FINANCIAL TECHNOLOGIES

ANNUAL REPORT 2009-10

Letter From Industry Experts
Pg. 29-46

Architects of Modern Finance
Pg. 09-103

ENABLING FINANCIAL INCLUSION IN EMERGING ECONOMIES

MCX METAL & ENERGY

SMX™ Singapore Mercantile Exchange

MCX-SX India's New Stock Exchange

GBOT Global Board of Trade

BFX Multi-Asset trading one market
Bahrain Financial Exchange سوق البحرين المالي

BOURSE AFRICA

National Spot Exchange™

IEX™ INDIAN ENERGY EXCHANGE

NBHC™ National Bulk Handling Corporation Ltd.

atom™ the 'new way' to pay

Ticker™

Financial Technologies
Creating Markets. Unlocking Value.™

www.ftindia.com

FROM THE LEADERSHIP DESK

ENABLING FINANCIAL INCLUSION IN EMERGING ECONOMIES

They are on every Government's political agenda, in every visionary's speech, in every economist's outlook, in every common man's financial daily - The Emerging Economies, have assumed great and critical significance in the new world economic order. The developed markets took cognizance of the limited impact of the crisis on the Emerging Economies which have deservedly earned admiration for their resilience powered by robust financial markets, favorable demographics, and high rate of savings standing on the pillars of the vigil of the supervisors and regulators.

One cannot, however, be oblivious to the fact that most of the growth in these Emerging Economies has been driven by a very small part of its populace. It is important now; therefore, to look at ways and means of expanding financial coverage to a larger part of the population in the domestic geographies, as such expansion in coverage is vital in realizing the full potential in these regions. "Enabling Financial Inclusion in Emerging Economies" is hence very topical and a natural choice to be the theme for our Annual Report 2009-10. The theme also follows the deliberations at our annual flagship event, the Future of Financial Markets (FOFM) Leadership Summit, held in Goa in January 2010.

The Summit, which saw participation from 200 thought leaders of the financial markets, including 65 eminent speakers from 10 countries, concluded that the Emerging Economies are crucial in shaping the future of global financial markets only when the financial sector reforms are directed at inclusive growth. In our continued endeavor to be a platform to voice industry opinion, we have invited contributions on the theme from thought leaders and have incorporated their perspectives in Section 2.

While we are passionately dedicating our efforts at shaping an optimistic future by constantly engaging with the industry, we are fully conscious of and inspired by the accomplishments of the "Architects of modern finance" who have keenly contributed to the markets of today, some of whom we have profiled in the following pages. The Future of Financial Markets undoubtedly lies in the Emerging Economies. To participate in shaping this future, visit **www.fofm.in.**

Jignesh Shah
Chairman & Group CEO

BOARD OF DIRECTORS

Jignesh Shah

Dewang Neralla

P. G. Kakodkar

Ravi K. Sheth

C. Subramaniam

Chandrakant Kamdar

Ramanathan Devarajan

P. R. Barpande*

*w.e.f. 11th August, 2010

CORPORATE INFORMATION

COMPANY SECRETARY

- Mr. Naishadh P. Desai
  Sr. Vice President - Legal & Company Secretary

- Mr. Hariraj Chouhan
  Vice President & Company Secretary

AUDITORS

- Deloitte Haskins & Sells

SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
17 to 24, Vittalrao Nagar, Madhapur,
Hyderabad - 500 081, India.
www.karvy.com

BANKERS

- Union Bank of India
- Axis Bank Ltd.
- Deutsche Bank
- HDFC Bank Ltd.
- HSBC Ltd.

LEGAL ADVISORS

- Crawford Bailey
- J. Sagar Associates

REGISTERED OFFICE

Financial Technologies (India) Ltd.
Doshi Towers, 1st Floor, 1A & B No.156, Periyar,
EVR Salai Kilpauk, Chennai - 600 010, India.
www.ftindia.com

CORPORATE OFFICE

Financial Technologies (India) Ltd.
6th Floor, 601 Boston House, Suren Road, Chakala,
Andheri (East), Mumbai - 400 093, India.
T: +91 22 6709 9600 | **F:** +91 22 6709 9066
info@ftindia.com

INDEX

JIGNESH SHAH
Chairman & Group CEO

ENABLING FINANCIAL INCLUSION IN EMERGING ECONOMIES

Dear Shareholders,

I am glad to report that your Company has done well during the fiscal 2010. In fiscal 2009, I shared with you that the vision of the Financial Technologies Group is to continue to build greenfield exchanges, facilitate trade in diverse asset classes and to expand its reach geographically to provide liquidity and risk management solutions to the emerging economies of the world.

Your unrelenting confidence in the Company has empowered us to realize our vision of creating and operating modern tech-centric financial exchanges, connecting the high-growth emerging economies of Asia, Africa and the Middle East. The Indian story continues as your Company retains its leadership position in providing technology solutions for financial markets, as well as in creating next-generation exchanges facilitating trading in commodity spot and futures, electricity and currency derivatives. The genesis of these achievements was marked by our flagship

> While tech-centric exchanges facilitate seamless trade, the Exchange Ecosystems™ will bring the allied elements of the markets together, drive economies of scale and augment participation on these exchanges. Clearly, Exchange Ecosystems™ will be the enablers of financial inclusion and sustainable growth. The future of the emerging economies lies in creating robust Exchange Ecosystems™.

product ODIN™ - the multi-exchange trading technology and risk management system, which has been well-tested and accepted for over a decade in the global financial markets space. It continues to be the leading end-to-end technology solutions provider in the Indian financial markets with over 80% market share. (as per Frost & Sullivan report on "Electronic Trading Solutions in India").

The journey into the new millennium saw your Company go on to create a globally renowned leading exchange for trading in commodity futures in India. The fiscal 2011 will see your Company going global with three exchange ventures namely Singapore Mercantile Exchange (SMX) in Singapore, Bahrain Financial Exchange (BFX) in Bahrain, and Global Board of Trade (GBOT) in Mauritius all set to commence operations soon.

While your Company has been creating such exchange platforms catering to other asset classes in India, it constantly pursues opportunities to enhance its existing product portfolio to be able to deliver value-added solutions in line with the dynamic financial market environment. With tech-centric exchanges at the hub, it is ensuring the creation of **Exchange Ecosystems**™ of the future which will address upstream and downstream opportunities around the exchanges and augment participation on them. Your Company is as excited about the journey ahead as it is about the challenges and opportunities. As I report our achievements and aspirations, I acknowledge the whole-hearted support and trust of our valued shareholders and employees.

Your Company has been among the few listed companies to maintain its track record of rewarding its shareholders by paying out a dividend of Rs. 8 per share on face value of Rs. 2 per share (400% with final dividend of Rs. 2 per share, subject to approval of shareholders at the Annual General Meeting) for the year under review. Your Company's standalone financials* for the year ended 31st March, 2010 are as follows:

- **OPERATING REVENUE**
  Rs. 3,070 million
- **TOTAL INCOME**
  Rs. 4,114 million
- **EBITDA**
  Rs. 2,163 million
- **PBT**
  Rs. 2,103 million
- **PAT**
  Rs. 1,880 million

**excluding profit on sale of shares*

Your Company has been registering consistent profit growth. CAGR across key financial metrics* for fiscal 2005 - 2010, is as listed below:

- **TOTAL INCOME** 65% (from Rs. 335 million to Rs. 4,114 million)
- **EBITDA** 72% (from Rs. 144 million to Rs. 2,163 million)
- **NET PROFIT** 80% (from Rs. 99 million to Rs. 1,880 million)
- **EPS** 78% (from Rs. 2.26 to Rs. 40.93)

**excluding profit on sale of shares*

The globally competitive management team of the Group constantly engages

I saw a chance in 1995 to start something from the grassroot level, a financial services company that would encompass commodities, equity, currencies and bonds.[#] Thanks to the support of the Government, regulators, investors, shareholders and employees, we have successfully created tech-centric next-generation financial markets in the emerging economies of Asia, Africa and the Middle East to enable financial inclusion and equitable growth.

[#]Jignesh Shah, from Imagining India, authored by Nandan Nilekani

itself in the efforts to ensure compliance of international standards, to assemble efficient clearing members, and to put together robust systems and processes in each of your Company's exchange ventures. In fact, the senior management team of your Company is among the best in the financial markets space. Further, the young, energetic human capital with immaculate execution capabilities have ensured that your Company is set to tap the immense growth potential of emerging economies from Africa, Asia and the Middle East and replicate success stories like Multi Commodity Exchange (MCX) at a global level by facilitating mass participation in financial markets.

BUSINESS HIGHLIGHTS

As your Company takes positive strides towards fiscal 2011, I would like to share with you the key business highlights for fiscal 2010 as listed below:

- Your Company was ranked No. 1 in terms of 10-year profit growth by Business Today's ranking of India's 500 Most Valuable Companies in 2009

- Financial Technologies' flagship product suite ODIN™ has been well-tested and accepted for over a decade as the most reliable and leading multi-exchange trading technology and risk management solution. National Multi-Commodity Exchange (NMCE) signed up ODIN™ for its front-end trading technology.

- The ODIN™ product suite continues to feature among the leading trading technology solutions powering over 10 exchanges (Indian and International) with more than 530,000 licenses

- Financial Technologies' flagship exchange product suite DOME was implemented at the SMX, GBOT and BFX

- MCX was ranked the 6th largest commodity futures exchange* globally in terms of number of contracts traded on the exchange for calendar year 2009
  - **1st** in silver*
  - **2nd** in gold, copper & natural gas*
  - **3rd** in crude oil*

  **Data Source: Based on trading volumes derived on the basis of the unaudited data provided in the Futures Industry Association (FIA), March 2010 publication, based on the data provided by 70 individual futures and options exchanges*

- MCX maintained its leadership position in the Indian commodity markets space with a market share of 82% in fiscal 2010. It had an average daily turnover of Rs. 209.62 billion for fiscal 2010 (~40% up Y-o-Y basis.)

- MCX launched the Exchange of Futures for Physicals ("EFP") facility for the first time in India

- MCX-SX commenced currency futures trading in three new currency pairs EURO/INR, GBP/INR and JPY/INR, on 1st February, 2010. The exchange attained a market share of 55% for Q4 fiscal 2010 and an average daily turnover of Rs. 165.82 billion for Q4 fiscal 2010.

- MCX-SX became an affiliate member of the International Organization of Securities Commissions (IOSCO)

- Indian Energy Exchange (IEX) continues to be India's No. 1 power exchange in the day ahead markets with 87% market share, 78 members, and 178 clients. It had an average daily volume of 16,916 MWh for fiscal 2010.

- National Spot Exchange Ltd. (NSEL) is India's No.1 spot exchange with an average daily volume of over Rs. 118 million and a market share of over 91% compared to other Spot exchanges based on the fiscal 2010 volumes. NSEL launched a unique investment product in the form of Demat gold on its trading platform in March 2010.

- National Bulk Handling Corporation (NBHC) facilitated the highest ever Warehousing Receipt Financing of over Rs. 54 billion in fiscal 2010. During the year, NBHC crossed the Rs. 150 billion mark in cumulative value of storage receipts issued under Collateral Management arrangements. It also initiated container fumigation services for export-bound destinations such as Australia and was appointed the nation-wide Commodity Care and Pest Management (CCPM) provider to large retail-houses.

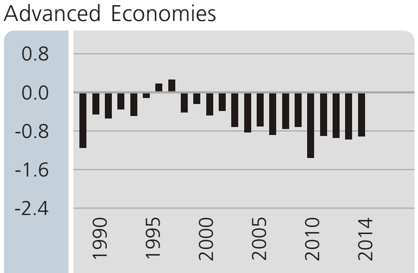
- atom Technologies has created multiple products and services for mobile payment, mobile banking, Interactive Voice Response (IVR) based payments and mobile based service distribution network. It has entered into tie-ups with 120+ merchants, 10+ banks and 3 telecom companies in India. It has completed successful transactions worth Rs. 607 crore for fiscal 2010.

The transition to yet another successful year was marked by the recent global developments which affirmed your

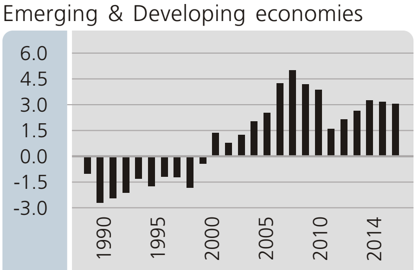
CHART 1: **CURRENT ACCOUNTS**

(Percent of GDP)

Advanced Economies



Emerging & Developing economies



Source: WEO database projections by IMF

Company's belief of the aforementioned emerging economies being the future of financial markets. The global financial planet witnessed strategic monetary policies and stimulus packages being introduced in major economies which resulted in their resurgence. What stood out rather notably in the scenario was the resilience of the emerging economies owing to their well-regulated financial markets, high savings rates and favorable demographics. The global economy now seems to be on two different growth trajectories - with the emerging economies swiftly outpacing their advanced counterparts.

RISING WITH THE 'EMERGING ECONOMIES'

Despite currency devaluations, sovereign defaults, runaway inflation and various other economic hindrances that plagued the emerging economies in the 1990s, they have successfully revived resulting in surpluses rather than deficits (Chart 1), significant forex reserves and effective central bank policies.

Since the past decade, emerging economies have been consistently outperforming the developed world by a margin of 4%-5% in terms of GDP growth. According to the latest IMF estimates, during calendar years 2010-2015, the emerging economies are expected to grow at an average of 6.6% against an average growth of 2.4% for the advanced economies. The estimates for India stand at 9.2% which bears testimony to the growth prospects of your Company which is a market leader in trading technology and creating and operating tech-centric financial exchanges in India.

Though these economies are registering unparalleled growth, democratization of growth and sustainability remain largely unaddressed. This necessitates financial and social inclusion of the entire populace. The new age emerging economies ought to become self-sufficient by creating avenues for bringing the financially excluded households into the formal financial system and channeling their collective savings into productive investments for the economy.

The management of your Company had envisaged the immense potential of the emerging economies very early. It has been creating exchange platforms and powering them with indigenous technology solutions for over a decade now as evidenced by the international exchange ventures created by it in the Middle East, Asia and Africa.

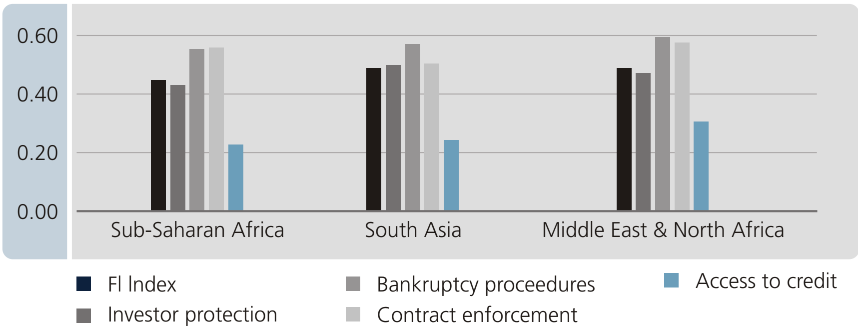
FINANCIAL INCLUSION: A RECIPE FOR GROWTH

The last decade has seen economies such as China and India grow at a rate of about 6%-12% annually. However, the low Financial Infrastructure Index (FI Index) (Chart 2) confirms the need for the emerging economies such as India to put in place appropriate measures for their financial inclusion initiatives to be effective and to deliver the desired results.

These economies have now realized the importance and necessity of bringing their large populace into a formal financial system, which can provide a transparent and authentic mechanism for transferring resources from surplus to the deficit units. For instance, in India, various initiatives such as the introduction of 'no-frills' account, simplification of know your customer (KYC) norms, use of Business Correspondent (BC) model and the growing role of NGOs/SHGs as well as micro-finance institutions and cost effective Information and Communication Technology (ICT) solutions have been undertaken. Projects such as Unique Identification Project of India (UIDAI), initiated by the Government of India under the Chairmanship of one of the best minds in the Indian Technology space, Mr. Nandan Nilekani, will be a great boon in providing access to basic financial services and will go a long way in enabling financial inclusion.

Your Company believes that well-developed financial markets will play a key role in enabling financial inclusion. While tech-centric exchanges facilitate seamless trade, the **Exchange Ecosystems**™ will bring the allied elements of the market together, drive economies of scale and augment participation on these exchanges. Clearly, **Exchange Ecosystems**™ will be the enablers of financial inclusion and sustainable growth. The future of the emerging economies lies in creating robust **Exchange Ecosystems**™.

CHART 2: **FI INDEX COMPONENTS BY REGION**



Source: World Bank Report on Financial Infrastructure

EXCHANGE ECOSYSTEMS™ AS ENABLERS OF FINANCIAL INCLUSION

Broad and deep financial markets are a necessity for a well-spread and healthy economic growth and democratization of opportunities, especially at the middle and bottom of the socio-economic pyramid. Sophisticated trading products spread across a network of exchanges and available to all sections of the populace will not only result in better risk diversification and improve the capacity of shock absorption, but also meet the demand for investments and ease constraints on external financing. Robust financial markets are indispensable in ensuring financial inclusion within the financial ecosystem.

In India, a meager 1.5%-2% of the total population is participating in exchange markets vis-à-vis 30%-40% in developed countries. Further, more than half of the Indian household savings are routed to bank deposits highlighting the scope for widening the investment avenues. Clearly, there is enough room for multiple exchanges which would be required to achieve a market penetration of 100 million investors compared to the level of around 15 million at present. Moreover, Indian capital markets are witnessing liquidity concentration in just the top 100 scrips, and 80% of the volumes comes from the top 10 metros. These figures reiterate the need to create the next-generation **Exchange Ecosystems**™ which will not only have robust financial exchanges but a surrounding ecosystem facilitating central counterparty clearing, risk management, warehousing, collateral management, financial information services, and financial literacy drives among others. Your Company has created this model in India and is poised to cater to the demand for such **Exchange Ecosystems**™ globally.

In emerging economies such as India, Small and Medium Enterprises (SMEs) are among the fastest growing segments and have the potential to be the large corporations of tomorrow. What hinders them from scaling up is lack of means to raise funds and inability to attract Venture Capitalists (VC) and Private Equity (PE). The equity markets have been averse to funding smaller and early stage businesses. An exclusive financial exchange for SMEs will enable easy access to capital, raising equity at lower cost in a balanced environment with measures to protect investor interest. In the interest of sustaining long-term growth, it is important to encourage such sectors to grow by facilitating access to non-debt financing through appropriate exchanges.

The governments in the emerging economies have been proactively

"Enhanced participation in the financial markets calls for greater efforts towards financial literacy, especially among the low income groups and the rural areas. Greater connectivity, especially in rural areas, through appropriate and reliable networks will ensure that exchanges play an important role in financial inclusion"

promoting a competitive economic environment by encouraging more exchange creators. This calls for new entrants with distinctive business models that will positively affect the quality of market operations and the soundness of price discovery thereby guaranteeing lower costs, better services and greater market penetration in these countries. Your Company has the expertise and experience of creating such exchanges in emerging economies and is also passionately working towards enabling financial inclusion and democratizing growth through various initiatives.

ENABLING INCLUSIVE GROWTH

While continuing to replicate its exchange business model globally, your Company's focus for the coming years will be on creating **Exchange Ecosystems™** that will "Enable Financial Inclusion in the Emerging Economies". Next-generation tech-centric exchanges, such as MCX, MCX-SX, IEX and NSEL, promoted by your Company, are excellent enablers of inclusive growth as they ensure efficient transmission of financial sector reforms and their benefits to the last mile.

- **Financial Infrastructure Development**

  The heightened opacity of certain trading venues inhibits price discovery that may lead to negative outcomes, including increased market volatility. Emphasis on financial infrastructure development through exchanges will channelize savings into productive investments. Our new generation exchanges will offer trading in multiple asset classes across various trade time zones and help create financial markets that are transparent and well integrated with the global economy. Further, your Company has created a network of warehouses through NBHC connecting rural markets and has entered into various alliances such as India Post to disseminate timely and accurate information across the value chain.

- **Technology is our Strength**

  The desired financial infrastructure can be built on the backbone of next-generation robust technology solutions. Technology has always been your Company's forte and our cost-effective range of end-to-end solutions for financial markets has augmented the participation and enhanced the reach of financial markets in India. As the depth and breadth of these markets continue to increase, your Company has been constantly upgrading its solution suite to ensure that it caters to the rising and varied demand and serves best-of-the-breed solutions at the most affordable cost. An integral part of our vision is to become India's premier cost-effective payment services provider, by extending convenient payment and banking solutions to the 'unbanked' rural majority of India, through the atom technologies platform. Through mobile micro-banking solutions for Banks and Micro Finance Institutions (MFIs), your Company endeavors to empower the untapped tiers of the socio-economic pyramid.

- **Financial Literacy for all**

  In addition to robust technology, product innovation and world-class

In addition to robust technology, product innovation and world-class infrastructure; what is required is to educate the masses and make them aware of the benefits, methods and most importantly the purpose of investing.

infrastructure; what is required is to educate the masses and make them aware of the benefits, methods and most importantly the purpose of investing. Financial literacy initiatives, especially in the unbanked rural and the bottom of the pyramid markets is vital.

For instance, MCX-SX co-promoted by your Company has since inception been operating on the principle of information, innovation, education and research and has been undertaking several financial literacy initiatives. Through initiatives such as Financial Technologies Knowledge Management Company (FTKMC) and Takshashila Academy of Educational Research (TAER), your Company has been further augmenting the efforts towards creating more financially literate individuals.

Your Company also realizes the importance of initiatives which engage the thought leaders of the financial markets at a strategic level. In this regard, it has created a forum called "Future of Financial Markets" (FOFM) where the thought leaders of the financial markets, especially from emerging economies, deliberate and discuss on ideas and innovations that can help shape the future of financial markets. The endeavor will also include various initiatives such as research reports, magazines, a dedicated web community, with industry alliances as mediums to constantly engage thought leaders and market participants alike and become the true voice of the emerging economies. In this Annual Report, you will also find contributions from eminent industry leaders - an acknowledgment to the significance of 'brand FOFM' and of the consensus on the need for of a neutral financial markets' forum in emerging economies.

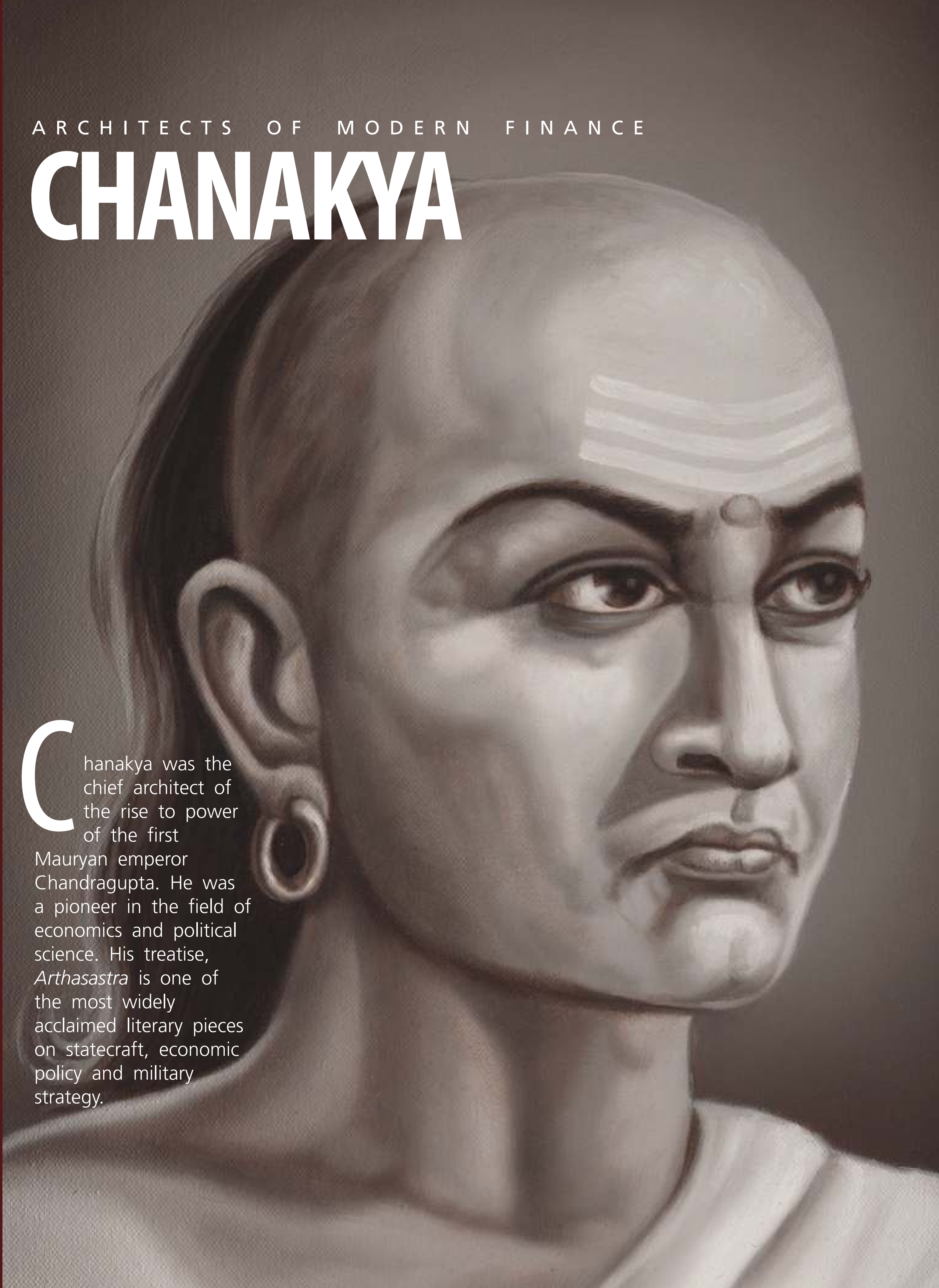
Over the next decade, your Company endeavors to become the leading trading technology company in the world by constantly assessing the financial markets and upgrading its solutions suite to cater to new developments and demands. With unmatched expertise in trading technology and creation of robust next-generation financial markets, your Company looks forward to creating a number of Exchange Ecosystems™ in the high-growth, high-potential regions of the world and enabling financial inclusion in the process.

As your Company moves into fiscal 2011, it not only looks at going live with three international exchange ventures but also growing further in each of its businesses viz. technology, exchanges and ecosystems.

With this vision, your Company aims to grow manifold and I am once again thankful to our Board of Directors, Advisory Board, Regulatory authorities and all the stakeholders for the support and guidance which has enabled us realize our ambition and set higher goals.

Jignesh Shah
Chairman & Group CEO

CHANAKYA



Chanakya was the chief architect of the rise to power of the first Mauryan emperor Chandragupta. He was a pioneer in the field of economics and political science. His treatise, *Arthasastra* is one of the most widely acclaimed literary pieces on statecraft, economic policy and military strategy.

1

FINANCIAL TECHNOLOGIES OVERVIEW

- Leadership and Advisory Board
- Group Overview
- Product Overview
- Human Resources Overview
- FTIL Scrip Performance
- Awards and Recognition
- 6 Years at a Glance
- Financial Highlights
- Global Presence

BOARD OF DIRECTORS, ADVISORY BOARD & MANAGEMENT TEAM

BOARD OF DIRECTORS

Jignesh Shah
Chairman & Group CEO

Dewang Neralla
Co-Founder & Director - Technology

P. G. Kakodkar
Director

Ravi K. Sheth
Director

C. Subramaniam
Director

Chandrakant Kamdar
Director

Ramanathan Devarajan
Director

P. R. Barpande
Director

ADVISORY BOARD

Narayanan Vaghul
Member-Advisory Board

G. N. Bajpai
Member-Advisory Board

Kiran Karnik
Member-Advisory Board

MANAGEMENT TEAM*

V. Hariharan
Director,
Strategy

Manjay Shah
Director,
Business Development

Paras Ajmera
Director,
Operations & Human Resources

Shreekant Javalgekar
Director,
Finance & Investor Relations

Miten Mehta
Director,
Global Market Development & Communications

**All Directors featured under Management Team are Non-Board Directors*

GROUP OVERVIEW

Commodity

Derivatives

MCX METAL & ENERGY Trade with Trust

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

BFX Multi-Asset trading one market Bahrain Financial Exchange سوق البحرين المالي

BOURSE AFRICA African Markets. Global Opportunities.

DGCX بورصة دبي للذهب والسلع Dubai Gold & Commodities Exchange

Forex Spot

IBS FOREX™

Energy

IEX INDIAN ENERGY EXCHANGE India's No.1 Power Exchange

EXCHANGE VERTICAL

FINANCIAL

TECHNOLOGY

DOME

ODIN™

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. Under the exchange vertical the Group has 10 greenfield 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 the ecosystem vertical to bring about long-term sustainability and robustness in creating value for all its stakeholders, be it market participants, intermediaries or end-users.

Under the exchange vertical 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, enables hedging and creates easy liquidity across connected markets around the world.

ECOSYSTEM VERTICAL

TECHNOLOGIES

VERTICAL

Clearing

Commodity Depository

Transaction Processing

Information Digital Broadcasting

Knowledge & Training

Financial Technologies (India) Ltd. is 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 asset classes including equities, commodities, currencies and bonds. The Company is a pioneer in introducing end-to-end Straight-Through-Processing solutions that support high density transactions. The Group's ecosystem vertical address upstream and downstream opportunities to support its exchanges, including clearing, depository, information vending, and payment gateway, among others. Non-linear business model of the Group not only builds unprecedented shareholder value, but 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.

PRODUCT OVERVIEW

URL	FEATURES	COMMODITY Derivatives	COMMODITY Spot	EQUITY Cash	EQUITY Derivatives	FOREX Derivatives	FOREX Spot	PRODUCTS	
		MARKETS*							
www.ftindia.com/dome	A multi-asset exchange product suite, offering an integrated matching engine, including surveillance, risk management, clearing and settlement.	✓	✓	✓	✓	✓	–	DOME	EXCHANGE
www.ftindia.com/cns	CnS is a multi-user clearing and settlement system for commodity, equity, fixed income and currency exchanges / clearing corporations.	✓	✓	✓	✓	✓	–	CnS	EXCHANGE
www.ftindia.com/fxdirect	A multi-currency, multi-segment front-office trading application for the spot, swaps, and options markets - mainly for banks.	–	–	–	–	✓	✓	FX-Direct™	EXCHANGE
www.ftindia.com/odin	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.	✓	✓	✓	✓	✓	–	ODIN™	BROKERAGE – Front Office
www.ftindia.com/odiniob	A FIX enabled single console advanced front-end trading application with increased operational ease and execution efficiency for Institutional investors, integrated with Bloomberg, Fidessa, NYFIX, etc.	–	–	✓	✓	✓	–	ODIN™ IOB	BROKERAGE – Front Office
www.ftindia.com/odindiet	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.	✓	✓	✓	✓	✓	–	ODIN™ Diet	BROKERAGE – Front Office
www.ftindia.com/net.net	An online browser based multi-exchange, multi-currency trading application, catering to a wide spectrum of financial market users.	✓	✓	✓	✓	✓	–	Net.net	BROKERAGE – Front Office
www.ftindia.com/iwin	A multi market wireless internet mobile dealing desk application, which facilitates market participants to stay connected with the markets on a real-time basis.	✓	✓	✓	✓	✓	–	iWin™	BROKERAGE – Front Office
www.ftindia.com/dmalive	Direct market access services suite for the buy-side and sell-side to improve operational efficiencies and reduce transaction costs.	–	–	✓	✓	✓	–	DMA LIVE!	BROKERAGE – Front Office

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

Segment		Product							Description	Website
BROKERAGE		ODIN™ Program Trading	–	✓	✓	✓	–	✓	An automated trading system that provides a comprehensive list of in-built Program Trading strategies which allow users to leverage arbitrage opportunities in Cash v/s Futures, Cross Commodities among others.	www.ftindia.com/odinprogramtrading
BROKERAGE		ODIN™ Greek Neutralizer	–	–	✓	✓	–	–	Facilitates Real-Time Greek values and allows users to neutralize the Delta, Gamma and Vega for traded Portfolio effectively. It enables Option Traders to continuously estimate the risk in overall traded positions.	www.ftindia.com/odingreekneutralizer
BROKERAGE		Advanced Charting	–	✓	✓	✓	–	✓	A comprehensive advanced charting solution in ODIN™ TWS, ODIN™ Diet and Net.net that allows users to harness the potential of charts to time the markets better and tap profit making opportunities.	www.ftindia.com/advancedcharting
BROKERAGE		ODIN™ ATLAS	–	✓	✓	✓	–	✓	A special trading application with functionalities of both EzJobber which allows jobbers to efficiently execute orders at lightning speed across various market segments and EzTrader which allows traders to program their execution to capture a favorable price movement in underlying stocks / contracts effectively based on the progression parameters defined by the user.	www.ftindia.com/odinatlas
	Middle Office	Protector	–	✓	✓	✓	–	✓	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
	Back Office	MATCH™	–	✓	✓	✓	–	✓	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
	Back Office	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.	www.ftindia.com/ehastakshar
MESSAGING	Pre Trade	FTNET	–	✓	✓	✓	–	–	A fully managed, FIX compliant global network that offers reliable access to major liquidity sources across multiple asset class.	www.ftindia.com/ftnet
MESSAGING	Post Trade	STP-Gate™	–	–	✓	✓	–	–	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)
and Domestic Exchanges BSE, NSE, MCX, NCDEX, MCX Stock Exchange

HUMAN RESOURCES OVERVIEW

At Financial Technologies, we consider our Intellectual Capital as the most important stakeholder. We focus on creating a work culture which helps to develop and retain our Intellectual Capital. This results in efficient products and services of the highest standards and creation of a loyal customer base. We attribute Financial Technologies' prolific growth to this very Intellectual Capital and present to you the highlights of our initiatives on the Human Resources (HR) front for the year under review.

OUR TALENT

Financial Technologies, has a unique combination of employees with technical and functional abilities, combined with an enduring interest / expertise in capital markets. Its diverse employee base comprises people from India, Asia, Africa, the Middle East, Europe and the USA. Through our international initiatives, we are today able to offer employees international careers in their area of expertise.

TALENT ACQUISITION

Financial Technologies hires energetic management trainees through campuses and provide them immense opportunities for an exciting career ahead. Last year, around 10% of our new recruits were hired through campuses. All new employees go through a mandatory induction program which inculcates a sense of belonging and pride for working with the organization.

ACADEMIC PROGRAMS, TRAINING & DEVELOPMENT INITIATIVES

Financial Technologies has always believed in regularly upgrading the technical skills as well as leadership ability of its employees through various enrichment programmes. In fiscal 2010, more than 8000 manhours of training were deployed.

EMPLOYEE ENGAGEMENT

Technology is very well deployed in our HR department, to ensure maximum information flow for decision making and least amount of stress for employees at work. Both the half-yearly KRA evaluation and the Annual Potential Assessments are conducted online, and all evaluations are mandatorily followed by a face-to-face interaction with the Manager for development and feedback. The paperless HR project is also underway and all employee files are scanned and appended to the employee record in our HRIS, thus making information easily accessible without cluttering the office with excessive paper.

Feedback on our various activities is obtained constantly by HR through our website and through a formal Employee Satisfaction Survey, which was conducted as recently as January 2010. This annual feature will bring in the much needed feedback from employees to the management. The Heads of various departments along with the HR are working on an action plan to further enhance the work experience.

HEALTH & SAFETY INITIATIVES

Financial Technologies believes in building an employee-centric culture, which will support and nurture employees through their personal and professional lives. Our Employee Wellness programme includes regular health related diagnostic workshops, lifestyle management, cancer clinic, and hemoglobin check for women. We have also recently introduced an annual health checkup plan for senior employees. Some other initiatives include subsidized transport and an emergency care tie-up with the Holy Family Hospital which is very close to our office premises.

FUN AT WORK INITIATIVES

Financial Technologies endeavors to develop a culture of bonding and fun, through our Employee Connect Events. A variety of events got celebrated last year including Women's Day, Juniors' Day with kids of the employees being invited to our offices, and major festivals including Diwali, Christmas etc.

EXTERNAL APPRECIATION

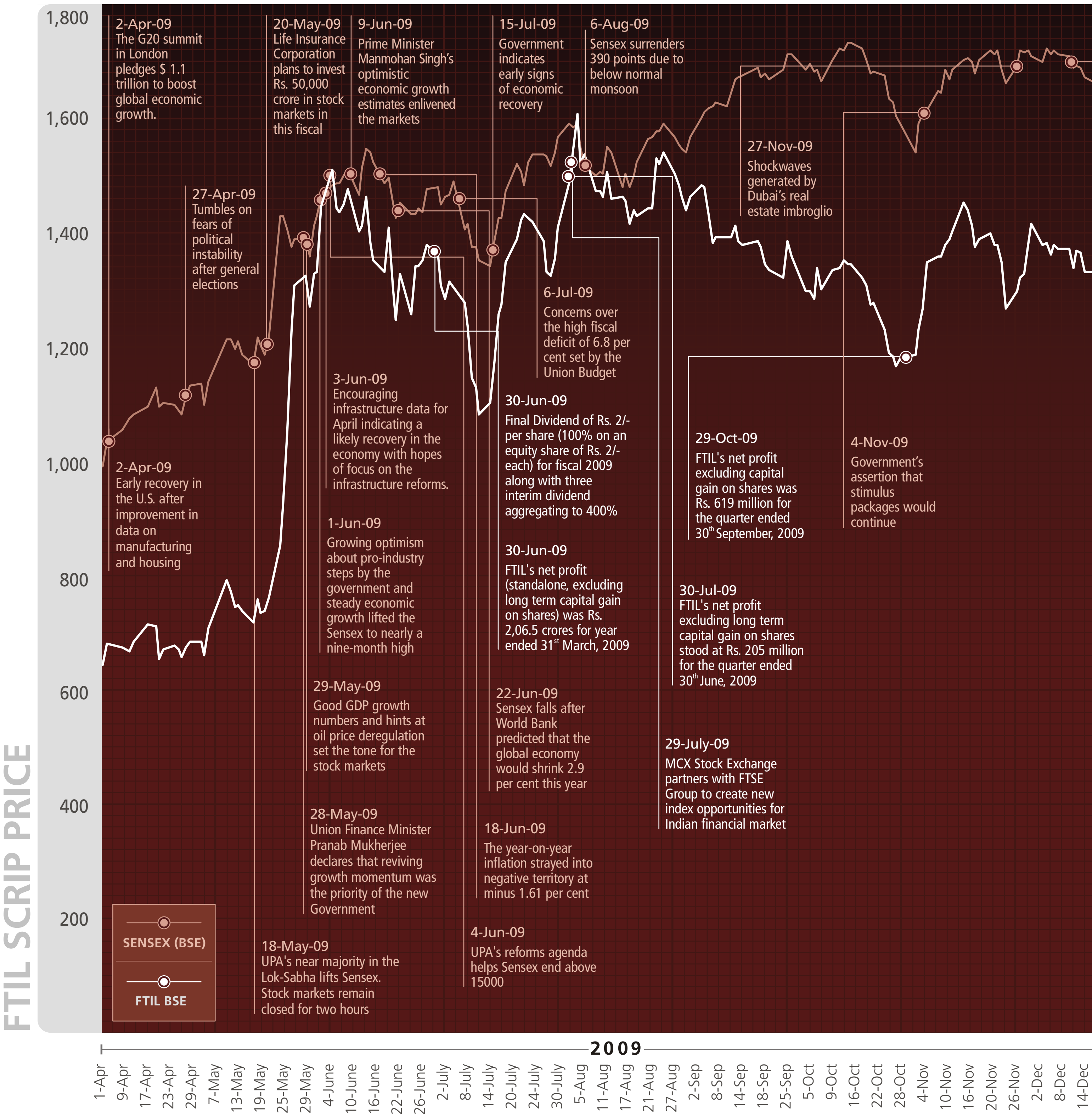
Our efforts have won us good recognition. A few of the awards, we won in fiscal 2010 are listed below:

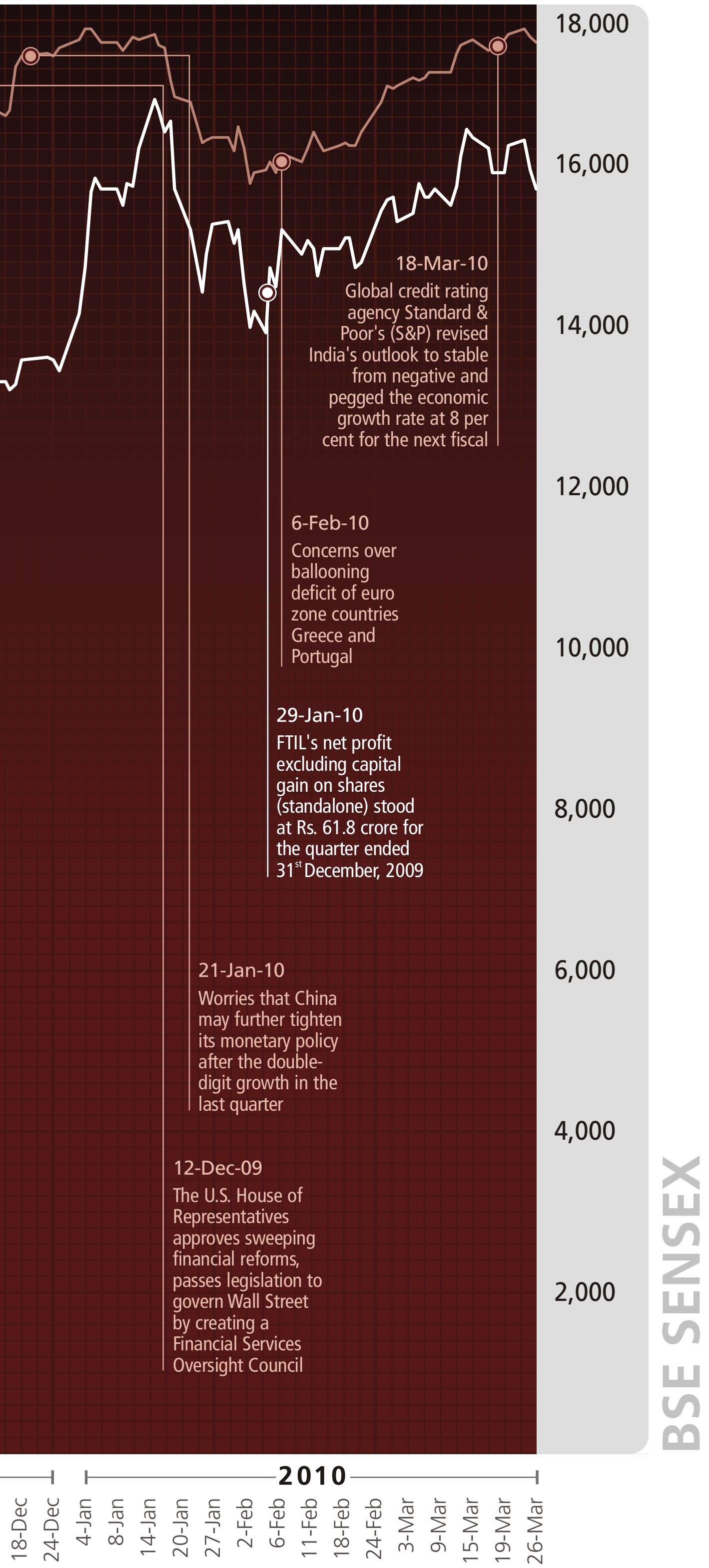
- Award for Innovation in Retention Strategy - both the regional and final round award at the 4th Employer Branding Awards.
- Award for Organization with Innovative HR Practices, for our efforts of incorporating Employee Engagement into CSR activities.
- The Group HR Head - Ms. Shalaka Gadekar was conferred the title of Women Super Achievers at the regional round of Employer Branding Awards.

The vision of the HR Department has been to constantly strive to make Financial Technologies a "Great place to work" and to channelize our energies to create, amongst the employees, a sense of pride in the institution. We strongly believe that a quality workforce, handled with care and consistent employee centric policies, will help in making Financial Technologies a financial behemoth in the times to come.

FTIL SCRIP PERFORMANCE

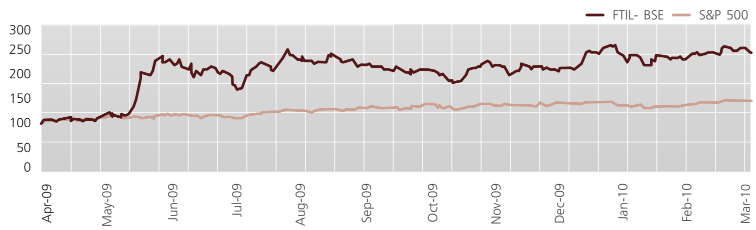
FTIL Scrip and BSE Sensex (FY 2009-10)



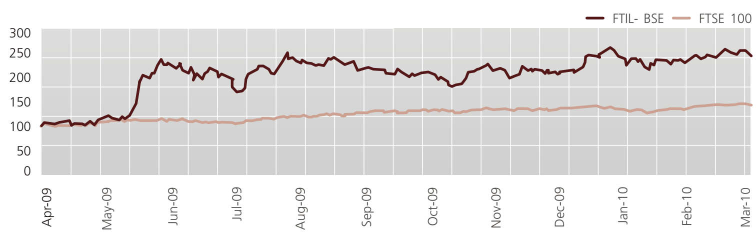


REBASED - FTIL PERFORMANCE V/S INDICES
(April 2009 - March 2010)

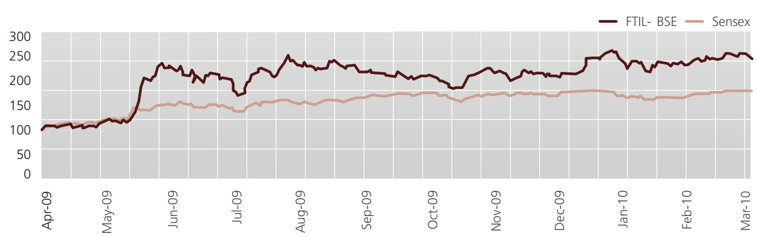
FTIL V/s S&P 500



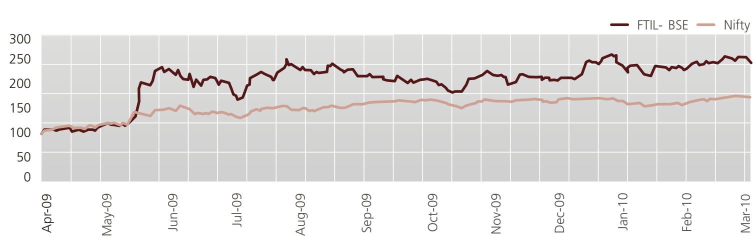
FTIL V/s FTSE 100



FTIL V/s Sensex



FTIL V/s Nifty



AWARDS AND RECOGNITION

Financial Technologies was ranked **No.1** in terms of 10-year profit growth by Business Today's ranking of India's 500 Most Valuable Companies in 2009.

Financial Technologies Group won the 4^{th} Employee Branding Award for **Innovation in Retention Strategy - Global HR Excellence Award** in March 2010.

MCX was honored as the **"Best Commodity Exchange for the Year 2009"** in the 6^{th} India International Gold Convention 2009 (IIGC) held at Goa in September 2009.

MCX was ranked **4^{th}** among Asia-Pacific Commodity Derivatives Exchanges.

MCX won the NASSCOM **"Social Innovation Honours - 2010"** for its flagship CSO (corporate social opportunity) project Gramin Suvidha Kendras (GSKs), the rural facilitation centres set up in a joint venture with India Post.

