	41,299,170	413,359,679
34 DBS Chola Liquid Fund - Super IP - DDR	10	22,798	228,698
35 DWS Insta Cash Fund Institutional Fund DDR	10	35,450,109	355,192,367
36 DBS Chola Liquid Fund-IP-DDR	10	65,319,401	655,472,276
37 DWS Credit Opportunities Cash Fund WDR	10	36,159,949	363,831,429
38 DWS Short Maturity Fund WDR	10	4,966,115	50,193,682
39 DWS Fixed Term Fund - Series 52- Growth	10	15,000,000	150,000,000
40 DWS Fixed Term Fund - Series 58-Dividend Payout	10	10,000,000	100,000,000
41 DWS Liquid Plus Fund-IP-DDR	10	10,046,481	100,615,507
42 Fidelity Liquid Plus Fund-Super-IP-DDR	10	10,099,117	101,010,398
43 Fidelity Cash Fund-Super-IP-DDR	10	9,999,285	100,017,853
44 IDFC Fixed Maturity Plan-Quarterly Series 36	10	15,000,000	150,000,000
45 IDFC Liquid Plus TP Super IP Plan C DDR	10	15,002,773	150,050,231
46 ING Vysya Liquid Plus Fund-Institutional Daily Dividend	10	10,128,054	101,313,966
47 HDFC Cash Management Fund- Savings Plan - DDR	10	59,004,925	627,599,980
48 HSBC Cash Fund - IP Plus - DDR	10	15,058,502	150,669,351
49 JM - High Liquidity Fund-DDR	10	12,790,700	128,118,047
50 JM High Liquidity Fund-Super-IP-DDR	10	62,941,178	630,450,310
51 JM Fixed Maturity Fund-Series X-Quarterly Plan 2 - Dividend Payout	10	10,001,778	100,017,782
52 JM Fixed Maturity Fund Series XII Quarterly Plan 2	10	10,000,000	100,000,000
53 JM Interval Fund Quarterly Plan 2 - Institutional Dividend	10	10,000,000	100,000,000
54 JM Interval Fund Quarterly Plan 4 - Institutional Dividend	10	10,400,523	104,005,236
55 JM Money Manager Super Plus Plan - DDR	10	77,764,851	777,975,664
56 JM Interval Fund-Quarterly Plan 5 - Institutional Dividend	10	10,599,581	105,995,812
57 JM Interval Fund-Quarterly Plan 6 - Institutional Dividend	10	8,322,491	83,224,921
58 JP Morgan India Liquid Fund-IP-DDR	10	39,976,583	400,081,644
59 JP Morgan India Treasury Fund - Super Institutional DDR	10	41,107,810	411,443,961
60 JP Morgan India Liquid Fund-SuperIP-DDR	10	19,107,910	191,230,048
61 JP Morgan India Active Bond Fund-Institutional-DDR	10	40,008,164	400,081,644
62 Kotak Liquid (Institutional Premium) Daily Dividend Reinvestment	10	77,522,478	947,952,619
63 Kotak Flexi Debt Scheme Institutional-Daily Dividend	10	107,312,107	1,078,218,396
64 Kotak Bond Regular - Quarterly Dividend	10	194,264	2,016,541
65 Kotak Quarterly Interval Plan Series 5	10	9,997,900	100,000,000
66 Kotak Quarterly Interval Plan Series 6	10	10,387,011	103,962,030
67 Kotak Quarterly Interval Plan Series 3 Dividend	10	388,445	3,885,528
68 Kotak Floater - Long term-DDR	10	4,960,416	50,000,000
69 Kotak Quarterly Interval Plan Series 2	10	24,992,003	250,000,000
70 Kotak Monthly Interval Plan Series 2	10	10,000,000	100,000,000
71 Kotak Quarterly Interval Plan Series 7	10	10,000,000	100,000,000
72 Kotak FMP 1 M Series 1-Dividend Payout	10	5,000,000	50,000,000
73 Kotak FMP 3 M Series 31-Dividend Payout	10	10,000,000	100,000,000
74 LIC Liquid Mutual Fund	10	10,063,106	110,493,909

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

Name of The Scheme	Face Value	No of Units	Cost
75 LICMF Floating Rate Fund-STP-Dividend Plan-WDR	10	49,978,233	507,229,023
76 LICMF Interval Fund Monthly Plan Series 1-Dividend Payout	10	9,978,845	100,000,000
77 LIC Income Plus Fund-Daily Dividend Plan	10	72,797,161	727,971,610
78 LICMF Liquid Fund-Dividend plan	10	365,954,020	4,018,211,735
79 Lotus India Arbitrage Fund	10	225,900	2,295,808
80 Lotus India Arbitrage Fund-Dividend Option	10	1,222,296	12,422,112
81 Lotus India Liquid Plus Fund- IP-DDR	10	20,678,112	207,105,768
82 Lotus India Monthly Interval Plan A	10	15,412,759	154,128,882
83 Lotus India Liquid Fund-Institutional Plus DDR	10	10,212,554	102,153,140
84 Religare Liquid Fund-Super IP DDR	10	27,992,710	280,022,073
85 Religare Ultra Short Term Fund-IP-DDR	10	14,995,947	150,194,909
86 Mirae Asset Liquid Plus fund	1,000	223,323	223,635,389
87 Mirae Asset Liquid Fund-Super Institutional-DDR	1,000	300,180	300,394,524
88 Mirae Asset Interval Fund-Quarterly Plan-Series 1	10	5,000,000	50,000,000
89 Mirae Asset Interval Fund-Quarterly Plan-Series 2	10	4,000,000	40,000,000
90 ICICI Pru-Interval Fund II-Quarterly Interval Plan-C-Dividend option	10	128,367	1,283,666
91 ICICI Pru Flexible Income Plan-DDR	10	9,993,556	105,666,862
92 ICICI Prudential Institutional Liquid Plan-Super IP Daily Dividend	10	15,040,287	150,410,394
93 Principal Floating rate FMP-IP-DDR	10	39,553	396,018
94 Reliance Liquidity Fund-DDR Option	10	121,548,867	1,215,865,468
95 Reliance Liquid Plus-IP-DDR	1,000	618,108	618,810,049
96 Sundaram BNP Paribas Liquid Plus Super Institutional Daily Dividend	10	52,732,062	528,638,917
97 Sundaram BNP Paribas Money Fund Super IP DDR	10	86,840,067	876,676,525
98 Sundaram BNP Paribas FTP - 90 Days-Series 9 Institutional Dividend	10	10,001,981	100,019,811
99 Sundaram BNP Paribas Fixed Income Interval Fund Quarterly Series Plan A	10	10,000,000	100,000,000
100 Sundaram BNP Paribas Fixed Income Interval Fund-Quarterly Series Plan E	10	5,000,000	50,000,000
101 SBI Premier Liquid Fund Super-IP-DDR	10	129,825,207	1,302,471,389
102 SBI Magnum Insta cash Fund-DDR	10	10,751,597	180,092,473
103 SBI SHF-Liquid Plus -IP-DDR	10	8,495,752	85,000,000
104 Templeton India treasury management A/c-Super IP-DDR	1,000	250,018	250,186,008
105 Templeton India Ultra Short Term Bond-Super-IP-DDR	10	10,171,278	101,904,000
106 Tata Floater Fund-IP-DDR	10	40,678,682	408,234,978
107 Tata Fixed Horizon Fund Series 19E	10	10,234,791	102,350,369
108 Tata Liquid Fund HIP-DDR	1,000	96,749	107,811,581
109 Tata Liquid Fund-SHIP-DDR	1,000	224,324	250,013,745
110 Tata Dynamic Bond Fund Option A - Dividend Reinvest	10	31,434	330,464
111 UTI Liquid Cash Plan Institutional - Daily Income Option DDR	1,000	414,515	422,575,344
112 UTI Liquid Plus Fund Institutional - DDR	1,000	822,252	822,431,695
113 UTI Fixed Maturity Plan-Quarterly FMP Series: QFMP (05/08-II)	10	10,000,000	100,000,000
114 UTI Short Term Fixed maturity Plan Series I-VII (93 Days)	10	5,116,746	51,167,455
115 Canara Robeco Liquid Fund-Super-IP-DDR	10	30,516,562	306,416,796
116 JM High Liquidity Fund-Super IP-DDR	10	27,487,907	275,332,623
117 Reliance Liquidity Fund-DDR Option	10	46,364,747	463,791,205
118 Reliance Liquid Plus Fund-DDR	1,000	231,904	232,168,034
119 Sundaram BNP Paribas Money Fund-IP-DDR	10	4,458,112	45,005,973
120 Sundaram BNP Paribas Liquid Plus-IP-DDR	10	4,493,975	45,052,095

5) Refer note 7 and 16(d) to Schedule to 15-II for unutilised money out of GDR / FCCB issues.