MCX Stock Exchange co-promoted by your Company won the award for the **"Best Stock Exchange"** on 12^{th} March, 2010 during the MIEDA & IITC Maharashtra Economic Summit.

IEX was awarded the **"Best E-Enabled Customer Platform"**, for developing a robust platform for energy trading, in the 2^{nd} India Power Awards 2009, by Council of Power Utilities & KW Conferences Pvt. Ltd.

Market Communications team at Financial Technologies won a **Platinum Award** honored by Marcomm Awards, USA for its commendable contribution to financial markets through its campaign "Future of Financial Markets" (FOFM) and Gold award for its online community "FT Community" in January 2010.

6 YEARS AT A GLANCE

STANDALONE

Financial Performance (Excl Capital Gains on sale of shares)

Rs. Million

For the Financial Year Ended	2005	2006	2007	2008	2009	2010
Total Income	335.09	962.57	1,741.32	2,311.27	4,994.13	4,113.50
EBITDA	143.75	642.71	1,186.62	1,384.38	2,654.69	2,162.53
Profit After Tax	99.13	465.94	1,006.13	969.91	2,064.54	1,880.36

Financial Position

Rs. Million

For the Financial Year Ended	2005	2006	2007	2008	2009	2010
Fixed Assets	63.95	91.75	690.64	2,072.61	2,841.08	2,739.16
Investments	1,232.34	1,602.46	4,143.83	13,743.26	14,444.65	20,019.48
Cash And Cash Equivalents	1,100.97	1,142.26	2,957.60	12,112.31	11,617.23	10,094.63
Debt	-	-	4,344.17	3,994.51	4,610.98	4,085.17
Net worth	1,386.51	1,510.18	1,986.60	14,693.78	17,496.99	20,416.63

Ratio Analysis

Performance Ratio (Excl capital gain on sale of shares)

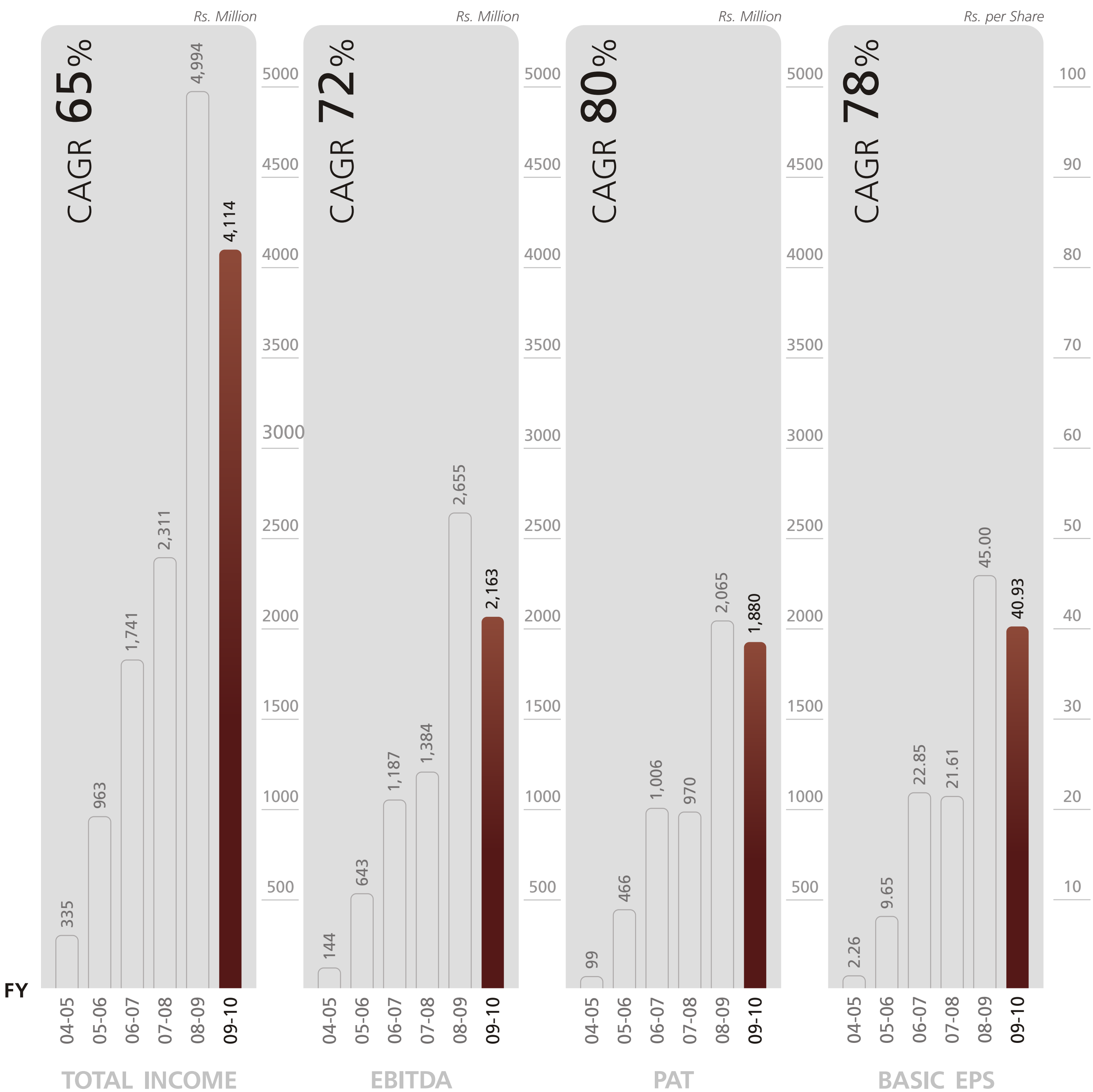
For the Financial Year Ended	2005	2006	2007	2008	2009	2010
EBITDA / Total Income	43%	67%	68%	60%	53%	53%
Effective Tax Rate-Tax / PBT	26%	24%	15%	23%	20%	11%
PAT / Total Income	30%	48%	58%	42%	41%	46%

Per Share Ratios

For the Financial Year Ended	2005	2006	2007	2008	2009	2010
Basic EPS (Rs.)	2.26	9.65	22.85	214.15	80.33	74.97
Book Value (Rs.)	31.51	34.32	45.05	320.24	381.33	443.08
Dividend Per Share (Rs.)	0.40	6.00	8.00	20.00	10.00	8.00

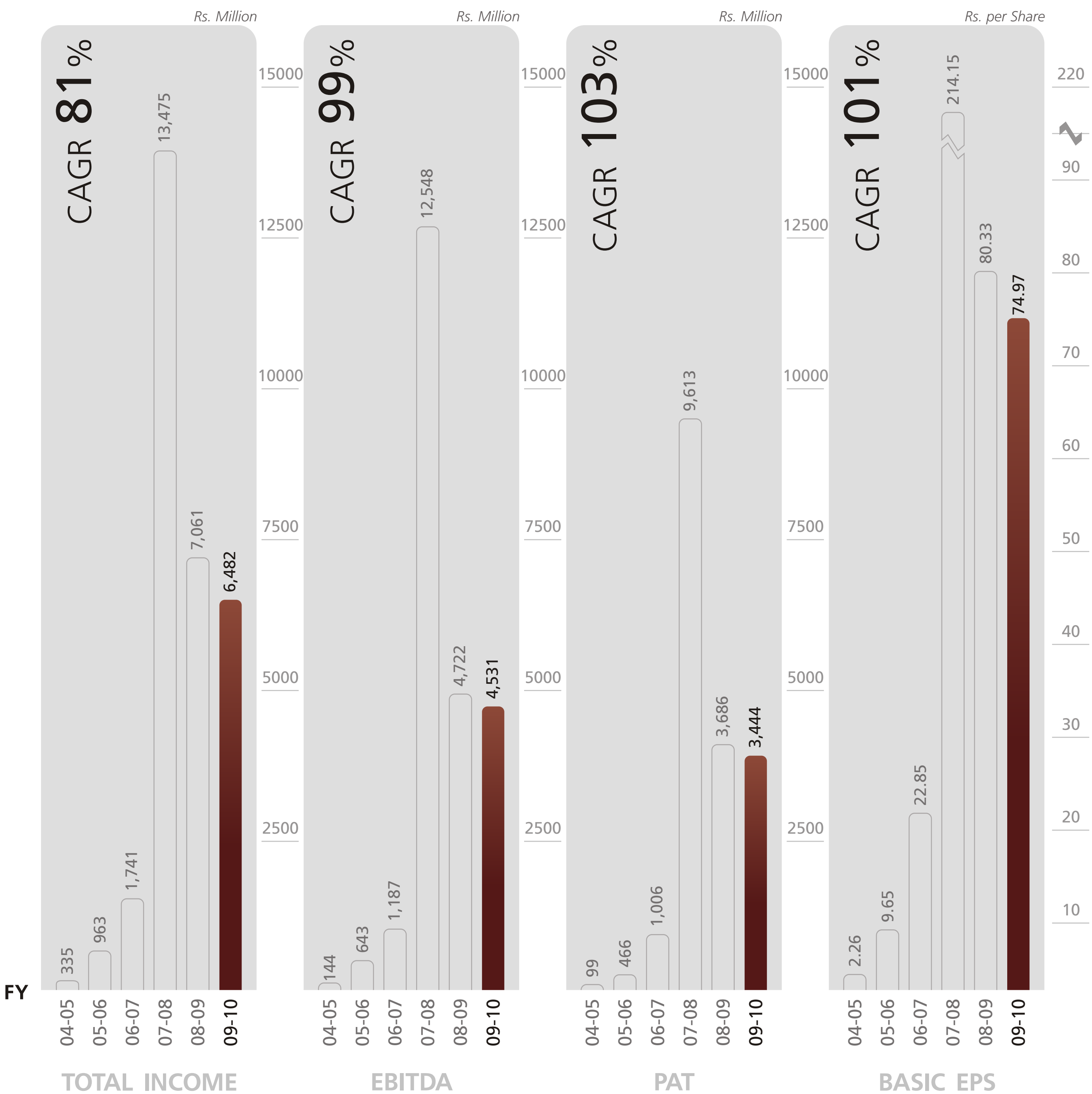
FINANCIAL HIGHLIGHTS

Financial Growth (Standalone) excluding capital gain on sale of shares



Financial Year: April – March
CAGR is calculated for FY 05-10

Financial Growth (Standalone) including capital gain on sale of shares



Financial Year: April – March
CAGR is calculated for FY 05-10

GLOBAL PRESENCE

CORPORATE OFFICE

Financial Technologies (India) Ltd.

6th Floor, 601 Boston House, Suren Road, Chakala, Andheri (East), Mumbai - 400 093, India.
T: +91 22 6709 9600 | F: +91 22 6709 9066 | info@ftindia.com

INDIA OPERATIONS

Ahmedabad
A-1011, 10th Floor, Atma House, Opp. Old Reserve Bank of India, Near Times of India, Ashram Road, Ahmedabad - 380 009.
T: +91 79 3007 4141
F: +91 79 3007 4957
ahmedabad@ftindia.com

Chennai (Registered Office)
1A & B, 1st Floor, Doshi Towers, Periyar EVR Salai, Kilpauk, Chennai - 600 010.
T: +91 44 4395 0862
F: +91 44 4395 0899
chennai@ftindia.com

Delhi
4 G & H, Hansalaya Building, 15 Barakhamba Road, Connaught Place, New Delhi - 110 001.
T: +91 11 4152 2440
F: +91 11 4152 2550
delhi@ftindia.com

Hyderabad
202, Ganga Estate, 6-3-350, Nagarjuna Circle, Road No. 1, Banjara Hills, Hyderabad - 500 034.
T: +91 40 6636 5740
F: +91 40 6636 5740
hyderabad@ftindia.com

Kolkata
BNCCI House, 3rd Floor, 23, R. N. Mukherjee Road, Kolkata - 700 001.
T: +91 33 6615 9000
F: +91 33 6615 9010
kolkata@ftindia.com

Mumbai
349 Business Point, 7th Floor, Western Express Highway, Chakala, Andheri (East), Mumbai 400 069.
T: +91 22 6715 2000
F: +91 22 6715 2001
mumbai@ftindia.com

INTERNATIONAL OPERATIONS

United States
33 Wood Avenue South, Suite 600 Iselin, NJ - 08830
T: +1 732 603 5238
F: +1 732 549 3745

EXCHANGE VENTURES

Multi Commodity Exchange of India Ltd.
Exchange Square, Suren Road, Andheri (East), Mumbai - 400 093, India.
T: +91 22 6731 8888
F: +91 22 6649 4151
info@mcxindia.com
www.mcxindia.com

MCX Stock Exchange Ltd.*
Exchange Square, Suren Road, Andheri (East), Mumbai - 400 093, India.
T: +91 22 6731 9000
F: +91 22 6731 9004
info@mcx-sx.com
www.mcx-sx.com

National Spot Exchange Ltd.
102 A, Landmark, Suren Road, Chakala, Andheri (East), Mumbai - 400 093, India.
T: +91 22 6761 9900
F: +91 22 6761 9931
info@nationalspotexchange.com
www.nationalspotexchange.com

Indian Energy Exchange Ltd.
100A/1 Ground Floor, The Capital Court, Olof Palme Marge, Munirka, New Delhi - 110 067, India.
T: +91 11 4300 4008
F: +91 11 4300 4015
info@iexindia.com
www.iexindia.com

IBS Forex Ltd.
55-C, Mittal Tower, 'C' Wing, Nariman Point, Mumbai - 400 021, India.
T: +91 22 6634 4322
F: +91 22 6634 4324
info@ibsfx.com
www.ibsfx.com

ECOSYSTEM VENTURES

National Bulk Handling Corporation Ltd.
401, 4th Floor, Boston House, Suren Road, Chakala, Andheri (East), Mumbai - 400 093, India.
T: +91 22 6709 9300
F: +91 22 6709 9044
info@nbhcindia.com
www.nbhcindia.com

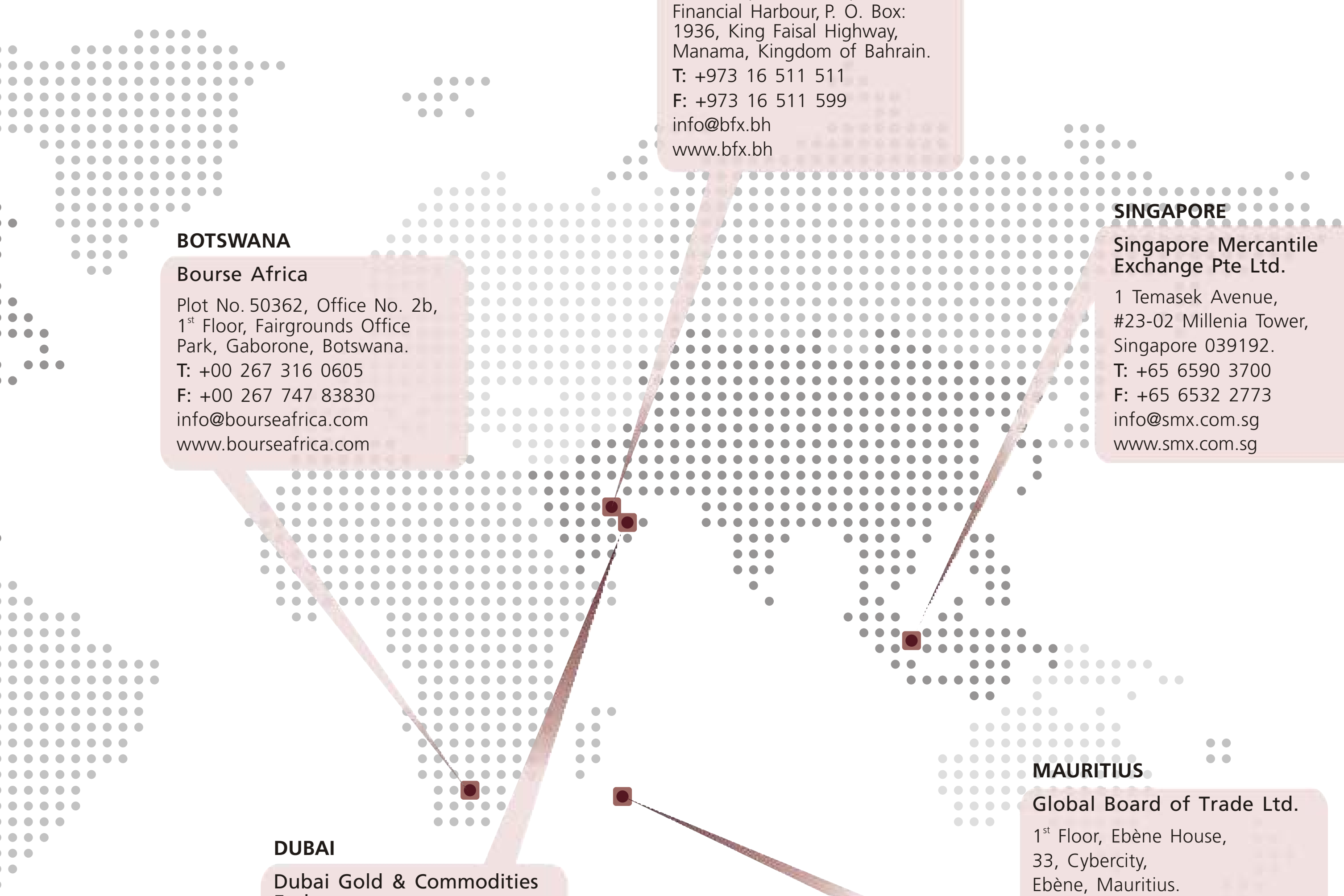
Financial Technologies Knowledge Management Company Ltd.
1st Floor, Exchange Square, Suren Road, Chakala, Andheri (East), Mumbai - 400 093, India.
T: +91 22 6731 8888
F: +91 22 6726 9541
knowledgeformarkets@ftkmc.com
www.ftkmc.com

atom Technologies Ltd.
3rd Floor, Boston House, Suren Road, Chakala, Andheri (East), Mumbai - 400 093, India.
T: +91 22 6769 8300
F: +91 22 6769 8311
info@atomtech.in
www.atomtech.in

TickerPlant Ltd.
5th Floor, Landmark B-wing, Suren Road, Chakala, Andheri (East), Mumbai - 400 093, India.
T: +91 22 6769 4100
F: +91 22 6769 4292
info@tickerplantindia.com
www.tickerplantindia.com

w.e.f 8th September, 2008 to 18th March, 2010

INTERNATIONAL EXCHANGES



BAHRAIN

Bahrain Financial Exchange

12th Floor, East Tower, Bahrain Financial Harbour, P. O. Box: 1936, King Faisal Highway, Manama, Kingdom of Bahrain.

T: +973 16 511 511

F: +973 16 511 599

info@bfx.bh

www.bfx.bh

BOTSWANA

Bourse Africa

Plot No. 50362, Office No. 2b, 1st Floor, Fairgrounds Office Park, Gaborone, Botswana.

T: +00 267 316 0605

F: +00 267 747 83830

info@bourseafrica.com

www.bourseafrica.com

SINGAPORE

Singapore Mercantile Exchange Pte Ltd.

1 Temasek Avenue,
#23-02 Millenia Tower,
Singapore 039192.

T: +65 6590 3700

F: +65 6532 2773

info@smx.com.sg

www.smx.com.sg

DUBAI

Dubai Gold & Commodities Exchange

Emaar Business Park, Bldg No. 2, Level 1 Sheikh Zayed Road (Near Interchange 5), P. O. Box 37736, Dubai, United Arab Emirates.

T: +9714 361 1616

F: +9714 361 1617

info@dgcx.ae

www.dgcx.ae

MAURITIUS

Global Board of Trade Ltd.

1st Floor, Ebène House,
33, Cybercity,
Ebène, Mauritius.

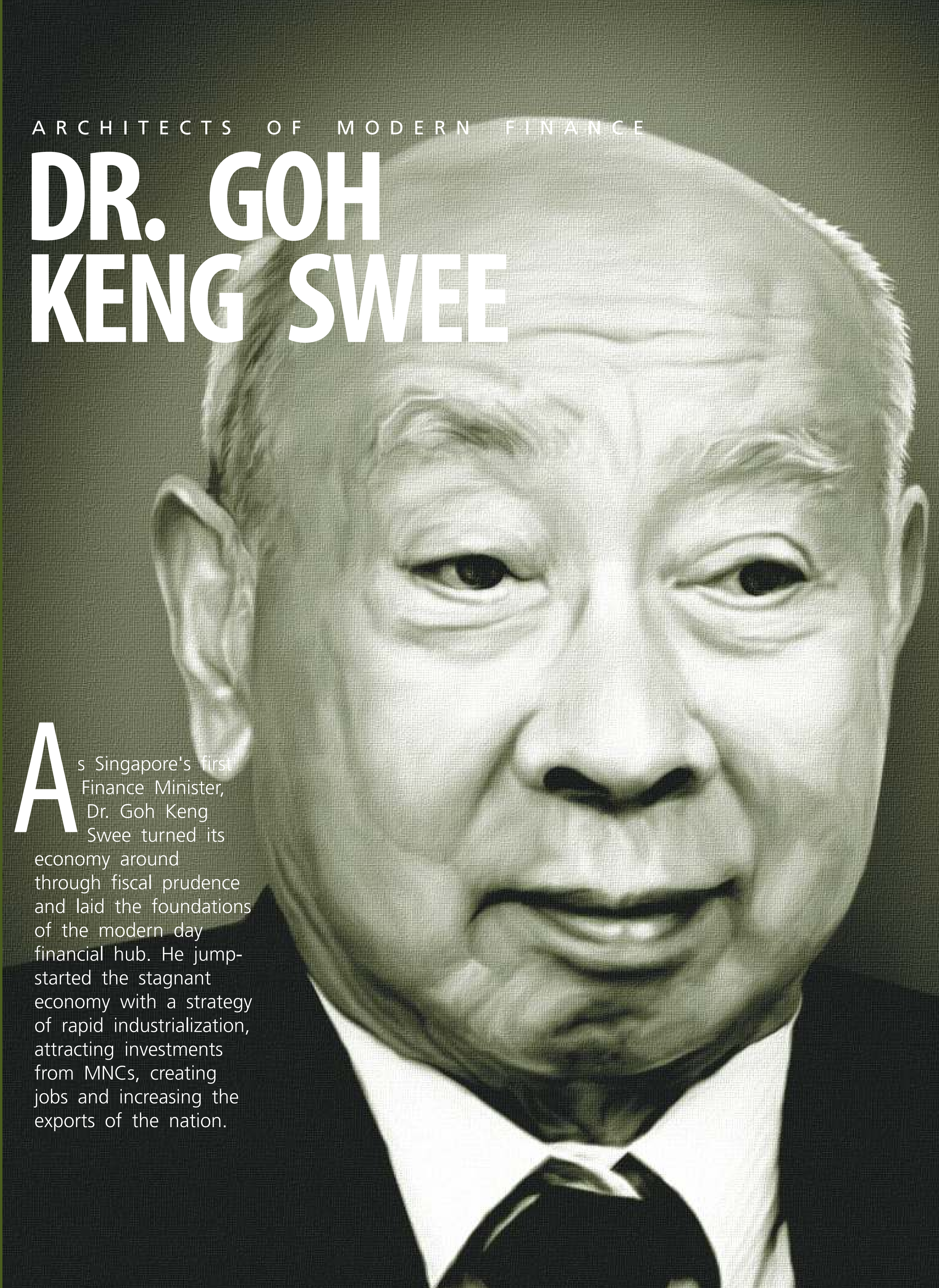
T: +230 404 0000

F: +230 464 7000

info@gbot.mu

www.gbot.mu

DR. GOH KENG SWEE



As Singapore's first Finance Minister, Dr. Goh Keng Swee turned its economy around through fiscal prudence and laid the foundations of the modern day financial hub. He jump-started the stagnant economy with a strategy of rapid industrialization, attracting investments from MNCs, creating jobs and increasing the exports of the nation.

2

LETTERS FROM INDUSTRY EXPERTS

- Dinesh Rai, MSME
- Donald Keith, FTSE Group
- Hemant Mishr, Standard Chartered Bank
- Jaspal Bindra, Standard Chartered
- Kalpana Morparia, J. P. Morgan
- K. V. Kamath, ICICI Bank Ltd.
- Munish Varma, Deutsche Bank India
- Seth Freeman, EM Capital Management LLC
- Shahzaad Dalal, IL&FS Investment Managers Ltd.

All names appear in alphabetical order.
The views expressed in the articles are those of the authors alone and not of their respective organizations'.

PROMOTING FINANCIAL INCLUSION IN EMERGING MARKETS THROUGH SME EXCHANGES

Mr. Rai, took over as the Secretary of MSME in February 2008. He has served in different capacities in the Government of Uttar Pradesh and the Government of India. His area of specialization is policy planning and implementation, project appraisal and monitoring, financial management and maintenance of essential supplies.

Dinesh Rai
Secretary, Ministry of Micro, Small and Medium Enterprises (MSME)

"While there are several reasons (including lack of fiscal incentives) for insignificant inflow of venture capital into MSME sector, one important factor inhibiting such inflow is the lack of a mechanism that could provide an exit route to the private equity / venture capital fund's investing in MSMEs"

In the past decade, India has grown fast in comparison with other nations. Notwithstanding the rapid increase in overall GDP and per capita income in recent years, a significant proportion of the rural and urban population is excluded from the formal financial system. To achieve democratic growth, as envisaged for the 11th Plan, financial inclusion is of critical importance. The definitional emphasis of financial inclusion varies across countries and geographies, depending on the level of social, economic and financial development; the structure of stake holding in the financial sector; socio-economic characteristics of the financially excluded; and also the extent of the recognition of the problem by authorities or governments. The Report of the Committee on Financial Inclusion in India (Chairman: C Rangarajan) (2008) defines financial inclusion as the "process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost."

But why is financial inclusion so important? It is because it is a necessary condition for sustaining equitable growth. There are few, if any, instances of an economy transiting from an agrarian system to a post-industrial modern society without broad-based financial inclusion. Economic opportunities are strongly intertwined with financial access. Hence, such access is especially powerful for the poor as it enables to build savings, make investments and avail credit. Importantly, access to financial services also helps the poor insure against income shocks and equips them to meet emergencies. Needless to add, financial inclusion protects the poor from the clutches of the usurious money lenders. There are enormous benefits at the aggregate level too. Financial inclusion provides an avenue for bringing the savings of the poor into the formal financial intermediation system and channels them into investment.

There is currently a perception that there are a large number of people, potential entrepreneurs, small enterprises and others, who may not have adequate access to the financial sector, which could lead to their marginalization and denial of opportunity to grow and prosper. This assumes considerable significance when seen in the context of the role played by the micro, small and medium enterprises (MSME) sector. The MSME sector constitutes an important segment of our national economy and has shown continued dynamism in terms of growth in number of enterprises, production, employment generation and contribution to the country's manufacturing output and exports. MSME sector contributes to about 45% of the total manufactured output and nearly 40% to India's exports. As per the quick estimates, there are 26 million MSME enterprises employing about 60 million persons. Further, the sector has been consistently registering higher growth rates than the overall manufacturing sector.

The MSME sector has traditionally relied on debt financing, primarily from banks as also from other financial institutions. Despite several measures taken by the Government through RBI for improving MSMEs access to finance, the banks / financial institutions have been selective and have remained cautious in lending to them. On the other hand, there has been less participation in equity of smaller and early stage businesses, by private equity / venture funds. While there are several reasons (including lack of fiscal incentives) for insignificant inflow of venture capital into MSME sector, one important factor inhibiting such inflow is the lack of a mechanism that could provide an exit route to the private equity / venture capital fund's investing in MSMEs.

The existing structure of capital markets in India makes it very difficult for the MSMEs to raise capital due to high cost (including high cost of compliance). It is, therefore, important that MSMEs are provided a framework (in the form of a separate exchange or a separate platform of an existing exchange) that enables them to raise capital quickly and at a lower cost. A transparent SME Exchange / platform, providing cost effective solution to MSMEs by reducing the IPO cost and without undervaluing the companies, will create a huge market for SMEs.

An exchange designed for the needs of the Indian MSMEs will also pave the path for raising risk capital. A financial system that is built on the two pillars of banking and securities markets is stronger than a system that is built solely on bank credit. As countries grow richer, financial markets play an increasingly important role relative to banks. Another aspect of a growth in equity culture through this platform for SMEs is greater shareholder activism. This cultural change promises to raise productivity and economic growth.

> ...Important that MSMEs are provided a framework that enables them to raise capital quickly and at a lower cost

Finally, setting up an SME exchange will bridge MSMEs and the private equity and venture capital by providing an exit route. The underdeveloped equity culture has made it difficult for companies to graduate from venture capital / startups to a scale of operations that would make them internationally competitive. With the formation of a SME exchange, an added incentive for greater venture capital participation would be a reduction in their lock-in period. Thus, if the companies could be listed, the venture capital can pump the now unchained capital into other new ventures providing opportunities to more entrepreneurs inviting innovation.

The fears expressed in some quarters about investors' interests with reference to an exchange for SMEs seem exaggerated. Although the need for suitable regulatory mechanism cannot be over-emphasised, yet one should not lose sight of the fact that the investors today are more mature and better informed. The growth in the Indian economy in the recent years has created a large pool of valuable MSMEs in addition to a large base of qualified investors for MSMEs. Therefore, good prospects exist for a SME platform. Thus, keeping in mind the nature of this sector, it is imperative to remove obstacles in way of its development. Since one of the key constraints for MSMEs is lack of access to equity capital, development of SME exchange will go a long way in opening up this avenue of raising capital in a cost effective manner.

INDIAN ETFS: AN INTERNATIONAL PERSPECTIVE

Donald Keith
Deputy CEO,
FTSE Group

Mr. Keith has the overall responsibility for developing FTSE's business across the USA, Europe, Middle East and Asia Pacific. Under his leadership, FTSE has substantially expanded its offering to international investors to include a comprehensive set of indexing services for its range of asset classes, geographies and investment strategies.

"International investment in India-themed ETFs will see strong growth over the next 5 years, as restrictions on foreign participation in the Indian equity markets are relaxed... investors will move from including India in their emerging markets portfolios to viewing it as an investment destination"

Exchange Traded Funds (ETFs) are among the most innovative and fastest growing sectors of the global financial markets. Since their introduction in the early 1990s, global ETF assets under management (AUM) have grown steadily to reach $1 trillion at the end of February 2010. ETFs are also one of the few areas of the market that have survived the global financial crisis relatively unscathed. This article looks at global trends in the ETF market and considers the prospects for Indian ETFs, both India-themed ETFs listed on major exchanges worldwide enabling international investors exposure to India, as well as ETFs listed in India targeted at Indian investors.

DRIVERS OF ETF GROWTH

ETFs are open-ended index funds listed and traded on an exchange like stocks. ETFs are used by institutional investors, particularly in their satellite portfolios, as an alternative to traditional active and index funds, because they help gain exposure to a diverse range of markets, sectors and styles cost-effectively. The added advantage is that, unlike traditional index funds, they can be purchased on margin, lent out and sold short. ETFs offer retail investors two primary advantages over traditional mutual funds: lower expense ratios and a wider range of investment options.

The US continues to be the leading ETF market worldwide, accounting for about 68% of global AUM. Retail investors account for over 50% of the

US ETF market and ETFs have been steadily capturing traditional mutual funds' share. As a result, leading ETF providers in the US, such as Vanguard and Invesco (PowerShares), have emerged from the mutual fund industry, whilst fund managers who traditionally focus on the institutional market, such as BlackRock (iShares) and State Street, have entered the ETF market to aid creation of a retail distribution network.

Conversely, Europe, with about 22% of global ETF AUM, sees institutional investors accounting for over 90% of the ETF market. The leading providers are mainly investment banks like Deutsche Bank (db x-trackers) and Société Générale (Lyxor), who have entered the ETF market to leverage their institutional and private wealth distribution channels.

Whilst Asia-Pacific currently accounts for only 7% of global ETF AUM, the region is poised to grow rapidly, particularly as the ETF markets in China and India begin to take off.

GLOBAL GROWTH PROSPECTS

Despite the rapid growth, ETFs still represent less than 5% of the $22 trillion invested in mutual funds globally. Thus, there is considerable potential for growth, particularly as European markets mature and new ETF markets open up in Asia, the Middle East and Latin America. Global ETF markets are estimated to grow at about 25% CAGR over the next 5 years to AUM worth over $3.4 trillion by 2015.

Whilst ETFs, based on the best known and most widely tracked international and domestic equity indices, will continue to dominate the market, investors will increasingly diversify their ETF usage. A recent survey by EDHEC-Risk identified three primary areas where respondents plan to increase their usage of ETFs:

- Emerging markets (47% of respondents), including both global and regional exposure, as well as single country ETFs, particularly in high profile emerging markets such as China, India and Brazil
- Commodities (35%), though much of this growth will be in the form of ETC and ETN structures, rather than ETFs
- New forms of indices (34%), including investment strategy indices, as well as thematic indices, such as infrastructure and environmental markets

> ...there is considerable potential for growth, particularly as European markets mature and new ETF markets open up in Asia, the Middle East and Latin America

PROSPECTS FOR INTERNATIONALLY LISTED INDIAN ETFS

There are about 20 India-themed ETFs listed in the USA, Canada, Europe, Japan and Singapore, accounting for AUM of $5.3 billion. The most significant ones are Lyxor MSCI India ETF (listed in Europe), iPath MSCI India ETN (listed in the USA), and iShares MSCI India ETF (listed in Singapore).

Whilst this indicates a strong interest amongst international investors in using ETFs to gain exposure to India, the $5.3 billion invested in Indian ETFs is much lower than the $32.3 billion currently invested in China ETFs. This is partly because there are two ways to gain exposure to China: indirectly via Hong Kong-listed H Shares (primarily using the iShares FTSE/Xinhua China 25 ETFs listed in the USA and Europe) and direct participation in the China A Shares market under the Qualified Foreign Institutional Investor programme (primarily using the iShares FTSE/Xinhua A50 ETF listed in Hong Kong).

International investment in India-themed ETFs will see strong growth over the next 5 years, as restrictions on foreign participation in the Indian equity markets are relaxed, investors will move from including India in their emerging markets portfolios to viewing it as an investment destination.

PROSPECTS FOR THE INDIAN ETF MARKET

Whilst still in its infancy, the Indian mutual fund market grew at a CAGR of 35% between 2004 and 2008, compared to a global average of only 4%. It is forecast to grow at 15-20% annually between 2010 and 2015.

However, ETFs have been slow to take off in India. As on 13th February, 2010 ETFs were listed in India (combined AUM of $0.3 billion), which represents only 0.3% of total Indian mutual fund assets. Institutional investors currently account for 63% of ETF assets. Despite this slow start, the long-term growth prospects are extremely positive, subject to a number of structural changes within the Indian market:

- Improved levels of financial literacy amongst investors (institutional and retail), particularly in terms of the merits of active and passive strategies and importance of building diversified portfolios
- Greater penetration of banks and mutual funds beyond the 20 or so biggest cities
- Enhanced levels of product innovation
- More flexible pricing structures and a shift from commission-based to fee-based advisory models (currently, there is little incentive for banks or IFAs to recommend low cost, passive fund structures such as ETFs)
- Harmonisation of multiple regulatory frameworks governing mutual funds, insurance products and pensions

THE CHALLENGE OF ADDRESSING THE MISSING FIXED INCOME SECURITIES MARKETS IN INDIA

As a member of the Indian Wholesale banking leadership team of Standard Chartered, Mr. Mishr is accountable for the Wholesale Strategic leadership and performance. He oversees the Fixed Income, Credit, FX and Equity related businesses, in addition to the Capital Markets business.

Hemant Mishr
MD & Head Global Markets, South Asia,
Standard Chartered Bank

...Indian fixed income market is dominated by government securities both in terms of turnover as well as outstanding stock. In spite of the size of government securities market, the investor base is very narrow. There is a huge underlying potential waiting to be captured in the Indian bond markets

Financial innovation, at its best, has been and will continue to be a tool for making our financial system more efficient and more inclusive.

- *Ben Bernanke*

A well-developed and vibrant financial services industry is necessary for mobilization of savings in the economy and its channelization to investment and hence growth in the real economy. Financial markets need to be well developed to support a balanced growth of the same.

In the US, however the financial industry had grown disproportionately to the real economy. USA household debt as a percentage of annual disposable personal income was 127% at the end of 2007, versus 77% in 1990. This had led to the sub-prime crisis which has been global in its impact and has led to substantial reduction in consumer wealth and caused widespread panic. It is easy to restrict the innovation and development in financial markets as a knee-jerk reaction to the crisis. However, we must note that this will also restrict the degree of "The Great Moderation", a situation of low economic volatility, low inflation and moderate economic growth which helps in economic planning and deployment of capital efficiently. The key point being made here is that it would be imprudent to blame the current crisis on the financial sophistication. The fault is more with the improper use of the tool than with the tool itself.

In the Indian context, the fixed income securities markets are still underdeveloped and there is a long way ahead. We need to be prudent and cautious about the risks inherent but the crisis should not hinder the progress in developing the missing markets so as to enable financial inclusion. This can be accomplished through increased retail participation by creation of a liquid & vibrant market. The planning commission has estimated an expenditure of $1 trillion in infrastructure investments. With the fiscal deficit ballooning, the Indian Government will find it increasingly difficult to finance infrastructure projects and banks face challenges in lending for such long tenor due to Asset & Liability mismatches in their balance sheet. To finance long term infrastructure projects, we need a well developed corporate bond market. Globally, bond markets are bigger than the equity market, however in India the corporate bond market is still in its infancy. The corporate debt market accounts for only around 4% of GDP in India while for a country like South Korea, it is about 28%.

The equity markets in India are reasonably well-developed and average trading volume in equity and equity derivatives trading is about $20 billion, while the volumes in government debt market is about $2-3 billion and that in the corporate debt market is about $40 million. The Indian fixed income market is dominated by government securities (over 80%) both in terms of turnover as well as outstanding stock. In spite of the size of government securities market, the investor base is very narrow. There is a huge underlying potential waiting to be captured in the Indian bond markets. About 60-80% of savings in financial sector in India is generated by the household sector. And roughly 60% of this is placed in bank deposit accounts and other small savings accounts because of perceived risk-free nature of these savings. Thus, there is an inherent potential for the switching of household sector savings into fixed income securities.

Efforts should be made to enable and promote standardized exchange trading of fixed income products, so as to ensure greater transparency and widen the investor base

The RBI deserves credit on reforming the fixed income markets since 1992 but there is a lot more that needs to be done. Introducing securities lending and borrowing, new bond issuances of benchmark securities would increase participation and liquidity. The large fiscal deficits and the resulting huge size of the government borrowing program leads to a huge government bond market, which crowds out private borrowing and restricts the size of the corporate bond markets. The corporate bond market is just about 2% of GDP. There is almost no retail participation and for borrowers, private placement is the preferred route as compared to public issues because of higher costs and lengthier issuance procedures associated with public issues. These procedures need to be simplified to enable retail participation.

RBI has recently announced repo in corporate bonds, which will add to the liquidity and participation in corporate bond markets. There is a need for development of term money market curve and this should be done along with ensuring stability in short-term interest rates, increasing linkages of loan and mortgage products to short term money market rates, minimizing default risk and achieving a balanced development of various segments of the money market. Efforts should be made to enable and promote standardized exchange trading of fixed income products, so as to ensure greater transparency and widen the investor base.

The investment guidelines for the insurance, pension and provident fund sectors need to be rationalized and such funds must be promoted through reforms as they are the logical providers of long-term money and will lead to a strong growth in bond markets.

The government has itself stressed on the need to ensure that the financial system can provide the finance needed for the economic development, and especially for infrastructure development. In order to achieve this, we need to develop long-term debt markets and deepen corporate bond markets.

ROLE OF THE BANKS AS KEY DRIVERS OF FINANCIAL INCLUSION IN EMERGING ECONOMIES

Jaspal Bindra
Group Executive Director,
Standard Chartered

Based out of Hong Kong Mr. Bindra is responsible to drive strategy, develop stronger regulatory and government relations, address governance issues and monitor performance across Asia. He is a member of the Visa Asia Pacific Senior Advisory Council and a Board member of Vital Voices Global Partnership.

"...there is the need to promote and encourage continued financial innovation to ensure increased efficiency in financial intermediation. ...Finally, there is an imperative to unleash the vast potential of the unbanked "bottom of the pyramid""

More than three billion people globally are currently estimated to lack access to the banking services required to support economic activity. Not only does this disenfranchise a large segment of the population from the financial system, it carries a significant opportunity cost in terms of unmobilised national savings potential, along with the lost economic contribution and job creation potential through the stifling of entrepreneurial activity from lack of access to credit.

Albeit the fact emerging economies and their financial markets have performed relatively better in, and emerged relatively stronger from, the financial crisis, the financial systems and their regulators should not be complacent. The journey to promote equitable and sustainable growth in the emerging markets through driving financial inclusion has long way to go. And it is especially important as banks account for a much larger share of the financial systems in the market than those in industrial economies, where non-banks are more developed.

The emerging markets' financial systems still remain underdeveloped in key aspects of financial intermediation. To support real sector growth, emerging markets need to focus on expanding and deepening their local financial markets. A few of the key initiatives required in most such markets include:

- promoting deeper and more liquid money markets and reducing excessive reliance on a narrow base of deposits for funding,
- encouraging deeper and longer tenured debt markets to support financing of longer-termed assets,
- creating better legal and contractual environments which support contract enforceability with reasonable certainty of ability of timely enforcement in case of breach and
- encouraging the development of better risk management tools and instruments across the full spectrum of financial sector risks.

There is no one-size-fits-all solution. However, there are several hallmarks which we believe are critical to supporting continued development of emerging economies' financial markets. First, there is the need to promote and encourage continued financial innovation to ensure increased efficiency in financial intermediation. Second, encouraging foreign participation will help promote development in areas such as innovation, liquidity and concomitant price transparency, and adoption of international best practices. Finally, there is an imperative to unleash the vast potential of the unbanked "bottom of the pyramid".

At Standard Chartered, our financial inclusion initiatives range from microfinance, Islamic Banking, SME training to financial literacy and it lies at the heart of our principles. In 2006, we made a Clinton Global Initiative commitment to provide $500 million to microfinance institutions in Asia and Africa by 2011, to enable individuals in our core markets to pull themselves out of poverty, as agents of economic growth. By 2009, we achieved our target, two years ahead of schedule and we will continue to increase our support.

In Uganda, we are partnering with the telecommunications company to facilitate a new mobile banking service, estimated to be used by more than 20 million people to provide access to finance in the region.

In a world today where there are more women-run businesses operating than ever before, Standard Chartered have developed products and services that especially help female business owners achieve their business ambitions to overcome challenges and constraints which still hinder them from establishing and growing their own businesses.

We are at a moment of sea change in international financial markets. Different markets were differently impacted in the global financial crisis and are emerging from the crisis at different speeds and on quite different trajectories.

Developed markets, which account for two-thirds of the $57 trillion world economy, are still fragile, even after extensive government intervention and highly expansionary fiscal and monetary policy. The developed world's financial markets are still at the early stages of recovery. The focus is on economic growth and job creation. Financial institutions have a major role to play in providing access to finance that will help overcome the barriers to development not only to support wealth creation among the needy but also to support developing financial markets to support sustainable growth.

As financial systems emerge from the crisis, increasing financial inclusion will be a key component to ensure sustainability of both the financial sector and real sector recoveries. Financial institutions must continue to expand and deepen national financial markets to promote economic development and regulators should be supportive and encouraging of such efforts

Emerging economies can improve levels of financial inclusion by creating effective regulatory and policy environments and enabling the actions of individual financial services providers in this area. As financial systems emerge from the crisis, increasing financial inclusion will be a key component to ensure sustainability of both the financial sector and real sector recoveries. Financial institutions must continue to expand and deepen national financial markets to promote economic development and regulators should be supportive and encouraging of such efforts.

MOBILE TECHNOLOGY FOR ENABLING 'FINANCIAL INCLUSION' IN INDIA

Kalpana Morparia
CEO - India,
J. P. Morgan

Ms. Morparia leads each of JP Morgan's lines of business - Investment Banking, Asset Management, Treasury Services and Principal Investment Management. She is also responsible for Service Groups operating in India, including Global Research, Finance, Technology and Operations.

> If India wants to become the vibrant & modern economy that it aspires to be, we need to take banking services to the last mile and to achieve this, technology in general and ICT in particular will play a key role

Universal access to basic financial services "Financial inclusion" is a fundamental right of every citizen. Governments and policymakers around the world are striving for ways to provide this access to their population. For a developing economy like India, financial inclusion of the urban poor and rural population is of critical importance and is both a crucial link and a substantial first step towards achieving inclusive growth.

For a geographically diverse country like ours, financial coverage continues to remain a daunting task. It is indeed a challenge to cater to the needs of such a large & geographically widespread population coupled with problems of high dependence on informal credit channels, poverty and illiteracy.

Over the years financial inclusion has been among our top national priorities. Several initiatives have been rolled out with a key focus of banking the "unbanked" in the rural areas as well as urban poor in sprawling megapolises. Initiatives like "no frills" banking account with simplified KYC norms and minimal balance requirement, expansion of bank branches, setting-up of Regional Rural Banks focused on priority sector lending, RBI's business correspondent model where banks are allowed to use post offices, co-operative societies and NGOs set up as trusts, business correspondents (agents) for branchless banking are all efforts to take banking services to the common man in remote areas. Despite these efforts, a large void continues to exist and one of the key reasons for such poor coverage has been the limited use of appropriate technology. With the arrival of banking technology, it has been established that poor are bankable with good business prospects. If India wants to become the vibrant & modern economy that it aspires to be, we need to take banking services to the last mile and to achieve this, technology in general and ICT in particular will play a key role.

Globally, technology is being seen as the key enabler for financial inclusion. In India too, a lot of emphasis is being placed on technology solutions to promote inclusion. Introduction of biometric smart card, portable point of sales terminals, simple and easy to use low cost ATMs, computerizing of post office savings etc have been a step towards the same. While these efforts have helped address the problem of exclusion to some extent, we still have a gigantic task ahead of us.

One of the technology based solutions that offers hope for enhancing financial inclusion is the Government's 'Unique Identification Project (UIDAI)'. With the help of UIDAI, micro - ATMs will allow the customers to perform basic financial transaction using their Unique Identification numbers and their fingerprint as the identity proof, thereby providing an online, interoperable, low cost payment platform to every one in the country. It could be instrumental in not only providing basic financial services to the unbanked segment but doing it profitably as well.

Almost all of these efforts have focused on making the customer go to a shared channel. However for vast country like India with challenges of accessibility and poor levels of literacy, we have to focus on a device that can be under the power and control of the individual. The mobile phone is the only definitive answer to overcome the problem of reach. Today, the mobile phone has reached the remotest locations of our country and revolutionizing the way we communicate. As a medium, its built-in network reach, scalability and cost effectiveness are nearly unbeatable making it one of the most valuable tools for inclusion. Mobile phone in the hands of the 'aam-aadmi' is that defining tool which can provide a cost effective solution for driving inclusion.

> Mobile phones can cater to the needs of those without access to a branch network, ATM and information services empowering them to receive the benefits of banking services...

Mobile phones can cater to the needs of those without access to a branch network, ATM and information services empowering them to receive the benefits of banking services such as being able to save and borrow in a cost-efficient and secure way. With an overall penetration reaching 48% of the population, mobile banking presents huge potential and is being increasingly looked upon as the game-changing device to drive inclusiveness in banking. It is estimated that 60-80% of businesses and individuals in India lack access to basic financial services, translating into 500 million people without savings, credit or insurance services. Provision of financial services through mobile phones offers a low-cost, accessible transaction platform for the currently unbanked lower-income people, thereby bridging the gap between the banked and the unbanked.

The need for multi-asset financial exchanges arises to supplement these efforts in the banking space. A multi-asset exchange not only overcomes the fragmented structures but also provides opportunities for transparent and efficient price discovery, which will in turn result in increased market participation. Smart use of technology to provide tools to the mobile phone user can enable exchanges to reach a wider audience. Besides creating a wider marketplace, it will enhance liquidity in the system. Together with measures to improve financial literacy, these initiatives will propel financial inclusion and create ample opportunities for growth in the micro economies.

The future growth of our banking sector and the economy will largely depend on our ability to reach out to the geographical spread of our country. We need to focus strongly on "social development" and encourage leading public sector, private and foreign players to leverage technology to innovate and profitably provide banking services to lower income and rural markets. With mobile banking, we have already overcome the problem of reach and access. The only missing fragment is the development of custom made solutions that will make this reach count. It is financial Inclusion & empowerment of our citizens that will help achieve our objective of consistent double digit GDP growth.

FINANCIAL INCLUSION IN INDIA: OUR TIME STARTS NOW

Mr. Kamath started his career in 1971 at ICICI, an Indian financial institution that founded ICICI Bank. He was appointed its MD & CEO in 1996. He led the ICICI Group into a technology-driven financial services group diversified across banking, insurance and asset management in India and abroad.

K. V. Kamath
Non-executive Chairman,
ICICI Bank Ltd.

> Financial inclusion needs a multifarious approach ranging from providing the right policy push to institutional build-up, new technologies, and experimenting with new delivery channels. A "one solution fits all" approach is bound to fail...

India's steady progress from an agrarian to a services-led economy and now to become an industrial powerhouse has given the world a unique and a distinctly robust economic growth model. A strong services sector is the underpinning factor from which all other activities derive strength and sustenance to build efficiencies and economies of scale. This recognition has brought into focus several key functions that act as engines for economic activities and should be geared to leverage the potential of a fast growing economy; the financial sector being one among them. In a fast growing economy, that is gradually encompassing individuals even in remote areas, providing universal access to formal financial services is a necessity.

Financial inclusion efforts world over have been varying, with every country evolving its distinct structure for providing financial access depending on the regulatory environment and economic characteristics. For instance, the business correspondent (BC) model has scaled up in Brazil and is being delivered at the local level through the involvement of banks. In Kenya and South Africa, the mobile telecom companies are experimenting to bridge access issues in the remittances and stored value payments space. In Indonesia, there are a large number of small banks covering the population. The United States has a long history of small community banks focusing on deep penetration in particular geographic markets. Evidently, financial inclusion needs a multifarious approach ranging from providing the right policy push to institutional build-up, new technologies, and experimenting with new delivery channels. A "one solution fits all" approach is bound to fail as every country, every region, every segment of population has varying dynamics and financial requirements.

Developing products and services tailored to the needs of the low-income groups requires an in-depth understanding of their needs and financial requirements. In India, the enormity of the challenge can be gauged from the fact that nearly 700 million people live across 600,000 villages spread over more than 500 districts. The sheer depth and breadth of the distribution architecture that would be required to serve the excluded population underscores the scale of effort and investments required. Past efforts at financial inclusion through institutions and policy mandates have had limited success. However, the new models that are being experimented, in terms of business correspondents, microfinance, social security payments through formal banking channels, setting up the Unique Identification Development Authority of India for giving a unique identity to every individual; all these have the potential to take financial inclusion efforts to a different level. Amidst all these, using technology as the principal interface has proven to be effective in making access to finance viable and sustainable in rural areas.

Branchless banking and mobile-phone banking have been accepted as the primary channels for reaching the underserved. In the Indian context, what seems emerging is an ecosystem led by banks and supported by efforts of mobile and other technology providers. Efforts can be further eased by ensuring development of supporting infrastructure like credit bureaus and currency chests in rural areas, as well as regular monitoring of inclusion efforts and their effectiveness. It is important to understand that needs of the under-banked low-income segment of the population is flexibility in savings and payments, easy access, simplicity and speed in processing, availability of small size saving and loans, and some level of financial literacy.

The new models that are being experimented, in terms of business correspondents, microfinance, social security payments through formal banking channels, setting up the Unique Identification Development Authority of India for giving a unique identity to every individual; all these have the potential to take financial inclusion efforts to a different level

In the recent past, policymakers have taken several steps to further strengthen efforts of banks in reaching out. Banks are now free to set up ATMs and branches in smaller towns with one-third of such branches in under-banked pockets. The business correspondent channel aided by technology has helped overcome problems of proximity and information asymmetries. Now the list of agencies that can act as BCs has been enlarged to even include kirana stores, petrol pumps, etc, and viability improved by allowing banks to take service charges. The Know Your Customer requirements have been eased significantly for this segment. The lead bank scheme, where banks adopt a district to make it 100% financially inclusive, is ensuring the geographical reach of formal finance.

India has today reached a juncture where the environment is set to drive financial inclusion though the outcomes are yet to become visible. This journey will prove beneficial as more and more people gain access to mainstream financial services. The government initiative of routing social security payments through a formal savings account has been a landmark decision as in just four years 90 million savings accounts have been opened for NREGA payments through banks and post offices. Banks have also now made financial inclusion part of their business strategy with clear pre-set targets to reach the unbanked in every village in the country. The next three years are expected to be ground breaking in providing financial services to those who are excluded, whether by socio-economic status or geography.

USING FX FOR FINANCIAL INCLUSION IN EMERGING ECONOMIES

Mr. Varma holds responsibilities across Deutsche Bank's Global Markets businesses in India. He has successfully managed to increase Global Markets client base particularly among large local corporates and has increased its flow market business in products such as Foreign Exchange and Rates.

Munish Varma
Head - Global Markets
Deutsche Bank India

> ...financial inclusion of the rural population in India has gained currency amidst Indian administrators and regulators. It is expected that banks and electronic exchanges would be the vehicles for reaching out to this population to meet their needs of financial products

Emerging Market currencies were stress-tested in 2009. By and large, they withstood this pressure remarkably well. The threat of sovereign crisis, previously considered largely an EM phenomenon, is now far more prevalent in the major developed economies of the world. On the other hand, EM are demonstrating strength in their balance sheets and superior growth prospects. Consequently, global investors' interest in EM currencies will remain high. Major Emerging economies like India and China are now moving up the value chain, demanding more depth in their financial markets and demanding better risk-management products. In order to better manage this changing landscape, the regulators will need to transform their system of administration. From the current closed monetary system and a heavily regulated foreign - exchange regime, the regulators may proactively guide the developing trend by taking the ownership of the process of internationalization of their currencies.

A key input for the process of internationalization of EM currencies would be to promote development of very deep, liquid and vibrant domestic currency market, which includes various types of users. If we take the case of India, currently, the Over-the-Counter (OTC) currency products (offered by

Authorized Dealers) are used extensively only by large local corporates and the Exchange delivered Currency Futures product is used only by the retail trading community in the country. A focused approach towards enabling other users to manage currency risks or express their currency views will require a strategy of Financial Inclusivity. At present, the Emerging currencies occupy very small market share in the global FX markets. Enabling a stronger domestic FX market through inclusion of all possible participants is perhaps the best way of preparing for the changing axis of global financial markets from developed to emerging countries.

Of late, financial inclusion of the rural population in India has gained currency amidst Indian administrators and regulators. It is expected that banks and electronic exchanges would be the vehicles for reaching out to this population to meet their needs of financial products. Needless to say, using Information & Communication Technologies (ICT) would be the mechanism to make this whole process cost effective. FX products are ideally suited to be used as one of the quick means of establishing financial inclusivity, given the use of technology for deliverance already exists in both the identified vehicles.

OTC transacting in USD-INR is increasingly happening on electronic portals with Straight-through-Processing (STP) while transacting in G-10 currencies has been electronic for a long time. Given regulatory permission, banks are in a position to quickly roll out electronic delivery of FX products. The two largest Exchanges in the country already offer Currency Futures with nation-wide reach using very cost effective technologies. The only question remains to be answered is whether there is a need for managing or taking FX risk in the country beyond the already using 'large corporates' and 'retail trading community'.

I believe there are at least three distinct market segments which are in need for some level of FX risk management (in terms of degree of sophistication of the products). Global individual remittances are about $395 billion of which the non-resident Indians (NRIs) remit the highest $95 billion. This number is expected to grow exponentially. The recipient families, other than converting in Spot, can look to hedge themselves against an appreciating INR. Next is the fast growing Small & Medium Enterprises (SMEs) segment. I expect, improving roads, rail and port infrastructure will increasingly lead global buyers to directly source their requirements from Indian upcountry SMEs, a growing breed of exporters. Banks and Exchanges will need to provide formal trainings to these enterprises in managing their growing FX risks and then deliver the products cost-effectively to them.

The third, but by far the biggest impact maker for FX markets, would be the recognition by domestic asset managers of FX as an asset class in itself. These comprise domestic mutual funds and insurance firms to begin with. Admittedly, the pace of this process will be completely driven by the regulatory momentum towards achieving capital account convertibility. Nonetheless, these managers interest in FX as an asset class will in-turn feed in to the burgeoning investor population in India which is looking for alternate investment themes. Emerging market currencies will remain the most correlated (and simplest financial product) to the positive macro-economics of these emerging countries.

Like in India, I see China, Brazil and some emerging East European nations turning inwards on the path of financial inclusiveness for quickly developing their domestic FX markets to have their society benefit from the changing post-crisis global financial markets dynamics.

Improving roads, rail and port infrastructure will increasingly lead global buyers to directly source their requirements from Indian upcountry SMEs, a growing breed of exporters. Banks and Exchanges will need to provide formal trainings to these enterprises in managing their growing FX risks and then deliver the products cost-effectively to them

EXCHANGES: ENABLERS OF FINANCIAL INCLUSION IN EMERGING ECONOMIES

Mr. Seth R. Freeman is responsible for strategy, business development and client service and is Chairman of the Investment Committee at EM Capital Management LLC. He is a recognized expert in emerging markets environmental, social and governance (ESG) investing and cross-border restructuring.

Seth Freeman
CEO
EM Capital Management LLC

> ...financial inclusion extends beyond banks, mutual funds, and insurance and that the focus on their spread, products, and delivery channels alone is insufficient. Financial inclusion has to be more inclusive and financial intermediation has to assume a larger scope

Financial inclusion is mentioned in the same breath as Emerging Economies. Financial inclusion implies universal and affordable access to a wide range of financial services for contingency planning and risk mitigation. While much has been spoken about the pace of economic developments in Emerging Economies, the need for financial inclusion to sustain growth is largely unaddressed.

Mr. Robert Zoëlick, president of the World Bank, acknowledged the significance of emerging economies in resurrecting the financial planet. The tectonic shift of economic activity is denoted by their rising share in global GDP in purchasing power parity from ~34% in 1980 to 43% currently.

According to the IMF, the emerging economies contributed around 75% of global growth against 50% in 1970s. Asia is expected to have a real GDP growth of 8.2% in 2010-2011. As per estimates, Sub-Saharan Africa and South Asia will register average annual growth of over 6% and 7% respectively till 2015 and Middle East close to 5% in 2010-2011, as against 2.3% by advanced economies.

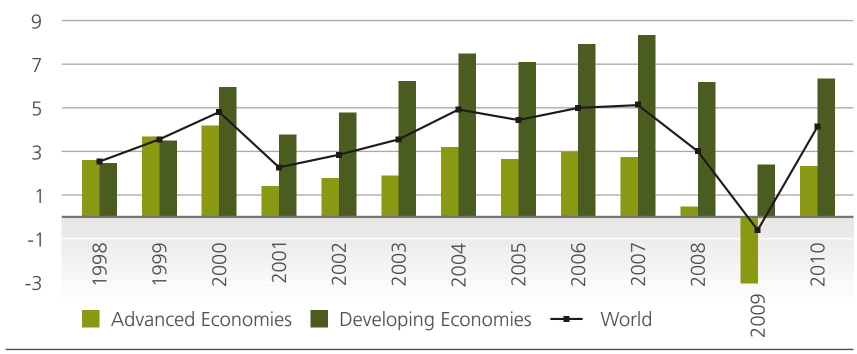
Developing Asian countries like India, China and Singapore are demonstrating a qualitative edge over their counterparts in terms of trading trends. The result is the emergence of South-South trading versus the traditional East-West pattern, thus reducing their dependency elsewhere.

The Emerging Economies have a burgeoning middle-class with high disposable income and savings. However, savings continue to outpace investments in emerging economies owing to deficiencies in the financial infrastructure and ignorance about the vehicles of investment which render savings unproductive. Sustainable economic growth would remain a distant dream without broad based financial inclusion. It is not difficult to infer as to how much of the unexploited savings can help in asset, capital, and employment creation. In India, expansion of banking networks with focus on under-banked and unbanked areas, creation of ATMs, Smart Cards, ECS, Clearing Corporations, Microfinance Institutions (MFIs) etc. have helped facilitate financial inclusion. But it is time we realized that financial inclusion extends beyond banks, mutual funds, and insurance and that the focus on their spread, products, and delivery channels alone is insufficient. Financial inclusion has to be more inclusive and financial intermediation has to assume a larger scope.

An increasingly complex market oriented economy requires a robust financial architecture that transfers surplus funds to deficit units at a macro-economic level. In absence of organized electronic and regulated market structures, economies have little influence on the pricing of the assets traded. Exchanges are the next lap and ideal avenues to facilitate conversion of inert savings into dynamic investments. Multi-asset tech-centric exchanges will become the first port of call to enable fair valuation of assets, provide seamless price discovery, optimum risk management, and transparency within a sound regulatory framework and will invoke confidence among the financially excluded to use the exchange platforms.

The cumulative savings from the bottom of the pyramid markets will channelize huge savings into growing enterprises such as SMEs for whom raising capital is a serious issue. Despite their potential, Venture capitalists and Private equity firms are averse to funding them in the absence of a specific exit route. Exchanges can overcome this, providing a much needed impetus to the SME growth story.

Real GDP Growth (Annual % Change)



*Estimates
Source: IMF World Economic Outlook, April 2010

Further, robust financial markets architecture will see the emergence of exchange networks or clusters, which will connect high-growth economies and enable greater inclusion of prospective trading masses across geographies. The Financial markets ecosystem operates against the background of continual information change. I envision that exchanges will soon assume a cloud model powered by global integrations and technological advancements where resources and information will be shared. Such models will leverage economies of scale in technology, operations, product innovation, clearing, settlement and delivery through the trading lifecycle. This will considerably drive down transaction cost and boost value efficiency across exchange networks, thus making them accessible and affordable.

The emerging economies and organizations and agencies within them are giving serious consideration to Environmental, Social, and Corporate Governance factors (ESG) and their impact on long-term investment themes. Companies and investors alike have realized that strategic management of issues such as climate changes, clean technology, labor standards and human rights and transparency are is as important as managing growth. There is a huge demand for products such as carbon credits and exchanges and emerging economies have taken initiative to raise companies' awareness and to promote transparency and disclosure on ESG-related performance and risk factors. In fact, incorporating ESG factors with traditional fundamental analysis of prospective and portfolio companies, is rapidly gaining traction as a portfolio Risk Management tool.

Next-generation tech-centric financial markets, akin to the ones created by Financial Technologies, are a proxy to the consistent economic growth of the emerging economies. The financial literacy drives conducted by these exchanges will enhance awareness and augment participation from the masses thereby driving inclusive and equitable financial growth.

ENABLING FINANCIAL INCLUSION IN EMERGING MARKETS

Mr. Dalal leads a highly competent team of 40 professionals, managing over 95 investments at IIML. Within the IL&FS Group, he has undertaken various responsibilities including overall planning and raising of resources for its group companies and other sponsored infrastructure projects.

Shahzaad Dalal
Vice Chairman,
IL&FS Investment Managers Ltd. (IIML)

> "These ongoing structural changes, technological advancements, widening investor participation and introduction of newer asset classes coupled with sustained thrust on rural banking by the RBI will enhance incomes, savings and capital market flows thereby increasing the pace of financial inclusion"

Financial Inclusion & Sustained Economic Growth

The Indian economy has been growing steadily by over 8% since 2005 led by increasing consumption, employment, investment and trade. Robust economic growth has seen India's saving rate rise to over 35% of Gross Domestic Product (GDP) in 2009 from 22% a decade ago. Globally, there is hardly an instance of sustainable economic growth without broad-based financial inclusion. Empirical evidence indicates that various measures of financial development - credit growth, capital market growth, asset growth, etc are highly correlated to economic growth and per capita income.

The creation of a robust institutional framework buoyed by technology has propelled the development of financial markets. For instance, creation of Pan India stock exchanges, clearing corporations, Microfinance Institutions (MFIs) and expansion of banking networks have broadened financial inclusion. Rapid deployment of cost effective technologies such as ATM's, smart cards and electronic clearing services have also substantially increased penetration and accessibility of financial services across India.

Going forward, technology will be the key enabler for broadening and deepening financial markets. Mobile technology is increasingly viewed as integral to enhancing financial inclusion via the country's vast mobile infrastructure networks. India continues to be among the world's fastest growing telecom markets with a subscriber base of 600 million and ~10 million being added each month presenting a compelling opportunity for expansion of financial services across India.

Banking

While the push for financial inclusion started in the 1970s, through the Rural Regional Banks (1975) and the National Bank for Agriculture and Rural Development (1982), robust growth was visible post financial sector reforms of 1991. Today, the branch network of scheduled commercial banks covers over 50,000 locations across India. MFIs such as SKS Microfinance, Spandana, etc. have seen rapid growth on all fronts - loans outstanding, client outreach, product, service diversification and geographic spread, disbursing nearly US$ 4 billion in 2008. As a next step, the Ministry of Communication & IT, is investing US$ 2 billion to set up over 100,000 Community Service Centres in rural India to provide broadband connectivity for enabling financial inclusion.

Capital Markets

The 1990s also witnessed extensive capital markets reforms. The regulator - Securities and Exchange Board of India, was set up in 1992, National Stock Exchange (NSE) in 1994, operations in derivatives started in 2000 and Commodity Exchanges went live in 2003. As a result, the Indian equity markets feature among the world's most vibrant. The NSE is the world's 8th largest derivatives exchange and accounts for a substantial market share of volumes of the cash and derivatives equity segment (FY 2010 turnover: US$ 5 trillion). India is also amongst the fastest growing markets for mutual funds since 2004 - today, the sector has aggregated over US$ 166 billion AUM. Commodity exchanges too have reached commendable size and scale with total volumes of US$ 1.7 trillion in FY 2010 with MCX becoming the world's 6th largest commodity futures exchange within seven years of inception overtaking London Metal Exchange.

Technology Framework

Technology has transformed India's conventional banking system through provision of tech centric products and services like electronic funds transfer, RTGS, electronic clearing services, etc to create a robust banking network. Sustained investments in technology have made exchanges accessible to Tier II and Tier III cities. India was one of the earliest countries to have started the screen based trading of government securities in January 2003. NSE was the world's first exchange to use satellite communication technology for trading with a nationwide high capacity data network, supporting nearly 200,000 dealer terminals. MCX too has a pan India network across 380 cities and towns with over 2000 members.

Untapped Potential

Today, financial savings comprise 48% of total household savings with an estimated ~11% invested in shares and debentures. In absolute terms, Rs. 770 billion of household savings was invested in the capital market with mutual funds accounting nearly three quarters of these inflows. A comparison of key indicators with countries like the US and China, however highlight the untapped potential of Indian markets. In spite of over 400 million bank accounts and mobile users, India has only 14 million demat accounts and the penetration of mutual funds and insurance is still low at 5% and 15% respectively.

Parameter	US	India	China
Market cap (US$ billion) (Dec 2008)	9,200 (NYSE)	644 (NSE)*	1,400 (Shanghai)
Percent of household own stocks	51% (2001)	5% (2008)	NA
Household savings rate (2007)	0.6%	28.0%	24.0%
Number of mobile phones (in mn)	260 (2008)	400	650

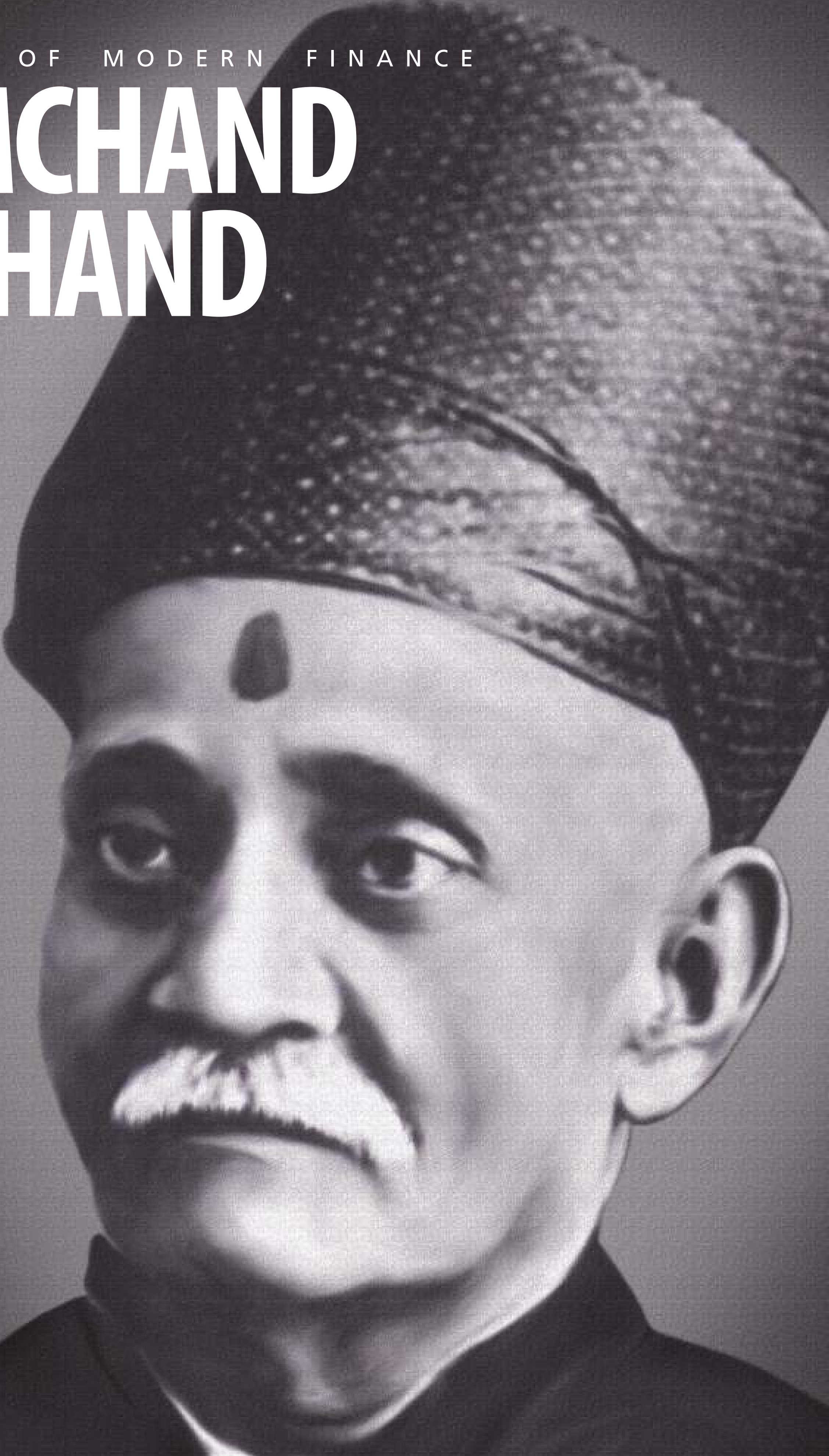
Maintaining Momentum

The government continues to take several positive steps towards deepening India's financial infrastructure and enhancing financial inclusion. The implementation of the National Rural Employment Guarantee Scheme is creating purchasing power for the rural poor and bringing them into the formal banking system. The development of low cost, accessible and consumer friendly technology through ATM's, money transfers, mobile payments is enhancing financial participation. The New Pension Scheme introduced in 2008 is the first step towards instituting pension reforms in India and is expected to divert individual savings towards high yielding instruments such as equity. Further, the Unique Identification Project enable better targeting of the government's development schemes and improve banking and other financial sector activities.

These ongoing structural changes, technological advancements, widening investor participation and introduction of newer asset classes coupled with sustained thrust on rural banking by the RBI will enhance incomes, savings and capital market flows thereby increasing the pace of financial inclusion.

ARCHITECTS OF MODERN FINANCE

PREMCHAND ROYCHAND



The 'Cotton King', Premchand Roychand was one of the most prominent personalities associated with the Indian financial markets in the 19th Century during the Cotton Boom in Mumbai. He was one of the founder members of the Bombay Stock Exchanges (BSE).

3

DIRECTORS' REPORT

DIRECTORS' REPORT

To,

The Members,

Your Directors present the Twenty Second Annual Report of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL PERFORMANCE *(Rs. in Millions except per share data)*

PARTICULARS	STANDALONE		CONSOLIDATED	
	Current Year 2009-10	Previous Year 2008-09	**Current Year 2009-10**	Previous Year 2008-09
Total Income	**6,481.78**	7,061.41	**6,535.37**	6,925.74
Total Operating Expenditure	**1,950.97**	2,339.43	**4,834.86**	3,804.19
EBIDTA	**4,530.81**	4,721.98	**1,700.51**	3,121.55
Interest	**0.16**	1.40	**3.58**	48.71
Depreciation / amortization	**58.92**	72.39	**163.92**	118.99
Profit before tax	**4,471.73**	4,648.19	**1,533.01**	2,953.86
Provision for taxation	**1,028.07**	962.22	**897.41**	1,007.65
Profit after Tax	**3,443.66**	3,685.97	**635.60**	1,946.21
Add: Share in profits of Associates	**NA**	NA	**741.67**	527.13
(Add) / Less: Minority Interest	**NA**	NA	**(23.83)**	16.67
Net Profit for the year	**3,443.66**	3,685.97	**1,401.10**	2,456.67
Add: Balance b/f from previous Year	**11,095.99**	8,315.44	**8,706.11**	7,155.02
Balance Available for appropriation	**14,539.65**	12,001.41	**10,107.21**	9,611.69
Appropriations				
Final dividend (proposed)	**92.16**	91.77	**92.16**	91.77
Interim dividend	**275.72**	367.07	**275.72**	367.07
Tax on dividend	**62.49**	77.98	**62.49**	77.98
Transfer to General Reserve	**350.00**	368.60	**350.00**	368.60
Transfer to Statutory Reserve	**-**	-	**0.26**	0.16
Balance C/f to Balance Sheet	**13,759.28**	11,095.99	**9,326.58**	8,706.11
Earnings per share				
Basic	**74.97**	80.33	**30.50**	53.54
Diluted	**74.96**	80.33	**30.50**	53.48

RESULTS OF OPERATIONS

Consolidated Financials

On a consolidation basis, for the year ended 31st March, 2010, your Company has reported a total income of Rs. 6,535.37 million and net profit available after Minority Interest of Rs. 1,401.10 million.

Standalone Financials

On a stand-alone basis, your Company has reported a total income of Rs. 6,481.78 million and net profit of Rs. 3,443.66 million.

Business

- Technology Business:

  Your Company is one of the leading providers of end-to-end straight through processing ("STP") technology solutions. Your Company offers packaged STP products, which provide transaction automation solutions for all stages of the trade life cycle for equity, foreign exchange, commodity markets, and derivative markets for clients in India and the Middle East.

  Your Company provides exchange solutions, brokerage solutions including front office and back-office solutions, and messaging solutions that provide online interface between the market constituents. The current clients for technology business primarily include the exchanges and related constituents including brokers, fund houses and custodians.

- Exchange Business:

  Your Company is involved in the incubation of exchanges in under-penetrated asset classes and markets, such as South East Asia, Middle East, Africa and India, and has built a network of exchanges in diversified asset classes such as equities, fixed income, currency, etc.

  The exchange network of your Company provides transaction opportunities that are transparent and regulated, providing mark-to-market valuation, clearing house guarantees, fungibility of deliveries and liquidity. It will provide the opportunity for hedging, cross-listing, margin credits, carry-forward positions across exchanges, and will create liquidity across the exchange network based on regulatory framework.

- Ecosystem Ventures Business:

  Your Company's ecosystem ventures create upstream and downstream solutions to support its exchanges, including those related to clearing, depository operations, warehousing infrastructure, information vending, and payment gateways.

Your Company is one of the leading providers of end-to-end STP technology solutions for exchanges and related constituents. In fiscal 2010, your company implemented DOME and CnS at the Singapore Mercantile Exchange Pte. Limited, Bahrain Financial Exchange Limited and Global Board of Trade Limited. The ninth version of DOME was also released in fiscal 2010 with additional modules for improved performance and functionality of the trading system software.

Your Company believes that the ODIN™ 64-bit version has delivered an increase in performance, scalability and compatibility of our flagship product and it was extended to provide support to the currency derivatives segment.

While the revamped flagship products continue to drive growth, your Company expect Its new products such as ODIN™ Greek Neutralizer, ODIN™ ATS, Advanced Charting, ODIN™ X plaza, FTNET and DMA LIVE to contribute to growth in the future. Other product offerings include CnS, STP-Gate™, FX-Direct™, Net.net™, iWin™, MATCH™, e-Hastakshar™ and Protector™.

Your Company constantly pursues opportunities to enhance its existing product portfolio to be able to deliver value-added solutions appropriate to the changing business environment. For example, in fiscal 2010, your Company developed new products and launched new version as outlined below:

- Technical Alerts - An advanced functionality in ODIN™ TWS and ODIN™ Diet applications that provides customized alerts on regular as well as advanced collection of Technical indicators to support the trading decision process.

- Net.net on Low Bandwidth - A unique trading platform that allows users to trade on low bandwidth internet connections like data cards, GPRS Connections etc. at faster speed.

- Two Factor Authentication support of IBT Products.

- ODIN™ - Support for NSEL (Spot) and NMCE Exchanges in ODIN™ Suite of Solution.

- ODIN™ ATLAS - A special trading application with following functionalities

  - EzJobber - A unique functionality that allows Jobbers to effectively and efficiently execute orders at lightening speed in various market segments.

  - EzTrader - A functionally that allows traders to program their execution to capture a favorable price movement in underlying stocks / contracts effectively based on the progression parameters defined by the user.

- ODIN™ ATS - An automated trading application with "EzTracker" functionality that allows users to create and reverse positions in the selected underlying stock / contract automatically based on the parameters set.

- Match™ - Support for NSE's Interest Rate Futures (IRF) segment in Match™ Suite of solution.

- STP-Gate™ - This year we have launched new Version / optimized version of STP-Gate for handling of Volumes along with speed and upgraded Hardware / Software at our backend.

- Enhanced version of STP-Gate™ product suite for superior connectivity, operational efficiency and complete automation.

- **ESG** - Enterprise Solutions Group has the following verticals; Technology Consulting, Process Consulting, Quality Assurance Services and Facility Management. We have started a new service which offers our clients Co-location along with FMS.

  For this service, called EQS (Enterprise Quality Services), we have tied up with Netmagic to provide the datacenter facilities. A dedicated team of engineers sits out of the Netmagic office in Vikhroli to support our clients who have availed this service. Within seven months of incorporation of this service, we have three clients viz. Bonanza, R. K. Global and Celebrus Capital

- **DOME** - During fiscal 2009-10, our flagship product suite for exchange solutions, DOME (Distributed Order Matching Engine) and clearing and settlement solution - CnS, released its new versions with enhanced performance and functionalities. The upgraded DOME application was deployed at MCX and was also installed at MCX-SX and NSEL. As part of exchange suite, new solutions like FIX Engine, Exchange Direct and eXchange were successfully launched at various exchanges.

  - During the fiscal 2009-10, FTIL joined the STAC Benchmark Council™ to help define industry-standard performance metrics for trading technology solutions. The STAC Benchmark Council is a global industry body consisting of leading trading organizations and vendors, facilitated by the Securities Technology Analysis Center (STAC®). The Council develops standard benchmarks for technology used in the capital markets. End-user firms such as brokers, hedge funds, exchanges, and alternative trading systems control the STAC Benchmarks™ through their votes, keeping the benchmarks tied to real business needs.

Your Company's experience, knowledge and domain understanding of technology, the financial services industry and exchanges along with its relationships with various market constituents provides a strong platform for incubation of exchanges. These exchanges have facilitated better price discovery, risk management and structured finance.

The key components of your Company's exchanges business are companies promoted by it, its subsidiaries, associates and joint venture companies, including; Multi Commodity Exchange of India Limited ("MCX"), Dubai Gold & Commodities Exchange ("DGCX"), IBS Forex Limited ("IBS Forex"), National Spot Exchange Limited ("NSEL"), Indian Energy Exchange Limited ("IEX"), MCX Stock Exchange Limited ("MCX-SX"), Singapore Mercantile Exchange Pte. Limited ("SMX"), Global Board of Trade Limited ("GBOT"), Bahrain Financial Exchange B.S.C. Closed ("BFX") and Bourse Africa Limited ("Bourse Africa").

DIVIDEND

During the year under review, your Company paid three interim dividends totaling to Rs. 275.72 million (Rs. 6 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. 8/- per share i.e. 400% on par value of Rs. 2/- each for the financial year ended 31st March, 2010, (previous year Rs. 10/- per share on par value of Rs. 2/- each i.e. 500%). The total appropriation on account of interim and final dividend and tax thereon amounts to Rs. 430.37 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 payouts are as under:

(Rs. in Million except dividend per share data)

	Interim Dividends			Final Dividend	TOTAL
	1st Interim	2nd Interim	3rd Interim	recomm-ended	
Dividend per share	Rs. 2 per share	Rs. 2 per share	Rs. 2 per share	Rs. 2 per share	Rs. 8 per share
Dividend	91.77	92.05	91.90	92.16	367.87
Tax	15.60	15.62	15.62	15.66	62.50
TOTAL	107.37	107.67	107.52	107.82	**430.37**

TRANSFER TO RESERVES

The Company proposes to transfer Rs. 350 million to General Reserve out of the amount available for appropriations and an amount of Rs. 13,759.28 million is proposed to be retained in Profit and Loss Account.

SHARE CAPITAL AND FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

a) Equity

As on 31st March, 2010, the paid-up Share Capital of your Company was at Rs. 92.16 million comprising of 46,078,537 equity shares of Rs. 2/- each. During the year under review, the Company made allotment of 194,900 equity shares of Rs. 2/- each, consequent upon exercise of stock options issued under the Employees Stock Option Plan-2005.

b) Zero Coupon Foreign Currency Convertible Bonds (ZCCBs)

As on 31st March, 2010, 90,500 ZCCBs having face value of US$ 1000 each are outstanding. During the previous financial year 2008-09, your Company had repurchased 9,500 Zero coupon FCCBs of the face value of US$ 1000 each at a discount of an average 37.56% on book value and repurchased 9,500 ZCCBs were cancelled.

INVESTMENT

During the year, your Company's Investment stood at Rs. 20,019.48 million, as compared to Rs. 14,444.65 million in the previous year. The total investment comprised of investment in mutual funds, subsidiaries, joint venture and associate companies.

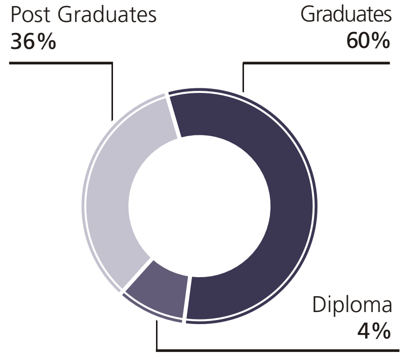
INFRASTRUCTURE

Your Company is consolidating its facilities to increase productivity and rationalize cost. The state-of-the-art development center, admeasuring around 120,000 square feet, situated at Andheri (East) Mumbai, will be operational by fiscal 2011 and will accommodate approx 1400 seats.

HUMAN RESOURCE DEVELOPMENT

As a technology sector company, your Company's technology business is prone to high employee attrition. Your Company constantly aims to devise strategies to attract the best talent available in the market and to ensure their retention by building trust and instilling loyalty in them. Constant review and redesigning of human resource processes, including compensation structures, are therefore a continuous process. Annual pay revisions and other benefits are designed in such a way as to compensate for good performance of employees of your Company. In addition to a base salary, which is based on the industry standards; your Company provides a number of benefits to its employees, such as employee stock options, awards and training etc. As of 31st March, 2010, the total employee strength (excluding group Company) was at 1,137.

QUALIFICATION WISE BREAK-UP



AWARDS / RECOGNITION

Your Company received the following awards and recognition during the year:

- Financial Technologies was ranked No.1 in terms of 10-year profit growth by Business Today's ranking of India's 500 Most Valuable Companies in 2009
- Financial Technologies Group won the 4th Employee Branding Award for Innovation in Retention Strategy-Global HR Excellence Award in March 2010.
- Marcomm Awards, USA - Market Communications team at Financial Technologies won Platinum award for its commendable contribution to financial markets through its campaign "Future of Financial Markets" (FOFM) and Gold award for its online community "FT Community" in January 2010.

Group Companies received the following awards and recognitions during the year:

- MCX was awarded the NASSCOM Social Innovation Honours: for Gramin Suvidha Kendra, a CSO initiative with India Post, for exemplary use of IT in areas of social transformation, social change and development in February 2010.
- Indian Energy Exchange (IEX) won the "Best E-enabled customer platform" at the India Power Awards on 17th November, 2009 in New Delhi.
- Best Commodity Exchange Award: MCX was honored as the "Best Commodity Exchange for the Year 2009" in the 6th India International Gold Convention 2009 (IIGC) held at Goa in September 2009.

SUBSIDIARIES

During the year your Company incorporated / set up / de-registered the following subsidiary / stepdown subsidiary Companies namely:

I) Financial Technologies Singapore Pte Ltd. (FTSPL)

FTSPL was incorporated on 15th April, 2009, as a wholly owned subsidiary of your Company. Financial Technologies Singapore Pte Ltd. was mainly incorporated as an approved Investment Holding Company of Singapore Mercantile Exchange Pte Limited for complying with local Regulatory requirements .viz., Monetory Authority of Singapore (MAS).

II) BFX Clearing and Development Corporation (BCDC)

A step-down subsidiary viz., BCDC was incorporated on 29th March,

2010. Being the first financial year of BCDC which will end on 31st March, 2011, the financial statements of BCDC are not attached.

III) Financial Technologies Middle East, FZ LLC (FTME FZ LLC)

Your Company's Step-down subsidiary viz., FTME FZ LLC, Dubai, was de-registered with effect from 28th February, 2009 as per the De-registration certificate dated 25th November, 2009, issued by Dubai Technology and Media Free Zone Authority.

The Company has been granted exemption for the year ended 31st March, 2010, 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 includes financial information of its 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.

RELATED PARTY TRANSACTIONS

As a matter of strategy to promote and invest in new venture in domain area and as a matter of policy, your Company carries out transactions with related parties on arms length basis. Statement of these transactions given in the Notes to Accounts attached in compliance of Accounting Standard No. AS-18.

EMPLOYEES STOCK OPTION PLAN (ESOP)

The ESOP Scheme 2005 was 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 total numbers of options in force and outstanding under ESOP 2005 at the end of the year are 12,525.

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

QUALITY

Your Company has a comprehensive "Quality Framework" that addresses the entire software engineering life cycle and operational processes.

With respect to software development, your Company's quality framework is designed to support projects of different sizes and complexities. This framework, which your Company refer to as "FTQM" (Financial Technologies Quality Management) is aligned to the business objectives of the organization.

FTQM (Financial Technologies Quality Management) consolidates decades of software development and operational experience in delivering and supporting products and projects. Your Company's mature Quality Management Framework effectively reduces risks and unpredictability across the operations of the organization.

Reinforcing its commitment towards high levels of quality, best-in-class service management processes, and robust information security practices, your Company has attained a number of milestones during the year. Your Company was recommended for the latest and upgraded version of the ISO 9001 standard:- ISO 9001:2008 certification.

Further, your Company was also recommended for continuation of the ISO/IEC 27001:2005 (Security Management) certification, thus ensuring that information security standards are adopted and adhered to.

The above certifications are a testimony to your Company's commitment to achieve the highest standards of quality.

The basis of these certifications is the in-house developed comprehensive Quality Management System (FTQM) - a vibrant, process-driven, and people-oriented Quality Management System, which is focused on continual improvements, in an environment of rapid growth.

RISK MANAGEMENT

A Risk Management Committee (RMC) has been constituted to assist the Board in overseeing the responsibilities with regard to identification, assessment, control / mitigation and escalation / monitoring of risks. The RMC is mandated to review, upgrade and penetrate the process to address and minimize the operational and other risks associated with the Company, its group entities and business units on continuous basis.

INSURANCE

Your Company's land and building, equipments, automobiles, stores and spares etc. are adequately insured against major risks. Your Company also has appropriate insurance cover primarily for error & omission, commercial general liability and directors & officers liability apart from life, mediclaim and accident insurance for all employees.

INTERNAL AUDIT AND CONTROLS

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

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

OUTLOOK

Your Company is focused on developing intellectual property rights catering to financial markets and trading industry. Globalization, deregulation, advances in technology, innovation in products, and increasingly sophisticated market participants offer significant opportunities for expanding our Company's markets and are expected to remain key determinants for sustainable growth.

Technology infrastructure has emerged as one of the key determinants of efficiency in transaction processing within exchange markets.

Your Company intends to continue to expand its customer base by introducing new products and new technologies and capabilities.

Your Company's flagship product, ODIN™ Suite, has evolved over last 10 years and has made transactions between market participants efficient and technologically advanced.

Your Company's philosophy is to transform markets by creating technology enabled exchange trading platforms that offer a transparent pricing mechanism to mitigate counterparty risks associated with non-transparent products traded off-exchange.

By working closely with various domestic and international associations and exchanges, your Company intends to introduce global products customized to the local needs of individual markets.

Your Company believes that through technology, its exchanges will achieve cost and time efficiency for various settlements and other day to day operations in the exchanges. Your Company believes that there is a growth potential for its ecosystems applications in India, Africa and other emerging economies.

Your Company intends to use its ecosystem applications to improve and enhance the exchange business. Your Company also intends to leverage its relationships with its institutional participants to expand its customer base, and use its ecosystem applications to facilitate access to exchanges, information and payment modes in underpenetrated rural areas.

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 attached separately with this Report.

CORPORATE SOCIAL OPPORTUNITY

Corporate Social Opportunities (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 CSR ingrained in our business model, we have target-specific CSR activities. These include activities like:

- Environment

  In 2009, your Company tied up with two e-waste recyclers i.e. Ecoreco & Attero for the safe disposal of electronic items. An internal e-waste disposal system was put in place to achieve the same. In the year 2009, seven of our group companies have disposed off e-waste through Ecoreco. This initiative reaffirms your Company's commitment to environmental protection.

  As always, we celebrated the World Environment Day with full vigor and enthusiasm. Along with Attero Recycling, your Company launched the first ever E-waste drive for employees at Mumbai and other locations and encouraged them to dispose electronic scrap items. E-waste collected was disposed in a safe and environment friendly manner in Attero's E-waste recycler factory based at Roorkee, Uttrakand. Objective of the drive was to create employee awareness towards Environment issues.

- Savings Week

  In association with Department of Post, Maharashtra, FT Group launched Savings Week (08-12 March 2010) for employees and their families to enable them to develop a habit of saving directly through their salaries. The response from employees and the amount of deposit per month in the postal savings was overwhelming.

- Mumbai Marathon

  Your Company have been regularly participating in the Mumbai Marathon for various social causes. This year, we took up the cause for the Deaf & Deafblind by supporting the NGO, Helen Keller Institute for Deaf & Deafblind. Marathon runners also visited Helen Keller Institute and interacted with the beneficiaries.

- Blood Donation Drive

  Your Company organizes blood donation drives annually in the office premises in association with Rotary Blood Bank, Mumbai. The blood donation drive was carried out across all locations in India and saw very active participation from employees of the Company. Special low hemoglobin drive was conducted for employees detected with low hemoglobin.

- 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. GSK operates across five states, 22 locations, across 2219 villages and has more than 7000 farmers registered with it.

  GSK-related developments in 2009-10

  - GSK won the NASSCOM Social Innovation Honors - 2010
  - Education vertical was introduced in partnership with Pratham Books.
  - Adult literacy through Computer Based Functional Literacy (CBFL) program was conducted in association with Tata Consultancy Services Limited (TCS)

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Ravi K. Sheth and Mr. C. Subramaniam, Directors of the Company, retire by rotation at the ensuing Annual General Meeting (AGM). Mr. Ravi K. Sheth, being eligible, offers himself for re-appointment. Mr. C. Subramaniam will not be seeking re-election and will be resigning from the Board at the conclusion of the ensuing AGM of the Company. Your Directors place on record their appreciation of the valuable advice and guidance provided by Mr. C. Subramaniam during his long association with the Company. The Board of Directors at its meeting held on 11th August, 2010, appointed Mr. P. R. Barpande as additional Director. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Barpande holds office upto the date of the forthcoming AGM of the Company. The Company has received notice under Section 257 of the Act, along with requisite deposit in respect of Mr. Barpande, proposing his appointment as Director of the Company.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

c. 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

d. 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

i. Fixed Deposits

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

ii. 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.

iii. 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.

iv. "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.

v. 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 Explanatory Statement annexed to the Notice.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Central Government, State Government, clients, vendors, financial institutions, bankers and business associates for their assistance, co-operation and encouragement they extended to the Company.

For the continuing support and unstinting efforts of Investors, business associates and employees in ensuring an excellent all round operational performance, your directors also wish to place on record their sincere thanks and appreciation.

Place: Mumbai	**DEWANG NERALLA**
Date: 11th August, 2010	Whole-time 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 endeavor to improve energy conservation and utilization.

Technology Absorption, Research & Development

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

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

Amount spent: Revenue Expenses Rs. 105,532,436/-

Foreign 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) Limited - Employee Stock Option Scheme 2005".