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
SCHEDULE 5: SUNDRY DEBTORS (UNSECURED)			
Debts outstanding for a period exceeding six months	60,137,300		36,062,271
Other debts	817,882,963		182,794,369
		878,020,263	218,856,640
Less: Provision		37,876,951	29,216,040
TOTAL		840,143,312	189,640,600
Notes: Sundry Debtors include:			
a) Considered good		840,143,312	189,640,600
b) Considered doubtful		37,876,951	29,216,040
TOTAL		878,020,263	218,856,640
SCHEDULE 6: CASH AND BANK BALANCES			
Bank balances:			
(a) With scheduled banks: (Refer Note 7 and 16(d) to Schedule 15-II for unutilised money out of GDR / FCCB issues)			
(i) In current accounts (including in Exchange Earners Foreign Currency account Rs 20,800,428/- (Previous Year Rs 8,028,446/-)		557,708,034	194,555,848
(ii) In deposit accounts*		3,841,962,617	3,304,138,256
(b) With others:			
(i) with PNC Bank - New Jersey Branch in current account Maximum amount outstanding at any time during the year Rs 6,831,431 (Previous Year Rs 4,533,096/-)		167,960	-
(ii) with PNC Bank - New Jersey Branch in deposit account Maximum amount outstanding at any time during the year Rs 7,842,800 (Previous Year Rs 6,912,979/-)		7,842,800	3,778,017
*[Includes Rs 150,861,727/- (Previous Year: Rs 170,091,755/-) under lien with bank against bank guarantees]			
TOTAL		4,407,681,411	3,502,472,121
SCHEDULE 7: OTHER CURRENT ASSETS			
Interest accrued on bank fixed deposits		105,052,802	17,664,464
Dividend accrued on investments		-	2,511,425
TOTAL		105,052,802	20,175,889
SCHEDULE 8: LOANS AND ADVANCES (UNSECURED)			
Loans and advances to subsidiary companies	306,376,554		54,923,042
Advances recoverable in cash or kind or for value to be received	204,463,943		181,043,074
Advance income tax including tax deducted at source (net)	375,642,173		63,885,992
Premises and other deposits	206,656,964		123,610,984
		1,093,139,634	423,463,092
Less: Provision		7,258,628	7,258,628
TOTAL		1,085,881,006	416,204,464
Notes:			
1 Loans and Advances include:			
a) Considered good		1,085,881,006	416,204,464
b) Considered doubtful		7,258,628	7,258,628
		1,093,139,634	423,463,092
2 Rs 203,140,918 (Previous Year Rs 120,287,898/-) paid as deposits towards premises taken on lease.			
3 Balance due from officer of the Company [Maximum amount outstanding at any time during the year Rs 378,682 (Previous Year Rs 455,893/-)]		-	378,682
4 Balance with Excise department		977,549	732,795
5 Includes advance made to following companies under the same management during the previous year. During the year, the said Company ceases to be under the same management hence only balances as at 31st March 2008 have been given. Multi Commodity Exchange of India Limited, Previous year Rs Nil. Maximum balance outstanding at any time during they year Rs Nil (Previous Year Rs 11,852,020/-)			

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

		As at 31st March 2009	As at 31st March 2008
SCHEDULE 9: CURRENT LIABILITIES			
Sundry creditors #			
Total outstanding dues to micro and small enterprises	-		-
Total outstanding dues of creditors other than micro and small enterprises	459,482,259		394,294,086
		459,482,259	394,294,086
Subsidiary Companies*		38,586,503	13,445,862
Unclaimed dividend**		4,800,587	3,755,842
Unearned revenue		169,698,035	152,027,803
Other liabilities		61,561,980	37,289,606
TOTAL		734,129,364	600,813,199

#Disclosures as required under Schedule VI of the Companies Act, 1956 relating to amounts unpaid as at the year end together with interest unpaid / payable etc. have been considered and disclosed on the basis of and to the extent replies to the Company's communication received from vendors / suppliers etc. regarding their status under the Micro, Small and Medium Enterprises Developement Act, 2006

*Represents rent deposits, advance against services and reimbursement of expenses

**No amount due and outstanding to be credited to Investor Education and Protection Fund.

	As at 31st March 2009	As at 31st March 2008
SCHEDULE 10: PROVISIONS		
For taxation (including wealth tax) (net)	4,426,093	560,086
For fringe benefit tax (net)	8,051	2,186,379
For employee benefits		
Leave encashment	50,047,206	26,824,612
Gratuity (Refer Note 17 to Schedule 15 II)	18,618,540	6,340,605
For premium on redemption of ZCCBs [Refer Note 16 (c) to Schedule 15 II]	887,843,584	415,987,120
Proposed dividend	91,767,274	183,534,548
Tax on dividend	15,595,848	31,191,696
TOTAL	1,068,306,596	666,625,046

SCHEDULES

FORMING PART OF THE ACCOUNTS

(Amount in Rupees)

	As at 31st March 2009		As at 31st March 2008
SCHEDULE 11: SALES			
Products (IPR Based-License)		824,701,381	939,519,700
Services (Project Based)		2,457,626,463	433,008,540
Sale of Goods (Trading)		113,111,415	58,987,842
TOTAL		3,395,439,259	1,431,516,082
SCHEDULE 12: OTHER INCOME			
Dividend from investments:			
Long Term - (from subsidiary company)	-		87,675,000
Long Term - (trade from others)	17,367,793		2,925,000
Current investments (from subsidiary company)	-		37,575,000
Current investments (other than trade)	417,192,046		335,137,223
		434,559,839	463,312,223
Interest:			
From bank on deposit accounts		191,810,867	129,690,276
From others		35,765,809	3,935,725
Tax deducted at source Rs 5,745,362 (Previous Year: Rs 2,766,336/-)			
Shared Business Support Services		211,200,000	-
IT infrastructure sharing income		9,140,148	-
Gain on extinguishment of debt [(net of commission of Rs 9,898,253/-) (Previous year Rs Nil)]		115,340,252	-
Profit on sale of investments (net) [(Other than trade) (Refer Note 14 to Schedule 15 II)]			
Long term investments	-		3,468,275,627
Current Investments (Refer Note 28 to Schedule 15 II)	2,202,653,851		7,741,846,625
		2,202,653,851	11,210,122,252
Exchange rate fluctuations (net)		513,223,983	280,089,516
Miscellaneous income		4,878,555	12,063,051
TOTAL		3,718,573,304	12,099,213,043
SCHEDULE 13: OPERATING AND OTHER EXPENSES*			
Payment to and provisions for employees:			
Salaries and bonus	873,749,349		445,347,707
Contribution to provident fund and other funds	28,605,518		18,202,357
Gratuity	31,505,824		7,324,160
Staff welfare expenses	14,339,321		12,975,126
		948,200,012	483,849,350
Electricity		34,298,054	10,306,794
Brokerage and commission charges		24,604,761	21,453,966
Rent (Refer Note 10 to Schedule 15 II)		217,724,431	46,598,712
Rates and taxes		21,853,105	180,789
Service charges		34,633,018	17,828,579
Repairs and maintenance - others		16,093,584	9,181,878
Travelling and conveyance		32,633,186	27,523,653
Communication expenses		25,393,069	20,132,176
Insurance		1,380,990	1,386,939
Diminution in value of current investments		5,878,382	62,012,003
Diminution in value of long term investments		637,625,934	-
Loss on sale of fixed assets (net)		721,216	133,352
Legal and professional charges		86,798,207	60,801,918
Sponsorship expenses		5,172,653	16,005,585
Membership and subscription fees		8,388,747	14,490,931
Irrecoverable debts / advances written off		8,490,070	378,689
Provision for doubtful debts / advances		8,551,000	10,342,000
Miscellaneous expenses		134,539,070	78,483,796
TOTAL		2,252,979,489	881,091,110
*Net of recoveries on account of sharing of common expenses with group companies (Refer Note 13 to Schedule 15 II)			
SCHEDULE 14: INTEREST			
Interest on:			
On Fixed loans (Commercial paper)		-	93,135,600
Others		1,397,420	16,178,450
[(including delayed tax payment Rs 1,273,649) (Previous year Rs 16,148,537/-)]			
TOTAL		1,397,420	109,314,050

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO ACCOUNTS

SCHEDULE 15: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

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 and the provisions of the Companies Act, 1956.

B. Use of estimates

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

C. Fixed assets (tangible assets)

Fixed assets are stated at cost of acquisition or construction and carried at cost less accumulated depreciation and impairment loss, if any.

D. Intangible assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible asset that meets the recognition criteria. Intangible assets are stated at cost of acquisition and are carried at cost less accumulated amortisation 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 recognised as expenses on a straight line basis over the lease term in accordance with the respective lease agreements.