Sr. No.	Description	ESOP – 2005
a)	Options granted	440,000
b)	Exercise price per option (The exercise price of the option is the market price of the shares as defined under the SEBI Guidelines, as on the grant date)	Rs. 981.60 per share
c)	Options vested	440,000
d)	Options exercised	406,790
e)	Options lapsed / forfeited	20,685
f)	Variations of terms of options	Exercise period has been extended upto 30th October, 2010.
g)	Money realized by exercise	Rs. 399,305,064/-
h)	Options in force	12,525
i)	Employee wise details of options granted during the year – i) Senior Management Personnel ii) Employees who receive a grant in any one year of option amounting to 5% or more of options granted during that year iii) Employees to whom options equal to or exceeding 1% of the issued capital have been granted during the year	 None Nil Nil
j)	Diluted EPS	74.96
k)	Fair value of the options on the date of grant / modification	483.88 / 794.25
l)	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 lower by Rs. 30,833,206 and earning per share as indicated as below: **Adjusted EPS Rs.** - Basic 74.29 - Diluted 74.29
m)	Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information: i) Expected volatility ii) Option life iii) Dividend yield iv) Risk-free interest rate 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.	 64.48% to 86.41% 3 years - 5 years 0.41% 5.98% to 6.41%

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, Including Step Down Subsidiaries)

1) Tickerplant Limited (Tickerplant)
2) IBS Forex Limited (IBS)
3) atom Technologies Limited (atom)
4) Riskraft Consulting Limited (Riskraft)
5) National Spot Exchange Limited (NSEL)
6) National Bulk Handling Corporation Limited (NBHC)
7) Financial Technologies Middle East-DMCC (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. (Subsidiary of FTME) (Deregistered / liquidated on 25th November, 2009 w.e.f. 28th February, 2009)
19) Capricorn Fin-Tech (Pvt). Ltd. (Subsidiary of FTME)
20) Bourse Africa Limited (Subsidiary of FTGIPL) (w.e.f. 15th October, 2008)
21) Boursa India Ltd. (w.e.f. 16th February, 2009)
22) ICX Platform (Pty) Limited (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 and Investments Limited (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)
28) Financial Technologies Singapore Pte. Ltd. (w.e.f. 15th April, 2009)
29) BFX Clearing & Depository Corporation BSC (c) (Subsidiary of BFX) (w.e.f. 29th March, 2010)

(III) ASSOCIATE COMPANIES:

1) Multi Commodity Exchange of India Limited (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.)
5) MCX Stock Exchange Limited (MCX-SX) (w.e.f. 8th September, 2008 to 18th March, 2010)

(IV) JOINT VENTURE COMPANIES

1) Dubai Gold and Commodities Exchange (DGCX)

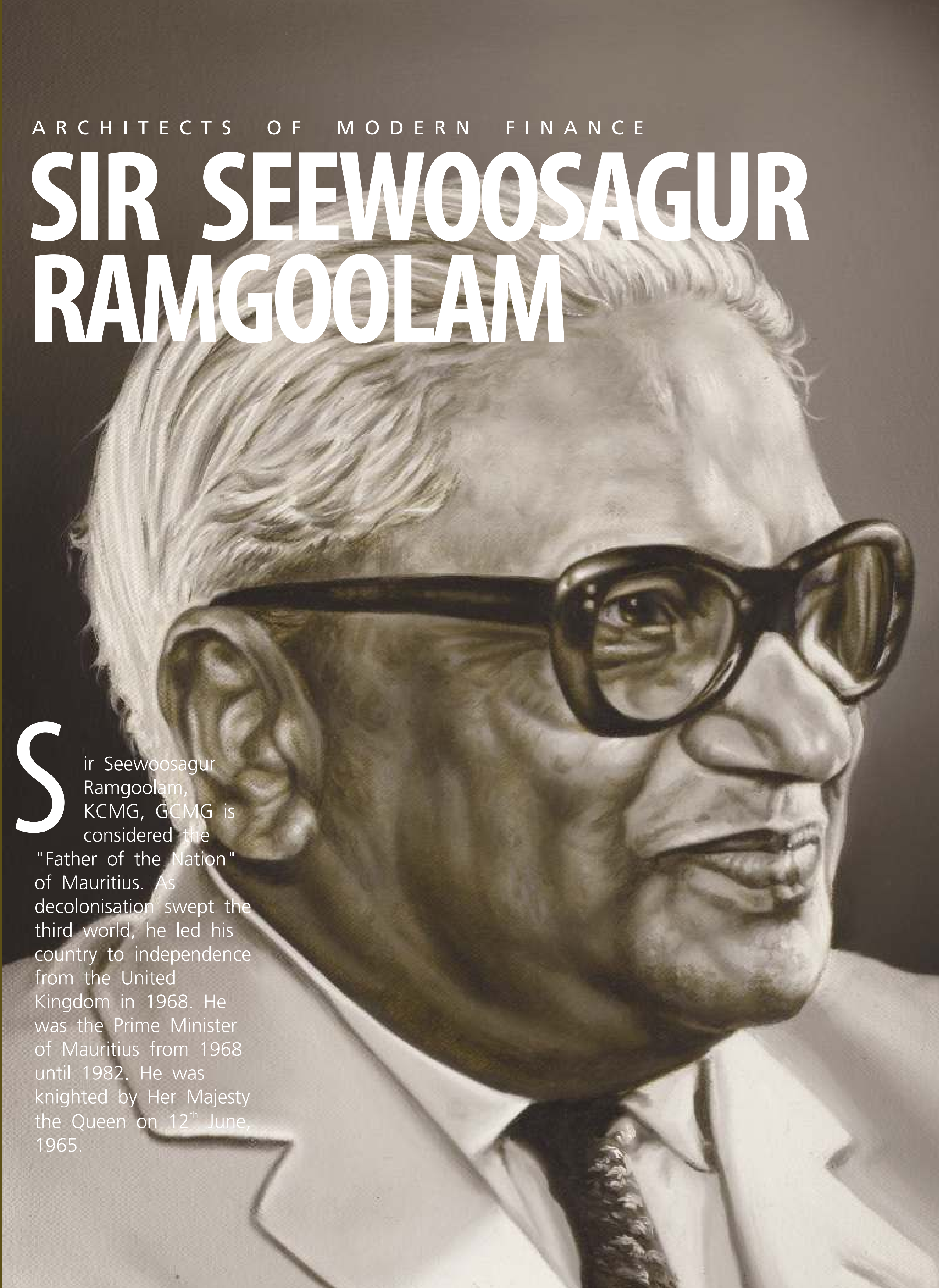
Place : Mumbai
Date : 11th August, 2010

DEWANG NERALLA
Whole-time Director

THIS PAGE IS LEFT BLANK INTENTIONALLY

A R C H I T E C T S   O F   M O D E R N   F I N A N C E

SIR SEEWOOSAGUR RAMGOOLAM



Sir Seewoosagur Ramgoolam, KCMG, GCMG is considered the "Father of the Nation" of Mauritius. As decolonisation swept the third world, he led his country to independence from the United Kingdom in 1968. He was the Prime Minister of Mauritius from 1968 until 1982. He was knighted by Her Majesty the Queen on 12th June, 1965.

4

MANAGEMENT DISCUSSION & ANALYSIS

MACRO TRENDS

GLOBAL MARKETS REVIEW

The world is changing more rapidly than ever as globalization continues its march. The economic differentiators between the developed and the emerging countries are disappearing very fast. The criticality of regulatory reforms and surveillance for the well being of economy is realized now more than in the previous decades. The financial crisis left in its trail unique challenges and opportunities for the global financial markets, its participants, regulators and governments.

The advent of a rising middle class, a rich supply of commodities, political and demographic changes, and technology developments serve to accelerate this shift. With MNCs originating from emerging markets exporting their brand of capitalism to the rest of the world, globalization has entered a new phase.

Capital markets are becoming increasingly globalized, as evidenced by the world's foreign direct investment (FDI) flows standing at over US$ 1.8 trillion in 2007, and 25% of global equities being owned by foreign investors. Asian sovereign and petro-dollar investors (often using sovereign wealth funds) have moved the balance of the world economy further to the emerging economies, while private equity (PE) and hedge funds have served to re-define financing and leverage. The necessity to have a consistent global regulatory system that can keep fraudulent behavior under check and prevent excessive risk-assumption is on a rise. Such a system should promote growth, while simultaneously meeting both global standards and respecting local / national requirements. Technology developments are driving change for both businesses and consumers. The ubiquity of the internet and mobile communications, the resultant massive processing power, and almost unlimited bandwidth and data storage creates opportunities to enhance the reach of the financial markets, as well as that of all businesses across the globe. Technology will be an important factor in enabling financial inclusion which facilitates more people to direct their savings into productive investments The importance of financial markets as the most transparent and efficient mediums of price discovery and value creation is being increasing realized by the economies world over. If there was ever a time apt for operating in this domain to aid financial inclusion and equitable growth, it is now. And your Company is an established player in this very arena.

OVERVIEW OF THE INDIAN FINANCIAL MARKETS

The Indian financial markets have grown manifold in the last 10 years, and have helped channel domestic and foreign savings towards financial markets. Growth has been driven by regulatory reforms, widespread entrepreneurial spirit, technology and liberalization the developing economies.

During the fiscal 2010, asset prices in India rose sharply. Domestic equity markets registered a phenomenal increase of 81% in prices, outperforming many other emerging economies. The slow-down in the growth of bank credit to the industry in fiscal 2010 was dwarfed to a large extent by a higher mobilization of resources through IPOs, private placements and mutual funds. Stock prices displayed a continuous upward momentum throughout the year, except for corrections caused by global events such as Dubai World default and Greek sovereign debt concerns.

The year also saw a number of reforms, such as the extension of trading hours in the equity markets and the setting up of trading platforms by recognized exchanges possessing nationwide trading terminals for SMEs. In the currency markets, futures contracts in three new currency pairs namely GBP/INR, YEN/INR, and EUR/INR were introduced. However, inspite of the various achievements of the Indian capital market the following are the glaring challenges that are likely to impede their growth.

Of the total equity ownership in India, the retail segments' contribution is only about 10%. This is, far less than the developed markets of the world such as the United States and the United Kingdom. The costs per transaction and the market impact on price are significantly higher in India. While in other markets, there is a diversified mix of interest rate futures, forex futures and corporate bonds, the Indian exchanges are largely undiversified with equities and commodities comprising nearly 90% of trading volume.

The Indian capital markets are not spread across the length and breadth of the country. The dominance of four cities: Mumbai, Delhi, Ahmedabad and Kolkata, which account for 85% of cash trading volumes stands testimony to this fact. The top-10 cities (Tier-I) contribute 90% of the total trading volume and 78% of mutual fund ownership, which accounts for only 37% of the total urban income pool. Given the lack of participation of the other urban centres based in the Tier-II and Tier-III cities, there is a huge opportunity to deepen the retail investor base in India. Increasing domestic participation is the need of the day for deepening and strengthening India's financial markets.

Presently, the Indian financial markets are over-dependent on inflows from foreign institutional investors (FIIs), who contribute more than 50% of Equity Capital Markets (ECM) volumes and around 70% of trading volumes. The share of the domestic institutional investors (DII) could be encouraged by allowing higher investments through pension funds in equities. The corpus of the pension funds is of the order of Rs. 6.4 trillion; one can imagine the scope for flow into the equity markets, either directly or via the MF route if the restrictions on this count (which currently limits participation to 10% of their capital) are relaxed.

Reforms need to be considered to deepen India's product markets, especially those of corporate bonds, warrants and interest-rate futures. It is also necessary to streamline securities lending and borrowing. A dedicated SME exchange with easier listing norms should be set up to enable Indian SMEs to raise funds at a lower cost, without adversely impacting investor-protection. Alongside product innovations, reduction in the complexity and cost of opening dematerialised accounts to encourage greater participation is required. Efforts towards investor education and awareness in urban and semi-urban centres need to be enhanced as well, in order to motivate further capital market participation.

Thus, to make the Indian financial markets globally competitive there is a need to direct the reforms towards increasing its retail customer base, introducing products and instruments beyond equities for better risk management and reducing the cost for customers.

BUSINESS OVERVIEW DURING THE FISCAL 2010

Technology Vertical

Exchange Solutions: Your Company has released new versions of the trading system software of our flagship product suite DOME (Distributed Order Matching Engine) and clearing and settlement solution - CnS for exchange solutions with enhanced performance and functionalities. The upgraded DOME application was deployed at MCX and installed at MCX-SX and NSEL. DOME and CnS was implemented at the SMX, GBOT and BFX. As part of the exchange suite, new solutions like FIX Engine, Exchange Direct and eXchange were successfully launched at various exchanges.

Brokerage and Messaging Solutions: Your Company is one of the leading providers of end-to-end STP technology solutions for exchanges and related constituents. It is constantly upgrading its existing solutions and developing innovative technology products to ensure seamless operations.

An advanced functionality was introduced in ODIN™ TWS and ODIN™ Diet applications, which provides customized alerts on regular and advanced collections of technical indicators to support the trading decision process. A low bandwidth of Net.net was also developed, which allows users to trade on low bandwidth internet connections like data cards, GPRS Connections etc. at a faster speed.

ODIN™ ATLAS, a special trading application, with functionalities EzJobber and EzTrader was created. While EzJobber enables jobbers to effectively and efficiently execute orders in various market segments, EzTrader enables traders to program their execution to capture a favorable price movement in underlying stocks / contracts, effectively based on the predefined progression parameters.

ODIN™ ATS, an automated trading application with an "EzTracker" functionality, which allows users to create and reverse positions in the selected underlying stock / contract automatically based on the pre-set parameters, was also introduced.

This year saw the launch of a new optimized version of STP-Gate™ for handling volumes, along with speed and upgraded hardware / software at the backend. The enhanced version of the STP-Gate™ product suite vouches superior connectivity, operational efficiency and complete automation.

Through ESG (Enterprise Solutions Group) your Company has started a new service which offers our clients co-location along with FMS. For this service, called EQS (Enterprise Quality Services), it has tied up with Netmagic to provide the datacenter facilities.

Your Company joined the STAC Benchmark Council™ to help define industry-standard performance metrics for trading technology solutions. The STAC Benchmark Council is a global industry body consisting of leading trading organizations and vendors, facilitated by the Securities Technology Analysis Center (STAC®). The Council develops standard benchmarks for technology used in the capital markets. End-user firms such as brokers, hedge funds, exchanges, and alternative trading systems control the STAC Benchmarks™ through their votes, keeping the benchmarks tied to real business needs.

Your Company constantly pursues opportunities to enhance its existing product portfolio, so as to deliver value-added solutions appropriate to the changing business environment.

Exchange and Ecosystem Vertical

Your Company has maintained a leadership position through its exchanges and ecosystems. Through its exchanges, it has established itself as the creator and operator of modern tech-centric exchanges across the fastest growing economies of Asia, Middle East and Africa. Through its ecosystem vertical, your Company addresses upstream and downstream opportunities around exchanges including warehousing, collateral management, information vending, and payment gateways, among others.

In the pages 69-81, we review the operations of our exchanges including - Multi Commodity Exchange (MCX), MCX Stock Exchange (MCX-SX)*, National Spot Exchange (NSEL), Indian Energy Exchange (IEX), Singapore Mercantile Exchange (SMX), Global Board of Trade (GBOT), Bahrain Financial Exchange (BFX), Bourse Africa and ecosystem vertical including - National Bulk Handling Corporation (NBHC), atom technologies and TickerPlant.

*w.e.f 8th September, 2008 to 18th March, 2010

COMPETITIVE STRENGTHS

- Niche business area

  Our position as a technology solutions provider for the financial markets domain in India which sets up next-generation tech-centric exchanges remains largely unchallenged.

- Pioneer in exchange creation in high-growth economies

  Your Company is a pioneer in leveraging its technology expertise to create tech-centric exchanges in the high-growth (over 6% consistently) economies of Africa, Middle East and Asia, including India, and remains the only player to do so. It is well-poised to tap this opportunity and grow.

- Comprehensive coverage of Financial Markets

  Be it asset classes or geographies, or innovations such as Islamic Finance, your Company has its presence through its exchanges; so there is a direct co-relation between the high growth rate of your Company with the advancements in the financial markets and the growth of emerging economies.

OPPORTUNITIES

- Replicating the India Success Story

  Your Company has a proven track record in the technology solutions and exchange creation space in India. With the commencement of trading on three of its international exchange ventures viz. SMX Singapore, GBOT, Mauritius and BFX, Bahrain, the company is all set to globalize its success stories such as MCX, on a much larger scale catering to a larger constituent base in the emerging economies from Africa to Asia and the Middle East.

- Augmenting Technology Business

  Your Company's new exchange ventures will be powered by its exchange solutions; the multi-asset brokerage solutions will facilitate brokers' operations. These will augment the technology business significantly.

- Financial Markets Ecosystem in Emerging Economies

  Your Company operates greenfield exchanges connecting fast-growing economies of Africa, Middle East, India and South East Asia. Your Company, through its ecosystem vertical, addresses upstream and downstream opportunities around exchanges, including clearing, depository, information vending, and payment gateway among others. In effect, it creates an efficient financial markets ecosystem. As it goes live with its exchanges in emerging economies, there are opportunities around them for ecosystem creation expertise.

RISK AND RISK MANAGEMENT

Your Company has instituted a Risk Management policy to ensure that key operational risks are effectively mitigated. For further details, see Directors' Report on Page 53 of the Annual Report

RISKS AND CONCERNS

- Macro Economic Trend

  Your Company's performance and growth is dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may impact your Company's business and financial performance and the price of the Shares. The Company regularly keeps track of the emerging global scenario so as to realign its business strategy as may be called for.

- Competition

  Your Company operates in a very competitive environment and its ability to grow depends on its ability to compete effectively. The Indian financial technology services, commodities and financial securities industry are very competitive. Additional competition from new entrants to your Company's markets could negatively impact its trading volumes, ability to attract new customers / members and / or retain existing customers / members and profitability. Maintaining or increasing our market share will depend on the ability to anticipate and respond to various competitive factors, including the ability to provide innovative products and services, introducing new products, responding to changes in technology and entering into alliances. The Company tries to mitigate the competition by continuously improving upon product, technology and process benchmarks of International majors, introducing new product variants, focused customer approach and differentiating on quality.

- Employee Retention

  Your Company depends on the experience and skills of its management team and key employees and the inability to retain them could adversely affect its business. Most of your Company's key management personnel have been there since its inception and will continue to be integral to its further growth and development. Your Company has an employee base which possesses extensive experience in the trading technologies, commodities, foreign exchange trading industry and in the securities markets and contributes immensely to its growth. Your Company's success is largely dependent on the management team and key employees, who ensures efficient implementation of its strategy. The Company has undertaken a number of initiatives like providing career growth by regularly upgrading the skills of its employees through enrichment programmes. This has resulted in enhancement of the technical and leadership skills and has helped create a work culture which enables to develop and retain its core strength, the Intellectual Capital.

- Gestation period for international exchange ventures

  The gestation period for exchanges may be comparatively longer in international than in domestic exchange ventures.

- Advanced trading technologies

  New and innovative trading technologies such as DMA and Algorithmic trading etc. are comparable to the R&D of businesses and can impact revenues for the segment to which it belongs; however, the resultant advancements in the financial markets present new business avenues and opportunity for IPR to create more robust solutions.

- Incubation phase for various ventures

  There are some ventures (exchange as well as ecosystem) which are in the incubation phase implying continued investments which would see returns later in time.

- Foreign Currency Exchange Rate Risk

  During the year there has been volatility in US$: Re for more than 8.51%. With increasing export activity over the last two years, the Company has been subjected to significant foreign exchange fluctuations. The Company has also outstanding US$ denominated debt. Due to natural hedging the Company's risk is largely mitigated.

INTERNAL AUDIT AND CONTROLS

Your Company has appointed M/s. 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

Your Company has been instrumental in transforming financial markets by providing strong technology platforms across various geographies. For further details, see Directors' Report on Page 54 of this Annual Report.

FINANCIAL POSITION AND RESULT OF OPERATIONS

STANDALONE

Shareholder's Equity

Your Company's authorised share capital is Rs. 300 million, divided into 150 million equity shares of Rs. 2/- each. During the year under review, the paid up share capital of your Company increased from Rs. 91.77 million to Rs. 92.16 million on account of allotment of 194,900 equity shares of Rs. 2/- each, issued under Employee Stock Option Plan - 2005.

Reserves & Surplus

During the year, your Company's total reserves and surplus position improved by 17% to Rs. 20,324.47 million from Rs. 17,405.22 million for the financial year 2008-09 largely on account of operating profit & other income.

Securities premium account as at 31st March, 2010 stood at Rs. 4,885.03 million as compared to Rs. 4,977.28 million in the previous year mainly on account of receipt of premium under ESOP to the tune of Rs. 190.92 million and adjusted on account of provision of Rs. 283.17 million (net of taxes) for premium payable on redemption of ZCCB in accordance with section 78 of the Companies Act 1956.

As per the requirements of Companies Act, 1956 your Company has transferred Rs. 350.00 million i.e. 10.16% of the net profit of the current year to General Reserve and the balance amount of Rs. 13,759.28 million has been retained in the Profit and loss account.

Shareholders' Fund

Total shareholder funds stood at Rs. 20,416.63 million as on 31st March, 2010 as against Rs. 17,496.99 million as on 31st March, 2009, an increase by 17%.

Loan Funds

As on 31st March, 2010, the outstanding value of ZCCBs in books stood at Rs. 4,085.17 million (US$ 90.5 million) as compared to Rs. 4,610.98 million (US$ 90.5 million) in the previous year, the change in the amount is on account of USD:INR exchange rate movement during the year.

Deferred Tax Liability

During the year, your Company has reported accrual of total net deferred tax liability of Rs. 87.98 million compared to Rs. 166.70 million in the previous year. 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.

Investments

During the year, your Company's Investment was at Rs. 20,019.48 million, as compared to Rs. 14,444.65 million in the previous year. The total Investments comprised of investment in mutual funds, subsidiaries, joint venture and associate companies. The Investments in subsidiaries / JV's / associates are a part of the Company's core business strategy to promote and invest in new 'Exchange', 'Technology' and 'Ecosystem' ventures that utilize its technological capabilities and domain expertise towards creating world class enterprises and therefore create a captive market for its technology business, and to unlock value by divesting our Company's investment in these ventures, after these they have reached certain critical operating levels and redeploy the capital in new markets.

Fixed Assets

In Rs. million

As on March 31	2010	2009
Freehold Land	466.66	-
Leasehold land	69.44	78.55
Building	18.08	18.08
Improvement to leasehold premises	41.51	41.51
Office equipment (including computer hardware)	209.64	199.66
Furniture & Fixtures	25.81	24.69
Vehicles	24.26	24.74
Intangible assets including software, technical know-how etc.	186.26	290.76
Gross Block	1,041.67	677.99
Less: Accumulated depreciation / amortisation	167.78	146.34
Net Block	873.89	531.65
Capital work-in-progress	1,865.27	2,309.43
Total Fixed Assets	**2,739.16**	2,841.08

The Company has been investing and building necessary infrastructure to meet growing requirements of the business. During the year, the additions to gross block of fixed assets were at Rs. 363.68 million. The increase was mainly on account of capitalization of Freehold land purchased for development of the state-of-the-art technology development center situated at Andheri (East), Mumbai - 400 093. There was also a marginal increase in office equipment and furniture and fittings for day to day operations.

Capital work-in-progress has decreased to Rs. 1,865.27 million from Rs. 2,309.43 million mainly on account of capitalization of land for its development centre to fixed assets. the company expects the development centre to be fully operational in fiscal 2011.

Current Assets, Loans & Advances

During the year, your Company's total current assets, loans and advances were at Rs. 4,356.15 million as compared to Rs. 6,438.76 million in the previous year. The decrease is mainly attributable to decrease in Cash and bank balances, which reduced by Rs. 2,316.76 million during the year which has been deployed partly as investments in subsidiary / Group companies and partly in mutual funds. During the year,

a) Sundry Debtors has reduced to Rs. 604.26 million (net of provisions) compared to Rs. 840.14 million in the previous year due to better realization. These debtors outstanding are considered good and realizable

b) Other current assets stood at Rs. 39.30 million as against of Rs. 105.05 million in previous year. The interest realized on FDR in current year has been invested in mutual funds for better returns, hence decrease in current year.

c) Loans and advances (net of provision) amounted to Rs. 1,621.66 million as against Rs. 1,085.88 million in the previous year; the Increase was mainly due to loans and advances to subsidiary companies, and advance payment of income taxes.

Current liabilities and provisions

During the year, your Company's current liabilities stood at Rs. 959.81 million compared to Rs. 734.13 million in the previous year mainly on account of increase in trade creditors which includes advance amount received on account of sale of land & advance receipt of revenue.

During the year, Provisions were at Rs. 1,513.11 million compared to Rs. 1,068.31 million in the previous year. Provisions mainly include provision for premium on redemption of ZCCBs which stood at Rs. 1,316.83 million as compared to Rs. 887.84 million in the previous year. It also consists of provision for taxation, employee retirement benefits, proposed dividend to equity shareholders and the dividend tax thereof.

Revenue Analysis

During the year, revenue from operations stood at Rs. 3,069.87 million (net of excise duty) compared to Rs. 3,343.22 million in the previous year, a decrease of 8.18%. The Company mainly derived revenues from sale of IPR licenses, annual maintenance charges, and project based services including software customization.

Other Income

During the year, other income (excluding profit on sale of shares in subsidiaries, joint ventures and associates) was at Rs. 1,043.63 million compared to Rs. 1,650.90 million in the previous year, a decrease of 36.80%. During the previous year, other income includes foreign exchange gains of Rs. 513.22 million. Other Income also includes dividend from investments, interest on deposits, Profit on sale of Investments, Shared Business support Services and Miscellaneous income. During the year, your Company sold partial investment held in a group company resulting net profit of Rs. 2,368.28 million (net of expenses) which has been shown under 'Profit on sale of Investments' in Other Income.

Expense Review

During the year, the operating and other expenses were at Rs. 1,904.60 million as compared to Rs. 2,252.98 million in previous year, a decrease of 15.46% largely on account of (a) during the previous year, operating and other expenses included provision for diminution in the value of long term investments of Rs. 637.63 million as against 'Nil' during the year and (b) during current year, the operating expenses includes foreign exchange loss of Rs. 285.35 million as compared to a gain of Rs. 513.22 million included in other income in the previous year as mentioned herein above. Other operating expenses are in alignment with the business operations.

Profit Analysis
(excluding profit on sale of shares)

During the year,

- Profit before interest, depreciation and tax decreased by 18.54% to Rs. 2,162.53 million from Rs. 2,654.69 million in previous year.
- Profit before tax decreased by 18.50% to Rs. 2,103.45 million from Rs. 2,580.91 million in previous year.
- Profit after tax decreased by 8.92% to Rs. 1,880.36 million from Rs. 2,064.54 million in previous year.

Profit Analysis
(including profit on sale of shares)

During the year,

- Profit before interest, depreciation and tax decreased by 4.05% to Rs. 4,530.81 million from Rs. 4,721.97 million in previous year.
- Profit before tax decreased by 3.80% to Rs. 4,471.73 million from Rs. 4,648.19 million in previous year.
- Profit after tax decreased by 6.57% to Rs. 3,443.66 million from Rs. 3,685.96 million in previous year.

Cautionary Statements

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

MULTI COMMODITY EXCHANGE OF INDIA LTD.

BUSINESS OVERVIEW

- 6th largest commodity futures bourse globally in terms of trading volumes in 2009*

  MCX commodities futures global ranking in 2009:
  - 1st in silver*
  - 2nd in gold, copper and natural gas*
  - 3rd in crude oil*
- Total value traded during FY 10 - Rs. 6,393,302 crore
- Average Daily turnover of Rs. 20,962 crore has been recorded for FY 10 (~40% increase Y-o-Y)
- Highest turnover of Rs. 51,627 crore was recorded on 27th November, 2009
- Established 117,124 terminals (including CTCL and IBT terminals**) and a membership base of 2,070 as on 31st March, 2010

**Data Source: Based on trading volumes derived on the basis of the unaudited data provided in the Futures Industry Association (FIA), March 2010 publication, based on the data provided by 70 individual futures and options exchanges*

***CTCL - Computer To Computer Link*
IBT - Internet Based Trading

STRATEGIC VISION

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

PRODUCTS / SERVICES

As on 31st March, 2010, futures contracts traded on MCX included 42 commodities from various market segments including bullion, energy, ferrous and nonferrous metals, oils and oil seeds, cereals, pulses, plantations, spices and fibers

KEY HIGHLIGHTS

Domestic Alliances

- Bombay Metal Exchange
- Dall & Besan Millers Association
- Pulses Importers Association
- Solvent Extractors Association of India

International Alliances

- Baltic Exchange Ltd.
- LIFFE Administration & Management
- New York Mercantile Exchange (NYMEX)
- Shanghai Futures Exchange (SHFE)
- The London Metal Exchange Ltd. (LME)

CERTIFICATIONS

- MCX has been certified under ISO 9001 since August 2004 and ISO/IEC 27001 since April 2007 by Bureau Veritas Certifications India Pvt. Ltd.
- MCX has also received the ISO 14001:2004 in the current financial year

MILESTONES

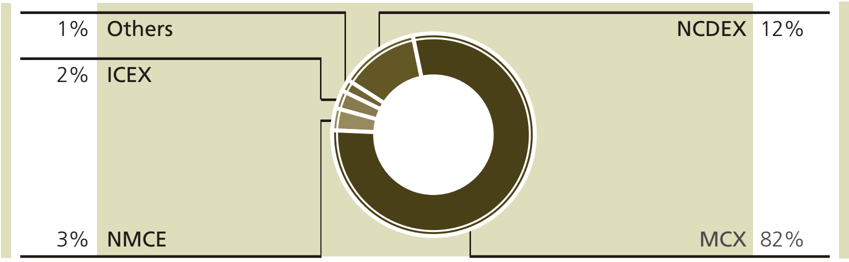
- MCX launched futures trading in almond for the first time in India
- MCX launched futures trading in thermal coal, gasoline and barley
- Launched Exchange of Futures for Physicals (EFP) for the 1st time in India
- MCX, along with PriceWaterhouseCoopers (PWC) jointly released a book on commodities aimed at giving its reader a rare insight in the commodity markets ecosystem
- MCX won the "NASSCOM Social Innovation Honours-2010" for its flagship CSO (Corporate Social Opportunties) project Gramin Suvidha Kendras (GSKs), the rural facilitation centres set up in a joint venture with India Post

EXCHANGE DATA POINTS

	FY 07	FY 08	FY 09	**FY 10**
Number of Members at the end of year	1,762	1,869	2,037	**2,070**
Number of TWS* and TWS under CTCL	29,958	43,070	82,703	**1,17,124**

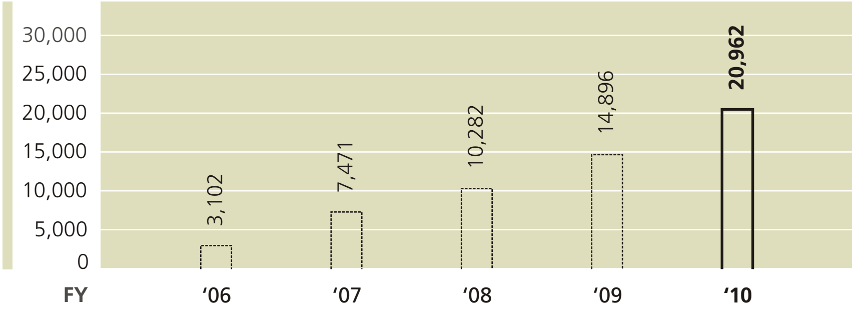
Trader Work Station

MCX MARKET SHARE FOR FY 10*



**Market share based on turnover data published on FMC website and other national commodity exchanges.*

MCX AVERAGE DAILY TURNOVER (Rs. cr)**



***Turnover figures are at exchange level (single sided)*

MCX-SX
India's New Stock Exchange

www.mcx-sx.com

MCX STOCK EXCHANGE LTD.#

BUSINESS OVERVIEW

- MCX Stock Exchange (MCX-SX) was set up as India's latest National level Stock Exchange recognized under Section 4 of Securities Control Regulation Act, 1956. It is co-promoted by your Company along with MCX.
- Through deployment of state-of-the-art technology and global best practices for regulatory compliance and investor protection, MCX-SX enables importers, exporters, investors, corporations and banks to hedge their currency risks with greater transparency and safety. Furthermore, it guarantees settlement of all transactions, through its clearing corporation (MCX-SX Clearing Corporation Ltd.), which enhances safety by eliminating the counterparty risk
- Currently your Company holds 5% of its equity

STRATEGIC VISION

MCX-SX believes in "Systematic development of markets through Information, Innovation, Education and Research." Its constant endeavor, therefore, has been to ensure that its nationwide electronic trading platform is used by market participants more extensively and effectively

PRODUCTS / SERVICES

MCX-SX currently offers currency futures in the following currency pairs:

- US Dollar - Indian Rupee (USD/INR)
- Euro-Indian Rupee (EUR/INR)
- Pound Sterling-Indian Rupee (GBP/INR)
- Japanese Yen-Indian Rupee (JPY/INR)

It is poised to extend the derivatives offerings to*

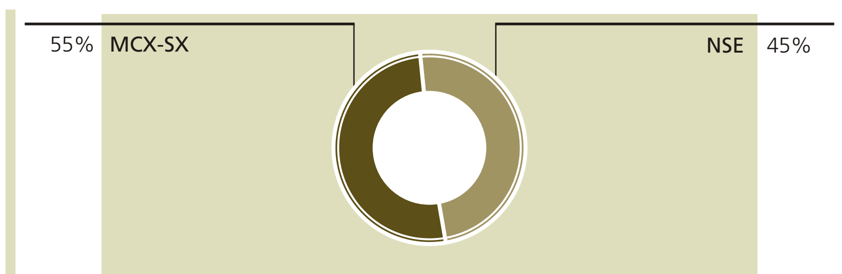
- Interest Rate Futures (IRF)
- Equities (Cash & F&O)
- Indices and ETF
- Debt
- Small Medium Enterprises

subject to regulatory approvals

KEY HIGHLIGHTS

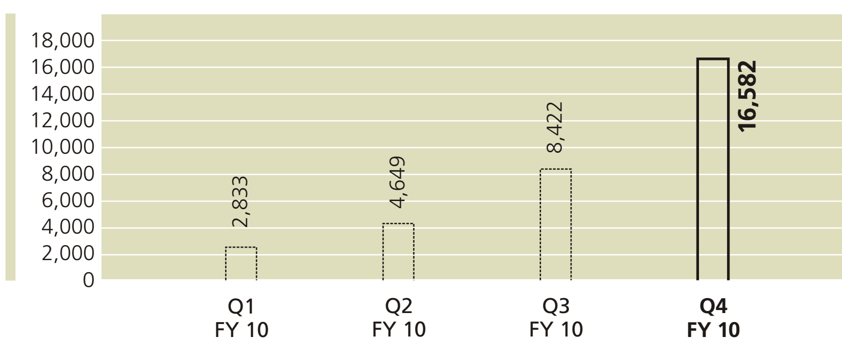
- MCX-SX signed co-operation agreement with leading Global Index Provider - FTSE International Limited
- MCX-SX and Doordarshan inked a pact for broadcasting programmes on financial markets
- MCX-SX launched websites in all important Indian regional languages.
- MCX-SX signed MOUs with Institutes of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost and Works Accountants of India (ICWAI) to jointly promote the cause of financial literacy and corporate governance.
- MCX-SX is an affiliate member of the International Organization of Securities Commissions (IOSCO)

MARKET SHARE**



***For quarter ended March 2010*
Source: Exchange Websites

AVERAGE DAILY TURNOVER - QUARTERLY (Rs. Cr)



#W.e.f 8th September, 2008 to 18th March, 2010

National Spot Exchange
Electronic Spot Market

www.nationalspotexchange.com

NATIONAL SPOT EXCHANGE LTD.

BUSINESS OVERVIEW

- National Spot Exchange Limited (NSEL) is India's No.1 spot exchange, established in May 2005. It is a national level institutionalized and demutualised, electronic spot exchange aimed at creating a unified Common Indian Market for various commodities.
- The objective of NSEL is to enhance farmers' price realization and reduce consumer paid price by reducing cost of intermediation and improving marketing efficiency.
- NSEL is a compulsory delivery based electronic spot market for commodities. While futures trading conducted by MCX provides price discovery and price risk management functions, NSEL provides a delivery based platform to achieve price efficiency. NSEL links physical market traders and MCX by providing an effective system for physical deliveries, enhancing the depth of futures markets and creating a better balance between speculative, hedged and delivery based trade.

PRODUCTS / SERVICES

NSEL is operational in 24 commodities with its most active contracts being castor seed, cotton seed wash oil, cotton, barley and maize.

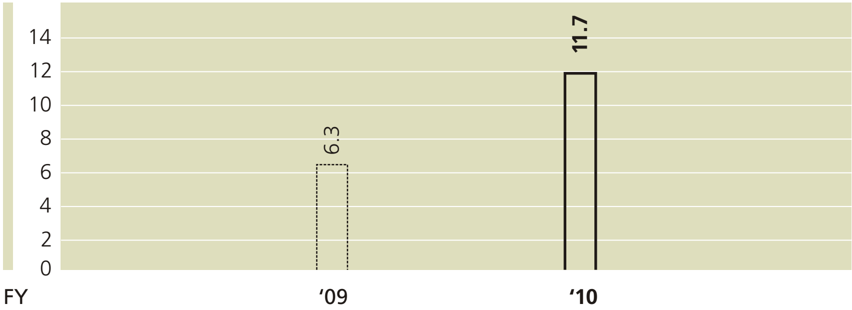
KEY MILESTONES ACHIEVED IN FY 10

- **July 2009:** Cotton Corporation of India (CCI) becomes member of NSEL to sell cotton bales on NSEL platform on the same terms
- **November 2009:** Government of Orissa granted license. Commencement of operation in Orissa
- **December 2009:** Government of Rajasthan granted license.
- **March 2010:** Food Corporation of India (FCI) the Food Management arm of Government of India, became member of NSEL and commenced sale of wheat through National Spot Exchange

EXCHANGE DATA POINTS

	FY 09	FY 10
Daily Turnover Details (Rs. cr)	6.31	11.74
Highest Turnover Reported with Date	104.69 26th March, 09	452.75 2nd May, 09
Number of Members at the end of year	253	320
Number of products commodities offered	11	24
Daily Contract traded	4	10

AVERAGE DAILY TURNOVER (Rs. cr)



INDIAN ENERGY EXCHANGE
India's No.1 Power Exchange

www.iexindia.com

INDIAN ENERGY EXCHANGE LTD.

BUSINESS OVERVIEW

- Indian Energy Exchange (IEX) is India's first and No.1 exchange for electricity trading established with an objective to organize, operate and develop a market place for power trading in India. IEX commenced operations on 27th June, 2008. 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 buyers and sellers together to buy and sell in an auction-based system, thus providing liquidity to the power markets.

PRODUCTS / SERVICES

IEX focuses on offering spot trading of electricity and offers Day-Ahead Market, Term-Ahead Market (including intra-day, day-ahead contingency, daily and weekly products) and Future Offering (including renewable energy certificate, monthly contract, state level contract and white certificate products).

KEY MILESTONES ACHIEVED IN FY 10

- Direct consumer started trading at IEX
- IEX has 29 state utilities, 150 captive power plants and over 75 direct consumers are participating for better managing their energy portfolio
- Shri Sushil Kumar Shinde, Minister of Power, Government of India, and other dignitaries from power sector participated in 1st anniversary of IEX
- IEX represented india in APEX conference in Boston, USA from 11th-13th October, 2009. Mr. Jayant Deo, MD & CEO, IEX, delivered the presentation on Operating Markets in a Supply Deficit while Attracting New Business

AWARDS & CERTIFICATIONS

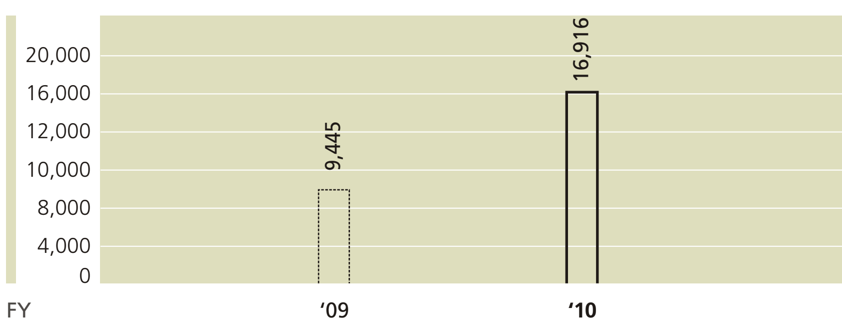
Indian Energy Exchange (IEX) was awarded as Best E-Enabled Customer Platform, for developing a robust platform for energy trading, in 2nd India Power Awards 2009, by Council of Power Utilities & KW Conferences Pvt. Ltd.

EXCHANGE DATA POINTS

	FY*09	FY 10
Avg Daily Turnover (Day Ahead Market)	9,445 MWh valued at Rs. 7.02 cr	16,916 MWh valued at Rs. 8.40 cr
Highest Turnover Reported with Date (Day Ahead Market)	21,449 MWh (Trading Day: 1st November, 09)	31,429 MWh (Trading Day: 19th February, 10)
Number of Members at the end of year	53	78
Number of products offered	1	5

*From 27th June, 2008 to 31st March, 2009

AVERAGE DAILY TURNOVER (MWh) - ANNUAL**



**for day ahead market
Source: Exchange websites

Singapore Mercantile Exchange
Where the world will trade

www.smx.com.sg

SINGAPORE MERCANTILE EXCHANGE PTE LTD.

BUSINESS OVERVIEW

- Singapore Mercantile Exchange (SMX) is a pan-Asian global commodity derivatives exchange based out of Singapore and is poised to offer futures and options contracts on precious metals, base metals, agriculture commodities, energy, currencies and commodity indices.
- SMX has obtained a final approval to operate as an approved exchange of Monetary Authority of Singapore (MAS). SMX will act as a proxy to the Asian economies and facilitate transparent price discovery and benchmarking in Asian time zone by offering a single platform for execution of trades, clearing and settlement.
- SMX is a member of Futures Industry Association (FIA), Associations of Futures Markets (AFM), and Futures and Options Association (FOA). SMX also provides settlement guarantee as a central counterparty for all trades executed on it through its wholly owned clearing corporation, Singapore Mercantile Exchange Clearing Corporation Pte Ltd. (SMXCC).

PRODUCTS / SERVICES

SMX will offer multi-asset trading in futures and options contracts for energy, agriculture, precious and base metals, indices, currencies and other products.

WHY SMX?

- Pan-Asian commodity derivatives exchange
- Based in Singapore, but for the Asian region and global market participants
- Received final approval from MAS, to be followed by cross-border regulatory recognition in key markets
- An offshore market with a product range aimed at answering Asian region's trading needs

KEY MILESTONES ACHIEVED IN FY 10

Key Milestones	Relevant Dates
• Mr. Thomas McMahon, appointed CEO of SMX	April 2009
• SMX Exchange Rules approved by MAS	April 2009
• Standard Chartered Bank appointed as Settlement Bank	June 2009
• Royal Bank of Scotland appointed as Settlement Bank	June 2009
• Major international ISVs viz. Patsystems, Sungard and ION Trading signed agreements to connect to SMX	June/July 2009
• SMXCC Clearing Rules approved by MAS	September 2009
• Successful Go-live testing conducted	October 2009
• ICICI Bank appointed as Settlement Bank	November 2009
• Two more ISVs, FFastFill Europe and RTS Realtime Systems signed agreements to connect to SMX	February/March 2010

TRAINING PROGRAMS CONDUCTED	Relevant Dates
• The Asian Solution to Global Commodities Trading conducted in Singapore, Kuala Lumpur, Sydney, Jakarta, Taiwan, Hong Kong and Bangkok	August and September 2009
• Training Programs conducted for Philip Futures, Singapore	January 2010
• Training Programs conducted for MF Global, Singapore	February 2010

GBOT
Global Board of Trade

www.gbot.mu

GLOBAL BOARD OF TRADE LTD.

BUSINESS OVERVIEW

- Global Board Of Trade (GBOT) was incorporated in the Republic of Mauritius to establish a multi-asset class electronically operated market, licensed by the Financial Services Commission (FSC), the regulator for non bank financial services sector in Mauritius. Strategically located at the crossroads of Europe, Africa and Asia, GBOT on commencement of operations, will be amongst the few multi-asset class electronically operated markets in the African continent.
- GBOT provides a comprehensive framework, encompassing electronic exchange trading and clearing solutions, risk management and online risk-based supervision, membership development, contract specification and structuring. GBOT also provides banking system interfaces leading to real-time settlement, business rules and by-laws, effective corporate governance frameworks, investor awareness and knowledge development.

PRODUCTS / SERVICES

GBOT will offer currency and commodities derivatives, with an initial focus on six major currency pairs against the US Dollar as well as on precious metals, base metals, energy and agri-commodities.

KEY MILESTONES ACHIEVED IN FY 10

- Financial Services Commission (FSC), the regulator for non banking financial services, has approved Rules for commodity and currency derivatives market segment
- GBOT has received the Clearing House License from the FSC for clearing of all trades taking place on the exchange
- Approval from Bank of Mauritius for banks based in Mauritius to participate in currency derivative market segment was obtained on 17th June, 2009
- GBOT was invited by the Governors of the Central Bank of Kenya and Uganda to make presentations on the exchange and extend assistance in securing maximum participants for their respective countries.

INSTITUTIONAL ALLIANCES / MEMBERSHIP

Local

- Mauritius Chamber of Commerce and Industry (MCCI)
- Mauritius Export Association (MEXA)
- Society of Financial Analysts of Mauritius (SFAM)

Global

- Association of Futures Markets (AFM)
- Defra EU Emissions Trading Scheme (EU ETS)
- Futures and Options Association (FOA)
- Swiss Futures and Options Association (SFOA)

TRAINING PROGRAMS CONDUCTED

- GBOT has conducted training for CEOs, bankers and accountants on trading on commodity and currency derivatives and on global commodity markets.
- Training for brokers, regulators and management companies was conducted by GBOT on currency risk management, strategic risk management and non linear derivatives.

WHY GBOT?

GBOT: The Future of African Markets

- Multi-asset international exchange for Africa, based in Mauritius
- Will offer trading on commodities and currency pairs in the first phase
- Hedging with visibility on markets from East to West
- GMT +4 time zone location
- GBOT brings Financial Technologies' next generation trading technology to Africa
- Offering multi-currency environment and physical delivery in derivatives segment

Bahrain Financial Exchange

www.bfx.bh

BAHRAIN FINANCIAL EXCHANGE BSC (C)

BUSINESS OVERVIEW

- The Bahrain Financial Exchange BSC Closed (BFX) is a pioneering cross-border and multi-product exchange in the Middle East and will be internationally accessible to trade cash instruments, derivatives, structured products and Shari'ah-compliant financial instruments.
- Regulated by the Central Bank of Bahrain (CBB) and underpinned by the BFX Clearing and Depository Corporation (BCDC), the BFX is well positioned to become the leading exchange venue in the Middle East to trade, clear and settle the contracts it trades.
- Access through its electronic trading platform and the BFX plug and trade trading floor will allow market participants to utilise the Exchange to manage risk and enable investment in a secure environment with central counterparty clearing, settlement and depository.
- Complementing its offerings, the BFX has established the Bahrain Financial Exchange Training Institute (BFX-TI) a training institute of global standards providing internationally accredited programmes in conventional and Islamic financial training, along with education courses for both individuals and corporate clients.

PRODUCTS / SERVICES

The BFX will focus on offering financial instruments across a wide range of asset classes in conventional products specific to the region along with Islamic finance products.

KEY MILESTONES ACHIEVED IN FY 10

- The year 2009 was year for the BFX in terms of the development and expansion of its infrastructure, services, training, technical procedures, products and the inception of its own Clearing, Settlement and Depository company, the 'BFX Clearing and Depository Corporation' (BCDC). The BCDC will act as Central Counterparty for all transactions on the BFX markets.
- The BFX participated in the World Islamic Banking Conference (WIBC) where the BFX was a strategic exchange partner and contributed to the Future of Financial Markets (FOFM) leadership summit in January 2010
- In January the BFX signed an MOU with Bursa Malaysia to partner and provide financial products to Islamic market participants. Marking the partnership inauguration, they organized a forum to discuss matters related to Islamic liquidity management and financing.
- The BFX Training Institute (BFX-TI) received its license to provide learning and development solutions for both individuals and corporates. The institute provides a 360 degree consultative approach to training needs across areas including conventional and Islamic finance, leadership, accounting and tailor-made bespoke packages
- The BFX held a conference in April 2009, in the Kingdom of Bahrain, which focused on the benefits of exchange trading while utilising a transparent, well regulated and liquid exchange to raise capital and manage risk for both the Islamic and conventional financial markets.