F. Depreciation and amortisation

Depreciation and amortisation is provided for on straight line basis and using the rates prescribed in Schedule XIV of the Companies Act, 1956 except for following assets which are depreciated over the useful lives stated as follows:

Asset	Estimated useful life
Leasehold improvements to premises	Period of lease
Premium on leasehold land	Period of lease
Patent and Trademarks	8 years
Technical know-how and computer software	6 years

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 carrying amount of the investment determined on average cost basis and sale proceeds, net of expenses, is recognised as profit or loss on sale of investments.

H. Revenue recognition

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

Revenue from sale of licenses for the use of software applications is recognised on transfer of the title in the user license.

Revenue from fixed price service contracts is recognised 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 customised software, revenue is recognised on successful development and acceptance of the software.

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

Revenue from annual maintenance contracts, lease of licenses, IT infrastructure sharing income and Shared Business Support Services is recognised proportionately over the period in which the services are rendered / licenses are leased.

Revenue from sale of traded goods is recognised 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 recognised when the Company's right to receive dividend is established. Interest income is recognised on time proportion basis. Insurance claim is recognised when such claim is admitted by the Insurance Company.

I. Foreign currency transactions and translation

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the balance sheet date and hitherto, the resultant exchange differences were recognised in profit and loss account. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 issued on 31st March 2009, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long term monetary items are dealt with in the following manner:

i) Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

ii) In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised to the profit and loss account over the balance life of the long-term monetary item, however that the period of amortisation does not extend beyond 31st March 2011. (Refer Note 15 below).

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO ACCOUNTS

Exchange differences relating to long-term monetary items that have been recognised in the profit and loss account during the previous year ended 31st March 2008 have been reversed from the opening balance of General Reserve and accounted for in accordance with (i) and (ii) above.

All other exchange differences are dealt with 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 arising from 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 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.

J. Employee Benefits

a) Post employment benefits and other long term benefits

Payments to defined contribution retirement schemes and other similar funds 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 recognised in full in the profit and loss account for the period in which they occur. Past service cost is recognised 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 recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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 recognised 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 capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Premium relating to redemption of Zero Coupon Convertible Bonds is debited to Securities Premium Account as permitted under section 78 of the Companies Act, 1956. 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 recognises 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 realised. 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').

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 amortised 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

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO ACCOUNTS

measurement are recognised 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 recognised but disclosed by way of notes to the accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

P. Inventories

Inventories are stated at lower of cost or net 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 arrived at using First in First out (FIFO) basis.

II. NOTES FORMING PART OF ACCOUNTS:

(Amount in Rupees)

Particulars	Current Year	Previous Year
1. Estimated amount of contracts to be executed on capital account and not provided for (net of advances)	102,794,826	384,057,661
2. Contingent liabilities not provided for in respect of:		
(a) Guarantees given to third parties by the Company on behalf of it's subsidiary companies.	1,296,535,600	111,275,926
(b) Income tax demands against which the Company is in appeal (including adjustable against Securities Premium account Rs 194,103,143/- (Previous Year Rs Nil)	253,569,185	720,663
(c) Service tax and excise dues contested by the Company. The Company is hopeful of positive outcome.	8,303,968	7,448,968
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		
(i) For GDR Issue related reports / certificates	-	6,500,000
(ii) For other services such as certificates, abridged accounts etc	890,000	735,000
(d) For reimbursement of out of pocket expenses	30,756	37,554
TOTAL	3,420,756	11,072,554
4. (a) Managerial remuneration under Section 198 of the Companies Act, 1956 paid or payable during the year		
(i) Salaries and allowances*	44,455,251	39,598,216
(ii) Perquisites	4,991,941	4,249,486
(iii) Provision for compensated absences	617,232	549,976
(iv) Commission to Managing Director	115,000,000	-
TOTAL	165,064,424	44,397,678
*Excludes gratuity and compensated absences which are actuarially valued and where separate amounts are not identifiable.		
The aforesaid remuneration includes remuneration to the whole time director based on revised remuneration scale as approved by the shareholders		
(b) Managerial remuneration (commission) to a director is Rs Nil from a group company (Previous year Rs 28,000,000)		
(c) The reappointment and remuneration (aggregating Rs 27,510,737) of the managing director and the whole time director with effect from 1st February 2009 by the Board of Directors is subject to approval of the members in the ensuing general meeting. The remuneration by way of salary, perquisites and commission payable from the said date has been fixed by the Board of Directors in accordance with the powers granted to it by the Articles of Association of the Company		
(d) The Company has also paid sitting fees of Rs 360,000/- (Previous Year Rs 404,000/-) to its non executive directors during the year.		
(e) Computation of net profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956		
Net profit before tax	4,648,188,085	12,415,425,588
Add: Directors remuneration (including commission)	165,064,424	44,397,678
Directors sitting fees	360,000	404,000
Provision for doubtful debts / advances	8,551,000	10,342,000
Provision for diminution in value of investments	643,504,316	62,012,003
Loss on sale of fixed assets (net)	721,216	133,352
	5,466,389,041	12,532,714,621

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO ACCOUNTS

(Amount in Rupees)

Particulars	Current Year	Previous Year
Less: Profit on sale of investments (net)	2,202,653,851	11,210,122,252
Gain on extinguishment of debt (net)	115,340,252	-
Net profit under Section 349 of the Companies Act, 1956	3,148,394,938	1,322,592,369
(a) Eligible salaries, perquisites and commission @ 10% of above	314,839,494	132,259,237
(b) Commission to Managing Director (As decided by Board of Directors)	115,000,000	-
(c) Commission to Non whole time director (As decided by Board of Directors)	-	-

5. During the previous year, the Company had sold part of its investment in it's unlisted group company to certain investors. The Share Purchase agreements included covenants as regards to compensation / exit by the said investors in the envisaged time frame. The said time frame which expired during the year has been extended in one case and in others, the Company is in dialogue for alternatives including extension of time frame. Subsequent to the Balance Sheet date, part of the said shares have been sold by one of the investors to other investors on similar terms. The Company has also received enquiries from other potential investors for investments in the said group company on better terms.

6. Capital work-in-progress (Refer Schedule 3) includes amount aggregating Rs 474,596,833/- (Previous year Rs 386,005,711) towards purchase of agricultural lands for, interalia setting up of a Research and Development and other related centers. 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 capitalised on receipt of necessary permissions.

7. During the previous year, the Company had allotted 1,662,811 equity shares of Rs 2/- each fully paid (based on seven GDRs representing one equity share) consequent to the issue of 11,639,677 Global Depository receipts ('GDRs') aggregating USD 115 million equivalent to Rs 4,522,725,000/-.

   Statement of utilisation of proceeds out of GDR as of 31st March 2009:

Particulars	Rupees
Proceeds received (net of expenses)	4,361,666,837
Less: Deployment up to 31st March 2008	1,206,612,780
Balance pending utilisation as on 31st March 2008	3,155,054,057
Deployment for the year ended 31st March, 2009	
Investment in and loans to subsidiaries	1,409,943,672
Capital Expenditure	121,194,873
Repurchase of Zero Coupon Convertible Bonds (ZCCBs) (Refer Note 16 (b)	357,968,800
Others (including foreign exchange fluctuations)	(196,783,756)
Total utilised	1,692,323,588
Balance held as under (pending utilisation)	
(a) in Current and Deposit account in Scheduled banks (included in Schedule 6)	1,894,892,382
(b) Unrealised foreign exchange gain	(432,161,913)
Total Balance pending utilisation	1,462,730,469

8. Stock based compensation:

   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	31st October 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	20th November 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 twelve months (Previous year three to fifteen months) from the respective vesting dates.

   During the year Company, due to adverse stock market conditions and vis-à-vis Company's share price, on request of option holders, cancelled options granted under ESOP 2006 scheme.

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

Particulars	ESOP 2005 (Nos.)	ESOP 2006 (Nos.)
Options outstanding as at the beginning of the year	211,800	440,000
	(345,440)	(440,000)
Options granted during the year	-	-
	(-)	(-)
Options exercised during the year	-	-
	(126,130)	(-)
Options lapsed / forfeited / cancelled during the year	4,375	440,000
	(7,510)	(-)
Options outstanding as at the year end	207,425	-
	(211,800)	(440,000)
Options exercisable as at the year end	207,425	-
	(-)	(220,000)

(Previous year's figures are given in brackets).