ASSOCIATIONS

- Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)
- Association of Futures Markets (AFM)
- Futures & Options Association (FOA)
- General Council for Islamic Banks and Financial Institutions (CIBAFI)
- International Islamic Financial Market (IIFM)

WHY BFX?

Core Benefits

- BFX is a multi-asset exchange offering diversified product range. Users of BFX can utilise the multi-asset offering by diversifying their investment portfolio thus protecting the investment from any adverse movements in a single asset class.
- Located in the global centre for the Islamic finance, BFX offers its users access to Islamic finance products and liquidity.
- Drawing from the advantages of 'Business friendly Bahrain' BFX users can gain from the free trade benefits like zero taxes, 100% ownership and capital repatriation.
- Arab region hosts some of the fastest growing economies in the world which will create further advantages for the BFX.

www.bourseafrica.com

BOURSE AFRICA LTD.

BUSINESS OVERVIEW

- Bourse Africa is a licensed spot and derivatives demutualised exchange which will offer multi-asset class trading to serve markets worldwide from Africa. It will provide efficient price discovery, and facilitate trade, financing, risk management and investment transactions between participants from across African markets, and between African and international participants.
- Bourse Africa will operate on a hub and spoke model, a network of linked exchanges with Botswana as the technology and regulatory hub. The hub exchange in Botswana is licensed as a Self-Regulatory Organisation by the country's Non-Bank Financial Institutions Regulatory Authority and accredited under the Botswana International Financial Services Centre.

PRODUCTS / SERVICES

Bourse Africa will offer both derivative and spot contracts and introduce options and index trading later. Segments will include agriculture, metals, minerals, energy and currencies before diversifying into other asset classes over time.

The suite of derivative products will cover pan-African commodities with an established international profile - including cocoa, cotton, crude oil, gold and maize, gold-as well as futures on currency pairs between African currencies, and between African and hard currencies. The spot platform will focus on the unique commodities produced and traded in the different African countries - to support the domestic trade and the export/import trade.

KEY MILESTONES ACHIEVED IN FY 10

- Licensed as a Self-Regulatory Organisation (pending ministerial signature)
- Tie-up with third clearing bank
- Partnerships with five certification and collateral management organisations

WHY BOURSE ARICA?

- An emerging geography almost completely untapped at present:
  - 53 countries, 4%-5% p.a. growth, emerging middle class, $320 billion annual commodity base, rapidly integrating with global markets
  - No organised commodity futures exchange and no central counterparty clearinghouse (CCP) outside South Africa a significantly underdeveloped exchange, brokerage and investment space
- Combined spot and derivative platforms
- Optimal hedging location
- Sound legal jurisdiction and regulatory framework of Botswana
- A CCP backed by Settlement Guarantee Fund, to guarantee trades, and fulfilment of all obligations arising therefrom
- Integrated ecosystem elements (e.g. warehouse receipts system (WRS), market information system (MIS), broker technology solutions, capacity-building academy)

the 'new way' to pay

www.atomtech.in

ATOM TECHNOLOGIES LTD.

BUSINESS OVERVIEW

- atom technologies, company incorporated in October 2005 provides transaction processing technology aimed at mobile phone and wireless device users. It offers secure and convenient payment solutions across all platforms (IVR / Mobile application / Internet / POS) to banks, merchants and their customers.
- atom has created multiple products and services for mobile payments, mobile banking, Interactive Voice Response (IVR) based payments and mobile based service distribution network. The transactions are routed through banks' payment gateways / core banking hosts using phones.

PRODUCTS / SERVICES

Payment Processing

- M-Commerce: Mobile / telephone based payment solutions, involving either IVR or mobile application
- POS Business: Comprehensive merchant acquiring solution covering a range of products and services
- E-Commerce: Internet based payment service focused on broking space and other key merchants

Technology solutions and services

- SUGAM: Establishment of distribution network for delivery of multiple services including prepaid recharge, utility bills, ticketing, banking, etc.
- Application Solutions: Software solutions for MFIs, banks and insurance companies

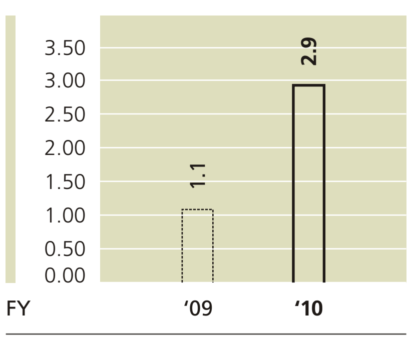
Financial inclusion services

- Banking / FI: Technology enabled banking solutions to the 'unbanked' majority of India through the Business Correspondent route
- Government Projects: Technology enablement for social sector initiatives likes RSBY, NREGS, etc.

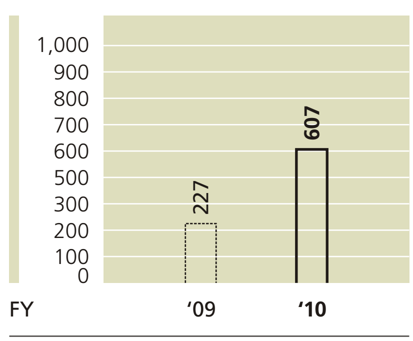
KEY MILESTONES ACHIEVED IN FY 10

- atom's M-Commerce transaction volumes grew by ~1300% from 0.06 million in FY 08 to 0.85 million in FY 09. The volumes are expected to exceed ~2 million transactions in FY 10.
- Started direct debit facility to bank customers who can use atom's IVR platform for the purchase of goods / services. The company has already deployed this solution for various banks such as Axis Bank, Bank of India, Corporation Bank, ICICI Bank and many other banks are expected to follow soon.
- atom has deployed its M-Commerce solution to Vodafone for offering multiple services to its customers
- atom added more than 1200 merchants within 4 months of starting the operations in the POS business
- The company has partnered with the government to issue more than 250,000 smart cards for its RSBY initiative by FY 10

TRANSACTION VOLUME IN MILLIONS



TRANSACTION VALUE (Rs. cr)



NBHC
National Bulk Handling Corporation Ltd.
Adding Value to Commodities

www.nbhcindia.com

NATIONAL BULK HANDLING CORPORATION LTD.

BUSINESS OVERVIEW

- Since its inception in April 2005, National Bulk Handling Corporation (NBHC), has steadily and remarkably established itself as the single national-level end-to-end service provider of commodity management and collateral management solutions.
- NBHC facilitates on a pan-India level, the procurement of agri-produce, warehousing, bulk handling, grading, inspection & assaying, commodity care & pest management, commodity management and the disposal of commodities.
- NBHC endeavors in its mission to deliver comprehensive, customized and unique solutions to the entire ecosystem, thus enabling its customers achieve business growth, revenue optimization, risk mitigation and seamless growth on a pan-India platform
- Financial Technologies' innovation and technological prowess is further percolated by NBHC's infrastructure and outreach to rural India to enable develop a market base there. Our Company believes that through these applications it can widen its customer base across various economic classes and regions in India forming a unique and self-perpetuating paradigm of growth, inclusivity and wealth creation for all sections of the population and in-effect the market.

PRODUCTS / SERVICES

Collateral Management (CM) of agri-produce is the key service simultaneously driving the underlying mission of facilitating post-harvest credit between banks and farmers in rural India on one side and the same set of users of our technology on the other side. For instance through FTIL, NBHC is linked to MCX, thereby enabling it to expand its customer base including exchange participants, farmers and banks.

Notwithstanding the expanse of its operations, NBHC ensures its fumigation and pest control services are eco-friendly while maintaining the commodity health of the agri-produce which is subject to adverse conditions increasing its vulnerability and perishable nature. 2009-2010 can be marked as the year of consolidation in every segment of our services, our standards, our proficiency and our systems.

We have reached the penultimate stage of integrating IT / ERP with operations processes thereby achieving excellence and efficiency. The risk recognition, measurement, containment and mitigation have developed further and reached higher levels of proficiency both in physical as well as in analytical terms. NBHC's foray into value-based storage and warehousing solution has gained impetus by judicious scrutiny, selection and ownership of realty - warehousing space, so as to expand its services to other value-based asset classes other than agri-bulk - produce. NBHC has retained its unique position with its 33 banks in driving further the banks' mandate of agri-lending while at the same time reducing/containing adverse selection with prudent norms and its efficient collateral management services.

KEY MILESTONES ACHIEVED IN FY 10

- Increased the number of banks to 33, with the addition of 3 leading banks for Warehouse Receipt Financing
- Surpassed Rs. 15,000 crores. in cumulative value of storage receipts issued under CM arrangements
- Initiated services in the state of Jammu and Kashmir
- Initiated Procurement Trade Facilitation services
- Initiated and gained proficiency in testing of fertilizers and allied products, testing of micro organisms in residual water-content in canned foods, analysis of ghee, etc.
- Initiated container fumigation services for export-bound destination such as Australia, appointed as nation-wide CCPM providers to large retail-houses

AWARDS & CERTIFICATIONS

In 2007, NBHC was awarded ISO 22000:2005 certification for its warehousing and commodity management operations, which is an international quality standard for food safety management systems. In fiscal 2008, NBHC received the NABL accreditation (ISO 17025:2005) for its ProComm (QA) Laboratory at Vashi (New Mumbai) in 3 segments for commodity chemical testing of:

1. Cereals, Pulses and by-products
2. Oil Seeds and by-products
3. Spices and condiments

The Grain and Feed Trade Association ("GAFTA") elected NBHC as its Category "F" membership. This membership / nomination has enabled NBHC ProComm laboratories to go under proficiency testing and GAFTA accreditation. This will also help in matters of arbitration of international disputes among GAFTA members. Along with such membership, NBHC will be linked with over 1,000 association members from 90 countries across the world.

NBHC had, in the last quarter of fiscal 2009, embarked on extending its mandate to ownership of warehouses as well, which form a crucial link in its network of warehouses. NBHC is also a member of the National Association of Warehousing Companies ("NAWC"), an association of government-owned and managed warehousing corporations.

OPERATIONAL MATRIX

	FY 09	**FY 10**
Presence		
Number of states	18	19
Sales & admin offices	70	73
Number of Corporate Clients	22	30+
Warehousing		
Storage capacity (million MT)	1.87	1.67
Storage Space (million sq.ft)	16.03	10.97
Storage facilities	437	504
Quality Assurance & Pest Management		
Functional QA Laboratories	25	31
Number of Commodities tested	125	130+
Number of Certificates Issued	80,000+	65,000+
Collateral Management		
No. of Banks associated with	31	33
CM Cumulative Funding facilitated Over (Rs. cr)	7,455	12,944+

www.tickerplantindia.com

TICKERPLANT LTD.

BUSINESS OVERVIEW

- TickerPlant was incorporated in February 2005 as an information dissemination initiative by Financial Technologies. It commenced operations in April 2007. It is one of the leading global content providers in the financial information and market data services industry that integrates and disseminates ultra-low latency data feeds, news and information to support investment decisions of professionals and investors.
- TickerPlant disseminates realtime information on financial markets through a variety of delivery channels viz Desktop based applications, browser based applications, Mobile applications and the internet. It has entered into agreements with all leading domestic and international exchanges as well as leading data vendors and content providers.
- Delivery and display of data and tools are tailor-made to meet specific needs. Resilient data management system and dedicated teams of information and technology specialists ensure the highest standards of data security, completeness, quality and authentication.

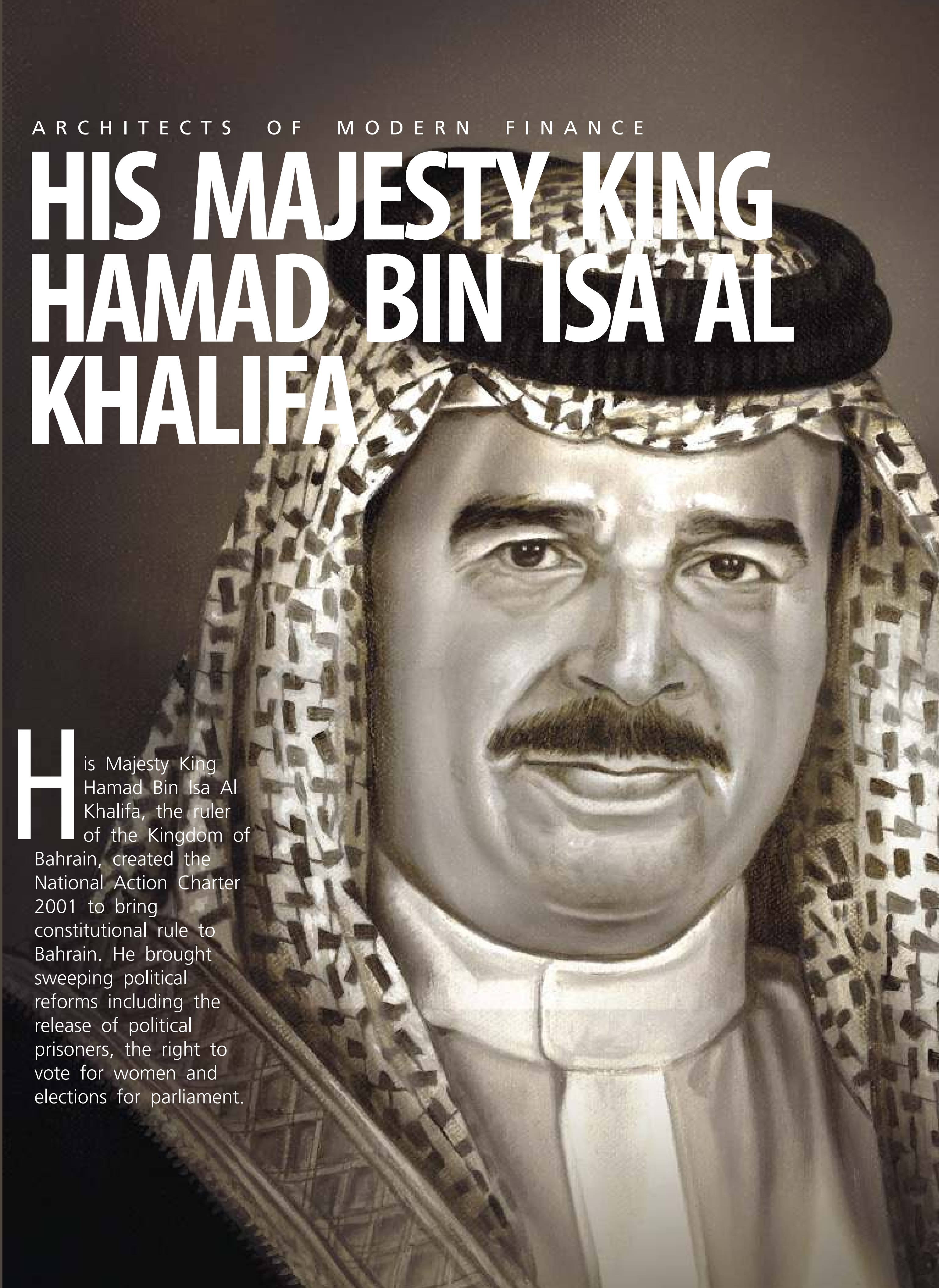
PRODUCTS / SERVICES

- **MarketView®** is TickerPlant's integrated cross asset, market data, news and analytics platform that offers real-time streaming information on domestic and international exchanges. It provides extensive coverage of equities, derivatives, commodities, currencies, debt and mutual funds. Developed using cutting-edge technologies, MarketView® offer fast, reliable and comprehensive market data and news updates. Its real-time market data platform delivers ultra low latency, tick-by-tick data and features completely customizable screens, advanced charting, comprehensive and advanced technical analysis and economic data.
- **MarketViewMobile™** provides real-time streaming quotes of stocks and commodities on mobile and allows market participants and investors real-time connectivity to the stock commodity and currency markets.
- **MarketView enews™** is an affordable platform which incorporates news feed from TickerPlant and from other agencies with multi-screen display options.
- **MVXenius™** is a comprehensive financial information suite on all asset classes.
- **Raw Data Feed** - TickerPlant delivers custom-built data and content datasets as raw data-feed.
- **API feed Adapter for Markets data** helps ensure seamless integration on to varied platforms for data distribution and applications, with minimal effort.
- **XML/Web-based services** is a highly versatile medium presenting stock and commodity quotes, news and contents delivered via eXtensible Markup Language ("XML") / Web services / Webpages. This flexible solution allows content integration onto existing applications to be customized.
- **TickerBoard applications** - The Company has developed state of the art and scalable applications for dissemination of prices through TickerBoards.

KEY MILESTONES ACHIEVED IN FY 10

- Integration of the FCAST feed of BSE in its digital distribution platform and way ahead of competition.
- Tullet Prebon data feeds integrated into MarketView® including a range of money market, interest rate and bond data, spot and forward FX. It will also provide data on non-deliverable forwards, FX Options, interest rate swaps and Government-issued bonds for Indian and global markets.
- Monthly version upgrades for MarketView® and MarketViewMobile™
- Breakthroughs into some of the biggest public sector, private sector banks, corporates, brokerage houses in the country for MarketView®
- Country wide Ad campaign across all major business dailies successfully executed.
- Launch of MVXenius™ a comprehensive financial information suite on all asset classes.

THIS PAGE IS LEFT BLANK INTENTIONALLY



ARCHITECTS OF MODERN FINANCE

HIS MAJESTY KING HAMAD BIN ISA AL KHALIFA

His Majesty King Hamad Bin Isa Al Khalifa, the ruler of the Kingdom of Bahrain, created the National Action Charter 2001 to bring constitutional rule to Bahrain. He brought sweeping political reforms including the release of political prisoners, the right to vote for women and elections for parliament.

5

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the financial year 2009-10 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 & ethical corporate behaviour.

The Corporate Governance philosophy of the Company has been strengthened with the continuous monitoring of a Code of Conduct for Board of Directors and Senior Management, Code for Prevention of Insider Trading.

The Company through its Board and Committees, endeavours to deliver the highest governing standards for the benefit of its stakeholders. Continuous improvement in corporate practices, professionalism, transparency, accountability will enhance the growth of your company, improve efficiency and raise confidence of all stakeholders.

In compliance with disclosure requirements of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details are set out below:

2. BOARD OF DIRECTORS

2.1 Size and Composition of Board of Directors

The Board of Directors of the Company consist 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	Whole-time 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. Chandrakant Kamdar	Director	Independent, Non-Executive	Nil
6.	Mr. R. Devarajan	Director	Independent, Non-Executive	Nil
7.	Mr. Ravi K. Sheth	Director	Non-Independent, Non-Executive	2,492,854

**as of 31st March, 2010*

2.2 Board Meetings

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

The table mentioned below gives the attendance record of each Director at the Board Meetings held during FY 2009-10 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, 2010.

Sr. No.	Name of the Director	No. of Board Meetings held	ATTENDANCE PARTICULARS Board Meetings	Last AGM	NO. OF OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIP / CHAIRMANSHIP Directorship of other Indian Public Companies	Committee Membership	Committee Chairmanship
1.	Mr. Jignesh P. Shah	4	3	No	13	3	-
2.	Mr. Dewang S. Neralla	4	4	No	9	2	-
3.	Mr. C. Subramanian	4	4	Yes	4	4	3
4.	Mr. Ravi K. Sheth	4	2	No	2	1	-
5.	Mr. P. G. Kakodkar	4	-	No	10	3	2
6.	Mr. Chandrakant Kamdar	4	4	Yes	-	0	1
7.	Mr. R. Devarajan	4	4	Yes	-	-	1

Notes:

1. *None of the Directors of the Company hold membership of more than ten committees nor is a Chairperson of more than five committees (as specified in Clause 49), across all companies of which he is a director.*
2. *The committees considered for the above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders / Investors Grievance Committee.*

b) Number of Board Meetings held and the dates thereof

The Board of Directors met four times during the year. The dates of meetings being 30th June, 2009; 30th July, 2009; 29th October, 2009; 29th January, 2010. 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 Chairman and Managing Director 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) Limited Share Dealing Code" ("Policy") to comply with the SEBI (Prohibition of Insider Trading) Regulations 1992 issued by SEBI, as amended from time to time.

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 Shah	atom Technologies Ltd., Financial Technologies Communications Ltd., FT Knowledge Management Company Ltd., Global Payment Networks Ltd., IBS Forex Ltd., Indian Energy Exchange Ltd., Multi Commodity Exchange of India Ltd., MCX Stock Exchange Ltd., National Bulk Handling Corporation Ltd., National Spot Exchange Ltd., Riskraft Consulting Ltd., Safal National Exchange of India Ltd., TickerPlant Ltd.
Mr. Dewang Neralla	atom Technologies Ltd., Boursa India Limited, Financial Technologies Communications Ltd., Global Payment Networks Ltd., Indian Bullion Market Association Ltd., Riskraft Consulting Ltd., Tickerplant Ltd., Trans-Global Credit & Finance Ltd.
Mr. C. Subramaniam	atom Technologies Ltd., National Bulk Handling Corporation Ltd., Riskraft Consulting Ltd., Tickerplant Ltd.,
Mr. Ravi K. Sheth	Greatship (India) Ltd., The Great Eastern Shipping co. Ltd.,
Mr. P. G. Kakodkar	Apian Finance & Investment Ltd., Anand Rathi Financial Services Ltd., Centrum Finance Ltd., Fomento Resorts and Hotels Ltd., Goa Carbon Ltd., Sesa Goa Ltd., Multi Commodity Exchange of India Ltd., Sesa Industries Ltd., Uttam Galva Steel Ltd., IBS Forex Limited.
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 & other committees.
- Information on recruitment & remuneration of senior employees including appointment & removal of Chief Finance Officer & 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 involves 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 related 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 four non-executive directors:

Name of the Member	Designation	Category
Mr. Chandrakant Kamdar	Chairman / Member	Independent Director
Mr. C. Subramaniam	Member	Independent Director
Mr. P. G. Kakodkar	Member	Independent Director
Mr. R. Devarajan	Member	Independent Director

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:

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

3.2.2 To recommend the appointment and removal of external auditor, fix audit fees and approval for payment for any other services;

3.2.3 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;

3.2.4 To review with the management, external and internal auditors, the adequacy of internal control measures;

3.2.5 To review the adequacy of internal audit function;

3.2.6 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.

3.2.7 To discuss with the internal auditors any significant findings, recommendations and follow up thereon;

3.2.8 To review the financial risk management policies of the Company;

3.2.9 To look into the reasons for substantial defaults in the payments to the shareholders and creditors, if any.

3.3 Meetings and attendance

The Audit Committee met five times during the year. The maximum time gap between any two meetings was not more than four calendar months.

Name of the Director	No. of Audit Committee Meetings held	Attendance Particulars
Mr. C. Subramaniam	5	5
Mr. P. G. Kakodkar	5	-
Mr. Chandrakant Kamdar	5	5
Mr. R. Devarajan	5	5

3.4 Risk Management

A Risk Management Committee (RMC) has been constituted to assist the Board in overseeing the responsibilities with regard to identification, assessment, control / mitigation and escalation / monitoring of risks. The RMC is mandated to review, upgrade and penetrate the process to address and minimize the operational and other risks associated with the Company and across Group entities / business units on 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. Chandrakant Kamdar	Chairman	Independent Director
Mr. P. G. Kakodkar	Member	Independent Director
Mr. C. Subramaniam	Member	Independent Director
Mr. R. Devarajan	Member	Independent Director

4.2 Brief Description of the terms of reference

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

4.2.2 Evaluate the remuneration paid by comparable organizations;

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

4.2.4 Monitor and implement the ESOS/ESOP Scheme and also formulate such schemes hereafter for grant of Stock Options to the employees including Managing and Whole-time Directors (other than Promoter Directors) in accordance with the relevant regulations for the time being in force and issue & 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 twice. Mr. Chandrakant Kamdar, Mr. C. Subramaniam and Mr. R. Devarajan attended both the meetings.

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, 2010 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*	29,771,004	14,669,664	44,440,668
Monetary value of perquisites	4,638,988	5,490	4,644,478
Provision for compensated absences	413,486	203,745	617,231
Commission	62,500,000	-	62,500,000
TOTAL*	**97,323,478**	**14,878,899**	**112,202,377**

**Excludes gratuity and compensated absences which are actuarially valued and gratuity amount is not separately identifiable*

Besides, the Managing Director & Whole-time 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 meetings of Committee of Directors) for the year ended 31st March, 2010 is as follows:

Name of the Director	Gross Sitting Fees (Rs.)
Mr. C. Subramaniam	90,000
Mr. Ravi K. Sheth	20,000
Mr. P. G. Kakodkar	-
Mr. Chandrakant Kamdar	90,000
Mr. R. Devarajan	90,000

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 (refer section 2.1 of this Report).

5. SHAREHOLDERS' / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

5.1 Composition, names of members and Chairperson

The Committee comprises of:

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

5.2 Compliance Officer

Mr. Hariraj S. Chouhan, Vice-President & Company Secretary is the Compliance Officer and can be contacted at 349, Business Point, 7th Floor, Western Express Highway, Chakala, Andheri (East), Mumbai - 400 093.

T: +91-22-6715 2000 | **F:** +91-22-6715 2001 | **E:** info@ftindia.com

5.3 Brief Description of 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 shareholders / Investors complaints related to transfer of shares, non receipt of Balance Sheet, non receipt of dividends etc. The Committee oversees performance of the Registrar & Transfer Agents of the Company. The Committee met 9 times during the year under review.

The status of nature of Complaints received, resolved and pending during the financial year ended 31st March, 2010.

Nature of Complaints	Received	Resolved	Pending
Non receipt of share certificate after transfer / merger / split / consolidation	9	9	-
Non receipt of Annual Report	2	2	-
Non receipt of Dividend	30	30	-
TOTAL	**41**	**41**	**-**

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, 2010.

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
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
2008-09	25-09-2009	10.00 A.M.	Russian Cultural Centre, 74, Kasturi Ranga Road, Chennai - 600 018

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

Date	Particulars
28.09.2007	i) Revision in remuneration of Managing Director
	ii) Revision in remuneration of Whole-time Director
	iii) Consent of the shareholders for payment of commission to Non-Executive Directors of the Company up to 1% of the Company's Net Profit
	iv) 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.
25.09.2009	i) Re-appointment of Managing Director
	ii) Re-appointment of Whole-time Director
	iii) Consent of the Shareholders for grant of ESOPs under ESOS 2009 to the eligible employees / Directors of the Company.
	iv) Consent of the Shareholders for grant of ESOPs under ESOS 2009 to the eligible employees / Directors of the Subsidiary/ies.
	v) Consent of the Shareholders for issue / offer Depository Receipts / other equity related instruments through International / Domestic Public Offering not exceeding Rs. 1,500 crores.
	vi) Revision in salary of Mr. Manjay P. Shah holding office of profit in terms of section 314 (1B) of the Companies Act, 1956.

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 situation arise. 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 Promoter, Directors or Management, or their relatives which may have potential conflict of interest of the Company at large. There are no material transactions with related parties that may have any potential conflict with the interest of the Company at large. Apart from 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 & Compensation Committee. A detailed note on Remuneration and 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 shareholders of the Company. However, quarterly financial results are published in leading News papers and are also available on Company's website.

6.4.5 Audit qualifications

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

6.4.6 Training of Board Members

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

6.4.7 Mechanism for evaluating non-executive Board members

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

6.4.8 Whistle Blower Policy

The Company has not established any formal Whistle Blower Policy.

7. MEANS OF COMMUNICATION

7.1 The quarterly results are published in newspapers namely Trinity Mirror in English and Makkal Kural in the regional language.

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

7.3 The Company's audited & un-audited financial results, press releases, other press coverage, press clippings, stock information, Annual Reports, etc are 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 : 29th September 2010, Wednesday

Time : 10.30 A.M.

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

8.2 Financial Calendar

Financial Year: 1st April, 2010 to 31st March, 2011

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

30th June, 2010	By or before 14th August, 2010
30th September, 2010	By or before 14th November, 2010
31st December, 2010	By or before 14th February, 2011
31st March, 2011	By or before 30th May, 2011 (audited figures) as per Stock Exchange Listing Agreement

8.3 Book-Closure Date and Dividend Disclosure:

a) The Books shall be closed from 24th September, 2010 to 29th September, 2010 (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 23rd day of September 2010, as per the details available with NSDL & CDSL, and
- on the Register of Members as on 23rd day of September 2010 of owners holding shares in physical form.

b) Announcement of Dividend:

The Board of Directors have proposed a final dividend of Rs. 2/- (i.e. 100%) per share subject to approval of the shareholders at the ensuing Annual General Meeting. This final dividend, if approved together with three interim dividends aggregated to total dividend of Rs. 8/- per share (i.e. 400%)

c) Mode of payment and date of payment

Final dividend shall be remitted through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) at approved locations, wherever NECS / 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: Within the statutory time limit.

8.4 Listing

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

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

The 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, 2010, there were 33,902 shareholders of the Company.

8.5 Stock Market Codes

a) Trading Symbol

Name of the Stock Exchanges	Scrip Code	Reuters	Bloomberg	Bond Code (ZCCB)
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
- ZCCB : XS0280108001

d) GDR Security Numbers :

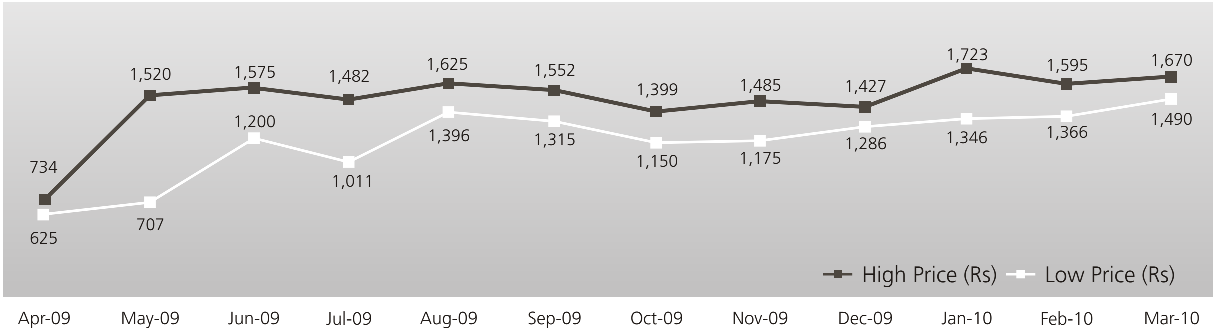
- Regulation S GDRs — Master Regulation S GDR ISIN: US31769V2060
  Master Regulation S GDR Common Code: 032082424
  Master Regulations S GDR CUSIP: 31769V206
- Rule 144A GDRs — Master Rule 144A GDR ISIN: US31769V1070
  Master Rule 144A GDR CUSIP: 31769V107
  Master Rule 144A GDR Common Code: 032082823

8.6 **Stock Market Data:**

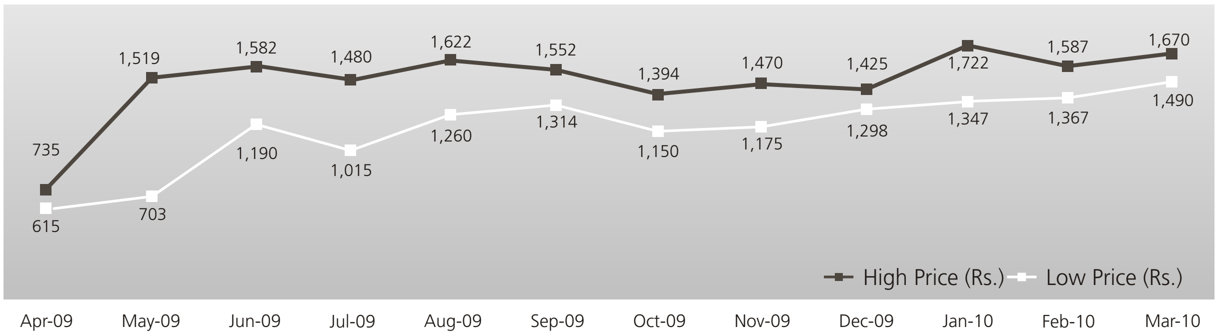
The market price data covering the period April 2009 to March 2010 are given below:

Month & Year	NSE			BSE		
	High Price Rs.	Low Price Rs.	Volume Nos.	High Price Rs.	Low Price Rs.	Volume Nos.
Apr 2009	734.00	625.00	5,752,586	734.90	615.00	3,570,627
May 2009	1519.70	707.25	4,844,341	1519.00	703.00	2,368,273
Jun 2009	1575.00	1,200.00	3,091,354	1582.00	1190.00	1,232,255
Jul 2009	1481.90	1,011.20	3,829,733	1480.00	1015.00	1,495,667
Aug 2009	1625.00	1,396.00	3,309,910	1622.00	1259.95	1,280,169
Sep 2009	1551.95	1,315.00	2,580,494	1552.40	1314.00	848,811
Oct 2009	1398.90	1,150.00	2,673,573	1393.80	1150.10	947,709
Nov 2009	1485.00	1,175.00	2,934,377	1470.00	1175.00	1,025,743
Dec 2009	1427.00	1,286.00	1,583,912	1425.00	1298.00	675,032
Jan 2010	1723.00	1,346.00	5,014,413	1721.95	1347.30	1,747,044
Feb 2010	1595.25	1,366.00	2,921,366	1587.00	1367.00	1,152,765
Mar 2010	1670.00	1,490.00	3,145,314	1670.00	1490.10	1,200,840

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, 2010 is given in the chart below:

CHART SHOWING FTIL PRICE IN BSE VS SENSEX AT A COMMON BASE OF 100 FROM APRIL 2006 TO MARCH 2010

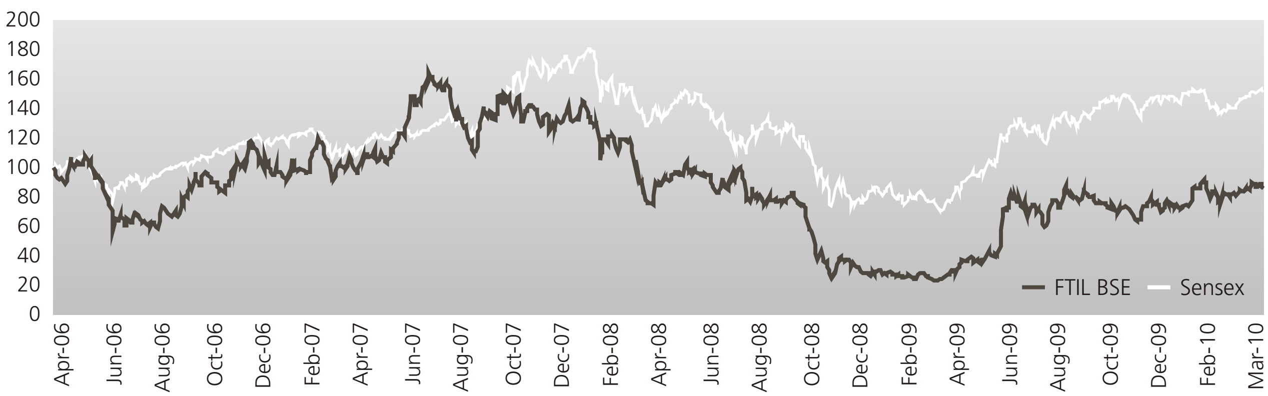
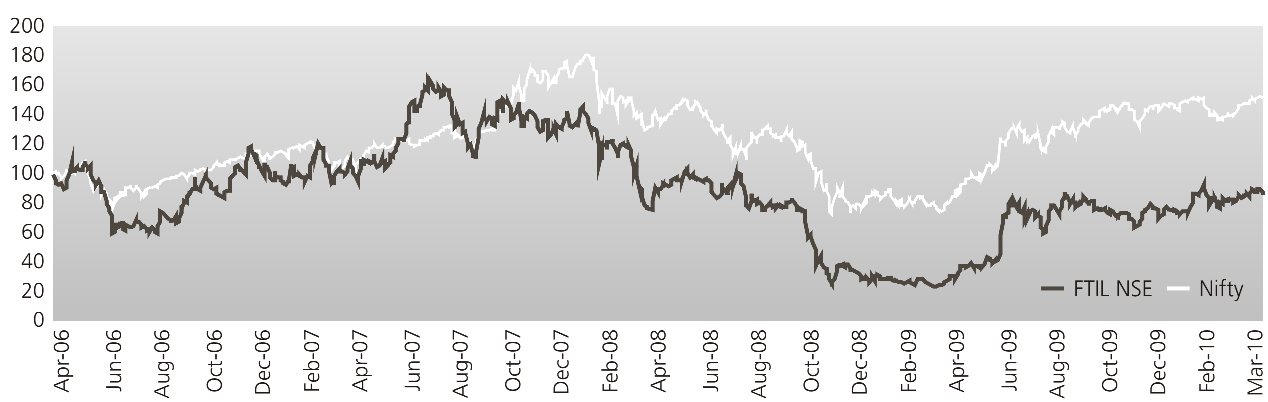


CHART SHOWING FTIL PRICE IN NSE VS CNX NIFTY AT A COMMON BASE OF 100 FROM APRIL 2006 TO MARCH 2010



8.8 Registrars & Transfer Agents

Karvy Computershare Private Limited Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081.

T: +91 040 2342 0818 | **F:** +91 040 2342 0814 | **E:** 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 dematerialized (electronic) form and available for trading under both the Depositories viz. NSDL & CDSL. As on 31st March, 2010 a total of 45,924,920 equity shares of the Company, is dematerialised, forming 99.67% of the Share Capital of the Company

Category	No. of shareholders	% of shareholders	No. of equity shares	% of shares
Physical	524	1.55	153,617	0.33
Electronic				
Under CDSL	10,053	29.65	2,817,229	6.11
Under NSDL	23,325	68.80	43,107,691	93.56
TOTAL	33,902	100.00	46,078,537	100.00

8.11 Distribution of Shareholding and Shareholding Pattern as on 31st March, 2010

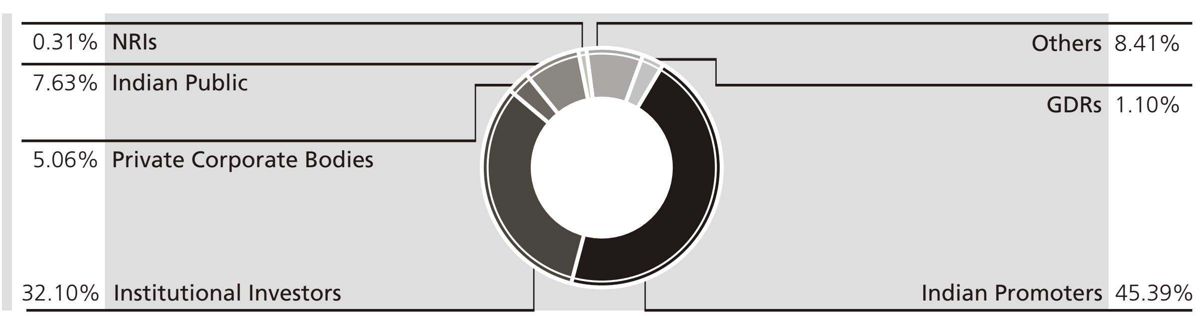
Shareholding Range	Shareholders		Shares Held	
	Number	% of Total	Number	% of Total
1 - 500	32,656	96.32	1,362,461	2.96
501 - 1000	551	1.63	419,737	0.91
1001 - 2000	276	0.81	405,692	0.88
2001 - 3000	95	0.28	236,987	0.51
3001 - 4000	56	0.16	203,137	0.44
4001 - 5000	30	0.09	139,249	0.30
5001 - 10000	87	0.26	624,873	1.36
10001 & above	151	0.45	42,686,401	92.64
TOTAL	33,902	100.00	46,078,537	100.00

8.12 Shareholding Pattern

As on 31st March, 2010	No. of Shares Held	% of shareholding
A. **Promoter's Holding**		
Indian Promoters:	20,917,083	45.39
(Promoters Directors, their relatives and companies under their control)		
Foreign Promoters	-	-
Subtotal (A)	20,917,083	45.39
B. **Public Shareholdings**		
Institutional Investors:		
a) Mutual Funds	2,962,626	6.43
b) Banks	30,694	0.07
c) Foreign Institutional Investors	11,658,506	25.30
d) Foreign Bodies-DR	128,328	0.28
e) Financial Institutions	10,000	0.02
Non-Institutional Investors:		
a) Private Corporate Bodies	2,333,034	5.06
b) Indian Public	3,514,241	7.63
c) NRIs	140,860	0.31
d) Others	3,875,157	8.41
Subtotal (B)	**24,653,446**	**53.51**
GDRs underlying Equity shares	508,008	1.10
Subtotal (C)	**508,008**	**1.10**
GRAND TOTAL (A+B+C)	46,078,537	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 12,435,702 shares i.e. 26.99% of the total capital.*



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 due 2011 ('ZCCBs') 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. 2362.68 per equity share at a fixed exchange rate on conversion of Rs. 44.6738 to US$ 1, subject to certain adjustments as per the terms of the issue. Under certain conditions, the Company, on or after 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 previous financial year 2008-09, the Company repurchased 9,500 ZCCB's of face value of USD 1,000 each and cancelled the same.

As at Balance sheet date, 90,500 ZCCBs having face value of US$ 1,000 each are outstanding and disclosed in the Balance Sheet, under "Unsecured Loan".

8.14.2 Employee Stock Option Scheme (ESOP)

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

The ESOP plan 2005 was 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 12 months as per the SEBI guidelines. The vested options can be exercised by the grantee by communicating to the company in writing to exercise the same.

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

8.14.3 Global Depository Receipts (GDRs)

The outstanding GDR as on 31st March, 2010 was 3,556,056.

9. LOCATIONS OF OFFICES

1. Chennai	2. Mumbai	
Financial Technologies (India) Ltd.	349 Business Point, 7th Floor,	6th floor, 601, Boston house
Doshi Towers, First Floor, 1A & B,	Western Express Highway,	Suren Road, Chakala,
156, Periyar, EVR Salai,	Chakala, Andheri (East),	Andheri (East),
Kilpauk, Chennai - 600 010.	Mumbai - 400 069.	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.

a) **Complaints/grievances, if any, should be addressed to:**
Vice President & Company Secretary,
Financial Technologies (India) Limited
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:** info@ftindia.com

b) **Financial queries if any, should be addressed to:**
Investor Relations Department,
Financial Technologies (India) Limited
349 Business Point, 7th Floor Western Express Highway,
Chakala, Andheri (East), Mumbai - 400 069, India.
T: +91 22 6715 2000 | **F:** +91 22 6715 2001 | **E:** 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 (IEPF), 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 and Final Dividend 2008-09, Interim Dividend 2009-10, are requested to claim the unpaid/unclaimed dividend from the Company / Share Transfer Agent of the Company before transfer to the IEPF.

Particulars	Rate of Dividend	Date of Declaration	Due for Transfer on or Before
Final Dividend 2003-04	10%	25th September, 2004	30th November, 2011
Final Dividend 2004-05	20%	27th September, 2005	1st December, 2012
Interim Dividend 2005-06	40%	26th October, 2005	30th December, 2012
Final Dividend 2005-06	260%	29th September, 2006	3rd December, 2013
1st Interim Dividend 2006-07	40%	31th July, 2006	4th October, 2013
2nd Interim Dividend 2006-07	40%	31th October, 2006	4th January, 2014
3rd Interim Dividend 2006-07	40%	31st January, 2007	6th April, 2014
4th Interim Dividend 2006-07	180%	16th April, 2007	20th January, 2014
Final Dividend 2006-07	100%	28th September, 2007	2nd December, 2014
1st Interim Dividend 2007-08	50%	31st July, 2007	4th October, 2014
2nd Interim Dividend 2007-08	350%	31st October, 2007	4th January, 2015
3rd Interim Dividend 2007-08	400%	17th January, 2008	23rd March, 2015
Final Dividend 2007-08	200%	28th August, 2008	2nd November, 2015
1st Interim Dividend 2008-09	200%	31st July, 2008	5th October, 2015
2nd Interim Dividend 2008-09	100%	31st October, 2008	05th January, 2016
3rd Interim Dividend 2008-09	100%	24th January, 2009	30th March, 2016
Final Dividend 2008-09	100%	25th September, 2009	29th November, 2016
1st Interim Dividend 2009-10	100%	30th July, 2009	03rd October, 2016
2nd Interim Dividend 2009-10	100%	29th October, 2009	02nd January, 2017
3rd Interim Dividend 2009-10	100%	29th January, 2010	04th April, 2017

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 dematerialized 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. Ravi K. Sheth
Date of birth	02.04.1961
Date of appointment	15.09.1994
Date of last re-appointment	28.09.2007
Qualifications	Commerce Graduate with an MBA from Babson College, Wellesley, USA
Experience in specific functional areas	Business experience of over 24 years.
Directorships	The Great Eastern Shipping co. Ltd., Greatship (India) Ltd., Greatship Global Holdings Ltd., Mauritius, A H Bhiwandiwalla Investments Pvt Ltd., Artex India Pvt. Ltd., Greatship DOF Subseas Projects Pvt. Ltd.
Membership / Chairmanship on Committees of other companies	1-Membership
Number of shares held in the Company	24,92,854

Name of Director	Mr. P. R. Barpande
Date of birth	29.11.1947
Date of appointment	11.08.2010
Date of last re-appointment	-
Qualifications	B.Com, L.L.B, FCA
Experience in specific functional areas	Over 32 years of wide experience in Audit. He also specializes in US GAAP & IFRS.
Directorships	MCX-SX Clearing Corporation Ltd., Blossom Industries Ltd.
Membership / Chairmanship on Committees of other companies	1-Chairmanship
Number of shares held in the Company	Nil

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, 2010.

For **Financial Technologies (India) Ltd.**

Place: Mumbai
Date: 29th May, 2010

Jignesh Shah
Chairman & Managing Director

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, 2010 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: 29th May, 2010

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, 2010, 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.