Lapsed options available for grant / re-issuance are: 20,685 (Previous year 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 using the fair value approach, the Company's net profit for the year would have been higher (in view of options cancelled and previous amortisation written back) by Rs 181,460,227/- (Previous year lower by Rs 187,308,704/-) and earnings per share as reported would be higher as indicated below:

(Amount in Rupees)

Particulars	Current Year	Previous Year
Net profit for the year	3,685,962,503	9,612,519,167
Add / (Less): Total stock-based employee compensation income/expense determined under fair value based method	181,460,227	(187,308,704)
Adjusted net profit for basic EPS	3,867,422,730	9,425,210,463
Less: Adjustment for potential conversion of ZCCBs (net of tax)	-	230,810,566
Adjusted net profit for diluted EPS	3,867,422,730	9,194,399,897
Weighted average no. of shares		
Basic	45,883,637	44,887,847
Add: Effect of dilutive options	-	195,734
Diluted	45,883,637	45,083,581
Basic and diluted earnings per share (face value Rs 2/- per share)		
As reported (in Rs) Basic	80.33	214.15
Diluted	80.33	208.10
As Adjusted (in Rs) Basic	84.29	209.97
Diluted	84.29	203.94

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 2006	ESOP 2005
(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.		

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9. The tax effect of timing differences that have resulted in deferred tax assets / liabilities are given below:

(Amount in Rupees)

	As at 31st March 2009	As at 31st March 2008
a) Deferred tax liability:		
Depreciation	102,947,736	33,811,169
Investments	119,226,907	-
	222,174,643	33,811,169
b) Deferred tax asset:		
Provision for doubtful debts, advances etc.	15,304,225	12,397,740
Diminution in the value of investments	12,916,185	17,771,865
Provision for Leave Encashment and Gratuity	23,111,354	11,272,857
Others	4,139,597	3,347,294
	55,471,361	44,789,756
Net deferred tax liability / (asset)	166,703,282	(10,978,587)

10. The Company has entered into operating lease agreements for its development centers ranging from 7 months to 36 months. The lease rentals recognised in the profit and loss account during the year and the future minimum lease payments under non cancellable operating lease are as follows:

(Amount in Rupees)

	Current Year	Previous Year
Lease rentals (net of recoveries Rs 1,492,258/-) (Previous year Rs 19,997,795/-) (included in Schedule 13 'Rent'.)	125,754,477	27,084,089
Obligations on non-cancellable leases		
Not later than one year	160,947,000	92,942,790
Later than one year and not later than five years	183,479,579	158,558,355
Later than five years	-	-

11. 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):

(Amount in Rupees)

Nature of Expenses	Current Year	Previous Year
GDR expenses	-	161,058,163
Salaries	14,850,960	15,346,598
Travelling expenses	10,872,181	6,902,130
Professional fees	25,942,935	4,941,393
Membership & Subscription fees	1,862,547	13,299,729
Rent	96,419	93,705
Purchase of goods for trading	35,996,438	3,328,812
Other matters	10,592,104	5,195,019
TOTAL	100,213,584	210,165,549

b) Earnings in foreign currency (including foreign branches):

(Amount in Rupees)

Nature of Income	Current Year	Previous Year
Export of Products (IPR based)	35,433,974	35,030,868
Export of Services (Project based)	1,230,691,267	55,889,358
Interest on deposits / others	109,488,150	125,930,760
Profit on Sale of Investment	2,067,280,550	3,521,618,223
Other matters	9,267,107	7,884,386
TOTAL	3,452,161,048	3,746,353,595

C) Trading Goods:

Class of Goods	Opening Stock Qty (Nos)	Opening Stock Amount (Rs)	Purchases Qty (Nos)	Purchases Amount (Rs)	Sales Qty (Nos)	Sales Amount (Rs)	Closing Stock Qty (Nos)	Closing Stock Amount (Rs)
Computer hardware including	1	390,798	2,170	72,964,508	2,171	93,229,982	-	-
peripherals and support charges	(-)	(-)	(154)	(31,919,123)	(153)	(42,524,761)	(1)	(390,798)
Computer software including	-	-	48	13,489,617	48	19,881,433	-	-
licenses and subscription charges	(-)	(-)	(1473)	(13,884,808)	(1,473)	(16,463,081)	(-)	(-)
TOTAL	1	390,798	2,218	86,454,125	2,219	113,111,415	-	-
	(-)	(-)	(1,627)	(45,803,931)	(1,626)	(58,987,842)	(1)	(390,798)

12. Segment Reporting

The Company has presented segmental information in 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.

13. Related Party information:

I. Names of related parties and nature of relationship:

(i) Entities where control exists (Subsidiaries, including step down subsidiaries)

1. TickerPlant Ltd. (TickerPlant) (Formerly known as TickerPlant Infovending Ltd.)
2. IBS Forex Ltd. (IBS)
3. atom technologies Ltd. (atom)
4. Riskraft Consulting Ltd. (Riskraft)
5. National Spot Exchange Ltd. (NSEL)
6. National Bulk Handling Corporation Ltd. (NBHC)
7. Financial Technologies Middle East - DMCC (FTME)
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 Corporation PTE Ltd. (Subsidiary of SMX) (SMX-CCL)
18. Financial Technologies Middle East FZ-LLC
19. Capricorn Fin-Tech (Pvt). Ltd. (Subsidiary of FTME)
20. Bourse Africa Ltd. (Subsidiary of FTGIPL) (w.e.f. 15th October 2008)
21. Boursa India Ltd. (w.e.f. 16th February 2009)
22. ICX Platform (Pty) Ltd. (w.e.f 7th April 2008)
23. Credit Market Services Ltd. (CMSL) (w.e.f. 23rd May 2008)
24. Takshashila Academia of Economic Research Ltd. (TAER) (w.e.f 9th June 2008) (Takshashila).
25. Apian Finance & Investments Ltd. (w.e.f. 25th April 2008)
26. Grameen Pragati Foundation (Subsidiary of atom) (w.e.f. 25th July 2008) (up to 2nd February 2009)
27. Bahrain Financial Exchange BSC (c) (BFX) (Subsidiary of FTME) (w.e.f. 18th September 2008)

(ii) Associate Companies:

1. Multi Commodity Exchange of India Ltd. (MCX)
2. MCX-SX Clearing Corporation Ltd. (MCX-SX CCL) (w.e.f. 7th November 2008)
3. Indian Energy Exchange Ltd. (IEX)
4. ACE Group (Audit Control and Expertise Global Ltd.) (w.e.f 9th April 2008)
5. MCX Stock Exchange Ltd. (w.e.f 8th September 2008) (MCX-SX)

(iii) Joint Venture Companies:

1. Dubai Gold and Commodities Exchange (DGCX) - Jointly controlled in which Company holds 18.60% Share Capital (Previous year 19%).
2. Safal National Exchange of India Ltd. (SNX) Jointly controlled (Up to 29th October 2007) in which Company holds 19% Share Capital.

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(iv)Key Management Personnel

1. Mr. Jignesh Shah : Chairman and Managing Director
2. Mr. Dewang Neralla : Wholetime Director

(v) Relative of the Key Management Personnel where transactions have taken place

Mr. Manjay Shah : Director - Business Development

(vi)Entity over which key management personnel is able to exercise significant influence.

La-fin Financial Services Private Ltd. (La-fin).

II. Transactions with subsidiaries, associates and joint venture entities:

(Amount in Rupees)

Sr. No.	Nature of Transaction	Subsidiary Companies	Associate Companies	Joint Venture Companies
1.	Loan:			
	- Opening balance	29,800,000	-	-
		(-)	(-)	(-)
	- Given during the year	616,832,030	-	-
		(192,600,000)	(-)	(-)
	- Repaid during the year	389,650,000	-	-
		(162,800,000)	(-)	(-)
	- Balance at the end of the year	256,982,030	-	-
		(29,800,000)	(-)	(-)
2.	Sales - Services (Project based)	107,750,652	1,085,350,351	-
		(196,862,108)	(131,112,360)	(45,271,255)
3.	Other Income			
	- Shared business support services	82,200,000	129,000,000	-
		(-)	(-)	(-)
	- IT infrastructure sharing income	3,848,278	5,291,869	-
		(-)	(-)	(-)
	- Rendering of services - IEX	-	-	-
		(-)	(7,200,000)	(-)
4.	Sale of traded goods	6,885,179	101,986,390	-
		(8,682,445)	(16,027,070)	(26,157,513)
5.	Sales - Products (IPR Based License)	1,230,958,482	25,814,856	-
		(56,448,118)	(4,912,500)	(-)
6.	Sale of fixed assets - MCX	-	1,840,181	-
		(-)	(-)	(-)
7.	Purchase of fixed assets	11,137,382	31,764,209	-
		(-)	(-)	(-)
8.	Recoveries charged by the Company towards expenses	59,513,300	38,525,759	-
	(Refer Schedule 13)	(63,248,287)	(14,170,946)	(834,440)
9.	Reimbursement of expenses charged to the Company			
	- by MCX relating to Offer for Sale by the Company as part of	-	3,157,580	-
	the proposed public issue of MCX.	(-)	(10,383,526)	(-)
	- other expenses	13,363,823	28,814,741	-
		(9,729,937)	(4,078,009)	(-)
10.	Advances			
	- Balance as at the close of the year	48,739,287	1,173,872	-
		(25,123,041)	(1,677,683)	(-)
11.	Current liabilities as at the close of the year			
	- Sundry creditors	7,113,853	16,596	-
		(4,169,861)	(37,825,153)	(-)
	- Unearned revenues	23,419,129	28,093,434	-
		(-)	(-)	(-)

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(Amount in Rupees)

Sr. No.	Nature of Transaction	Subsidiary Companies	Associate Companies	Joint Venture Companies
12.	Rent deposits charged by the Company			
	- Amount received towards rent deposits	30,262,412	-	-
		(480,000)	(-)	(-)
	- Rent deposits refunded by the Company	8,721,000	13,843,824	-
		(405,000)	(480,000)	(-)
	- Balance at the close of the year	30,817,412	-	-
		(9,276,000)	(13,843,824)	(-)
13.	Rent deposits charged to the Company by MCX			
	- Amount given towards rent deposits	-	11,679,600	-
		(-)	(230,228)	(-)
	- Balance at the close of the year	-	11,909,828	-
		(-)	(230,228)	(-)
14.	Interest received	14,894,142	-	-
		(3,536,151)	(-)	(-)
15.	Sundry debtors	493,962,450	281,418,788	-
	- Balance as at the close of the year	(58,057,535)	(6,493,613)	(-)
16.	Dividend received from MCX	-	12,722,793	-
		(12,525,000)	(-)	(-)
17.	Miscellaneous expenses-STP system usage charges (MCX)	-	-	-
		(-)	(1,250,000)	(-)
18.	Guarantees given on behalf of			
	- During the year	1,169,542,261	-	-
		(-)	(-)	(-)
	Balance at the close of the year	1,290,535,600	-	-
		(111,275,926)	(-)	(-)
19.	Investments made during the year			
	- Equity / Ordinary shares	1,292,375,697	673,000,000	-
		(896,262,875)	(-)	(28,500,000)
	- Optionally convertible preference shares	653,700,000	-	-
		(-)	(-)	(-)
20.	Investment balance at the close of the year	5,413,647,311	910,227,930	82,878,000
		(3,362,685,354)	(256,765,630)	(82,878,000)

III. Transactions with key managerial personnel, relatives of key managerial personnel and entity in which the key management has control.

(Amount in Rupees)

Sr. No.	Nature of Transaction	Key Managerial Personnel	Relatives of Key Managerial Personnel	Entities in which the key management has control and which exercises significant influence
1.	Salary and allowances	165,064,424	6,000,000	-
		(44,397,678)	(10,800,000)	(-)
2.	Dividend paid during the year	101,959,508	523,016	145,404,756
		(184,805,114)	(590,875)	(261,728,561)
3.	Payment made by the Company as per arbitration award (La-fin)	-	-	967,970
		(-)	(-)	(1,919,998)

Notes:

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

a) Key Managerial Personnel

(Amount in Rupees)

Transaction during the year	Key Managerial Personnel	Amount
Salary and allowances		
	Jignesh Shah	150,170,940
		(34,406,523)
	Dewang Neralla	14,893,483
Dividend paid		(9,991,155)
	Jignesh Shah	101,235,020
		(183,375,036)

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b) Subsidiaries / Associates / Joint Venture Companies.

(Amount in Rupees)

Transactions during the year	atom	TickerPlant	Riskraft	NSEL	NBHC	FTME	CMSL	SMX	SMX-CCL	GBOT	FTKMCL	FTGIPL	Takshashila	MCX (as an associate)	MCX (as a subsidiary)	MCX-SX	IEX (as an associate)	IEX (as a subsidiary)	SNX
Loan given	115,600,000	85,800,000	43,900,000	-	-	202,526,248	115,000,000	-	-	-	-	-	-	-	-	-	-	-	-
	(24,200,000)	(54,300,000)	(14,200,000)	(10,000,000)	(80,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Loan repaid	118,300,000	98,800,000	23,100,000	-	-	-	115,000,000	-	-	-	-	-	-	-	-	-	-	-	-
	(21,500,000)	(41,300,000)	(10,000,000)	(10,000,000)	(80,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sales-Services (Project based)	-	-	-	-	28,915,909	-	-	-	-	-	-	-	-	823,268,749	-	173,247,456	-	-	-
	(-)	(-)	(-)	(-)	(50,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(118,971,306)	(98,545,830)	(-)	(-)	(-)	(45,271,255)
Shared Business Support Services	30,000,000	30,000,000	-	-	-	-	-	-	-	-	-	-	-	108,000,000	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
IT-infrastructure sharing income	-	-	-	962,069	962,069	-	-	-	-	-	-	-	-	3,848,217	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of traded goods	-	-	-	6,885,179	-	-	-	-	-	-	-	-	-	54,798,671	-	31,172,394	16,015,326	-	-
	(-)	(415,926)	(-)	(7,682,817)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(16,027,070)	(-)	(-)	(-)	(-)	(26,157,513)
Sales- Product (IPR based license)	-	-	-	-	-	35,145,952	-	443,115,000	172,322,500	580,375,000	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(35,030,868)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(21,417,250)	(-)	(-)	(-)	(-)
Purchase of Fixed Assets	-	-	-	10,900,982	-	-	-	-	-	-	-	-	-	31,764,209	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Recoveries charged by the company towards expenses (Refer Schedule 13)	11,377,383	6,684,971	-	2,129,718	10,752,496	-	-	-	-	-	-	-	-	32,677,736	-	-	-	-	-
	(-)	(11,055,550)	(-)	(8,145,302)	(1,531,972)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(13,270,701)	(19,833,135)	(-)	(-)	(-)	(834,440)
Reimbursement of expenses charged to the Company - Others	-	-	-	-	6,641,596	-	-	-	-	-	-	-	-	27,295,441	-	-	-	-	-
	(-)	(-)	(-)	(-)	(3,968,434)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(4,026,809)	(3,977,603)	(-)	(-)	(-)	(-)
Interest received	4,949,671	4,506,389	1,863,036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(453,834)	(1,055,892)	(358,167)	(233,333)	(1,178,334)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Rent deposits received from them	4,800,000	10,886,912	-	-	10,945,500	-	-	-	-	-	-	-	3,630,000	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(480,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Rent deposits refunded to them	-	-	-	5,508,000	-	-	-	-	-	-	-	-	-	13,843,824	-	-	-	-	-
	(-)	(405,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(480,000)	(-)	(-)	(-)	(-)	(-)
Investment made during the year	-	300,000,000	-	-	-	569,419,197	-	-	-	-	-	653,700,000	-	-	-	661,500,000	-	-	-
	(-)	(65,000,000)	(-)	(-)	(517,500,000)	(98,377,675)	(-)	(-)	(-)	(-)	(-)	(2,487,400)	(-)	(-)	(-)	(-)	(-)	(109,500,000)	(-)
Guarantee given on behalf of them	-	-	-	1,155,000,000	-	-	-	-	-	-	-	14,542,261	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(90,275,926)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

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14. The Company, as part of its core business strategy promotes and invests in new 'Exchange', 'Technology' and 'Ecosystem' ventures that utilise its technological capabilities and domain expertise towards creating world class enterprises. The investment in each such venture is assessed for its risks and is limited to a pre-determined level and will generate returns after the ventures start ramping-up operations in 2 to 4 years time frame. The Company, as part of its non-linear business model, will continue to unlock value by broadening the investor base of its ventures.

    During the year, the Company sold partial investment held in a group company. The resultant profit of Rs 2,067,280,550/- (Previous year Rs 11,163,893,110) (net of directly attributable brokerage expenses of Rs 98,331,750/- (Previous Year Rs 484,605,972)) is grouped under 'Profit on sale of Investments' in Other Income (Schedule 12) which was hitherto disclosed as 'Project Divestment Income based on nature of income.

15. The Company has adopted the option offered by the notification of the Companies (Accounting Standards) Amendment Rules 2006 which amended Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates".

    Pursuant to the aforesaid notification, exchange differences relating to long term monetary items have been accounted for as described in Accounting policy of Schedule 15-I.

    Accordingly foreign exchange loss (net) of (1) Rs 230,886,837/- has been added to the cost of the fixed assets / capital work-in-progress and (2) Rs 516,543,586/- has been debited to the Foreign Currency Monetary Item Translation Difference Account (unamortised balance at the year end is Rs 352,608,206/-). Consequent to this, profit for the year is higher by Rs 614,017,329/- (net of tax of Rs 217,990,740) and General Reserve is lower by Rs 177,905,897/- (net of tax of Rs 70,607,130).

16. (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 30th January 2007 upto the close of business on 14th December 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 USD 1, subject to certain adjustments as per the terms of the issue. Under certain conditions, the Company, on or after 20th December 2007 but not less than seven business days prior to 21st December 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 during the tenure at their Early Redemption Amount subject to RBI regulations. Unless previously converted or redeemed or purchased and cancelled, the Company will redeem them at 147.14 percent of their principal amount on 21st December 2011.