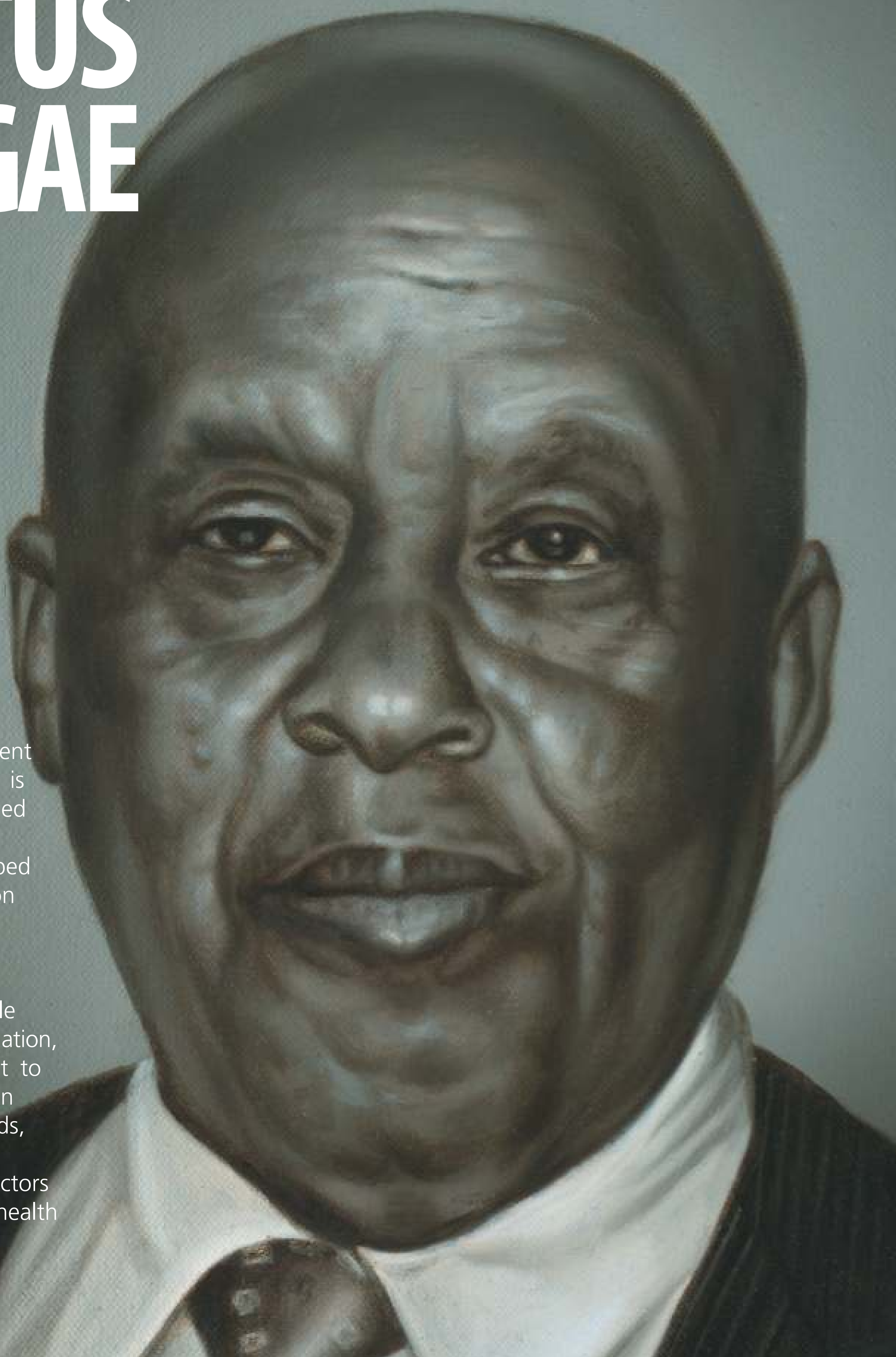
Place: Mumbai
Date: 11th August, 2010

For **Deloitte Haskins & Sells**
Chartered Accountants

R. D. Kamat
Partner
Membership No.: 36822

ARCHITECTS OF MODERN FINANCE

FESTUS MOGAE



Festus Mogae, former President of Botswana, is widely regarded for his exemplary leadership that helped transform the nation into an economic powerhouse. His leadership style produced remarkable growth, stymied inflation, attracted investment to pursue diversification away from diamonds, while utilizing tax revenue to fund sectors like infrastructure, health and education.

6

FINANCIALS

- Consolidated
- Standalone

CONSOLIDATED FINANCIAL STATEMENTS

THIS PAGE IS LEFT BLANK INTENTIONALLY

AUDITOR'S REPORT

To the Board of Directors of Financial Technologies (India) Ltd.

1. We have audited the attached Consolidated Balance Sheet of Financial Technologies (India) Limited (the 'Company'), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute the 'Group') as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entity accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 (i) certain subsidiaries whose financial statements reflect total assets of Rs. 6,373,150,109/- as at 31st March, 2010, total revenues of Rs. 1,613,924,946/- and net cash inflows amounting to Rs. 1,495,801,038/- for the year then ended as considered in the consolidated financial statements and (ii) associate companies where in the Company's share of net profit aggregates Rs. 741,670,128/-. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and associates is based solely on the report of other auditors.

   b) As stated in Note 1 of Schedule 18-II, the Group's share of total assets in the joint venture company as at 31st March, 2010 of Rs. 601,216,162/-, total revenues for the year then ended of Rs. 39,627,864/-, net cash outflow for the year then ended of Rs. 77,911,710/- and the notes to financial statements have been recognised / disclosed in the consolidated financial statements on the basis of unaudited financial statements provided by the management of said joint venture company.

4. Without qualifying our report, we invite attention to the following notes to schedule 18-II:

   a) 1. Note 16(a) (i) regarding the treatment of (a) cancellation of investments in 562,460,000 shares of MCX-Stock Exchange Limited ('MCX-SX') aggregating Rs. 562,460,000 and (b) issuance of 562,460,000 transferable warrants to the Company, both pursuant to a court approved composite scheme of 'Reduction cum Arrangement' between MCX-SX and its shareholders (including the Company).

      2. Note 16(a) (ii), in relation to an associate company (in which the Company has 31.18% equity shareholding and is accounted under the equity method of accounting), regarding the treatment of (a) cancellation of investments in 617,135,000 shares of MCX-Stock Exchange Limited ('MCX-SX') aggregating Rs. 617,135,000/- and (b) issuance of 617,135,000 transferable warrants to the said associate company, both pursuant to a court approved composite scheme of 'Reduction cum Arrangement' between MCX-SX and its shareholders (including the associate company). As stated in the note, the Company has obtained independent legal / tax counsels' opinion that no tax liability arises on the reduction cum arrangement and has accordingly not quantified the same. On that basis no tax liability is recognised for these transactions in the respective financial statements of the Company and the associate company and accordingly also in the consolidated financial statements.

   b) Note 25 regarding goodwill on consolidation of Rs. 78,420,737/- carried at cost since management believes no impairment is considered necessary based on its plans as detailed in the said note.

   c) Note 11 regarding managerial remuneration of Rs. 3,115,918/- paid by a subsidiary company during the year, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956. The said subsidiary company has made an application to the appropriate regulatory authorities in this regard. Pending the final outcome of the Company's application, no adjustments have been made to the financial statements in this regard.

   d) Note 10 regarding Rs. 148,932,336/- being amount recoverable from National Agricultural Co-operative Marketing Federation of India Limited (NAFED). Based on the subsidiary company's extensive discussions with NAFED and legal opinion obtained, the management believes that this amount is fully recoverable and hence no provision for the same has been made in the financial statements by the said subsidiary.

e) Note 27 relating to an associate company (in which the Company has 31.18% equity shareholding and is accounted by the Company under the equity method of accounting) regarding:

1) Share in penalties recovered of Rs. 6,839,833/- credited to its profit and loss account for the year on the basis of submission made to the Forward Market Commission ('FMC') and disclosing the aggregate penalties so accounted since 1st April, 2006 as contingent liability as at 31st March, 2010 (refer Note 27(a)).

2) Note no. 27(b) regarding maintenance of moneys earmarked including income earned thereon (amount unascertained) for the reasons stated therein.

3) Recognition of share of interest income of Rs. 3,762,744/- on loan granted to the ESOP Trust by the associate company. The collect ability of the loan is dependent upon future events and the share of outstanding balance of the loan is Rs. 57,546,446/- (including the interest accrued thereon) as at 31st March, 2010 is considered good and recoverable for the reasons stated in the Note 27 (c).

5. Subject to our remarks in paragraph 3(b) above:

a) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard ('AS') 21 (Consolidated financial statements), 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.

b) Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its subsidiaries and associates and to the best of our information and according to the explanations given to us, in our opinion, the 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 Group as at 31st March, 2010;

ii. In the case of the consolidated profit and loss account, of the profit of the Group for the year ended on that date; and

iii. In the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

Chartered Accountants

[Firm Registration No: 117366W]

R. D. Kamat

Partner

Mumbai, dated: 29th May, 2010

Membership No. 36822

CONSOLIDATED BALANCE SHEET

As at 31st March, 2010

(Amount in Rupees)

	Schedule No.	As at 31.03.2010		As at 31.03.2009
I. SOURCES OF FUNDS				
(1) Shareholders' funds				
(a) Share capital	1	92,157,074		91,767,274
(b) Reserves and surplus	2	17,423,871,705		16,934,255,928
			17,516,028,779	17,026,023,202
(2) Minority interest			259,425,956	185,257,216
(3) Loan funds				
Secured loans	3		122,773,486	1,679,535,600
Unsecured loan	4		4,098,850,593	4,610,975,000
(4) Deferred tax liability (net) (Refer Notes 7 (B) to Schedule 18-II)			93,366,768	176,024,004
(5) Foreign Currency Monetary Item Translation Difference Account (FCMITDA) (Refer Note 17 to Schedule 18-II)			52,086,836	-
TOTAL			**22,142,532,418**	**23,677,815,022**
II. APPLICATION OF FUNDS				
(1) Fixed assets	5			
(a) Gross block		1,688,323,708		1,126,921,222
(b) Less: depreciation/amortisation		374,060,317		266,450,806
(c) Net block		1,314,263,391		860,470,416
(d) Capital work-in-progress		1,921,888,829		2,360,549,807
			3,236,152,220	3,221,020,223
(2) Goodwill (on consolidation) (Refer Note 25 to Schedule 18-II)			89,548,931	93,224,047
(3) Investments	6		13,182,689,965	11,411,730,166
(4) Deferred tax asset (net) (Refer Note 7 (A) to Schedule 18-II)			144,500,724	18,506,780
(5) Foreign Currency Monetary Item Translation Difference Account (FCMITDA) (Refer Note 17 to Schedule 18-II)			-	352,608,206
(6) Current assets, loans and advances				
(a) Inventories	7	48,598,813		75,635,914
(b) Sundry debtors	8	528,936,894		2,843,328,949
(c) Cash and bank balances	9	6,571,137,869		7,468,018,597
(d) Other current assets	10	45,049,619		110,305,818
(e) Loans and advances	11	1,707,520,058		1,445,825,305
		8,901,243,253		11,943,114,583
Less: Current liabilities and provisions				
(a) Current liabilities	12	1,836,041,705		2,223,627,625
(b) Provisions	13	1,575,560,970		1,138,761,358
		3,411,602,675		3,362,388,983
Net current assets			5,489,640,578	8,580,725,600
TOTAL			**22,142,532,418**	**23,677,815,022**
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 : 29th May, 2010

For and on behalf of the Board.

Jignesh Shah
Chairman & Managing Director
Chandrakant Kamdar
Director
Hariraj Chouhan
Vice President & Company Secretary
Place : Mumbai
Date : 29th May, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ended 31st March, 2010

(Amount in Rupees)

	Schedule No.	Current year	Previous year
INCOME			
Sales / operating income	14	3,140,292,905	3,216,421,604
Less: Excise duty		39,405,646	52,215,291
		3,100,887,259	3,164,206,313
Other income	15	3,415,550,356	3,761,928,881
Increase / (Decrease) in closing stock		18,935,090	(390,378)
		6,535,372,705	6,925,744,816
EXPENDITURE			
Purchase of trading goods		253,920,911	80,975,204
Operating and other expenses	16	4,580,940,836	3,723,217,236
Interest	17	3,580,200	48,709,800
Depreciation / amortisation		163,915,512	118,985,878
		5,002,357,459	3,971,888,118
Profit before tax		1,533,015,246	2,953,856,698
Provision for taxation			
Income tax: Current tax		1,115,541,172	859,165,948
Deferred tax		(218,231,909)	198,811,979
Excess provision of Income tax in respect of earlier years		17,346	(60,370,046)
Fringe benefit tax		-	9,810,471
Wealth tax		84,230	233,098
Profit after tax		635,604,407	1,946,205,248
Add: Share of profit's of associates		741,670,128	527,127,786
(Add) / Less: Minority interest		(23,831,246)	16,672,719
Net profit for the year		1,401,105,780	2,456,660,315
Balance brought forward from previous year		8,706,108,901	7,155,015,789
Profit available for appropriations		10,107,214,682	9,611,676,104
Appropriations			
Transfer to general reserve		350,000,000	368,596,250
Transfer to statutory reserve		256,566	155,343
Final dividend (Proposed)		92,157,074	91,767,274
Interim dividends		275,717,086	367,069,096
Tax on dividend		62,494,167	77,979,240
Balance carried to balance sheet		9,326,589,789	8,706,108,901
Earnings per share (Refer Note 22 to Schedule 18-II)			
Basic		30.50	53.54
Diluted		30.50	53.48
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 : 29th May, 2010

For and on behalf of the Board.

Jignesh Shah
Chairman & Managing Director
Chandrakant Kamdar
Director
Hariraj Chouhan
Vice President & Company Secretary
Place : Mumbai
Date : 29th May, 2010

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31st March, 2010

(Amount in Rupees)

	Current Year		Previous Year	
A. Cash flow from operating activities				
Net profit before tax		**1,533,015,246**		**2,953,856,698**
Adjustments for:				
Depreciation / amortisation	163,915,512		118,985,878	
Profit on sale of partial stake in an associate company	(2,368,281,250)		(1,910,427,866)	
Profit on sale of investments (net)	(149,637,175)		(164,875,114)	
(Profit) / Loss on sale of fixed assets (net)	(14,685,187)		1,363,295	
Loss on fixed assets scrapped / written off	733,084		2,333,816	
Gain on extinguishment of debt	-		(115,340,252)	
Diminution in value of current investments	14,004,584		5,878,382	
Provision for diminution in value of long term investments	-		53,229,692	
Dividend from investments	(320,187,829)		(435,220,687)	
Interest expense	3,580,200		48,709,800	
Exchange rate fluctuations - unrealised (net)	426,953,086		(166,845,509)	
Interest income	(259,312,748)	(2,502,917,723)	(302,330,619)	(2,864,539,184)
Operating profit before working capital changes		**(969,902,477)**		**89,317,514**
Adjustments for:				
Inventories	27,037,101		515,839,142	
Trade and other receivables	2,098,518,543		(2,678,244,012)	
Trade payables and provisions	(265,953,217)	1,859,602,427	1,030,810,213	(1,131,594,657)
Cash from / (used in) operating activities		**889,699,950**		**(1,042,277,143)**
Tax paid		(181,237,065)		(284,712,644)
Net cash from / (used in) operating activities		**708,462,885**		**(1,326,989,787)**
B. Cash flow from investing activities				
Purchase of fixed assets		(507,301,440)		(1,014,488,286)
Proceeds from sale of fixed assets		173,829,089		3,579,741
Proceeds from partial sale of stake in an associate company (net of brokerage) (refer note no 5 to Schedule 18 II)		2,440,156,250		2,062,266,330
Purchases of investments (including fixed deposits placed)		(47,597,672,450)		(41,601,019,667)
Acquisition of subsidiary and investment in associates		(46,000,000)		(999,815,854)
Proceeds from sale of investments (including fixed deposits matured)		48,957,227,423		42,255,019,748
Interest income		327,464,710		210,013,231
Dividend from associate company		63,613,963		12,722,793
Dividend from investments		317,292,066		437,732,112
Cash from investing activities		**4,128,609,611**		**1,366,010,148**
Tax paid		(881,025,653)		(556,864,406)
Net cash from investing activities		**3,247,583,958**		**809,145,742**
C. Cash flow from financing activities				
Repayment of working capital demand loan (net)		(43,701,234)		(93,553,425)
Proceeds from other borrowings		12,212,055		1,500,000,000
Repayment of other borrowings		(1,500,000,000)		(381,976,482)
Proceeds from issue of share capital		191,313,840		-
Dividend paid during the year (including dividend tax)		(429,213,964)		(643,133,989)
Proceeds from issue of shares to minority shareholders in subsidiaries		98,323,750		50,031,500
Interest expenses		(3,580,200)		(48,709,800)
Net cash (used in) / from financing activities		**(1,674,645,753)**		**382,657,804**
Net increase / (decrease) in cash and cash equivalents		**2,281,401,090**		**(135,186,241)**
Cash and cash equivalents (opening balance)		3,408,726,929		3,543,913,170
Cash and cash equivalents (closing balance)		5,690,128,018		3,408,726,929

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	1,341,765	1,169,674
Bank balances in current & deposit accounts (maturing within 3 months)	5,590,742,236	4,051,028,849
Unrealised exchange (gain) / loss (net) on foreign currency cash and cash equivalents*	98,044,018	(643,471,594)
Cash and cash equivalents	5,690,128,019	3,408,726,929
Bank balances:		
In deposit accounts (maturing after 3 months)	979,053,868	3,415,820,074
Unrealised exchange gain / (loss) (net) on foreign currency cash and cash equivalents*	(98,044,018)	643,471,594
Cash and bank balances	6,571,137,869	7,468,018,597

**Includes Rs. 46,848,883/- (Previous Year - Rs. 432,914,400/-) 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. In respect of the transactions relating to investing activity viz., cancellation of investments for consideration which was adjusted against consideration towards allotment of warrants refer note 16(a) to Schedule 18-II.
6. 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 : 29th May, 2010

For and on behalf of the Board.

Jignesh Shah
Chairman & Managing Director

Chandrakant Kamdar
Director

Hariraj Chouhan
Vice President & Company Secretary
Place : Mumbai
Date : 29th May, 2010

SCHEDULES
Forming Part of the Consolidated Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
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:			
46,078,537 (Previous Year 45,883,637) equity shares of Rs. 2/- each fully paid up		92,157,074	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) 538,630 (Previous Year 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 allotted against Global Depositary Receipts (GDR) issued by the company.			
(c) Particulars of options on unissued capital (Refer Notes 6 and 20 to Schedule 18-II)			
TOTAL		**92,157,074**	**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	8,011,300		3,990,886
Less: On change in Group's interest (net)	-		(693,418)
	8,011,300		3,297,468
Add: Share of Guarantee Fund (including interest) of an associate company	-		4,713,832
		8,011,300	8,011,300
Securities premium account			
Balance as per last balance sheet	4,977,280,691		5,147,676,942
Add: Received during the year on issue of shares under ESOP	190,924,040		-
	5,168,204,731		5,147,676,942
Less: Provision for premium payable on redemption on ZCCB	283,173,300		170,396,251
[(including prior period Rs. 104,798,151/-) (previous year Rs. Nil)]		4,885,031,431	4,977,280,691
[(net of tax of Rs. 145,812,157/-) (previous year Rs. 301,460,213)]			
Employees stock option outstanding			
Balance as per last balance sheet	-		1,343,022
Less: Transferred to general reserve on lapse and exercise of options	-		1,343,022
		-	-

SCHEDULES
Forming Part of the Consolidated Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
General reserve			
Balance as per last balance sheet	2,756,433,474		2,506,574,136
Add: Transferred from Profit and Loss account	350,000,000		368,596,250
Add: Transferred from employees stock option outstanding account	-		1,343,022
Add: Group's share of changes in associates equity not included in profit and loss account	1,751,390		64,312,114
	3,108,184,864	-	2,940,825,522
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. Nil (Previous Year Rs. 70,607,130/-))	-		177,905,897
		3,108,184,864	2,756,433,474
Statutory Reserve			
Balance as per last balance sheet	155,343		-
Add: Movement during the year	256,566		155,343
		411,909	155,343
Foreign currency translation reserve			
Balance as per last balance sheet	471,506,907		91,153,944
(Less) / Add: Movement during the year	(390,623,807)		380,352,963
		80,883,100	471,506,907
Profit and loss account		9,326,589,789	8,706,108,901
TOTAL		**17,423,871,705**	**16,934,255,928**
SCHEDULE 3 : SECURED LOANS			
Working capital demand loans from banks (Refer Note 1 below)		21,298,766	65,000,000
Term loan from banks (Refer Note 2 and 3 below)		101,474,720	1,614,535,600
TOTAL		**122,773,486**	**1,679,535,600**

Notes:
1) Secured by hypothecation of present and future stock of raw materials, finished goods and book debts of NBHC
2) Includes loan of Rs. Nil (Previous year Rs. 1,500,000,000/-) 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. Nil (Previous year Rs. 150,000,000/-)
3) Includes loan of Rs. 101,474,720/- (Previous year Rs. 114,535,600/-) secured by guarantee by the Company and collateral security deposit of an equivalent amount

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 4: UNSECURED LOAN		
Zero coupon convertible bonds (ZCCB) (Refer Note 20 to Schedule 18-II)	4,085,170,000	4,610,975,000
From Banks	5,302,053	-
From Others	8,378,540	-
TOTAL	**4,098,850,593**	**4,610,975,000**

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 01.04.09	Additions	Deletion/ Adjustments	Cost as at 31.03.10	Upto 31.03.09	For the Year	Deletions/ Adjustments	Upto 31.03.10	As at 31.03.10	As at 31.03.09
Tangible assets										
Freehold Land	-	477,787,360	-	477,787,360	-	-	-	-	477,787,360	-
Leasehold Land	79,434,156	-	9,107,692	70,326,464	2,852,660	913,020	-	3,765,680	66,560,784	76,581,496
Building	18,082,611	-	-	18,082,611	3,833,124	294,747	-	4,127,871	13,954,740	14,249,487
Leasehold premises improvements	118,829,904	35,616,288	10,175,708	144,270,484	45,191,764	29,964,372	4,570,087	70,586,049	73,684,435	73,638,140
Networking Equipments	714,866	202,366	-	917,232	23,818	344,021	9,611	358,228	559,004	691,048
Equipments (refer note no. 3)	461,454,325	110,448,603	22,545,059	549,357,869	112,747,901	79,466,924	7,780,954	184,433,871	364,923,998	348,706,424
Furniture and fittings	81,050,320	65,304,543	18,114,981	128,239,882	34,557,518	12,822,690	8,803,574	38,576,634	89,663,248	46,492,802
Vehicles	44,083,520	6,050,327	5,806,632	44,327,215	5,829,111	4,263,133	896,870	9,195,374	35,131,841	38,254,409
SUB TOTAL	803,649,702	695,409,487	65,750,072	1,433,309,117	205,035,896	128,068,907	22,061,096	311,043,707	1,122,265,410	598,613,806
Intangible assets										
Trade Mark	2,288,445	727,508	-	3,015,953	498,629	263,977	-	762,606	2,253,347	1,789,816
Technical Know-how	1,433,413	-	-	1,433,413	699,729	133,360	-	833,089	600,324	733,684
Computer Software	319,549,662	97,579,881	166,564,318	250,565,225	60,216,552	35,449,268	34,244,905	61,420,915	189,144,310	259,333,110
SUB TOTAL	323,271,520	98,307,389	166,564,318	255,014,591	61,414,910	35,846,605	34,244,905	63,016,610	191,997,981	261,856,610
TOTAL	**1,126,921,222**	**793,716,876**	**232,314,390**	**1,688,323,708**	**266,450,806**	**163,915,512**	**56,306,001**	**374,060,317**	**1,314,263,391**	**860,470,416**
Previous year	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	
Capital work-in-progress includes capital advances Rs. 10,748,538/- (Previous Year Rs. 44,212,390/-)									1,921,888,829	2,360,549,807

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 15 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. 31,802,122/- (Previous year Rs. 24,495,976/-) in gross block and Rs. 12,246,911/- (Previous year Rs. 12,533,282/-) in depreciation/amortisation.*
5. *Exchange difference (loss) (net) included in Capital work in progress Rs. 68,756,597/- (Previous year Rs. 221,152,112) and Fixed Assets Rs. 627,033 (Previous year Rs. 9,734,725) 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 17 to Schedule 18-II)*
6. *In respect of freehold land, the conveyance deed is being registered.*

SCHEDULES
Forming Part of the Consolidated Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
SCHEDULE 6: INVESTMENTS			
Investment in Associates : (Refer Notes 14 & 16 (a) & (b) to Schedule 18-II)		2,568,240,304	2,555,427,194
Long term [at cost (unless otherwise stated)]			
In equity shares	1,450,941,903		1,419,537,098
Less: Provision for other than temporary diminution in the value of Investments	(45,600,000)		(45,600,000)
		1,405,341,903	1,373,937,098
In Warrants (Refer Note 16 (a) to Schedule 18)		562,460,000	-
In preference shares	-		23,000,000
Less: Provision for other than temporary diminution in the value of Investments	-		(23,000,000)
		-	-
In Government and other securities		362,861,000	10,235,000
Current (at lower of cost and fair value)			
In equity shares (net of recoveries)	14,260,369		18,454,594
In units of mutual funds	8,269,526,389		7,453,676,280
		8,283,786,758	7,472,130,874
TOTAL		**13,182,689,965**	**11,411,730,166**
Notes:			
1. Aggregate value of quoted current investments (net of diminution)	14,260,369		18,648,421
2. Aggregate carrying value of quoted Long Term Investments	200,520,000		-
		214,780,369	18,648,421
3. Market value of quoted investments		231,960,369	18,556,609
SCHEDULE 7: INVENTORIES			
(As verified, value and certified by the management)			
Packing materials		104,686	42,361,693
Stores & spares		28,695,042	32,410,224
Finished Goods (traded)		19,799,085	863,997
TOTAL		**48,598,813**	**75,635,914**
SCHEDULE 8: SUNDRY DEBTORS			
Debts		595,361,030	2,895,371,186
Less: Provision		66,424,136	52,042,237
TOTAL		**528,936,894**	**2,843,328,949**
Notes: Sundry debtors includes:			
Considered good		528,936,894	2,843,328,949
Considered doubtful		66,424,136	52,042,237
		595,361,030	2,895,371,186
SCHEDULE 9: CASH AND BANK BALANCES			
Cash		1,341,765	1,169,674
Bank Balances:			
(i) In current accounts		2,163,337,920	1,239,498,153
(ii) In deposit accounts*		4,406,458,184	6,227,350,770
TOTAL		**6,571,137,869**	**7,468,018,597**

**includes fixed deposits under lien with banks for overdraft, credit facilities and bank guarantee Rs. 177,007,077/- (Previous year Rs. 367,370,985/-)*

SCHEDULES

Forming Part of the Consolidated Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
SCHEDULE 10: OTHER CURRENT ASSETS			
Interest Accrued on bank fixed deposits		42,153,856	110,305,818
Interest Accrued on investments		2,895,763	-
TOTAL		**45,049,619**	**110,305,818**
SCHEDULE 11: LOANS AND ADVANCES			
Loans	96,653,173		28,153,189
Advances recoverable in cash or kind or for value to be received	773,568,959		597,206,953
Advance income tax including tax deducted at source (net)	617,367,850		545,983,553
Premises and other deposits	229,838,704		281,740,238
		1,717,428,686	1,453,083,933
Less: Provision		9,908,628	7,258,628
TOTAL		**1,707,520,058**	**1,445,825,305**
Notes:			
1. Loans and advances includes:			
(a) Considered good		1,707,520,058	1,445,825,305
Considered doubtful		9,908,628	7,258,628
		1,717,428,686	1,453,083,933
(b) Rs. 222,272,492/- (Previous year Rs. 258,605,996/-) paid as deposits towards premises taken on lease.			
SCHEDULE 12: CURRENT LIABILITIES			
Advance received from members towards:			
- Application money (pending admission)	7,795,753		7,795,000
- Security deposits	1,014,344		2,936,818
- Network equipment deposits	400,300		660,000
- Other liabilities	49,203,798		14,671,595
- Trading margin from members	585,075,429		457,097,256
		643,489,624	483,160,669
Security deposits from others		-	898,252
Sundry creditors		971,091,274	1,578,188,273
Settlement Guarantee Fund (Refer Note 12 to Schedule 18-II)		2,000,000	-
Unclaimed dividends**		5,498,902	4,800,587
Unearned revenue / income received in advance		213,961,905	156,579,844
TOTAL		**1,836,041,705**	**2,223,627,625**
***No amount due and outstanding to be credited to Investor Education and Protection Fund.*			
SCHEDULE 13: PROVISIONS			
For taxation (including wealth tax) (net)		11,548,196	25,029,833
For premium on redemption of ZCCBs (Refer Note 20 (c) to Schedule 18-II)		1,316,829,040	887,843,584
For fringe benefit tax (net)		60,910	7,627,102
For employee benefits		139,303,655	110,897,717
Proposed dividend (including tax)		107,819,169	107,363,122
TOTAL		**1,575,560,970**	**1,138,761,358**

SCHEDULES
Forming Part of the Consolidated Accounts

(Amount in Rupees)

		Current year	Previous year
SCHEDULE 14: SALES / OPERATING INCOME			
Products (IPR based-license)		840,968,783	866,144,059
Services (Project based)		855,246,519	1,001,977,652
Sale of traded goods		257,577,954	101,129,618
Income from procurement services		63,479,057	37,867,711
Sales	-		6,428,233,731
Less: Cost of sales	-		6,241,260,226
		-	186,973,505
Storage & allied services		877,354,969	797,670,189
Service charges		110,635,858	55,666,040
Interest relating to NBFC activities		9,476,862	1,243,679
Membership admission fees		38,030,176	151,618,280
Annual subscription fees		7,531,750	6,336,013
Delivery Fees		49,712,407	-
Transaction fees		30,278,570	9,794,858
TOTAL		**3,140,292,905**	**3,216,421,604**
SCHEDULE 15: OTHER INCOME			
Dividend from:			
- Long term investments	5,690,000		4,646,930
- Current investments	314,497,829		430,573,757
		320,187,829	435,220,687
Interest from:			
- Bank on deposit accounts	237,293,767		236,171,681
- Others	22,018,981		66,158,938
		259,312,748	302,330,619
Shared Business Support Services		138,000,000	129,000,000
IT Infrastructure sharing income		11,170,101	5,291,869
Gain on extinguishment of debt		-	115,340,252
Profit on sale of partial stake in an associate company (Refer Note 5 to Schedule 18-II)		2,368,281,250	1,910,427,866
Profit on sale of investments (net)			
- Long term investments	-		57,997
- Current investments	149,637,175		164,817,117
		149,637,175	164,875,114
Training, Certification and Franchise fees		41,798,120	23,061,445
Profit on sale of fixed assets (net)		14,685,187	-
Exchange rate fluctuations (net)		-	650,648,121
Miscellaneous income		112,477,946	25,732,908
TOTAL		**3,415,550,356**	**3,761,928,881**

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	2,047,757,732		1,698,412,600
Contribution to provident fund and other funds	63,294,777		50,749,486
Gratuity	20,648,023		43,020,479
Staff welfare expenses	19,636,120		23,783,047
		2,151,336,652	1,815,965,612
Procurement Expenses		-	10,336,751
Stores, spares, consumables and Packing materials		103,264,835	32,149,774
Electricity		57,924,410	55,330,356
Advertisement expenses		20,833,573	15,739,415
Business promotion / development expenses		108,463,675	85,822,451
Brokerage and commission charges		34,157,205	25,974,498
Managed Services Charges		1,574,282	-
Rent (Refer Note 8 of Schedule 18-II)		708,592,943	669,886,855
Service charges		27,097,766	46,557,297
Repairs and maintenance-others		19,633,140	20,113,977
Traveling and conveyance		97,689,903	94,978,267
Communication expenses		97,876,180	62,787,214
Insurance		33,878,517	13,049,403
Diminution in value of current investments		14,004,584	5,878,382
Provision for diminution in value of long term investments		-	53,229,692
Donations		74,725,400	-
Printing & Stationery		22,177,818	27,250,296
Irrecoverable debts / advances written off		1,631,942	23,544,645
Loss on sale of fixed assets (net)		-	1,363,295
Loss on assets scrapped / written off		733,084	2,333,816
Data fees expenses		53,243,565	27,115,981
Security Charges		69,689,166	77,431,797
Legal and professional charges		192,643,528	158,581,988
Preliminary expenses written off		40,316	410,081
Provision for doubtful debts / advances		18,657,120	22,458,134
Membership fees and subscriptions		12,949,830	12,335,705
Sponsorships and seminar expenses		43,016,908	17,977,030
Labour charges		41,023,758	57,452,527
Software Development Exp. & License Fees		29,781,359	-
License Fees		5,540,052	5,886,254
Rates and taxes		27,708,367	23,501,248
Software support charges		77,969,866	-
Exchange rate fluctuations (net)		266,700,407	-
Miscellaneous expenses		166,380,685	257,774,495
TOTAL		**4,580,940,836**	**3,723,217,236**
SCHEDULE 17: INTEREST			
Interest on:			
- Fixed loans		2,898,546	3,031,288
- Others		681,654	45,678,512
TOTAL		**3,580,200**	**48,709,800**

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 drawn upto the same reporting date as that of the Parent Company, viz 31st March, 2010 except in case of for ICX Platform Pty Limited whose financial statements are drawn for year ended 28th February, and consolidated based thereon and there are no significant transactions between such date and 31st March.

B. USE OF ESTIMATES

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

C. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements", Accounting Standard (AS-23)" Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS-27) "Financial Reporting of Interests in Joint Ventures" as notified under 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 unrealized 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 recognized in the financial statements as goodwill or capital reserve, as the case may be.

d. The gains / losses to the Parent Company consequent to an increase / decrease in the Company's carrying value per share on issuance of shares by subsidiaries to other shareholders (minorities) resulting into reduction in the Parent's holding in the said subsidiaries, are adjusted in goodwill / capital reserve of the respective subsidiary company, either recognized previously or during the year and are adjusted to general reserve on sale of controlling interest in the said subsidiaries.

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

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

ii. The minorities share of movement in equity since the date the parent-subsidiary relationship came into existence.

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

(2) Investments in Associate Companies:

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

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

(3) Investments in Joint Venture Companies:

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

D. 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.

E. INTANGIBLE ASSETS

Intangible assets are recognized 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 amortization and impairment loss, if any.

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

F. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. 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 recognized as expenses on straight line basis over the lease term in accordance with the respective lease agreements.

H. DEPRECIATION AND AMORTIZATION

a) Depreciation and amortization is provided for on straight line basis, except as stated in (b) and (c) below, and is based on the following useful lives 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
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 Limited, depreciation, excluding leasehold improvements, is provided for on written down value method at the rates and in the manner prescribed in Schedule XIV of Companies Act, 1956. However, the impact of such difference in policy is not significant.

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

I. INVESTMENTS

Current investments are carried at the lower of cost and fair value. Long-term investments other than in Associates are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management. Associates are accounted using the equity method as stated in policy C (2) above. The difference between 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 recognized when no significant uncertainty as to determination and realization exists.

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

c) Sales include sale of products (licenses), services (contracts) and traded goods. Revenue from sale of licenses for the use of software applications is recognized on transfer of the title in the user license.

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

In the case of time and material contracts, revenue is recognized 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 recognized proportionately over the period in which the services are rendered / licenses are leased.

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

d) In the case of NBHC and NSEL, 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 recognized when received. Advances against membership application are only recognized as income when the application has been approved. Annual subscription fees (non refundable) are collected from members and accrued annually. Transaction fees are charged to members based on the volume of transactions entered into by the members through the exchange. These are accrued when orders placed by members on the network are matched and confirmed. Revenue from terminal charges is accrued on creation of new chargeable user identification.

f) Delivery fees relating to NSEL are charged to members on the basis of trades executed. In case seller members, delivery fees are recognized on accrual basis and in case of buyer members, delivery fees are recognized at the time of withdrawals of commodities from the exchange /exchange accredited warehouses.

g) Income from consultancy services is recognised when the services are provided.

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

i) 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 recognized 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 6).

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. Exchange differences relating to long term monetary items are dealt with in the following manner:

i. Exchange differences 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 amortized to the profit and loss account over the balance life of the long-term monetary item, however, period of amortization does not extend beyond 31st March, 2011.

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 recognized 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.

d) Foreign subsidiaries (non-integral foreign operations) financial statements are prepared in the currency of country in which they are domiciled except when another currency is considered appropriate based on revenue and cost stream. During the year, two foreign subsidiary companies have re-assessed and changed their presentation currency to US$ from currency of country in which they are domiciled.

M. EMPLOYEE BENEFITS

a) Post employment benefits and other long term benefits

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

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

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

b) Short term employee benefits

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

N. INCOME TAXES

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

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

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

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	99.62%	99.37%
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 (subsidiary of NSEL)	India	*9.68%	100.00%
5	National Bulk Handling Corporation Limited (NBHC)	India	80.79%	80.79%
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) Deregistered / liquidated on 25th November, 2009 w.e.f. 28th February, 2009.	U.A.E.	-	100.00%
10	Capricorn Fin-Tech (Private) Limited (wholly owned subsidiary of FTME)	Bangladesh	99.99%	99.99%
11	Bahrain Financial Exchange BSC (c) (BFX) (subsidiary of FTME)	Kingdom of Bahrain	100.00%	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%	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%	#90.00%
23	Credit Market Services Limited (CMSL) (w.e.f. 23rd May, 2008)	India	99.99%	@99.99%
24	Apian Finance & Investment Limited (w.e.f. 25th April, 2008)	India	99.99%	99.99%
25	Takshashila Academia of Economic Research Limited (TAER) (w.e.f. 9th June, 2008)	India	100.00%	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	100.00%	@100.0%
28	BFX Clearing & Depository Corporation BSCC (Subsidiary of BFX) (w.e.f. 29th March, 2010)	Bahrain	100.00%	-
29	Financial Technologies Singapore Pte Limited (w.e.f. 12th June, 2009.)	Singapore	100.00%	-

*consolidated by virtue of control over the majority of the Board of Directors as per share purchase agreement entered.

@consolidated based on unaudited financial statements.

#consolidated based on audited financial statements as at and for the year ended 28th February, 2010 and 2009

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

b. The Associate companies (Refer Note 16 to Schedule 18-II) 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%	31.18%
Indian Energy Exchange Limited (IEX)	India	41.22%	41.22%
MCX-SX Clearing Corporation Limited (MCX-SX CCL) (w.e.f. 7th November, 2008)	India	23.00%	23.00%

c. 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%	$39.10%

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

$ consolidated based on unaudited financial statements.

(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)	445,823,264	320,524,625
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. 194,103,143/- (Previous Year Rs. 194,103,143/-)	260,382,158	253, 569,185
b) Claims not acknowledged as debts	-	1,091,271
c) Service tax and excise dues contested by the Company.	15,306,962	8,303,968
d) Share of contingent liabilities of associates:		
- Claims not acknowledged as debts	1,003,192	907,849
- Penalty income payable to Investor Protection Fund (See Note 27 (a))	31,756,763	24,916,930
- Income tax demands against which the associate is in appeal (including interest thereon)	6,670,212	6,670,212
4. Payment to auditors (excluding service tax):		
a) For audit fees	7,377,413	6,539,427
b) Other matters (such as certification work etc.)	4,065,580	3,648,497
c) For reimbursement of out of pocket expenses	46,614	37,649

5. The Company, as part of its core business strategy promotes and invests in new 'Exchange', 'Technology' and 'Ecosystem' ventures that utilize 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 as required by the regulator. The resultant profit of Rs. 2,368,281,250/- (Previous year Rs. 1,910,427,866/-) (net of directly attributable brokerage expenses of Rs. 75,468,750/- (Previous year Rs. 98,331,750/-) is disclosed as 'Profit on sale of partial stake in an associate company' in 'Other Income' (Refer Schedule 15).

6. 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 twenty four months (Previous year three to twelve months) from the respective vesting dates.

During the previous 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.

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	207,425	-
	(211,800)	(440,000)
Options granted during the year	-	-
	(-)	(-)
Options exercised during the year	194,900	-
	(-)	(-)
Options lapsed / forfeited during the year	-	-
	(4375)	(440,000)
Options outstanding as at the year-end	12,525	-
	(207,425)	(-)
Options exercisable as at the year-end	12,525	-
	(207,425)	(-)

(Previous years figures are given in brackets)

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

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 lower by Rs. 30,833,206/- (Previous year higher by Rs. 181,460,227/-) 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	1,401,105,780	2,456,660,315
(Less) / Add: Total stock-based employee compensation income / expense determined under fair value based method (net of intrinsic value based compensation expense)	(30,833,206)	181,460,227
Adjusted Net profit (For Basic EPS)	**1,370,272,574**	**2,638,120,542**
Less: Effect of Dilutive potential equity shares of associate / subsidiary company	-	2,799,014
Adjusted Net profit (For Diluted EPS)	1,370,272,575	2,635,321,528
Weighted average no. of shares		
Basic	45,936,562	45,883,637
Add: Effect of dilutive options	3,940	-
Diluted	45,940,502	45,883,637
Basic and Diluted earnings per share (face value Rs. 2/- per share)		
- As reported (in Rs.) Basic	30.50	53.54
Diluted	30.50	53.48
- As adjusted (in Rs.) Basic	29.83	57.50
Diluted	29.83	57.43

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

C. The fair value of each option on the date of grant / modification is Rs. 483.88 / Rs. 794.25 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 - 5 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.		

7. 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 31.03.2010	As at 31.03.2009
a)	Deferred tax liability:		
	Depreciation	3,865,740	-
		3,865,740	-
b)	Deferred tax asset:		
	Carried forward Loss	148,366,464	-
	Unrealised Foreign Exchange Loss	-	18,506,780
		148,366,464	18,506,780
	Deferred tax asset (net)	144,500,724	18,506,780

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

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
a)	Deferred tax liability:		
	Depreciation	80,629,722	116,830,511
	Foreign Exchange Differences	3,525,660	-
	Others	69,820,734	119,226,907
		153,976,116	236,057,418
b)	Deferred tax asset:		
	Provision for doubtful debts, advances etc.	24,321,396	19,690,563
	Diminution in value of current investment	13,506,372	12,916,185
	Employee Benefits	21,315,076	23,287,069
	Others	1,466,504	4,139,597
		60,609,348	60,033,414
Deferred tax liability (net)		93,366,768	176,024,004

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

(Amount in Rupees)

	Current year	Previous year
Lease rentals (included in Schedule 16)	457,770,652	478,027,810
Obligations on non-cancellable leases		
Not later than one year	203,276,039	288,469,416
Later than one year and not later than five years	180,859,799	240,102,421
Later than five years	-	-

9. The Group companies viz. NBHC and NSEL carry out the activities of procurement and / or processing of commodities on behalf of principals. The activity yields a guaranteed price on delivery of these procured / processed commodities. 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 a 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.

10. In a group company viz. NSEL, the loans and advances include Rs. 148,932,336/- recoverable from National Agricultural Co operative Marketing Federation of India Limited 'NAFED' in connection with agreement dated 30th December, 2008 entered for carrying procurement activities on behalf of NAFED. Also, included in such receivable an amount pertaining to eventual shortfall in insurance claim recovery of Rs. 100,889,700. The Company management has had extensive discussions with NAFED officials and has filed its claims with NAFED. The Company has also obtained a legal opinion supporting its claims that in view of any shortfall in recovery from insurance claims, it can claim such insurance claim shortfall from NAFED. Considering the same, the Company strongly believes that no provision is required in the financial statements in connection with these amounts.

11. A group company viz. NBHC, has applied to Central Government on 17th November, 2008 for seeking its approval on the increase in remuneration to Rs. 9,000,000/- per annum. There after The Ministry of Company Affairs (MCA) had given an approval for Rs. 5,864,902/- vide there letter dated 25th September, 2009. However, the Company represented to the MCA to reconsider the same. In response to which MCA has sought some clarification, which is appropriately responded by the Company, the Company awaits the final approval.

12. State Agriculture Produce Market Committee 'APMC' while issuing license to NSEL for establishing E-market / Private market / spot exchange, had condition to maintain a settlement Guarantee fund ('SGF') to meet exchange obligations but have not given any guidelines for the constitution of the SGF. In view of such a requirement an amount of Rs. 2,000,000/- has been apportioned out of initial margin of the members to SGF and shown under current liabilities.

13. During the previous year a group company viz. NBHC. had filed various claims amounting to Rs. 115,200,000/- with the insurance company under its fidelity insurance policy. As at Balance Sheet date claims amounting to Rs. 56,272,359/- are pending settlement with the insurance company. The company has filed petitions with the National / State Consumer Disputes Redressal Commission, for deficiency of services, the outcome of which is awaited. Pending such outcome the group company has paid and included under the head "Loans and Advances" amounts totaling to Rs. 45,644,439/- to the aggrieved parties. The group company is confident of recovery of the above claims from the Insurance Company.

14. The particulars of investment in associates as of 31st March, 2010 are as follows.

The capital reserve and carrying amount of investment in associates as at 31st March, 2010 is as follows:

(Amount in Rupees)

Name of the Associates	Capital Reserve	Carrying Amount
Multi Commodity Exchange of India Limited (MCX)	-	2,167,195,071
	(-)	(1,511,294,701)
Indian Energy Exchange Ltd. (IEX)	2,195,526	115,500,834
	(2,195,526)	(110,012,841)
MCX-SX Clearing Corporation Ltd (MCX-SX CCL)	-	60,451,526
	(-)	(11,831,812)
MCX Stock Exchange Limited (MCX-SX) (Refer Note No. 16 (a))	-	-
	(-)	(661,500,000)
Audit Control & Expertise Global Limited (ACE) (Refer Note No. 16 (b))	-	225,092,872
	(-)	(260,787,840)

15. Capital Work in Progress (Refer Schedule 5) includes amount aggregating Rs. 498,833,045/- (Previous year Rs. 474,596,833/-) towards purchase of agricultural lands. The original intention of the Company was, interalia, setting up of a Research and Development and other related centers. However, considering the time involved in completion of regulatory formalities / approvals to convert to the status of non-agricultural land, the Company has signed a memorandum of understanding to sell off the said land. As per terms of the said memorandum of understanding the Company has received Rs. 200,000,000/- as advance till balance sheet date which is included in Sundry Creditors (Refer Schedule 12). Pending such sale as at the balance sheet date the unused land continues to form part of Capital Work in Progress at lower of book value and net realizable value (Refer Schedule 5).

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

16. (a) During the year, a portion of the investments in equity shares of MCX-Stock Exchange Limited ('MCX-SX') held by the Company and it's associate company, MCX (in which the Company has 31.18% equity holding), was cancelled pursuant to a Court approved Composite Scheme of Reduction cum Arrangement (the 'Scheme') between MCX-SX and its equity shareholders u/ss. 100-104 read with ss. 391-394 of the Companies Act, which was sanctioned by the Bombay High Court on 12th March, 2010 and registered with ROC on 19th March, 2010. The said reduction was done to comply with regulatory requirements applicable to MCX-SX viz. Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognized Stock Exchanges) Regulations, 2006 ('MIMPS') restricting the holding of the Company, it's said associate and another party to 5% each in MCX-SX.

(i) In terms of the Scheme, in as much as it relates to the Company:

1) Pursuant to the reduction, 562,460,000 equity shares of Re. 1/- each (cost Rs. 562,460,000/-) held by the Company in MCX-SX were cancelled on 19th March, 2010 for a consideration payable by MCX-SX to the Company aggregating Rs. 562,460,000/- (being the paid up value thereof). Accordingly, the pre-reduction holding by the Company of 589,625,000 equity shares of Re. 1/- each (total cost of investment Rs. 589,625,000/-), constituting 33.89% shareholding in MCX-SX, is reduced by 562,460,000 shares and as at 31st March, 2010, the Company holds 27,165,000 equity shares in MCX-SX at cost, constituting 5% interest in MCX-SX (as required as per MIMPS Regulation). In terms of the Scheme, the consideration receivable was adjusted against the non refundable interest free deposit to be paid by the Company towards warrants as stated here in below. Accordingly, no profit or loss is recognized on the reduction.

2) The Company was allotted 562,460,000 warrants by MCX-SX on 22nd March, 2010 against the aforementioned interest free deposit payable by the Company of Rs. 562,460,000/- pursuant to the arrangement (Refer Schedule 6).