    (b) During the year, the Company repurchased 9,500 ZCCB's of face value of USD 1,000 each as per Reserve Bank of India Circulars. The resultant gain (net of commission) on such repurchase of Rs 115,340,252/- is included in Schedule -12 'Other Income'. Consequent upon such repurchase, 9,500 ZCCBs stand cancelled. As at Balance sheet date 90,500 ZCCBs having face value of USD 1,000 each are outstanding and disclosed in the Balance Sheet, as restated, as Unsecured Loan.

    (c) The movement in provision for redemption premium payable on redemption of ZCCBs in accordance with Accounting Standard (AS-29) 'Provisions, Contingent Liabilities and Contingent Assets' is as follows:

(Amount in Rupees)

Premium payable on redemption of ZCCBs	As at 31st March 2009	As at 31st March 2008
Opening balance	415,987,120	96,305,800
Add: Provision made during the year	561,326,280	319,681,320
Less: Adjustment on account of buy back of ZCCBs	89,469,816	-
Closing Balance	887,843,584	415,987,120

    (d) Statement of utilisation of proceeds out of ZCCBs till 31st March 2009

	Amount in Rupees
Proceeds received (net of expenses)	4,316,463,071
Less: Deployment upto 31st March 2008	3,568,475,719
Balance pending utilisation as on 31st March 2008	747,987,352
Deployment for the year ended 31st March 2009	
Capital Expenditure	359,652,910
Others (including foreign exchange fluctuations)	(40,288,995)
Total utilised	319,363,915
Balance held as under pending utilisation	
(a) in Current and deposit account in Scheduled bank (included in Schedule 6)	225,171,153
(b) in Mutual Funds	230,897,090
(c) Unrealised gain on foreign exchange	(27,444,806)
Total Balance pending utilisation	428,623,437

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO ACCOUNTS

17. Employee benefit plans:

Defined contribution plans: Amounts recognised as expenses towards contributions to provident fund, employee state insurance corporation and other funds by the Company are Rs 28,605,518/- (Previous Year Rs 18,202,357/-).

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 (Revised)

(Amount in Rupees)

		Gratuity Plan (Funded)	
		2008-09	2007-08
I.	Change in benefit obligation:		
	Projected benefit obligation at the beginning of the year	20,208,052	12,410,170
	Interest cost	1,616,644	992,814
	Current service cost	7,809,701	6,034,181
	Benefit paid	(947,726)	(160,363)
	Cost on amendment of plan	*18,179,314	-
	Actuarial loss on obligations	6,681,696	931,250
	Projected benefit obligation at the end of the year	53,547,681	20,208,052
II.	Change in plan assets		
	Fair Value of the plan asset at beginning of the year	13,867,447	6,550,775
	Expected return on plan assets	1,109,396	524,062
	Contributions	20,721,978	6,842,950
	Benefit paid	(947,726)	(160,363)
	Actuarial gain on plan assets	178,046	110,023
	Fair value of plan assets at the end of the year	34,929,141	13,867,447
	Excess of obligation over plan assets (I-II)	18,618,540	6,340,605
III.	Gratuity expense for the year		
	Current service cost	7,809,701	6,034,181
	Interest cost	1,616,644	992,814
	Expected return on plan assets	(1,109,396)	(524,062)
	Net actuarial loss recognised	6,503,650	821,227
	Cost on amendment of plan	*18,179,314	-
	Less: Recovered from group companies (net)	(1,494,089)	-
	TOTAL	31,505,824	7,324,160
IV	Actual return on plan assets	1,287,442	634,085
V	Category of Assets as at end of the year		
	Insurer managed funds	34,929,141	13,867,447
	(Fund is managed by LIC of India as per IRDA guidelines, category wise composition of the planned asset is not available)		
	TOTAL	34,929,141	13,867,447
VI.	Assumptions		
	Discount rate	8.00 %	8.00 %
	Salary escalation rate	8.00 %	7.50 %
	Expected rate of return on plan assets	8.00 %	8.00 %

*on account of change in gratuity plan to employees whereby there is no cap on the maximum liability, unlike in previous year, on account of change in policy during the year.

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.

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO ACCOUNTS

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

(Amount in Rupees)

Name of the Company		Balance as on 31.03.09	Balance as on 31.03.08	Maximum amount outstanding during the year
National Bulk Handling Corporation Ltd.	Subsidiary	13,600,315#	530,628	20,312,034 (51,460,661)
National Spot Exchange Ltd.	Subsidiary	-	6,739,618	6,739,618 (14,529,863)
TickerPlant Ltd.	Subsidiary	11,322,911#	19,491,865	107,034,927 (25,041,112)
Riskraft Consulting Ltd.	Subsidiary	25,196,664#	4,998,834	26,672,532 (7,339,200)
atom technologies Ltd.	Subsidiary	12,972,422#	3,529,309	127,685,971 (14,067,770)
Financial Technologies Communications Ltd.	Subsidiary	30,66,893#	2,683,832	30,66,893 (2,683,832)
Global Payment Networks Ltd.	Subsidiary	16,273#	5,100,729	17,490,647 (8,241,695)
Indian Energy Exchange Ltd. (Subsidiary upto 3rd January 2008)	Associate	-	1,677,683	1,677,683 (3,967,352)
FT Group Investments Pvt. Ltd.	Subsidiary	-	266,354#	323,861 (287,591)
Knowledge Assets Private Ltd.	Subsidiary	-	266,354#	322,863 (287,591)
Singapore Mercantile Exchange Pte Ltd.	Subsidiary	402,002#	2,000,110#	7,187,665 (2,000,110)
FT Knowledge Management Company Ltd.	Subsidiary	10,127,741#	8,997,079	26,144,718 (8,997,079)
Trans-Global Credit & Finance Ltd.	Subsidiary	308,009#	318,330#	620,140 (318,330)
Apian Finance & Investment Ltd.	Subsidiary	-	-	15,615,260 (-)
Credit Market Services Ltd.	Subsidiary	682,378#	-	70,057,399 (-)
Takshashila Academia of Economic Research Ltd.	Subsidiary	10,773,234#	-	10,808,218 (-)
Global Board of Trade Ltd.	Subsidiary	1,670,345#	-	1,715,277 (-)
Bourse Africa Ltd.	Step down subsidiary	480,306#	-	480,306 (-)
Singapore Mercantile Exchange Clearing Corporation Pte Ltd.	Step down subsidiary	-	-	85,160 (-)
MCX Stock Exchange Ltd.	Associate	890,798#	-	4,334,617 (-)
Financial Technologies Middle East DMCC	Subsidiary	198,921,972#	-	200,388,604 (-)
ICX Platform (Pty) Ltd.	Subsidiary	13,055,782#	-	13,055,782 (-)
Multi Commodity Exchange of India Ltd.	Associate	-	-	17,073,303 (-)

#-includes non - interest bearing advances

Notes:

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

ii) None of the loanees have made investments in the shares of the Company.

iii) Figures given in brackets pertain to previous year.

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO ACCOUNTS

19. Earnings Per Share is calculated as follows:

(Amount in Rupees)

Particulars	Current Year	Previous Year
EPS		
a. Profit for the year (for basic EPS)	3,685,962,503	9,612,519,167
Less: Adjustment for potential conversion of ZCCBs (net of tax)	-	230,810,566
Net profit available for equity shareholders (for Dilutive EPS)	3,685,962,503	9,381,708,601
b. Weighted average number of equity shares		
Basic	45,883,637	44,887,847
Add: Effect of dilutive stock options	-	195,734
Diluted	45,883,637	45,083,581
c. Basic earnings per share	80.33	214.15
Diluted earnings per share	80.33	208.10
d. Face value per share	2/-	2/-

20. Joint Venture Disclosure:

a. Jointly Controlled Entities ('JCEs') by the Company:

Name of the Entity : Dubai Gold and Commodities Exchange DMCC ('DGCX')

Country of Incorporation : United Arab Emirates

% Holding : 18.60% (Previous year 19%)

b. Company's share of interest in the assets, liabilities, income and expenses with respect to JCE (each without elimination of the effects of transactions between the Company and the JCE) on the basis of unaudited financial statements of the JCE as at and for the year ended 31st March 2009:

The amounts are translated at the year end rate for assets and liabilities and average rate for income and expenses for DGCX.

(Amount in Rupees)

Transaction During The Year	DGCX
I. Assets	
1. Fixed assets	23,828,110
	(20,931,136)
2. Current assets	
a) Debtors	1,167,425
	(-)
b) Cash and bank balances	315,994,336
	(229,301,159)
c) Loans and advances	5,512,085
	(4,250,394)
II. Liabilities	
1. Current liabilities	195,819,374
	(188,307,923)
2. Provisions	9,111,894
	(3,761,285)
III. Income	
1. Admission fees	11,614,594
	(17,703,226)
2. Transaction fees	4,097,759
	(2,672,342)

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO ACCOUNTS

Transaction During The Year	DGCX
3. Interest income	5,989,268 (7,346,288)
4. Other income	1,293,930 (161,708)
IV. Expenses	
1. Operating and other expenses	80,980,272 (65,055,145)
2. Depreciation	5,301,190 (19,642,712)
V. Contingent liabilities	
	- (-)
VI. Capital commitments	
	- (-)

Previous year figures are given in brackets

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

The Forward exchange contracts outstanding as at 31st March 2009 are:

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

Previous year figures are given in brackets

22. 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	2,548,533,047 (797,857,590)	50,020,276 (19,747,785)	USD
Net receivables	463,016 (2,249,996)	13,491 (77,748)	SGD
Net receivables	546,687 (498,440)	12,310 (12,410)	CHF
Net receivables	1,670,345 (-)	1,029,171 (-)	MUR

Previous year figures are given in brackets

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO ACCOUNTS

23. 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 2008-09			
2008-09 (1st Interim dividend)	641	16,336,719	65,346,876
2008-09 (2nd Interim dividend)	546	16,612,653	33,225,306
2008-09 (3rd Interim dividend)	534	16,282,484	32,564,968
2007-08 (Final dividend)	641	16,336,719	6,534,6876
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 dividend)	398	14,863,952	29,727,904

24. 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 120,741,352/- (Previous year Rs 70,974,838/-).

25. The Company has investments aggregating Rs 4,326,274,551/- in certain subsidiary companies as at 31st March 2009. These entities are at various stages of executing their business plans and yet to break even (share of aggregate losses to date Rs 1,210,751,139/- including on account of expensing out costs relating to research and development activities. On an evaluation of the business plans for these entities, a provision for other than temporary diminution of Rs 509,625,934/- has been made which is considered adequate. The Company expects investments in these entities will be unlocked in at appropriate times as mentioned in Note 14 above.

26. As at 31st March 2009, the Company holds 49% stake in MCX-Stock Exchange (MCX-SX). (Refer Schedule 4) However, considering the management's intention coupled with regulatory requirement as per the Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognised Stock Exchanges) Regulations, 2006, the Company would reduce substantially its stake so as not to exceed the limits prescribed in the said regulation within a period of 1 year from the date of its recognition granted to MCX-SX by SEBI. However, the same has been considered as long term investments as required under Accounting Standard-13, Accounting for Investments, in view of the same not being readily realisable

27. On completion of assessments under section 153A(a) of Income Tax Act subsequent to year end and considering tax positions taken and appeals filed by the Company, the Company has written back excess provisions in respect of current taxes in previous years of Rs 57,638,712/- and has provided for deferred tax liabilities in respect of timing differences as appropriate.

28. During the previous year, the Company proposed to divest part of its investments aggregating 3,600,000 equity shares of MCX at a price at which MCX proposed to make a public issue. MCX had also filed its Draft Red Herring Prospectus with Securities and Exchange Board of India in the previous year. However, due to unfavorable conditions the issue has been postponed to a later date. The investments in 3,600,000 equity shares continue to be disclosed by the Company under current investment based on intention of holding.

29. 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 preceeding 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.

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place: Mumbai
Date: 30th June, 2009

For and on behalf of the Board

Jignesh Shah
Chairman and Managing Director

Chandrakant Kamdar
Director

Naishadh Desai
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 30th June, 2009

BALANCE SHEET ABSTRACT

AND THE COMPANY'S GENERAL BUSINESS PROFILE

I. Capital raised during the year

(Amounts in Rs Thousands)

Public Issue	Rights issue
-	-
Bonus Issue	Private Placement
-	-

II. Position of mobilisation and Deployment of funds

(Amounts in Rs Thousands)

Total Liabilities	Total Assets
22,274,667	22,274,667
Paid up capital	Reserves and Surplus
91,767	17,405,221
Secured Loans	Unsecured Loans
-	4,610,975
Net Fixed Assets	Investments
2,841,081	14,444,655
Net Current Assets	Deferred Tax
4,636,323	166,703
Misc. Expenditure	Accumulated Losses
-	-

III. Performance of Company (Before Exceptional Items)

(Amounts in Rs Thousands)

Turnover (Sales and Other Income)	Total Expenditure
7,061,407	2,413,219
Profit / (Loss) Before Tax	Profit / (Loss) After Tax
4,648,188	3,685,963
Earnings per Share in Rs (refer Note 19 of Schedule 14)	Dividend Rate %
80	500%

IV. 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. Limited	Knowledge Assets Pvt. Limited	Global Board of Trade Limited
Paid up Capital	40,000,000	50,000,000	150,000,000	300,000,000	500,000	820,000,000	10,000,000	500,000	937,728,000	-	767,307,102	509,602	1,333,578,687
Reserves and surplus	(11,186,050)	(69,840,391)	(117,904,478)	(57,651,292)	(886,540)	108,341,319	(546,507)	(3,050,871)	(225,522,604)	2,381,829	(4,455,170)	(896,720)	(65,649,831)
Total Assets	29,751,416	15,409,063	84,635,780	2,637,672,252	95,410	1,225,246,951	10,811,520	15,931,197	969,860,344	2,381,829	878,575,177	193,712	1,289,302,850
Total Liabilities	29,751,416	15,409,063	84,635,780	2,637,672,252	95,410	1,225,246,951	10,811,520	15,931,197	969,860,344	2,381,829	878,575,177	193,712	794,394,855
Details of Investment (except in case of Investment in Subsidiaries)	23,631,164	-	8,134,592	50,067,790	-	155,000	9,157,730	-	260,787,840	-	426,939,346	-	-
Total Income	2,831,994	6,651,606	17,692,390	195,586,783	-	1,037,368,647	20,910,939	-	31,426,848	53,937,854	4,598,792	-	184,235,470
Profit before taxation	(376,039)	(22,492,271)	(121,914,351)	53,329,378	(18,680)	118,539,561	12,967,528	(801,161)	(89,769,383)	(44,646,445)	807,719	(373,878)	109,725,806
Provision for taxation	33,000	79,923	939,146	5,791,371	-	22,989,684	1,578,959	-	-	-	1,286	-	12,533,133
Profit after taxation	(409,039)	(22,572,194)	(122,853,497)	47,538,007	(18,680)	95,549,877	11,388,569	(801,161)	(89,769,383)	(44,646,445)	806,433	(373,878)	97,192,672

(Amount in Rupees)

Particulars	Singapore Mercantile Exchange Pte Limited	Singapore Mercantile Exchange Clearing Corporation Pte Limited	FT Knowledge Management Company Limited	TickerPlant Limited	Bourse Africa Limited	Takshashila Academia of Economic Research Limited	Apian Finance & Investment Limited	ICX Platform (Pty) Limited	Bahrain Financial Exchange BSC (c)	Trans Global Credit and Finance Limited	Credit Market Services Limited	Capricorn Fin-Tech (Pvt.) Limited	Grameen Pragati Foundation
Paid up Capital	1,201,231,534	343,209,000	37,500,000	400,000,000	1,019,000	500,000	43,143,950	540	652,388,200	500,000	52,500,000	85,248	500,000
Reserves and surplus	(405,240,389)	5,251,304	(31,252,409)	(257,586,634)	(60,591,421)	(7,662,209)	3,891,047	(7,794,533)	(58,042,978)	(381,445)	(26,152,079)	(298,879)	(102,265)
Total Assets	1,077,335,419	440,670,780	23,299,182	207,402,489	15,150,900	14,622,871	47,297,770	6,213,366	599,528,515	442,992	38,585,944	100,110	2,020,032
Total Liabilities	1,077,335,419	440,670,780	23,299,182	207,402,489	15,150,900	14,622,871	47,297,770	6,213,366	599,528,515	442,992	38,585,944	100,110	2,020,032
Details of Investment (except in case of Investment in Subsidiaries)	-	-	-	119,981,491	-	-	16,536,468	3,786,767	-	-	17,868,954	-	-
Total Income	2,316,444	1,509,161	25,843,745	32,210,827	510,105	8,987,634	3,923,010	14,241,186	3,502,307	-	15,185,187	-	43,104
Profit before taxation	(300,122,984)	917,394	(20,088,750)	(157,327,208)	(54,602,444)	(7,606,209)	1,992,428	(7,649,660)	(51,900,243)	(381,445)	(26,091,079)	(266,215)	(102,265)
Provision for taxation	128,736	93,128	245,000	447,637	-	56,000	438,997	-	-	-	61,000	-	-
Profit after taxation	(300,251,720)	824,265	(20,333,750)	(157,774,845)	(54,602,444)	(7,662,209)	1,553,431	(7,649,660)	(51,900,243)	(381,445)	(26,152,079)	(266,215)	(102,265)

GLOSSARY

Arbitrage trading

It is a way of trading where one makes profit by taking advantage of the price differential of two or more markets. A person who engages in arbitrage trading is called an arbitrageur.