(ii) In terms of the Scheme, in as much as it relates to MCX:

1) Pursuant to the reduction, 617,135,000 equity shares of Re. 1/- each (cost Rs. 617,135,000/-) held by the MCX in MCX-SX were cancelled on 19th March, 2010 for a consideration payable by MCX-SX to MCX aggregating Rs. 617,135,000/- (being the paid up value thereof). Accordingly, the pre-reduction holding by MCX of 644,300,000 equity shares of Re. 1/- each (total cost of investment Rs. 644,300,000/-), constituting 37.03% shareholding in MCX-SX, is reduced by 617,135,000 shares and as at 31st March, 2010, MCX holds 27,165,000 equity shares in MCX-SX at cost, constituting 5% interest in MCX-SX (as required as per MIMPS Regulation). In terms of the Scheme, the consideration receivable was adjusted against the non refundable interest free deposit to be paid by the associate company towards warrants as stated here in below. Accordingly, no profit or loss is recognized on the reduction.

2) MCX was allotted 617,135,000 warrants by MCX-SX on 22nd March, 2010 against the aforementioned interest free d`eposit payable by the associate company of Rs. 617,135,000/- pursuant to the arrangement. Each warrant entitles the holder to subscribe to one equity share of Re. 1/- each of MCX-SX at any time after six months from the date of issue of warrants. Upon exercise of this option, the proportionate deposit will be adjusted against the money payable in respect of equity shares to be issued and no further amount will be payable by the warrant holder for the equity shares against the exercise of warrants. The warrants are also freely transferable by endorsement and delivery. The warrants do not carry any voting or dividend rights. The Company and MCX cannot increase, at any point of time, their shareholding beyond permissible limits under MIMPS Regulations.

The Group has been advised by independent legal / tax counsels that there is no tax liability on such reduction and arrangement in terms of the sanctioned Scheme. On this basis, no tax liability has been determined or recognized in the accounts of the Company and MCX and accordingly, in consolidated financial statements.

b) The Company holds 20% stake each 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. Since the said companies were not able to meet the projections mentioned in the share purchase agreement, management exercised the put option and called for money paid under share purchase agreement. Pursuant to the erstwhile shareholders failure to repay the sale amount, management invoked the arbitration clause and filed an arbitration claim with ICC, London as per the share purchase agreement. The arbitration is pending for disposal. The Company has a case on merits and considering the same, it strongly believes that no provision is required to be made in the financial statements. Considering intention of the management to hold temporarily, the same has not been considered for equity method of accounting in the consolidated financial statements.

17. In the previous year 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 L of Schedule 18-I above.

Accordingly, cumulative foreign exchange loss (net) of (1) Rs. 69,383,630/- (Previous year Rs. 230,886,837/-) has been adjusted to the cost of the fixed assets / capital work-in-progress and (2) Rs. 364,301,775/- has been credited (Previous year debited Rs. 516,543,586/-) to the Foreign Currency Monetary Item Translation Difference Account (unamortized balance at the year end is credit Rs. 52,086,836/- (Previous year debit Rs. 352,608,206/-)).

18. Segment Reporting:

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

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

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

a. Primary segment: Business segments

(Amount in Rupees)

Particulars	STP Technologies/ solutions	Exchange based revenue	Storage & Allied Services	Others	Elimination	Total
External revenue	1,700,263,760	120,904,145	850,353,302	856,542,313	-	3,438,039,768
	(1,869,116,024)	(180,873,784)	(791,076,793)	(595,978,733)	(-)	(3,437,045,334)
Less: Excise duty	39,405,646	-	-	-	-	39,405,646
	(52,215,291)	(-)	(-)	(-)	(-)	(52,215,291)
Net External revenue	1,660,858,114	120,904,145	850,353,302	766,518,561	-	3,398,634,122
	(1,816,900,733)	(180,873,784)	(791,076,793)	(558,441,225)	(-)	(3,347,292,535)
Inter-segment revenue	1,454,305,400	-	-	90,023,752	(1,544,329,152)	-
	(1,530,219,291)	(-)	(-)	(37,537,508)	(1,567,756,799)	(-)
Net Sales / Income from	3,115,163,514	120,904,145	850,353,302	856,542,313	(1,544,329,152)	3,398,634,122
operations	(3,347,120,024)	(180,873,784)	(791,076,793)	(595,978,733)	(1,567,756,799)	(3,347,292,535)
Segment result	349,861,851	(845,490,164)	(22,476,005)	71,470,529	-	(446,733,788)
	(861,525,972)		(-15,215,270)	(180,133,905)	(-)	(577,041,694)
Add: Unallocable income						2,858,490,746
						(3,276,512,434)
Less: Unallocable expenses						1,134,474,260
						(1,153,317,850)
Less: Interest expense						3,580,200
						(48,709,800)
Add: Interest Income						259,312,748
						(302,330,619)
Profit before tax						1,533,015,246
						(2,953,856,698)
Less: Provision for taxation (including taxes in respect of earlier years)						897,410,839
						(1,007,651,450)
Profit after tax before minority interest and share of profit of associates						635,604,407
						(1,946,205,248)

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. *Income from shared business support services, IT infrastructure sharing income, training, certification & franchise fees has been included as part of segment revenues considering that these are 'other operating incomes', recurring in nature and incidental to our primary operational income. Previous years figures have been accordingly reclassified.*
3. *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, risk consultancy activities, Shared Business Support Services, IT Infrastructure Sharing Income and Training, Certification & Franchise Fees.*
4. *Previous year figures are given in brackets and are regrouped to confirm to current year's classification and segment loss is indicated by "-"sign.*

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

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	3,339,258,008	3,236,362,185
Outside India	59,376,114	110,930,350
Total	**3,398,634,122**	**3,347,292,535**

4. Reconciliation of Revenue with Profit & Loss account:

(Amount in Rupees)

Particulars	Current Year	Previous year
Net Sales as per Profit & Loss A/c	3,100,887,259	3,164,206,313
Add: Other Operating Income (Refer Schedule 15) (Shared Business Support Services / IT Infrastructure Sharing Income / Training, Certification & Franchise Fees / Vendor empanelment and Miscellaneous Income)	297,746,863	183,086,222
Net Sales/ Income from Operations	**3,398,634,122**	**3,347,292,535**

19. 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 Ltd. (IEX)
3. MCX-SX Clearing Corporation Limited (MCX-SX CCL)
4. MCX Stock Exchange Limited (MCX-SX) (upto 18th March, 2010)
5. Audit Control & Expertise Global Limited (ACE)

(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 Limited (La-fin)

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	14,124,924	-	-	-
		(10,814,856)	(-)	(-)	(-)
	- MCX-SX	58,024,202	-	-	-
		(15,000,000)	(-)	(-)	(-)
	- IEX	945,132	-	-	-
		(-)	(-)	(-)	(-)
2.	**Sales - Services (Project based)**				
	- MCX	488,701,711	-	-	-
		(829,932,531)	(-)	(-)	(-)
	- MCX-SX	273,639,654	-	-	-
		(188,542,210)	(-)	(-)	(-)
	- IEX	26,365,194	-	-	-
		(88,915,146)	(-)	(-)	(-)

(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
3.	**Sale of traded goods**				
	- MCX	13,784,484	-	-	-
		(54,798,671)	(-)	(-)	(-)
	- MCX-SX	3,547,869	-	-	-
		(31,172,394)	(-)	(-)	(-)
	- IEX	-	-	-	-
		(16,015,325)	(-)	(-)	(-)
4.	**Other Income**				
	a. Shared Business Support Services				
	- MCX	96,000,000	-	-	-
		(108,000,000)	(-)	(-)	(-)
	- MCX-SX	42,000,000	-	-	-
		(21,000,000)	(-)	(-)	(-)
	b. IT Infrastructure sharing Income				
	- MCX	8,895,872	-	-	-
		(3,848,277)	(-)	(-)	(-)
	- MCX-SX	1,792,486	-	-	-
		(893,368)	(-)	(-)	(-)
	- IEX	481,743	-	-	-
		(550,224)	(-)	(-)	(-)
	c. Interest Income				
	- IEX	9,300,557	-	-	-
		(-)	(-)	(-)	(-)
5.	**Rent Deposits charged by the Group to MCX**				
	- Rent deposits refunded to the Company	-	-	-	-
		(13,843,824)	(-)	(-)	(-)
	- Balance at the close of the year	-	-	-	-
		(-)	(-)	(-)	(-)
6.	**Rent Deposits charged to the Group by MCX**				
	- Amount given towards Rent deposits	-	-	-	-
		(21,097,600)	(-)	(-)	(-)
	- Amount refunded towards Rent deposits	8,748,000	-	-	-
		(-)	(-)	(-)	(-)
	- Balance at the close of the year	12,579,828	-	-	-
		(21,327,828)	(-)	(-)	(-)
7.	**Recoveries charged by the Group towards expenses:**				
	- MCX	98,771,795	-	-	-
		(38,709,882)	(-)	(-)	(-)
	- MCX-SX	3,343,813	-	-	-
		(6,044,048)	(-)	(-)	(-)
	- IEX	274,028	-	-	-
		(278,668)	(-)	(-)	(-)
	- MCX-SX CCL	160,465	-	-	-
		(366,371)	(-)	(-)	(-)
8.	**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)	(-)	(-)	(-)
	- other Expenses:				
	- MCX	108,056,980	-	-	-
		(100,817,117)	(-)	(-)	(-)
	- MCX-SX	5,394,840	-	-	-
		(1,415,300)	(-)	(-)	(-)
	- MCX-SX CCL	25,000	-	-	-
		(-)	(-)	(-)	(-)
	- IEX	-	-	-	-
		(129,255)	(-)	(-)	(-)

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

(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.	Purchase of Fixed Assets (MCX):	-	-	-	-
		(34,842,342)	(-)	(-)	(-)
10.	Sale of Fixed Assets (IEX):	172,116,594	-	-	-
		(-)	(-)	(-)	(-)
11.	Advances as at the close of the year:				
	- MCX	14,870,597	-	-	-
		(2,722,442)	(-)	(-)	(-)
	- MCX-SX	-	-	-	-
		(13,120,494)	(-)	(-)	(-)
	- IEX	8,554,401	-	-	-
		(418,240)	(-)	(-)	(-)
	- MCX-SX CCL	45,348	-	-	-
		(607,935)	(-)	(-)	(-)
12.	Liabilities as at the close of the year				
	Sundry Creditors:				
	- MCX	33,665,537	-	-	-
		(24,518,726)	(-)	(-)	(-)
	- MCX-SX	-	-	-	-
		(300)	(-)	(-)	(-)
	- IEX	14,455	-	-	-
		(31,051)	(-)	(-)	(-)
	Unearned Revenue:				
	- MCX	17,053,079	-	-	-
		(23,419,124)	(-)	(-)	(-)
	- MCX-SX	-	-	-	-
		(3,458,177)	(-)	(-)	(-)
	- IEX	1,041,859	-	-	-
		(1,216,133)	(-)	(-)	(-)
13.	Sundry Debtors				
	- MCX	82,862,377	-	-	-
		(174,381,298)	(-)	(-)	(-)
	- MCX-SX	-	-	-	-
		(138,011,848)	(-)	(-)	(-)
	- IEX	1,581,172	-	-	-
		(29,146,779)	(-)	(-)	(-)
14.	Investment made during the year				
	Equity / Ordinary shares				
	- MCX-SX	-	-	-	-
		(661,500,000)	(-)	(-)	(-)
	- MCX-SX CCL	46,000,000	-	-	-
		(11,500,000)	(-)	(-)	(-)
15.	Equity Investments reduced during the year	562,460,000	-	-	-
	(MCX-SX) (Refer Note 16 (a))	(-)	(-)	(-)	(-)
16.	Remuneration (including professional fees)	-	111,903,442	6,000,000	-
		(-)	(165,064,424)	(8,542,528)	(-)
17.	Dividend paid	-	67,119,672	615,344	96,936,504
		(-)	(101,959,508)	(523,016)	(145,404,756)
18.	Dividend received	63,613,965	-	-	-
		(12,722,793)	(-)	(-)	(-)
19.	Payment made by the Company as per arbitration award (La-fin)	-	-	-	4,943,400
		(-)	(-)	(-)	(967,970)

Notes:

a) The Company has identified Key Managerial Personnel (KMP) of the reporting enterprise as the KMP of the Group.

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

Transaction during the year		(Amount in Rupees)
Remuneration (including professional fees) :	Jignesh Shah	97,323,478
		(150,170,940)
	Dewang Neralla	14,878,899
		(14,893,483)
Dividend paid :	Jignesh Shah	66,636,680
		(101,235,020)

20. 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.

b) During the previous year, the Company repurchased 9500 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/- was included in Schedule-15 'Other Income'. Consequent upon such repurchase, 9,500 ZCCBs stood cancelled. As at Balance sheet date, 90,500 ZCCB's of face value USD 1,000/- each outstanding have been disclosed in balance sheet, as restated, as Unsecured Loan.

c) 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 31.03.2010	As at 31.03.2009
Opening Balance	887,843,584	415,987,120
Add: Provision during the year	428,985,456	561,326,280
Less: Adjustment on buy back during the year	-	89,469,816
Closing balance	1,316,829,040	887,843,584

21. Employee benefit plans:

i) Defined contribution plans:

Amounts recognized as expenses towards contributions to provident fund, employee state insurance corporation and other funds by the Group are Rs. 49,214,656/- (Previous year Rs. 50,749,486/-).

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 gratuity plan is non-funded.

The following table sets out the status of the funded/unfunded gratuity plan for the year ended March 31, 2010 as required under AS 15 (Revised):

(Amount in Rupees)

	Current Year		2009		2008		2007	
	Gratuity Plan (Funded)	Gratuity Plan (Non Funded)	Gratuity Plan (Funded)	Gratuity Plan (Non Funded)	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	63,291,678	267,439	23,870,186	-	12,410,170	1,001,853	8,781,166	201,742
Interest cost	50,63,327	21,395	1,887,481	-	992,814	80,148	658,587	15,394
Current service cost	21,576,519	312,455	10,847,476	267,439	6,034,181	1,414,664	3,477,872	562,893
Benefit paid	(1,989,884)	-	(947,726)	-	(160,363)	-	(612,993)	-
Cost on amendment of plan	-	-	18,223,858	-	-	1,165,469	-	-
Actuarial (gain) / loss on obligations	(1,847,006)	(322,530)	9,410,403	-	931,250		4,844,819	221,824
Projected benefit obligation at the end of the year	**86,094,634**	**278,759**	**63,291,678**	**267,439**	**20,208,052**	**3,662,134**	**17,149,451**	**1,001,853**
II. Change in plan assets								
Fair value of the plan assets at the beginning of the year	38,637,338	-	13,867,447	-	6,550,775	-	3,784,324	-
Expected return on plan assets	3,071,033	-	1,109,396	-	524,062	-	302,746	-
Contributions	18,311,703	-	23,937,072	-	6,842,950	-	5,748,461	-
Benefits paid	(1,989,884)	-	(693,308)	-	(160,363)	-	(612,993)	-
Actuarial gain on plan assets	1,220,082	-	416,731	-	110,023	-	22,691	-
Fair value of plan assets at the end of the year	**59,250,272**	**-**	**38,637,338**	**-**	**13,867,447**	**-**	**9,245,229**	**-**
Excess of obligation over plan assets	**26,844,362**	**278,759**	**24,654,340**	**267,439**	**6,340,605**	**3,662,134**	**7,904,222**	**1,001,853**
III. Expense for the year								
Current service cost	21,576,618	312,455	11,080,849	267,439	6,034,181	1,414,664	3,477,872	562,893
Interest cost	50,63,327	21,395	1,887,481	-	992,814	80,148	658,587	15,394
Expected return on plan assets	(3,027,525)	-	(1,109,396)	-	(524,062)	-	(302,746)	-
Net actuarial (gain) / loss recognized	(5,176)	(322,530)	9,553,829	-	821,227	1,055,337	4,822,128	221,824
Cost on amendment of plan	-	-	18,223,858	-	-	-	-	-
Less: Recovered from Group Companies	-	-	(1,494,089)	-	-	-	-	-
Gratuity cost	**23,607,244**	**11,320**	**38,142,532**	**267,439**	**7,324,160**	**2,550,149**	**8,655,841**	**800,111**
IV. Actual return on plan assets	**4,291,115**	**-**	**1,526,127**	**-**	**634,085**	**-**	**325,437**	**-**
V. Category of Assets as on March 31,								
Insurer managed funds (Fund is managed by LIC of India as per IRDA guidelines, category wise composition of planned assets is not available)	59,250,272	-	38,637,338	-	13,867,447	-	9,245,229	-
VI. Assumptions								
Discount rate	7.50%	7.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Salary escalation rate	7.50%	7.50%	8.00%	8.00%	7.50%	7.50%	7.50%	7.50%
Expected rate of return on plan assets	7.50%	-	8.00%	-	8.00%	-	8.00%	-

@ Non funded liability of some group companies 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.

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 and a joint venture company recognised aggregates Rs. 25,781,841/- (Previous year Rs. 13,408,485/-).

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

22. Earnings Per Share is calculated as follows:

(Amount in Rupees)

Particulars	Current year	Previous year
Net Profit for the year (for Basic EPS)	1,401,105,780	2,456,660,315
Less: Adjustment for stock options of subsidiary / associate company	-	2,799,014
Net Profit available for equity shareholders (for Diluted EPS)	1,401,105,780	2,453,861,301
b. Weighted average number of equity shares		
Basic	45,936,562	45,883,637
Add: Effect of Dilutive Stock Options	3,940	-
Diluted	45,940,502	45,883,637
c. Basic earnings per share (Rs.)	30.50	53.54
Diluted earnings per share (Rs.)	30.50	53.48
d. Face value per share (Rs.)	2/-	2/-

23. 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. 152,775,059/- (Previous year Rs. 146,633,587/-).

24. 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.

25. Goodwill on consolidation includes amount aggregating Rs. 78,420,737/- in respect of two subsidiaries acquired in previous year. These entities are at various stages of executing their business plans and have continuing losses. On an evaluation of business plans for these entities, the Company expects value of these investments to be unlocked at appropriate times as mentioned in note 5 above and accordingly believes there is no impairment of goodwill.

26. **Joint Venture Disclosure:**

Group'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, 2010:

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)

Transactions during the year	DGCX
I. Assets	
1. Fixed Assets (net)	26,298,700
	(49,962,166)
2. Current Assets	
a) Cash and Bank Balances	584,657,058
	(662,568,768)
b) Loans and Advances	7,215,562
	(14,005,424)
c) Other Current Assets	2,839,833
	(-)
II. Liabilities	
1. Current Liabilities	493,214,434
	(410,589,009)
2. Provisions	21,555,847
	(19,105,585)

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Consolidated Accounts

(Amount in Rupees)

Transactions during the year	DGCX
III. Income	
1. Admission Fees	13,194,186 (24,353,180)
2. Transaction Fees	17,113,939 (8,592,075)
3. Interest Income	7,199,581 (12,571,660)
4. Other Income	2,120,158 (2,713,079)
IV. Expenses	
1. Operating and Other Expenses	186,068,015 (169,797,345)
2. Depreciation	18,211,252 (11,115,399)
V. Contingent liabilities	- (-)
VI. Capital Commitments	- (-)

Previous year figures are given in brackets.

27. Significant notes from the audited financial statements relating to associate company, MCX (in which the Company has 31.18% equity shareholding and is accounted by the Company under the equity method of accounting) regarding:

(a) During 2006-2007, MCX received Guidelines for Investor Protection Fund ('IPF') from the Forward Markets Commission ('FMC') (constituted under Forward Contracts (Regulation) Act, 1952), directing MCX to create a Trust by 1st January, 2008 to administer 'Investor Protection Fund' and in the interim, to keep all the penalties imposed and collected by MCX for non compliances (net of recoveries towards administrative expenses), in a separate bank account.

Till date MCX has made several representations to FMC for modifications of these guidelines considering prevalent global practices in this respect and has also, in it's latest submission requested FMC to allow it to retain all penalties imposed by MCX for non compliances.

The FMC is in the process of finalization of revised guidelines with respect to IPF and MCX is hopeful of a positive outcome to their representation. Meanwhile MCX continues to incur substantial expenses towards investor education and awareness programmes.

In the interim period pending finalization of guidelines by the FMC, MCX has represented to the FMC, inter - alia, that all specific penalties (FMC prescribed penalties) would be credited to IPF (net of administrative expenses). Other penalties imposed specifically by MCX are credited to the profit and loss account and a contingent liability of the aggregate amount is created.

Pending response from FMC on its representation and also final guidelines on formation of the IPF trust, MCX continues to account and disclose all penalties collected from members as follows:

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
Share in Aggregate penalties collected by MCX since April, 2006 (net of recoveries towards administrative expenses)	55,233,430	41,422,962
Share in Aggregate amount of penalties retained in current liabilities pending formation of the Trust	23,476,667	16,506,031
Share in Contingent Liability towards Investor Protection Fund being amounts credited to Profit and Loss accounts since April, 2006 till date (net of recoveries towards administrative expenses)	31,756,763	24,916,930
Share in the above penalty income credited to the Profit and Loss account during the year (net of recoveries towards administrative expenses)	6,839,833	8,140,260

On the basis of the submission made, and on the basis of the opinion obtained by MCX from an eminent counsel regarding the applicability of these guidelines, MCX does not expect any further liability on this account beyond the balance disclosed in Current Liability as at 31st March, 2010. Pending the formation of the Trust, MCX has placed fixed deposit of Rs. 72,570,592/- and Rs. 49,933,485/- as at 31st March, 2010 and 31st March, 2009 respectively. Subsequent to year end, MCX has deposited an amount of Rs. 2,723,401/- pertaining to year end to the earmarked bank accounts and placed corresponding fixed deposits against the same.

(b) During the year 2006-2007, FMC directed MCX that all the monies earmarked to Settlement Guarantee Fund ('SGF') need to be maintained in a separate account and income earned on SGF contributions should be credited to the SGF and not used for any other purposes other than for meeting the settlement obligations (amounts unascertained).

MCX has made various submissions on this subject till date to the FMC. Subsequent to year ended 31st March, 2009, and on a review of international practices followed in this respect, MCX in its submission to FMC indicated that Guarantee Funds are separate and distinct from deposits and margins placed by various members. Accordingly, during the year 2008-2009, MCX has set aside an amount of Rs. 10 million towards corpus of the SGF and an amount of Rs. 14,981,960/- inclusive of imputed interest on corpus amount from the date of commencement of trading viz. 10th November, 2003 has been transferred from General Reserve into 'Settlement Guarantee Fund Account' ('SGF Account') (Schedule 2) and has also appropriated Rs. 1,221,991/- from the balance in profit and loss account, being interest on fixed deposit upto 31st March, 2010. The SGF Account is represented by bank fixed deposits of Rs. 16,212,640/- plus interest accrued thereon of Rs. 127,478/-. The FMC's decision on this matter is awaited after which MCX would amend its bye laws as appropriate.

Pending decision from FMC on MCX's submission about the constitution of and balance attributable to the SGF, the amounts received from members Rs. 4,082,048,987/- and Rs. 5,449,124,488/- as at 31st March, 2010 and 31st March, 2009 respectively continue to be disclosed under current liabilities in the financial statements and the income (amounts unascertained) earned thereon have been credited to the profit and loss account.

(c) MCX's ESOP is administered through an ESOP Trust, which subscribes to shares of MCX and holds them until issuance thereof based on vesting and exercise of options by employees. At the time of formation of the trust MCX has provided an interest bearing loan amounting to Rs. 221,000,000/- to the Trust to subscribe to 2,600,000 shares issued at Rs. 85/- per share. As per the Guidance Note on Accounting for Employee Share Based payments issued by the Institute of Chartered Accountants of India, the amount of loan equivalent to the face value of securities subscribed (Rs. 13,000,000/-) has been deducted from share capital account and the balance part of the loan representing the amount of share premium paid for the securities subscribed (Rs. 208,000,000) has been deducted from the share premium account.

The balance of such loan (including interest accrued thereon Rs. 19,269,992) as at 31st March, 2010 is Rs. 184,562,047/-. The repayment of the loan is primarily dependent upon the exercise of options by the employees, the price at which fresh or reissued options are granted and dividend income earned thereon till exercise of options. MCX believes that the options would be exercised by the employees and the Trust would be able to repay the loan based on the price received by the Trust there against. On that basis, the loan, with interest thereon, to the Trust is considered as good of recovery.

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 : 29th May, 2010

For and on behalf of the Board

Jignesh Shah
Chairman & Managing Director

Chandrakant Kamdar
Director

Hariraj Chouhan
Vice President – Company Secretary

Place : Mumbai
Date : 29th May, 2010

STANDALONE FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Shareholders of Financial Technologies (India) Limited

1. We have audited the attached Balance Sheet of Financial Technologies (India) Limited as at 31st March, 2010, 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 the 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 Section 227 (4A) 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 report, we invite attention to the following notes to Schedule 15-II of the financial statements:
   1. Note 5 regarding the treatment of (a) cancellation of investments in 562,460,000 equity shares of MCX-Stock Exchange Limited ('MCX-SX') aggregating Rs. 562,460,000/- and (b) issuance of 562,460,000 transferable warrants to the Company, both pursuant to a court approved composite scheme of 'Reduction cum Arrangement' between MCX-SX and its shareholders (including the Company). As stated in the note, the Company has obtained independent legal / tax counsels' opinion that no tax liability arises on the reduction cum arrangement and has accordingly not quantified the same. On that basis no tax liability is recognised in respect thereof.
   2. Note 24 regarding investments in certain subsidiaries and joint venture company aggregating Rs. 9,238,186,235/- and loans and advances / debtors aggregating Rs. 286,620,649/- due from some of these entities which have continuing losses (share of cumulative losses Rs. 2,519,229,714/-) against which provision for diminution of Rs. 569,026,000/- is considered adequate based on their business plans and other reasons as stated in the said note.

5. Further to our comments in the Annexure referred to above, we report that:
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c. 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;
   d. In our opinion and read with paragraph 4 above, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
   e. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, 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:
      i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
      ii. in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
      iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
[Firm Registration No: 117366W]

R. D. Kamat
Partner
Membership No. 36822

Mumbai, dated: 29th May, 2010

ANNEXURE TO THE AUDITORS' REPORT

to the Shareholders of Financial Technologies (India) Ltd.

Re: Financial Technologies (India) Limited

Referred to in Paragraph 3 of our report of even date

i) In respect of its fixed assets:

   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

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

ii) In respect of its inventory:

   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 neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

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.

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.

   b) 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, 2010 outstanding for a period more than six months from the date they became payable.

   c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	7,857,994	9th July, 2004 to 6th October, 2005	Commissioner of Service tax
Central Excise & Salt Act, 1944	Excise duty	7,448,968	1st March, 2006 to 20th December, 2006	Commissioner of Central Excise

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

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and any other securities and accordingly, clause 4 (xii) of the Order is not applicable to the Company.

xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.

xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.

xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the 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) According to the information and explanations given to us, the Company has not issued any debentures during the year and hence, the question of creation of security or charge in respect of debentures issued, does not arise.

xx) We have verified the end use of monies raised by public issue of Global Deposit Receipts and Zero Coupon Convertible Bonds as disclosed in notes 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 fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
[Firm Registration No: 117366W]

R. D. Kamat
Partner
Membership No. 36822

Mumbai, dated: 29th May, 2010

BALANCE SHEET
As at 31st March, 2010

(Amount in Rupees)

	Schedule No.	As at 31.03.2010		As at 31.03.2009
I. SOURCES OF FUNDS				
(1) Shareholders' Funds:				
(a) Share Capital	1	92,157,074		91,767,274
(b) Reserves and Surplus	2	20,324,468,737		17,405,221,401
			20,416,625,811	17,496,988,675
(2) Loan funds:				
Unsecured Loan -Others				
Zero Coupon Convertible Bonds (ZCCB)			4,085,170,000	4,610,975,000
(Refer Note 16(a) and (b) to Schedule 15-II)				
(3) Deferred tax liability (net)			87,980,009	166,703,282
[Refer Note 9 to Schedule 15-II]				
(4) Foreign Currency Monetary Item Translation Difference Account (FCMITDA)			52,086,836	-
(Refer Note 15 to Schedule 15-II)				
TOTAL			**24,641,862,656**	**22,274,666,957**
II. APPLICATION OF FUNDS				
(1) Fixed assets:	3			
(a) Gross block		1,041,667,792		677,992,689
(b) Less: depreciation / amortisation		167,775,633		146,339,103
(c) Net block		873,892,159		531,653,586
(d) Capital work in progress		1,865,267,186		2,309,427,766
			2,739,159,345	2,841,081,352
(2) Investments	4		20,019,479,908	14,444,654,828
(3) Foreign Currency Monetary Item Translation Difference Account (FCMITDA)			-	352,608,206
(Refer Note 15 to Schedule 15-II)				
(4) Current assets, loans and advances:				
(a) Sundry debtors	5	604,264,690		840,143,312
(b) Cash and Bank balances	6	2,090,921,729		4,407,681,411
(c) Other current assets	7	39,301,772		105,052,802
(d) Loans and Advances	8	1,621,661,304		1,085,881,006
		4,356,149,495		6,438,758,531
Less: Current liabilities and provisions:				
(a) Current liabilities	9	959,813,169		734,129,364
(b) Provisions	10	1,513,112,923		1,068,306,596
		2,472,926,092		1,802,435,960
Net Current Assets			1,883,223,403	4,636,322,571
TOTAL			**24,641,862,656**	**22,274,666,957**
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 : 29th May, 2010

For and on behalf of the Board.

Jignesh Shah
Chairman & Managing Director

Chandrakant Kamdar
Director

Hariraj Chouhan
Vice President & Company Secretary
Place : Mumbai
Date : 29th May, 2010

PROFIT & LOSS ACCOUNT

For the Year Ended 31st March, 2010

(Amount in Rupees)

Particulars	Schedule No.	Current Year	Previous Year
INCOME			
Sales	11	3,109,278,007	3,395,439,259
Less: Excise duty		39,405,646	52,215,291
		3,069,872,361	3,343,223,968
Other Income	12	3,411,911,043	3,718,573,304
Decrease in closing stock		-	(390,378)
		6,481,783,404	7,061,406,894
EXPENDITURE			
Purchase of Trading Goods		46,373,397	86,454,545
Operating and other expenses	13	1,904,600,869	2,252,979,489
Interest	14	155,581	1,397,420
Depreciation / amortisation		58,924,196	72,387,355
		2,010,054,043	2,413,218,809
Profit before tax		4,471,729,361	4,648,188,085
Provision for taxation			
Income Tax: Current Tax		1,106,714,075	838,173,552
Deferred Tax		(78,723,272)	177,681,869
Excess provision of Income tax in respect of earlier years		-	(57,638,712)
Fringe Benefit Tax		-	3,782,475
Wealth Tax		79,830	226,398
Profit after tax		3,443,658,728	3,685,962,503
Balance brought forward from previous year		11,095,989,210	8,315,438,567
Amount available for appropriation		14,539,647,938	12,001,401,070
Appropriations			
Transfer to General Reserve		350,000,000	368,596,250
Final Dividend (Proposed)		92,157,074	91,767,274
Interim Dividend		275,717,086	367,069,096
Tax on Dividend		62,494,167	77,979,240
Balance carried to Balance Sheet		13,759,279,611	11,095,989,210
Earnings Per Share (Refer note 19 to Schedule 15-II)			
Basic		74.97	80.33
Diluted		74.96	80.33
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 : 29th May, 2010

For and on behalf of the Board.

Jignesh Shah
Chairman & Managing Director

Chandrakant Kamdar
Director

Hariraj Chouhan
Vice President & Company Secretary
Place : Mumbai
Date : 29th May, 2010

CASH FLOW STATEMENT

For the Year Ended 31st March, 2010

(Amount in Rupees)

	Current Year		Previous Year	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		4,471,729,361		4,648,188,085
Adjustments for:				
Depreciation / amortisation	58,924,196		72,387,355	
Profit on sale of investments (net)	(2,517,386,717)		(2,202,653,851)	
(Profit) / Loss on sale of fixed assets (net)	(30,765,343)		721,216	
Gain on extinguishment of debt	-		(115,340,252)	
Diminution in value of current investments	14,004,464		5,878,382	
Provision for other than temporary diminution in the value of long tem investment	-		637,625,934	
Dividend from investments	(369,961,627)		(434,559,839)	
Interest expense	155,581		1,397,420	
Exchange rate fluctuations-unrealised (net)	420,765,006		(179,046,198)	
Interest income	(228,725,074)	(2,652,989,514)	(227,576,676)	(2,441,166,509)
Operating profit before working capital changes		1,818,739,847		2,207,021,576
Adjustments for:				
Inventories	-		390,378	
Trade and other receivables	247,820,507		(754,601,066)	
Trade payables and provisions	240,473,753	488,294,260	300,968,181	(453,242,507)
Cash from operations		2,307,034,107		1,753,779,069
Tax paid		(124,204,292)		(153,523,668)
Net cash from operating activities		2,182,829,815		1,600,255,401
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(260,804,704)		(737,520,873)
Proceeds from sale of fixed assets		173,064,651		1,781,379
Purchase of investments in subsidiaries, associates and joint venture		(4,504,217,479)		(2,734,035,968)
Proceeds from partial sale of stake (net of brokerage) (Refer Note 5 to schedule 15-II)		2,440,156,250		2,062,266,330
Purchases of investments in others (including fixed deposits)		(44,348,408,717)		(39,978,031,498)
Proceeds from sale of investments in others (including fixed deposits)		45,638,486,596		40,798,404,815
Interest Income		294,476,103		140,188,338
Loans and advances to subsidiary companies		(530,295,981)		(207,175,099)
Dividend from investments		369,961,627		437,071,264
Cash used in investing activities		(727,581,654)		(217,051,312)
Tax Paid		(881,025,653)		(569,021,203)
Net cash used in investing activities		(1,608,607,307)		(786,072,515)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of borrowings		-		(357,968,800)
Proceeds from issue of share capital		191,313,840		-
Dividend paid during the year including dividend tax		(429,213,964)		(643,133,989)
Interest expense		(155,581)		(1,397,420)
Net cash used in financing activities		(238,055,705)		(1,002,500,209)
Net cash flow during the year		336,166,803		(188,317,323)
Net increase in cash and cash equivalents		336,166,803		(188,317,323)
Cash and cash equivalents (opening balance)		1,191,930,017		1,380,247,340
Cash and cash equivalents (closing balance)		1,528,096,820		1,191,930,017

CASH FLOW STATEMENT

For the Year Ended 31st March, 2010

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 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	1,522,196,347	1,541,496,552
Unrealised loss / (gain) on foreign currency cash and cash equivalents	5,900,473	(349,566,535)
Cash and cash equivalents	1,528,096,820	1,191,930,017
- In deposit accounts (maturing more than 3 months)	568,725,382	2,866,184,859
Unrealised (loss) / gain on foreign currency cash and cash equivalents	(5,900,473)	349,566,535
Cash and bank balances	2,090,921,729	4,407,681,411

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. In respect of the transactions relating to investing activity viz., cancellation of investments for consideration which was adjusted against consideration towards allotment of warrants refer note 5 to Schedule 15-II.
7. 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 : 29th May, 2010

For and on behalf of the Board.

Jignesh Shah
Chairman & Managing Director

Chandrakant Kamdar
Director

Hariraj Chouhan
Vice President & Company Secretary
Place : Mumbai
Date : 29th May, 2010

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
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:			
46,078,537 (Previous Year 45,883,637) Equity shares of Rs. 2/- each fully paid-up		92,157,074	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) 538,630 (Previous Year 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 allotted 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		**92,157,074**	**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	4,977,280,691		5,147,676,942
Add: Received during year on issue of shares under ESOP	190,924,040		-
Less: Provision for premium payable on redemption of ZCCB (including prior period Rs. 104,798,151/- (Previous Year Rs. Nil) (net of tax of Rs. 145,812,157/- (Previous Year Rs. 301,460,213/-))	283,173,300		170,396,251
		4,885,031,431	4,977,280,691
General Reserve			
Balance as per last balance sheet	1,316,014,665		1,125,324,312
Add: Transferred from Profit and Loss Account	350,000,000		368,596,250
Less: Adjustment on account of change in accounting policy for exchange differences (net of tax of Rs. Nil (Previous Year Rs. 70,607,130/-)	-		177,905,897
		1,666,014,665	1,316,014,665
Foreign Currency Translation Reserve			
Balance at the commencement of the year	1,177,523		(1,190,971)
Add: Movement during the year	(1,793,805)		2,368,494
		(616,282)	1,177,523
Profit and Loss Account		13,759,279,611	11,095,989,210
TOTAL		**20,324,468,737**	**17,405,221,401**

SCHEDULES
Forming Part of the Accounts

SCHEDULE 3: FIXED ASSETS

(Amount in Rupees)

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
Particulars	Cost as at 01.04.2009	Additions for period	Deletion/ Adjustments	Cost as at 31.03.2010	Upto 31.03.2009	For the period	Deletions/ Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets										
Freehold Land	-	466,660,192	-	466,660,192	-	-	-	-	466,660,192	-
Leasehold Land	78,551,297	-	9,107,692	69,443,605	2,010,029	872,792	-	2,882,821	66,560,784	76,541,268
Building	18,082,611	-	-	18,082,611	4,127,871	294,747	-	4,422,618	13,659,993	13,954,740
Improvements To Leasehold Premises	41,508,676	-	-	41,508,676	13,578,062	5,771,432	-	19,349,494	22,159,182	27,930,614
Office Equipments (including Computer Hardware)	199,664,159	22,477,840	12,504,077	209,637,922	62,177,599	25,268,437	2,989,775	84,456,261	125,181,661	137,486,560
Furniture and Fittings	24,685,735	1,122,605	-	25,808,340	8,496,257	1,483,340	-	9,979,597	15,828,743	16,189,478
Vehicles	24,740,150	1,902,309	2,380,942	24,261,517	3,718,358	2,298,796	392,680	5,624,474	18,637,043	21,021,792
SUB TOTAL	387,232,628	492,162,946	23,992,711	855,402,863	94,108,176	35,989,544	3,382,455	126,715,265	728,687,598	293,124,452
Intangible Assets										
Trade Mark	568,140	11,500	-	579,640	263,885	55,871	-	319,756	259,884	304,255
Technical Knowhow	633,413	-	-	633,413	633,413	-	-	633,413	-	-
Computer Software	289,558,508	60,069,483	164,576,115	185,051,876	51,333,629	22,878,781	34,105,211	40,107,199	144,944,677	238,224,879
SUB TOTAL	290,760,061	60,080,983	164,576,115	186,264,929	52,230,927	22,934,652	34,105,211	41,060,368	145,204,561	238,529,134
TOTAL	**677,992,689**	**552,243,929**	**188,568,825**	**1,041,667,792**	**146,339,103**	**58,924,196**	**37,487,666**	**167,775,633**	**873,892,159**	**531,653,586**
Previous Year	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	-
Capital Work-in-Progress includes Capital Advances Rs. 10,748,538/- (Previous Year Rs. 17,272,314/-)									***1,865,267,186***	***2,309,427,766***

Note:

1. *Capital Work in Progress including capital advances is in respect of land, building and improvements there to etc.*
2. *In respect of capital work in progress towards purchase of agricultural land aggregating to Rs. 498,833,045/- (Previous Year Rs. 474,596,833/-) refer Note 6 of Schedule 15-II .*
3. *Exchange difference (loss) (net) included in Capital work in progress Rs. 68,756,597/- (Previous year Rs. 221,152,112/-) and Fixed Assets Rs. 627,033/- (Previous year Rs. 9,734,725) pursuant to amended Accounting Standard 11 the Effects of changes in Foreign Exchange Rates. (Refer Note 15 to Schedule 15-II)*
4. *In respect of freehold land, the conveyance deed is being registered*

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
SCHEDULE 4: INVESTMENTS			
I] Long Term investments [at cost (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 Limited	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 Limited	110,000,000		110,000,000
(iii) 5,750,000 (Previous Year 1,150,000) Equity shares of Rs. 10/- each fully paid-up of MCX SX Clearing Corporation Limited	57,500,000		11,500,000
(iv) 27,165,000 (Previous Year 661,500,000) Equity shares of Re. 1/- each fully paid-up of MCX Stock Exchange Limited (Refer Note 5 to Schedule 15-II)	27,165,000		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 Limited	104,755,000		104,755,000
(vii) 450,000 (Previous Year 450,000) Equity shares of Rs. 10/- each fully paid-up of National Stock Exchange of India Limited	1,253,125,000		1,253,125,000
(viii) 290,000 (Previous Year 72,500) Equity shares of Rs. 10/- each fully paid-up of Vadodara Stock Exchange Limited	13,485,000		11,020,000
(ix) 4,560,000 (Previous Year 4,560,000) equity Shares of Rs. 10/- each, fully paid in Safal National Exchange of India Limited	45,600,000		45,600,000
		1,803,735,930	2,389,605,930
In warrants			
562,460,000 (Previous Year Nil) Warrants of Re. 1/- each fully paid-up of MCX Stock Exchange Limited (Refer Note 5 to Schedule 15-II)		562,460,000	-
		2,366,195,930	2,389,605,930
Less: Provision for other than temporary diminution in the value of Investments		(45,600,000)	(45,600,000)
		2,320,595,930	2,344,005,930

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
B) Other than Trade			
In bonds (Quoted) 2,000 (Previous Year Nil) Non Convertible 6.85% IIFCL 2014 Tax Free Series II Bonds of Rs. 100,000/- each		200,520,000	-
In equity shares of Subsidiary Companies (Unquoted)			
(i) 3,040,000 (Previous Year 3,040,000) Equity shares of Rs. 10/- each fully paid-up of IBS Forex Limited	30,400,000		30,400,000
(ii) 40,000,000 (Previous Year 40,000,000) Equity shares of Rs. 10/- each fully paid-up of Tickerplant Limited	400,000,000		400,000,000
(iii) 44,999,900 (Previous Year 29,999,900) Equity shares of Rs. 10/- each fully paid-up of National Spot Exchange Limited	449,999,000		299,999,000
(iv) 5,000,000 (Previous Year 5,000,000) Equity shares of Rs. 10/- each fully paid-up of Riskraft Consulting Limited	50,000,000		50,000,000
(v) 331,175,000 (Previous Year 149,057,500) Equity shares of Re. 1/- each (Previous year Rs. 10/- each) fully paid-up of atom Technologies Limited	390,575,000		208,457,500
(vi) 66,000 (Previous Year 66,000) Equity shares of AED 1000/- each fully paid-up of Financial Technologies Middle East DMCC	767,455,590		767,455,590
(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 Limited	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 Limited	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 Limited	397,886		397,886
(xii) 10,000,000 (Previous Year 328,671) Ordinary shares of USD 0.1 (Previous Year 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 Limited	30		30
(xiv) 875,000,010 (Previous Year 35,000,000) Ordinary shares of SGD. 0.1/- each fully paid-up of Singapore Mercantile Exchange PTE Limited	2,780,519,669		1,015,016,925
(xv) 3,750,000 (Previous Year 3,750,000) Equity shares of Rs. 10/- each fully paid-up of FT Knowledge Management Limited	37,500,000		37,500,000
(xvi) 50,000 (Previous Year 50,000) Equity shares of Rs. 10/- each fully paid-up of Trans-Global credit and Finance Limited	500,000		500,000
(xvii) 90 Equity Shares (Previous year 90) of Rand 1/- each in ICX Platform (Pty) Ltd.	49,912,500		49,912,500
(xviii) 5,249,900 (Previous Year 5,249,900) Equity shares of Rs. 10/- each fully paid-up of Credit Market Services Pvt. Ltd.	52,499,000		52,499,000
(xix) 50,000 shares (Previous year 50,000) of Rs. 10/- each in Takshashila Academia of Economic Research Limited	500,000		500,000
(xx) 50,000 shares (Previous year 50,000) of Rs. 10/- each in Boursa India Limited	500,000		500,000
(xxi) 4,313,845 (Previous Year 4,313,845) Equity shares of Rs. 10/- each fully paid-up of Apian Finance & Investment Ltd.	54,973,760		54,973,760
(xxii) 100,000 (Previous Year Nil) Ordinary shares of SGD 1/- each fully paid-up of FT Singapore PTE Ltd.	3,382,235		-
		5,789,256,190	3,688,253,711
Less: Provision for other than temporary diminution in the value of Investments		(569,025,934)	(569,025,934)
		5,220,230,256	3,119,227,777

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
In Optionally Convertible Preference shares of Subsidiary Companies (Unquoted)			
(i) 390,000,000 (Previous Year 7,888,080) 5% Optionally convertible Preference Shares of USD 0.1 (Previous year MUR 100/-) each fully paid-up of Global Board of Trade Ltd.	1,778,643,600		1,071,693,600
(ii) 50,000,000 (Previous Year 15,000,000) 5% Optionally convertible Preference Shares of USD 1 each fully paid-up of FT Group Investments Pvt. Ltd.	2,301,500,000		653,700,000
		4,080,143,600	1,725,393,600
In Optionally Convertible Preference shares of others (Unquoted)			
(i) Nil (Previous Year 230,000) 5% Optionally convertible Preference Shares of Rs. 100/- each fully paid-up of Mehul Telecom Pvt Limited	-		23,000,000
Less: Provision for other than temporary diminution in the value of Investments	-		(23,000,000)
		-	-
In bonds (Unquoted):			
(i) 1,000 (Previous Year 1,000) Units of Rs. 10,000/- each of Non Convertible Redeemable taxable bonds of Rural Electrification Corporation Limited	10,000,000		10,000,000
(ii) 150 (Previous Year Nil) Units of Rs. 1,000,000/- each of 9.5% IndusInd Bank Limited- Tier II Bonds Issue (Series XIV)	150,000,000		-
		160,000,000	10,000,000
In trust securities (unquoted):			
20 (Previous year Nil) Class A units of Rs. 100,000/- each towards capital contribution in India Venture Trust- Fund I		2,000,000	-
In Government Securities (Unquoted)			
National Saving Certificate-VIII Issue		20,000	20,000
Total Long Term Investment		11,983,509,786	7,198,647,307
II] Current (at lower of cost and fair value)			
Other than trade (Quoted)			
In equity shares others			
1,033,952 (Previous year 1,033,952) Equity Shares of MUR 1/- each in Knowledge Economies Ltd.		14,260,369	18,454,596
Other than trade (Unquoted)			
In equity shares others			
3,600,000 (Previous Year 3,600,000) Equity shares of Rs. 5/- each fully paid-up of Multi Commodity Exchange of India Limited (including in respect of offer of sale (Refer Note 25 to Schedule-15-II)		18,000,000	18,000,000