Auction

When a seller is not in a position to deliver the securities he has sold, the buyer sends in his applications for buying-in, so that the securities can be bought from the market and delivered to him. This process by which the securities are procured on behalf of the defaulter is known as Auction.

Central Counterparty Clearing (CCP)

A CCP is an entity that interposes itself between the transacting counterparties—a seller vis-à-vis the original buyer and a buyer vis-à-vis the original seller—to guarantee the execution of the transaction. Clearing includes compiling and offsetting claims and counter–claims between buyers and sellers

Counterparty Risk

Default risk The risk to each party of a contract if the counterparty may not live up to its contractual obligations is also called default risk.

Credit risk The risk that a party to a contractual agreement or transaction may be unable to meet their obligations or may default on commitments is called credit risk. Specific types of credit risk include sovereign risk, country risk, legal or force majeure risk, marginal risk and settlement risk

Depository or warehouse receipt A document issued by a bank, warehouse or other depository indicating ownership of an asset.

Depository Participant (DP) is described as an agent of the depository. They are the intermediaries between the depository and the investors.

Derivatives

A security or financial instrument the value of which is dependent on the performance of an underlying asset is called a derivative. The most common examples of derivatives are futures, options and forwards.

DMA

Direct Market Access (DMA) refers to electronic facilities that allow buy-side firms to directly access liquidity venues without having to go through a brokerage firm's execution desk. Using DMA, the firms can get closer control of trading decisions, anonymity in the market, gaining an edge in speed of execution by not going through the brokerage firm's electronic infrastructure.

DOME

Distributed Order Matching Engine

Exchange traded fund (ETF)

Exchange security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange.

FIX Protocol

Financial Information Exchange (FIX) protocol is an electronic communication protocol developed for real time exchange of information related to securities transactions and markets. It is used by both the buy-side (institutions) as well as sell-side (brokers/dealers) of the financial markets.

Futures and Forwards

Futures contract is a financial contract obligating the buyer to purchase an asset or a financial instrument at a predetermined future date and price. While futures contracts are traded on exchanges, forward contracts are traded on over– the–counter market

ICT

Information and Communication Technologies (ICT) is an umbrella term that covers all advanced technologies in manipulating and communicating information.

Independent Software Vendor (ISV)

A vendor who makes and sells software products that run on one or more computer hardware or operating system platforms.

Index

An indicator that is representative of a whole market or market segment, usually computed by a sum product of a list of instruments' current prices and a list of weights assigned to these instruments. The index variations give trends of the market/market segment measured.

Intellectual Property

The term Intellectual Property (IP) reflects the idea that its subject matter is the product of the mind or the intellect. These could be in the form of Patents; Trademarks; Geographical Indications; Industrial Designs; Layout-Designs (Topographies) of Integrated Circuits; Plant Variety Protection and Copyright.

Liquidity

The degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterised by a high level of trading activity. Assets that can by easily bought or sold, are known as liquid assets.

Listed Company

A company which has any of its securities offered through an offer document listed on a recognized stock exchange and also includes Public Sector Undertakings whose securities are listed on a recognised stock exchange.

Mark-to-market

The daily account adjustment of traders' positions relative to current prices to reflect the value of open positions, resulting in settlement variation debits/credits. It is determined by comparing the price of an open position against the closing price of the contract, and then debiting or crediting the traders' accounts accordingly.

Market capitalisation

The market value of a company, calculated by multiplying the number of shares issued and outstanding by their current market price.

Market risk

Risk of loss arising from movements in market prices or rates away from the rates or prices set out in a transaction or agreement.

ODIN™

Open Dealer Integrated Network Option (ODIN) A financial instrument that gives the option holder the right, but not the obligation, to purchase (call option) or sell (put option) an underlying asset for a predetermined price at a certain point in time. The writer of an option has the corresponding obligation to sell or buy the asset in question.

Over-the-counter (OTC) trading

Trading of financial instruments such as stocks, bonds, commodities or derivatives directly between two parties. It is contrasted with exchange trading, which occurs via facilities constructed for the purpose of trading (i.e., exchanges), such as futures exchanges or stock exchanges.

Sharia-compliant investment products

These products need to follow a stringent code of investment guidelines, in line with Islamic religious sentiments. Sharia prohibits the payment of fees for the renting of money for specific terms, as well as investing in businesses that provide goods or services considered contrary to its principles.

SPAN margin

The standardized portfolio analysis of risk (SPAN) margin system is a risk-based, portfolio approach margining system used to compute minimum margin requirements. This system is adopted by most options and futures exchanges around the world. SPAN is based on a sophisticated set of algorithms that determine margin according to a global (total portfolio) assessment of the one-day risk for a trader's account.

Spot market

The market in which commodities (currencies, stocks, etc.) are bought and sold for cash and delivered immediately.

STP

Straight through Processing (STP), banking term where a financial transaction is automatically completed without manual intervention

Swaps

Private agreements between two parties to exchange cash flows in the future, according to a pre-arranged formula.

Ticker

Display of summarised instantaneous information on instruments of an exchange. Provides information on performed trades by displaying the instrument and the last trade price in scrolling mode.

Tick Size

It refers to the minimum price difference or it's multiple required between two quotes while punching orders into the system.

Trade

When a buyer and a seller agree on a transaction and price and other conditions for the transaction

Trading cum Clearing

An individual or corporate can be admitted by the Commodity Exchange as a Trading-Cum-Clearing Member (TCM) conferring upon them a right to trade and clear through the clearing house of the Commodity Exchange. Moreover, the member may be allowed to make deals for himself (proprietary positions) besides trading on behalf of registered approved / authorized users and to clear/ settle them

Value at Risk (VaR)

VaR is a widely used measure of the risk of loss on a specific portfolio of financial assets. For a given portfolio, probability and time horizon, VaR is defined as a threshold value such that the probability that the mark-to-market loss on the portfolio over the given time horizon exceeds this value (assuming normal markets and no trading in the portfolio) is the given probability level

Volatility

Another term used to describe price variability that is tied either to the actual or expected standard deviation of daily returns of a specific FX contract. Volatility is typically stated on an annualized basis.

Volume

The number of shares or contracts traded in a security or an entire market during a given period of time. It is simply the amount of shares that trade hands from sellers to buyers as a measure of activity.

Warehouse

A warehouse that is exchange approved for delivery.

Yield

A measurement of the annual return on an investment.

CORPORATE INFORMATION

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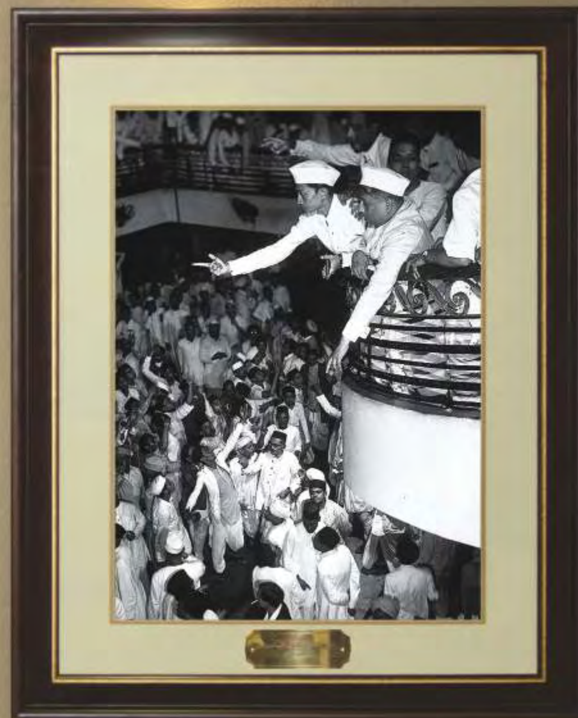
Photograph Collection, Exchange Square, Mumbai

A collection of vintage badges used by the member brokers of Native Share Brokers Association to identify themselves.



Photograph Collection, Exchange Square, Mumbai

Bombay Stock and Cotton Exchange brokers signaling with their hands—buy or sell—in an open outcry manner, from balcony of the Bombay Cotton Exchange, 1946.

Photograph Collection, Exchange Square, Mumbai

From the first venues of the earliest stock broker meetings in the 1850s under banyan trees in front of the Town Hall, Bombay, the brokers moved to an old building nearby.

Photograph Collection, Exchange Square, Mumbai

Picture showing hand signals that were used during the open out-cry trading at various global exchanges since early 1900s.

"If last century was about Technology, this one is about Information. The *future of financial markets* revolves around the availability of timely information or the lack of it. The transparent next generation markets created by Financial Technologies will positively influence this future."

— **Jignesh Shah** —
Chairman & Group CEO

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