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
In units of mutual funds (Unquoted):		
1. 558,316.40 (Previous Year 20,764,507.55) Units of Rs. 10/- each of Birla Sunlife Savings Fund Instl - Daily Dividend Reinvestment	5,586,961	207,786,274
2. 18,954,249.32 (Previous Year Nil) units of Rs. 10/- each of Fortis Money Plus-Institutional Plan Daily Dividend	189,601,251	-
3. 112,511.76 (Previous Year Nil) units of Rs. 1000/- each of Axis Treasury advantage fund -Institutional Plan Daily Dividend Reinvestment	112,511,762	-
4. 10,000.00 (Previous Year Nil) units of Rs. 1000/- each of Axis Liquid Fund-Institutional Plan Daily Dividend Reinvestment	10,000,000	-
5. 9,998,875.36 (Previous Year Nil) units of Rs. 10/- each of BSL Floating Rate Fund - LTP - Inst. Weekly Dividend Reinvestment	100,237,832	-
6. 5,000,000.00 (Previous Year Nil) units of Rs. 10/- each of BSL Interval Income Fund - Instl Quarterly Plan - Series 2 - Div payout	50,000,000	-
7. 2,009,651.37 (Previous Year Nil) units of Rs. 10/- each of Birla Sun Life Savings Fund - Instl. Daily Dividend - Reinvestment	20,110,179	-
8. 10,000,829.38 (Previous Year Nil) units of Rs. 10/- each of BSL Interval Income Fund - Instl. - Quarterly - Series 1 - Div payout	100,008,294	-
9. 50,347,359.96 (Previous Year Nil) units of Rs. 10/- each of Baroda Pioneer Treasury advantage Fund Institutional daily dividend plan	503,931,761	-
10. 15,000,000.00 (Previous Year Nil) units of Rs. 10/- each of Baroda Pioneer PSU Bond Fund – Growth Plan	150,000,000	-
11. 10,307,570.57 (Previous Year Nil) units of Rs. 10/- each of Canara Robeco Short Term Institutional dividend Fund	104,229,313	-
12. 2,935,153.43 (Previous Year Nil) units of Rs. 10/- each of Canara Robeco Treasury advantage Super IP DDR	36,416,742	-
13. 5,954,773.62 (Previous Year Nil) units of Rs. 10/- each of L&T Freedom Income STP Inst - Daily Dividend Reinvestment Plan	60,471,917	-
14. 10,160,464.75 (Previous Year Nil) units of Rs. 10/- each of L&T select income fund -flexi debt institutional - dividend	101,742,555	-
15. 19,049,027.69 (Previous Year Nil) units of Rs. 10/- each of DWS Cash Opportunities Fund - Institutional plan Daily dividend	190,890,889	-
16. 9,990,798.45 (Previous Year Nil) units of Rs. 10/- each of DWS Short Maturity Fund - Institutional Weekly Dividend Plan	104,059,161	-
17. 4,993,454.27 (Previous Year Nil) units of Rs. 10/- each of DWS Treasury Fund Investment - Instl Plan Daily Dividend - Reinvest	50,142,770	-
18. 30,547,155.74 (Previous Year Nil) units of Rs. 10/- each of IDFC Money Manager Fund- Investment Plan -Inst Plan B DDR	305,929,765	-
19. 11,165,125.97 (Previous Year 11,165,125.97) Units of Rs. 10/- each of HDFC Arbitrage Fund Wholesale Plan Quarterly Dividend.	111,654,117	111,654,117
20. 1,310,907.92 (Previous Year 37,696,468.31) units of Rs. 10/- each of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily dividend	13,150,373	378,152,121
21. 20,000,000.00 (Previous Year Nil) units of Rs. 10/- each of HDFC FMP 13M October 2009 - Growth - Series XI	200,000,000	-
22. 10,000,000.00 (Previous Year Nil) units of Rs. 10/- each of HDFC Quarterly Interval Fund- Plan C - Wholesale dividend payout	100,000,000	-
23. 10,247,115.43 (Previous Year Nil) units of Rs. 10/- each of HSBC Income Fund - Short Term Instl. Plus - Weekly Dividend	103,042,943	-
24. 10,258,853.42 (Previous Year Nil) units of Rs. 10/- each of HSBC Floating Rate - Long Term Plan - Institutional Option - Weekly Dividend	115,115,870	-
25. 46,330,071.20 (Previous Year 44,578,050.96) Units of Rs. 10/- each of JM Arbitrage Advantage Fund - Divd Plan (159)	467,419,455	450,055,544
26. 23,838,036.87 (Previous Year 57,022,855.93) Units of Rs. 10/- each of JM Money Manager Super Plus Plan - Daily Dividend (171)	238,484,747	570,480,055
27. 1,008,613.21 (Previous Year 14,435,103.15) units of Rs. 10/- each of JP Morgan India Treasury Fund - Super Inst. DDR - Reinvest	10,095,109	144,479,504
28. 32,520,153.87 (Previous Year Nil) Units of Rs. 10/- each of Kotak Flexi Debt Scheme - Institutional Plan - Daily Dividend	326,746,246	-
29. 10,000,000.00 (Previous Year Nil) units of Rs. 10/- each of Kotak Quarterly interval Plan -Series 6 - Dividend	100,000,000	-

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
30. 5,000,000.00 (Previous Year Nil) units of Rs. 10/- each of Kotak FMP 370 days Series -2 Growth	50,000,000	-
31. 557,006.09 (Previous Year 534,627.38) units of Rs. 10/- each of Kotak Floater - Long term-DDR	5,614,510	5,388,937
32. 5,000,000.00 (Previous Year 5,000,000.00) units of Rs. 10/- each of Kotak FMP 13M series 5- Growth	50,000,000	50,000,000
33. Nil (Previous Year 32,682,122.79) Units of Rs. 10/- each of LIC Liquid Mutual Fund Daily Dividend Reinvestment	-	358,852,976
34. 89,510,975.51 (Previous Year Nil) Units of Rs. 10/- each of LIC Mutual Fund Savings Plus Daily Dividend Plan	895,109,755	-
35. 4,982,669.74 (Previous Year Nil) units of Rs. 10/- each of Morgan Stanley Short term bond fund- Institutional Plus-weekly dividend	50,038,922	-
36. 10,278,509.14 (Previous Year Nil) units of Rs. 10/- each of Religare Arbitrage Fund-Dividend	103,308,268	-
37. 2,916,757.70 (Previous Year 12,981,827.26) units of Rs. 10/- each of Religare Ultra Short Term Fund - Institutional Daily Dividend	29,213,370	130,022,092
38. 41,138,077.52 (Previous Year Nil) units of Rs. 10/- each of Religare credit opportunities fund Institutional - Monthly Dividend	412,796,400	-
39. 5,024,612.27 (Previous Year Nil) units of Rs. 10/- each of Religare active income fund - Institutional - Monthly Dividend	50,246,237	-
40. 10,000,000.00 (Previous Year 10,000,000.00) units of Rs. 10/- each of Religare yrly FMP Series 1-Plan A- Growth	100,000,000	100,000,000
41. 338,057.67 (Previous Year Nil) units of Rs. 10/- each of ICICI Pru Flexible Income Premium Plan-DDR	35,744,527	-
42. 10,026,539.13 (Previous Year Nil) units of Rs. 10/- each of ICICI Prudential Ultra Short term plan - Prem Plus DDR	100,475,949	-
43. 16,390,555.28 (Previous Year 15,621,045.64) Units of Rs. 10/- each of ICICI Prudential Equity & Derivatives Fund-Income Optimiser - Institutional Dividend - Reinvest Dividend	172,100,830	165,922,005
44. 5,000,000.00 (Previous Year 5,000,000.00) units of Rs. 10/- each of Principal PNB Fixed Maturity Plan 385 Days - Series XI - Mar09 - Institutional Growth Plan	50,000,000	50,000,000
45. 9,982,511.74 (Previous Year Nil) units of Rs. 10/- each of Principal Money Manager Fund-Institutional Dividend Reinvest Daily	100,071,685	-
46. 6,557,387.46 (Previous Year Nil) units of Rs. 10/- each of Reliance regular savings fund -debt Plan - Institutional Growth Plan	80,004,674	-
47. 664,004.84 (Previous Year 36,942,042.89) units of Rs. 10/- each of Reliance Medium Term Fund-DDR	11,351,495	631,542,695
48. 19,530,791.12 (Previous Year Nil) units of Rs. 10/- each of Reliance Short term fund - Retail plan - Dividend plan	207,928,708	-
49. 168,076.40 (Previous Year Nil) units of Rs. 10/- each of Reliance Money Manager Fund - Institutional DDR	168,267,408	-
50. 10,000,000.00 (Previous Year 10,000,000.00) units of Rs. 10/- each of Reliance FHF-XII - Series 3 - Growth	100,000,000	100,000,000
51. 5,000,000.00 (Previous Year Nil) units of Rs. 10/- each of SBNPP FTP 18 Months Series Y - Growth	50,000,000	-
52. 10,000,000.00 (Previous Year 10,000,000.00) units of Rs. 10/- each of Sundaram FTP 367 Days-Series 8 - Growth	100,000,000	100,000,000
53. 200,020.08 (Previous Year Nil) units of Rs. 1000/- each of Taurus Ultra Short term bond fund super Inst daily P DDR	200,290,111	-
54. 5,000,000.00 (Previous Year Nil) units of Rs. 10/- each of Taurus Fixed Maturity Plan - 15 Months - Series 1 - Institutional Growth	50,000,000	-
55. 2,339,029.21 (Previous Year 12,054,522.82) units of Rs. 10/- each of Templeton India Ultra Short Term Bond - Super - IP - DDR	23,417,425	120,685,061
56. 5,000,000.00 (Previous Year Nil) units of Rs. 10/- each of Templeton India Income Opportunities Fund - Growth	50,000,000	-
57. 23,345,103.63 (Previous Year Nil) units of Rs. 10/- each of SBI Arbitrage opportunities fund - Dividend	255,756,267	-
58. 2,004,643.73 (Previous Year 1,622,707.73) units of Rs. 10/- each of SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend	20,058,465	16,235,191

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
59. 5,028,574.04 (Previous Year Nil) units of Rs. 10/- each of UTI Fixed Income Interval Fund Quarterly Interval Plan - V Institutional dividend Plan	50,285,749		-
60. 5,000,431.32 (Previous Year Nil) units of Rs. 10/- each of UTI - Fixed Income Interval Fund - Monthly interval plan-II Institutional Dividend Plan - Reinvestment	50,004,313		-
61. 35,667,957.09 (Previous Year Nil) Units of Rs. 10/- each of UTI Spread Fund - Dividend Plan - Reinvestment	400,044,673		-
62. Nil (Previous Year 18,179,405.07) units of Rs. 10/- each of AIG India Treasury Fund - Super IP - DDR	-		181,994,024
63. Nil (Previous Year 10,000,000.00) Units of Rs. 10/- each of Birla -FMP INSTL - Series AQ - Growth	-		100,000,000
64. Nil (Previous Year 6,901,522.7) units of Rs. 10/- each of Birla Sunlife Short term Fund - IP - DDR	-		69,053,185
65. Nil (Previous Year 10,000,000.00) Units of Rs. 10/- each of Birla -FTP INSTL - Series AM - Growth	-		100,000,000
66. Nil (Previous Year 30,009,786.89) units of Rs. 10/- each of Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	-		300,286,931
67. Nil(Previous Year 10,000,000.00) Units of Rs. 10/- each of HSBC Fixed Term Series 44 Inst Growth	-		100,000,000
68. Nil (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
69. Nil (Previous Year 40,002,973.7) units of Rs. 10/- each of Principal Cash Management Fund - IP -DDR	-		400,057,739
70. Nil (Previous Year 11,035,694.52) Units of Rs. 10/- each of ABN Ambro plan-Series Plan F-Instl Growth	-		110,356,945
71. Nil (Previous Year 24,336,741.25) units of Rs. 10/- each of Sundaram BNP Paribas Money Fund Super IP DDR	-		245,686,705
72. Nil (Previous Year 10,000,000.00) units of Rs. 10/- each of Sundaram BNP Paribas Fixed Term Plan-F	-		100,000,000
73. Nil (Previous Year 90,332.60) units of Rs. 1000/- each of Templeton India treasury management A/c -Super IP - DDR	-		90,393,396
74. Nil (Previous Year 49,180.98) units of Rs. 1000/- each of Tata Liquid Fund - SHIP - DDR	-		54,813,184
75. Nil (Previous Year 10,000,000) Units of Rs. 10/- each of Kotak FMP 15M Series 4 Growth.	-		100,000,000
76. Nil (Previous Year 87,240,215.58) units of Rs. 10/- each of LIC Income Plus Fund - Daily Dividend Plan	-		872,402,156
77. Nil (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
78. Nil (Previous Year 10,001,704.90) Units of Rs. 10/- each of Templeton Fixed Horizon Fund Series VII - Plan C - Institutional- Growth	-		100,017,049
79. Nil (Previous Year 30,865,460.47) Units of Rs. 10/- each of LIC MF Floating Rate Fund-STP - Dividend Plan	-		313,235,039
80. Nil (Previous Year 10,000,000.00) Units of Rs. 10/- each of Kotak Wealth Builder Series I - Growth	-		100,000,000
81. Nil (Previous Year 3,000,000.00) Units of Rs. 10/- each of Kotak Twin Advantage Series III - Growth	-		30,000,000
		8,003,709,753	7,209,552,925
Total Current Investment		8,035,970,122	7,246,007,521
TOTAL		**20,019,479,908**	**14,444,654,828**

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
Notes			
1) Aggregate carrying value of quoted current Investments (net of diminution)	14,260,369		18,454,596
2) Aggregate carrying value of quoted Long Term Investments	200,520,000		-
		214,780,369	18,454,596
3) Market value of quoted Investments		231,960,369	18,454,596
4) Aggregate value of unquoted Investments (net of other than temporary diminution)		19,787,519,539	14,426,200,232
5) Purchased and sold during the year			

Investments in Mutual Funds

Name of the Scheme	FV	No of Units	Cost
AIG India Liquid Fund-Super Institutional Daily Dividend	1000	1,226,398	1,227,624,832
AIG India Treasury Fund Super - IP - DDR	10	76,873,909	769,584,703
Axis Liquid Fund-Institutional Plan Daily Dividend Reinvestment	1000	112,512	112,511,762
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	10	197,794,685	1,979,192,953
Baroda Pioneer Treasury advantage Fund Institutional daily dividend plan	10	117,984,413	1,180,644,757
Bharti Axa Liquid Fund-Institutional Plan - Daily Dividend	1000	70,005	70,004,726
Bharti Axa treasury advantage fund - Institutional Plan - Daily Dividend	1000	70,220	70,220,236
Birla Sun Life Cash Plus - Instl Prem. - Daily Dividend- Reinvestment.	10	164,204,538	1,645,247,371
Birla Sun Life Savings Fund - Instl. Daily Dividend - Reinvestment	10	98,905,374	989,726,301
Birla Sun Life Short term Fund - IP - DDR	10	26,100	261,145
Canara Robeco Liquid Fund - Super - IP - DDR	10	4,581,608	46,003,927
Canara Robeco Liquid - Super Instl - Daily Div Reinvest fund	10	9,960,327	100,011,641
Canara Robeco Treasury advantage Super IP DDR	10	805,990	10,000,000
DWS Cash Opportunities Fund- Institutional plan Daily dividend	10	29,927,277	299,900,569
DWS Cash Opportunities Fund- Regular plan Daily Dividend	10	21,098,591	211,557,681
DWS Insta Cash Fund Super Institutional plan Daily Dividend	10	83,761,708	840,087,141
Fortis Money Plus-Institutional Plan Daily Dividend	10	153,562,396	1,536,100,000
Fortis Overnight Fund -Institutional plus - DDR	10	164,467,125	1,645,164,655
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment Option - Reinvest	10	36,670,280	390,039,769
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily dividend	10	39,528,599	396,531,138
HSBC Cash Fund - Institutional Plus - Daily Dividend	10	9,994,956	100,005,536
ICICI Pru Flexible Income Premium Plan - DDR	10	40,336,423	652,001,100
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Div	10	44,098,747	562,592,453
IDFC cash fund - Inst. Plan B - DDR	10	4,670,868	46,760,526
IDFC cash fund - Super Inst. Plan C - DDR	10	29,995,112	300,026,105
JM High Liquidity Fund - Super Institutional Plan Daily Dividend (92)	10	34,446,150	345,029,866
JM Money Manager Fund Super Plus Plan - Daily Dividend (171)	10	36,508,678	365,280,275
JP Morgan India Liquid Fund - Super IP - DDR	10	27,992,450	280,145,636
JP Morgan India Treasury Fund - Super Inst. DDR - Reinvest	10	14,872,554	148,857,907

SCHEDULES
Forming Part of the Accounts

Name of the Scheme	FV	No of Units	Cost
Kotak Flexi Debt Scheme - Institutional Plan - Daily Dividend	10	83,369,817	837,658,238
Kotak Liquid (Institutional Premium) Daily Dividend Reinvestment	10	76,472,822	935,117,312
L&T Liquid Inst Daily Dividend Reinvestment Plan	10	15,828,634	160,012,805
LIC MF Income Plus Fund - Daily Dividend Plan	10	118,269,686	1,182,696,863
LICMF Floating Rate Fund -STP - Dividend Plan	10	68,766	697,805
LICMF Liquid Fund - Dividend Plan	10	294,502,368	3,233,665,449
LIC Liquid Mutual Fund Daily Dividend Reinvestment	10	31,191,186	342,482,337
LIC Mutual Fund Savings Plus Daily Dividend Plan	10	251,000,000	2,510,000,000
Morgan Stanley Short term bond fund - Institutional Plus - weekly Dividend	10	10,100,259	101,004,689
Principal Cash Management Fund - IP - DDR	10	129,569	1,295,784
Reliance liquid fund Treasury Plan - Institutional option DDR	10	6,542,020	100,009,176
Reliance Liquidity Fund - DDR Option	10	87,482,790	875,099,095
Reliance Medium Term Fund - DDR	10	6,371,856	108,930,064
Reliance Money Manager Fund - Institutional DDR	1000	638,774	639,499,999
Religare liquid fund - Institutional Daily Dividend	10	4,997,193	50,003,916
Religare Liquid Fund - Super Institutional - Daily Dividend	10	153,965,865	1,540,644,035
Religare Short Term Plan - Institutional Daily Dividend	10	10,043,705	100,967,534
Religare Ultra Short Term Fund - Institutional Daily dividend	10	88,645,853	887,850,270
SBI Magnum Insta cash Fund-Daily dividend option	10	27,464,500	460,038,608
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend	10	1,627,349	16,281,630
Sundaram BNP Paribas Money Fund Super IP DDR	10	66,385,677	670,183,327
SBNPP Money Fund - Inst. Daily div. Rein	10	66,996	676,349
SBNPP Ultra ST fund Inst. div Rein Daily	10	4,641,431	46,586,045
SBNPP Ultra ST fund super Inst. div Rein Daily	10	77,921,885	782,101,956
Tata Floater Fund - Daily Dividend	10	6,532,404	65,556,595
Tata Liquid Fund SHIP - DDR	1000	246,895	275,169,956
Taurus liquid fund super Institutional daily dividend Reinvestment	10	49,763,751	755,065,053
Taurus Ultra Short term bond fund super Inst daily P DDR	10	46,727,324	552,222,960
Templeton India Treasury Management Account - Regular plan DDR	1000	6,614	10,002,174
Templeton India Treasury Management A/c - Super IP - DDR	1000	1,599,156	1,600,231,912
Templeton India Ultra Short Bond Fund Retails Plan - DDR	10	500,704	5,012,345
Templeton India Ultra Short Bond - Super IP - DDR	10	181,091,863	1,813,019,297
UTI Treasury Advantage Fund Institutional Plan - (-Daily Dividend Option) Re-investment	1000	481,323	481,426,406

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
SCHEDULE 5: SUNDRY DEBTORS (UNSECURED)			
Debts outstanding for a period exceeding six months	40,250,216		60,137,300
Other debts	601,833,398		817,882,963
		642,083,614	878,020,263
Less: Provision		37,818,924	37,876,951
TOTAL		**604,264,690**	**840,143,312**
Notes: Sundry Debtors include:			
Considered good		604,264,690	840,143,312
Considered doubtful		37,818,924	37,876,951
TOTAL		**642,083,614**	**878,020,263**
SCHEDULE 6: CASH AND BANK BALANCES			
Bank balances:			
(a) With scheduled banks: (Refer note 16 (d) to Schedule 15-II for unutilized money out of ZCCB issues)			
(i) In current accounts (including in Exchange Earners Foreign Currency account Rs. 158,380,819/- (Previous year Rs. 20,800,428/-)		329,566,186	557,708,034
(ii) In deposit accounts*		1,753,110,552	3,841,962,617
(b) With others:			
(i) with PNC Bank - New Jersey Branch in current account [Maximum amount outstanding at any time during the year Rs. 6,657,813/- (Previous year Rs. 6,831,431/-)]		1,879,140	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. 7,842,800/-)]		6,365,851	7,842,800
** Includes Rs. 156,851,323/- (Previous Year: Rs. 150,861,727/-) under lien with bank against bank Guarantee*			
TOTAL		**2,090,921,729**	**4,407,681,411**
SCHEDULE 7: OTHER CURRENT ASSETS			
Interest Accrued on bank fixed deposits		36,406,009	105,052,802
Interest Accrued on investments		2,895,763	-
TOTAL		**39,301,772**	**105,052,802**
SCHEDULE 8: LOANS AND ADVANCES (UNSECURED)			
Loans and advances to subsidiary companies	811,767,786		306,376,554
Advances recoverable in cash or kind or for value to be received	209,549,793		204,463,943
Advance income tax including tax deducted at source (net)	419,766,930		375,642,173
Premises and other deposits	187,685,423		206,656,964
Less:		1,628,769,932	1,093,139,634
Provision		7,108,628	7,258,628
TOTAL		**1,621,661,304**	**1,085,881,006**
Notes:			
1			
a) Loans and Advances include:			
b) Considered good		1,621,661,304	1,085,881,006
Considered doubtful		7,108,628	7,258,628
		1,628,769,932	**1,093,139,634**
2 Rs. 183,822,041/- (Previous Year Rs. 203,140,918/-) 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. 1,126,302/- (Previous Year: Rs. 378,682/-)]			
4 Balance with Excise department		113,547	977,549

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

		As at 31.03.2010	As at 31.03.2009
SCHEDULE 9: CURRENT LIABILITIES			
- Sundry creditors# (Refer Note 6 to Schedule 15-II)			
- Total outstanding dues to micro and small enterprises	-		-
Total outstanding dues of creditors other than micro and small enterprises	614,541,887		459,482,259
		614,541,887	459,482,259
Subsidiary Companies*		36,193,383	38,586,503
Unclaimed dividend**		5,498,902	4,800,587
Unearned revenue		260,333,976	169,698,035
Other liabilities		43,245,021	61,561,980
TOTAL		**959,813,169**	**734,129,364**

 # 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 Development 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 31.03.2010	As at 31.03.2009
SCHEDULE 10: PROVISIONS		
For taxation (including wealth tax) (net)	4,310,705	4,426,093
For fringe benefit tax (net)	-	8,051
For employee benefits		
- Leave encashment	62,709,844	50,047,206
- Gratuity (Refer Note 17 to Schedule 15-II)	21,444,165	18,618,540
For premium on redemption of ZCCBs (Refer Note 16 (c) to Schedule 15-II)	1,316,829,040	887,843,584
Proposed dividend (including tax)	107,819,169	107,363,122
TOTAL	**1,513,112,923**	**1,068,306,596**

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

		Current Year	Previous Year
SCHEDULE 11: SALES			
Products (IPR Based-License)		887,189,577	824,701,381
Services (Project Based)		2,156,318,809	2,457,626,463
Sale of Goods (Trading)		65,769,621	113,111,415
TOTAL		**3,109,278,007**	**3,395,439,259**
SCHEDULE 12: OTHER INCOME			
Dividend from investments:			
- Long Term - (trade) (from others)	69,303,965		17,367,793
- Current investments (other than trade)	300,657,662		417,192,046
		369,961,627	434,559,839
Interest:			
From bank on deposit accounts		186,671,978	191,810,867
From others		42,053,096	35,765,809
Tax deducted at source Rs. 42,145,863/- (Previous Year: Rs. 57,45,362/-)			
Business Support services		195,840,000	211,200,000
IT Infrastructure sharing income		20,144,081	9,140,148
Gain on extinguishment of debt (net of commission of Rs. Nil) (Previous year Rs. 9,898,253/-)		-	115,340,252
Profit on sale of fixed assets (net)		30,765,343	-
Profit on sale of investments (net)			
- Long term investments (trade) (Refer Note 14 to Schedule 15-II)	2,368,281,250		-
- Current investments (Other than trade)	149,105,467		2,202,653,851
		2,517,386,717	2,202,653,851
Exchange rate fluctuations (net)			513,223,983
Miscellaneous income		49,088,201	4,878,555
TOTAL		**3,411,911,043**	**3,718,573,304**
SCHEDULE 13: OPERATING AND OTHER EXPENSES*			
Payment to and provisions for employees:			
Salaries and bonus	843,020,954		873,749,349
Contribution to provident fund and other funds	34,048,682		28,605,518
Gratuity	14,966,224		31,505,824
Staff welfare expenses	8,304,915		14,339,321
		900,340,775	948,200,012
Electricity		35,132,280	34,298,054
Brokerage and commission charges		27,417,047	24,604,761
Rent (Refer Note 10 to Schedule 15-II)		212,094,181	217,724,431
Rates and taxes		16,323,939	21,853,105
Service charges		26,089,501	34,633,018
Repairs and maintenance- others		9,223,305	16,093,584
Traveling and conveyance		22,575,726	32,633,186
Communication expenses		29,653,525	25,393,069
Insurance		1,534,536	1,380,990
Exchange rate fluctuations (net)		285,352,185	
Diminution in value of current investments		14,004,464	5,878,382
Diminution in value of long term investments		-	637,625,934
Loss on sale of fixed assets (net)		-	721,216
Legal and professional charges		91,638,271	86,798,207
Sponsorship Expenses		5,710,953	5,172,653
Membership and subscription fees		9,089,134	8,388,747
Irrecoverable debts / advances written off		1,631,942	8,490,070
Provision for doubtful debts / advances		-	8,551,000
Donation		74,585,400	15,027,990
Miscellaneous expenses		142,203,705	119,511,080
TOTAL		**1,904,600,869**	**2,252,979,489**

**Net of recoveries on account of sharing of common expenses with group companies(Refer Note 13 to Schedule 15-II)*

SCHEDULES
Forming Part of the Accounts

(Amount in Rupees)

	Current Year	Previous Year
SCHEDULE 14: INTEREST		
Interest on:		
- Other than fixed loan (including delayed tax payment Rs. 45,522/- (Previous year Rs. 1,273,649/-))	155,581	1,397,420
TOTAL	**155,581**	**1,397,420**

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

SCHEDULE 15:

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 recognized in the period in which the results are known / materialize.

C. Fixed assets (tangible assets)

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

D. Intangible assets

Intangible assets are recognized 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 amortization and impairment loss, if any.

E. Operating leases

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

F. Depreciation and amortization

Depreciation and amortization is provided for on straight line basis 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:

Assets	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 recognized as profit or loss on sale of investments.

H. Revenue recognition

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

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

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

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

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

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

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

Dividend income is 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. Exchange differences relating to long term monetary items are dealt with in the following manner:

i. Exchange differences 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 amortized to the profit and loss account over the balance life of the long-term monetary item, however, period of amortization does not extend beyond 31st March, 2011. (Refer Note 15 below).

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 recognized in the profit and loss account.

Foreign branches

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

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 recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of the available refunds and reduction in contributions to the scheme.

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

K. Borrowing costs
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. 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 recognizes deferred tax (subject to consideration of prudence) based on the tax effect of timing differences, being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the statement of profit and loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Fringe benefit tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961, and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India ('ICAI').

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

II. NOTES FORMING PART OF ACCOUNTS:

(Amount in Rupees)

	Current Year	Previous Year
1. Estimated amount of contracts to be executed on capital account and not provided for (net of advances)	348,172,348	102,794,826
2. Contingent liabilities not provided for in respect of:		
(a) Guarantees given to third parties by the Company on behalf of its subsidiary companies	280,936,640	1,290,535,600
(b) Income tax demands against which the Company is in appeal (including adjustable against Securities Premium account Rs. 194,103,143/- (Previous year Rs. 194,103,143/-)	260,382,158	253,569,185
(c) Service tax and excise dues contested by the Company. The Company is hopeful of positive outcome	15,306,962	8,303,968
3. Payment to auditors (excluding service tax)		
(a) For audit fees	2,500,000	2,500,000
(b) For special purpose audit of interim accounts	1700,000	-
(c) For other matters (certificates etc.)	720,000	890,000
(d) For reimbursement of out of pocket expenses	8,042	30,756
TOTAL	**4,928,042**	**3,420,756**
4. (i) Managerial remuneration under Section 198 of the Companies Act, 1956 paid or payable during the year		
(a) Salaries and allowances*	44,440,668	44,455,251
(b) Perquisites	4,644,478	4,991,941
(c) Provision for compensated absences	617,231	617,232
(d) Commission to Managing Director	62,500,000	115,000,000
TOTAL	**112,202,377**	**165,064,424**
**Excludes gratuity and compensated absences which are actuarially valued and where separate amounts are not identifiable*		
(ii) The Company has also paid sitting fees of Rs. 290,000/- (Previous Year: Rs. 360,000/-) to its non executive directors during the year		
(iii) Computation of net profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956:		

(Amount in Rupees)

	Current Year	Previous Year
Net profit before tax	4,471,729,361	4,648,188,085
Add: Directors remuneration (including commission)	112,202,377	165,064,424
Directors sitting fees	290,000	360,000
Provision for doubtful debts / advances	-	8,551,000
Provision for diminution in value of investments	14,004,464	643,504,316
	4,598,226,202	**5,465,667,825**
Less: Profit on sale of investments (net)	2,517,386,717	2,202,653,851
Gain on extinguishment of debt (net)	-	115,340,252
Net profit under Section 349 of the Companies Act, 1956	**2,080,839,485**	**3,147,673,722**
(a) Eligible salaries, perquisites and commission @ 10% of above	208,083,949	314,767,372
(b) Commission to Managing Director (As decided by Board of Directors)	62,500,000	115,000,000
(c) Commission to Non whole time director (As decided by Board of Directors)	-	-

5. During the year, a portion of the investments in equity shares of MCX Stock Exchange Limited ('MCX-SX') held by the Company was cancelled pursuant to a Court approved Composite Scheme of Reduction cum Arrangement (the 'Scheme') between MCX-SX and its equity shareholders u/ss. 100-104 read with ss. 391-394 of the Companies Act, which was sanctioned by the Bombay High Court on 12th March, 2010 and registered with ROC on 19th March, 2010. The said reduction was done to comply with regulatory requirements applicable to MCX-SX viz., Securities Contracts (Regulation) (Manner of Increasing and Maintaining Public Shareholding in Recognized Stock Exchanges) Regulations, 2006 ('MIMPS') restricting the holding of the Company, its associate and another party to 5% each in MCX-SX.

In terms of the Scheme, in as much as it relates to the Company:

1) Pursuant to the reduction, 562,460,000 equity shares of Re. 1/- each (cost Rs. 562,460,000/-) held by the Company in MCX-SX were cancelled on 19th March, 2010 for a consideration payable by MCX-SX to the Company aggregating Rs. 562,460,000/- (being the paid up value thereof). Accordingly, the pre-reduction holding by the Company of 589,625,000 equity shares of Re. 1/- each (total cost of investment Rs. 589,625,000/-), constituting 33.89% shareholding in MCX-SX, is reduced by 562,460,000 shares and as at 31st March, 2010, the Company holds 27,165,000 equity shares in MCX-SX at cost, constituting 5% interest in MCX-SX (as required as per MIMPS Regulation). In terms of the Scheme, the consideration receivable was adjusted against the non refundable interest free deposit to be paid by the Company towards warrants as stated herein below. Accordingly, no profit or loss is recognized on the reduction.

2) The Company was allotted 562,460,000 warrants by MCX-SX on 22nd March, 2010 against the aforementioned interest free deposit payable by the Company of Rs. 562,460,000/- pursuant to the arrangement (Refer Schedule 4). Each warrant entitles the holder to subscribe to one equity share of Re. 1/- each of MCX-SX at any time after six months from the date of issue of warrants. Upon exercise of this option, the proportionate deposit will be adjusted against the money payable in respect of equity shares to be issued and no further amount will be payable by the warrant holder for the equity shares against the exercise of warrants. The warrants are also freely transferable by endorsement and delivery. The warrants do not carry any voting or dividend rights. The Company cannot increase, at any point of time, their shareholding beyond permissible limits under MIMPS Regulations.

   The Company has been advised by independent legal/tax counsels that there is no tax liability on such reduction and arrangement in terms of the sanctioned Scheme. On this basis, no tax liability has been determined or recognized in accounts.

6. Capital Work in Progress (Refer Schedule 3) includes amount aggregating Rs. 498,833,045/- (Previous year Rs. 474,596,833/-) towards purchase of agricultural lands. The original intention of the Company was, interalia, setting up of a Research and Development and other related centers. However, considering the time involved in completion of regulatory formalities / approvals to convert to the status of non-agricultural land, the Company has signed a memorandum of understanding to sell off the said land. As per terms of the said memorandum of understanding the Company has received Rs. 200,000,000/- as advance till balance sheet date which is included in Sundry Creditors (Refer Schedule 9). Pending such sale as at the balance sheet date the unused land continues to form part of Capital Work in Progress at lower of book value and net realizable value (Refer Schedule 3).

7. During the financial year 2007-08, 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 utilization of proceeds out of GDR as of 31st March, 2010:

	Rupees
Proceeds received (net of expenses)	**4,361,666,837**
Less: Deployment up to 31st March, 2009	2,898,936,368
Balance pending utilization as on 31st March, 2009	**1,462,730,469**
Deployment for the year ended 31st March, 2010	
Investment in and loans to subsidiaries	1,757,716,735
Others (including foreign exchange fluctuations)	(294,986,466)
Total utilized	**1,462,730,469**
Balance pending utilization as on 31st March, 2010	**NIL**

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	October 31, 2005	440,000	981.60	31.10.2005-30.10.2006
			981.60	31.10.2005-30.10.2007
			981.60	31.10.2005-30.10.2008
ESOP 2006	November 20, 2006	440,000	1812.70	20.11.2006-19.11.2007
			1812.70	20.11.2006-19.11.2008

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

During the previous 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.

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

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	207,425	-
	(211,800)	(440,000)
Options granted during the year	-	-
	(-)	(-)
Options exercised during the year	194,900	-
	(-)	(-)
Options lapsed / forfeited / cancelled during the year	-	-
	(4,375)	(440,000)
Options outstanding as at the year-end	12,525	-
	(207,425)	(-)
Options exercisable as at the year-end	12,525	-
	(207,425)	(-)

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

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

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 lower by Rs. 30,833,206/- (Previous year higher by Rs. 181,460,227/-) 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		3,443,658,728	3,685,962,503
Add / (Less): Total stock-based employee compensation income / expense determined under fair value based method		(30,833,206)	181,460,227
Adjusted net profit for basic / diluted EPS		3,412,825,522	3,867,422,730
Weighted average no. of shares			
Basic		45,936,562	45,883,637
Add: Effect of dilutive options		3,940	-
Diluted		45,940,502	45,883,637
Basic and diluted earnings per share (face value Rs. 2/- per share)			
- As reported (in Rs.)	Basic	74.97	80.33
	Diluted	74.96	80.33
- As Adjusted (in Rs.)	Basic	74.29	84.29
	Diluted	74.29	84.29

The fair value of each option on the date of grant / modification is Rs. 483.88 / Rs. 794.25 under ESOP Scheme 2005 and Rs. 547.29 under ESOP Scheme 2006 using the Black-Scholes Option Pricing Formula, considering the following parameters:

		ESOP 2005	ESOP 2006
(i)	Expected volatility	64.48% to 86.41%	48.05% to 57.74%
(ii)	Option life	3 years-5 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.

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

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

(Amount in Rupees)

	As at 31.03.2010	As at 31.03.2009
a) Deferred tax liability:		
Depreciation	64,725,938	102,947,736
Foreign exchange difference related to Fixed Assets	3,525,660	-
Investments	69,820,733	119,226,907
	138,072,331	222,174,643
b) Deferred tax asset:		
Provision for doubtful debts, advances etc.	15,270,875	15,304,225
Diminution in the value of investments	13,506,372	12,916,185
Provision for Leave Encashment and Gratuity	21,315,075	23,111,354
Others	-	4,139,597
	50,092,322	55,471,361
Net deferred tax liability	87,980,009	166,703,282

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

(Amount in Rupees)

	Current Year	Previous Year
Lease rentals (net of recoveries Rs. 22,520,000/-) (Previous year Rs. 1,492,258/-) (included in Schedule 13 'Rent'.)	90,020,101	125,754,477
Obligations on non-cancellable leases		
Not later than one year	106,229,328	160,947,000
Later than one year and not later than five years	94,440,193	183,479,579
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
Salaries	13,987,752	14,850,960
Traveling Expenses	5,449,695	10,872,181
Professional fees	2,344,574	25,942,935
Purchase of goods for trading	18,502,737	35,996,438
Other matters	14,058,318	12,551,070
TOTAL	54,343,076	100,213,584

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

(Amount in Rupees)

Nature of Income	Current Year	Previous Year
Export of Products (IPR based)	39,720,875	35,433,974
Export of Services (Project based)	1,214,282,728	1,230,691,267
Interest on deposits/others	21,333,625	109,488,150
Profit on Sale of Investment	-	2,067,280,550
Other matters	-	9,267,107
TOTAL	1,275,337,228	3,452,161,048

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

c) Trading Goods:

Class of Goods	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (Nos)	Amount (Rs)	Qty (Nos)	Amount (Rs)	Qty (Nos)	Amount (Rs)	Qty (Nos)	Amount (Rs)
Computer hardware including peripherals and support charges	- (1)	- (390,798)	629 (2,170)	22,551,402 (72,964,508)	629 (2,171)	29,513,702 (93,229,982)	- (-)	- (-)
Computer Software including Licenses and Subscription charges	- (-)	- (-)	1,201 (48)	23,821,995 (13,489,617)	1,201 (48)	36,255,919 (19,881,433)	- (-)	- (-)
TOTAL	- (1)	- (390,798)	1,830 (2,218)	46,373,397 (86,454,125)	1,830 (2,219)	65,769,621 (113,111,415)	- (-)	- (-)

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)
2) IBS Forex Ltd. (IBS)
3) atom Technologies Ltd. (atom)
4) Riskraft Consulting Ltd. (Riskraft)
5) National Spot Exchange Limited (NSEL)
6) National Bulk Handling Corporation Ltd. (NBHC)
7) Financial Technologies Middle East- DMCC (FT ME)
8) Global Board of Trade Ltd. (GBOT)
9) Singapore Mercantile Exchange Pte Ltd. (SMX)
10) Knowledge Assets Pvt. Ltd. (KAPL)
11) FT Group Investments Pvt. Ltd. (FTGIPL)
12) Financial Technologies Communications Ltd. (FTCL)
13) Global Payment Networks Ltd. (GPNL)
14) FT Knowledge Management Company Ltd. (FTKMCL)
15) Indian Bullion Market Association Ltd. (subsidiary of NSEL)
16) Trans-Global Credit & Finance Ltd. (TGCFL)
17) Singapore Mercantile Exchange Clearing Corporation Pte Ltd. (Subsidiary of SMX) (SMX-CCL)
18) Financial Technologies Middle East FZ-LLC. (Subsidiary of FTME) (Deregistered/liquidated on 25th November, 2009 w.e.f. 28th February, 2009)
19) Capricorn Fin-Tech (Pvt). Ltd. (Subsidiary of FTME)
20) Bourse Africa Limited (Subsidiary of FTGIPL) (w.e.f. 15th October, 2008)
21) Boursa India Ltd. (w.e.f. 16th February, 2009)
22) ICX Platform (Pty) Limited (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 and Investments Limited (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)
28) Financial Technologies Singapore Pte Ltd. (w.e.f. 15th April, 2009)
29) BFX Clearing & Depository Corporation BSC(c) (Subsidiary of BFX) (w.e.f. 29th March, 2010)

(ii) Associate Companies:

1) Multi Commodity Exchange of India Limited (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.)
5) MCX Stock Exchange Limited (w.e.f 8th September, 2008 to 18th March, 2010) (MCX-SX)

(iii) Joint Venture Companies:

1) Dubai Gold and Commodities Exchange (DGCX) - Jointly controlled in which Company holds 18.60% Share Capital

(iv) **Key Management Personnel**
1) Mr. Jignesh Shah : Chairman and Managing director
2) Mr. Dewang Neralla : Whole-time 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 Limited (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 given:			
	- Opening balance	256,982,030	-	-
		(29,800,000)	(-)	(-)
	- Given during the year	1,609,577,410	-	-
		(616,832,030)	(-)	(-)
	- Repaid / adjusted during the year	585,757,275	-	-
		(389,650,000)	(-)	(-)
	- Converted in Equity	508,675,500	-	-
		(-)	(-)	(-)
	- Balance at the end of the year	772,126,665	-	-
		(256,982,030)	(-)	(-)
2	Sales-Products (IPR Based License)	33,696,246	71,744,416	25,717,605
		(35,145,982)	(25,814,856)	(-)
3	Sales-Services (Project based)	1,418,014,217	666,810,115	7,481,319
		(1,303,563,152)	(1,085,350,351)	(-)
4	Other Income			
	Shared Business Support Services	57,840,000	138,000,000	-
		(82,200,000)	(129,000,000)	(-)
	IT infrastructure sharing income	8,973,980	11,170,101	-
		(3,848,278)	(5,291,869)	(-)
	Interest received	20,296,356	9,300,557	-
		(14,894,142)	(-)	(-)
5	Sale of traded goods	128,800	12,442,353	-
		(6,885,179)	(101,986,390)	(-)
6	Sale of Fixed Assets (Proceeds received)	-	172,116,594	-
		(-)	(1,840,181)	(-)
7	Purchase of Fixed Assets (proceeds received)	-	-	-
		(11,137,382)	(31,764,209)	(-)
8	Recoveries charged by the Company towards expenses	93,488,305	30,916,828	-
	(Refer Schedule 13)	(59,513,300)	(38,525,759)	(-)
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)	(-)
	- other expenses	15,388,164	42,759,636	-
		(13,363,823)	(28,814,741)	(-)
10	Advances			
	- Balance as at the close of the year	39,641,121	17,081,370	-
		(48,739,287)	(1,173,872)	(-)
11	Current liabilities as at the close of the year			
	- Sundry Creditors	5,383,771	-	-
		(7,113,853)	(16,596)	(-)
	- Unearned revenues	49,595,994	27,080,516	3,226,571
		(23,419,129)	(28,093,434)	(-)
12	Rent Deposits charged by the Company			
	- Amount received towards Rent deposits	4,867,200	-	-
		(30,262,412)	(-)	(-)
	- Rent deposits refunded by the Company	4,875,000	-	-
		(8,721,000)	(13,843,824)	(-)
	- Balance at the close of the year	30,809,612	-	-
		(30,817,412)	(-)	(-)

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

(Amount in Rupees)

Sr. No.	Nature of Transaction	Subsidiary Companies	Associate Companies	Joint Venture Companies
13	Rent Deposits charged to the Company by MCX			
	- Amount given towards Rent deposits	-	-	-
		(-)	(11,679,600)	(-)
	- Balance at the close of the year	-	11,909,828	-
		(-)	(11,909,828)	(-)
14	Sundry Debtors			
	- Balance as at the close of the year	474,748,090	64,332,619	2,084,655
		(493,962,450)	(281,418,788)	(-)
15	Dividend Received from MCX	-	63,613,965	-
		(-)	(12,722,793)	(-)
16	Guarantees given on behalf of			
	- Decrease for the current year	1,013,060,880	-	-
	Increase for the previous year	(1,169,542,261)	(-)	(-)
	- Balance at the close of the year	277,474,720	-	-
		(1,290,535,600)	(-)	(-)
17	Investments made during the year			
	Equity / Ordinary Shares	1,532,926,979	46,000,000	-
		(1,292,375,697)	(673,000,000)	(-)
	Conversion of loan granted to Equity / Ordinary shares	508,675,500	-	-
		(-)	(-)	(-)
	Optionally Convertible Preference Shares	2,354,750,000	-	-
		(653,700,000)	(-)	(-)
18	Equity investment reduced during the year	-	562,460,000	-
	(Refer Note 5 to Schedule 15-II)	(-)	(-)	(-)
19	Investment balance at the close of the year	9,809,999,789	294,727,930	82,878,000
		(5,413,647,311)	(910,227,930)	(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 & Allowances	112,202,377	6,000,000	-
		(165,064,424)	(6,000,000)	(-)
2.	Dividend paid during the year	67,119,672	615,344	96,936,504
		(101,959,508)	(523,016)	(145,404,756)
3.	Payment made by the Company as per arbitration award (La-fin)	-	-	4,943,400
		(-)	(-)	(967,970)

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

(a) Key Managerial person

(Amount in Rupees)

Transactions during the year	Key Managerial Personnel	Amount
Salary and allowances		
	Jignesh Shah	97,323,478
		(150,170,940)
	Dewang Neralla	14,878,899
Dividend paid		(14,893,483)
	Jignesh Shah	66,636,680
		(101,235,020)

Notes: (b) Transactions with subsidiaries, associates and a joint venture company.

	Subsidiaries/Associates/Joint Venture Company																(Amount in Rupees)
Transactions during the year	atom	Tickerplant	Riskraft	NBHC	NSEL	FTME	Apian	CMSL	GBOT	FTGIPL	Takshashila	BFX	SMX	DGCX	MCX	MCX-SX	IEX
Loan given	36,950,000	156,112,000		-	200,000,000	47,800,663	573,500,000	-	-	-	-	-	508,675,500	-	-	-	-
	(115,600,000)	(85,800,000)		(-)	(-)	(202,526,248)	(-)	(115,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Loan repaid	13,350,000	7,000,000		-	-	-	510,000,000	-	-	-	-	-	0	-	-	-	-
	(118,300,000)	(98,800,000)		(-)	(-)	(-)	(-)	(115,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sales-Services (Project based)	-	-	-	-	210,049,030	-	-	-	291,500,000	-	-	576,620,950	216,180,000	-	409,278,024	231,218,359	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(580,375,000)	(-)	(-)	(-)	(443,115,000)	(-)	(823,268,749)	(173,247,456)	(-)
Shared Business Support Services	24,000,000	24,000,000	-	-	-	-	-	-	-	-	-	-	-	-	96,000,000	42,000,000	-
	(30,000,000)	(30,000,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(108,000,000)	(21,000,000)	(-)
IT-infrastructure sharing income	-	-	-	2,304,245	2,226,135	-	-	-	-	-	-	-	-	-	8,895,872		-
	(-)	(-)	(-)	(962,069)	(962,069)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3,848,217)		(-)
Sale of traded goods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,894,484	3,547,869	-
	(-)	(-)	(-)	(-)		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(54,798,671)	(31,172,394)	(16,015,326)
Sales- Product (IPR based License)	-	-	-	-	23,048,499	-	-	-	-	-	-	-	-	25,717,605	-	58,005,425	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(15,000,000)	(-)
Purchase of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(10,900,982)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(31,764,209)	(-)	(-)
Sale of Fixed asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	172,116,594
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Recoveries charged by the company towards expenses (Refer Schedule 13)	13,879,871	30,788,758	-	24,762,955	-	-	-	-	-	-	-	-	-	-	27,204,235	-	-
	(11,377,383)	(6,684,971)	(-)	(10,752,496)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(32,677,736)	(-)	(-)
Reimbursement of expenses charged to the Company -Others	-	6,056,385	-	1,187,101	-	-	-	-	-	-	-	-	-	-	41,156,078	-	-
	(-)	(763,570)	(-)	(6,641,596)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(27,295,441)	(-)	(-)
Interest received	356,910	4,410,103	1,892,679	-	-	-	4,230,493	-	-	-	-	-	-	-	-	-	9,300,557
	(4,949,671)	(4,506,389)	(1,863,036)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Rent deposits received from them	-	4,867,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(4,800,000)	(10,886,912)	(-)	(10,945,500)	(-)	(-)	(-)	(-)	(-)	(-)	(3,630,000)	(-)	(-)	(-)	(-)	(-)	(-)
Rent deposits refunded to them	4,875,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(5,508,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(13,843,824)	(-)	(-)
Conversion of loan granted to equity / ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	508,675,500	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Equity investment reduced during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	562,460,000	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investment made during the year	-	-	-	-	-	-	-	-	706,950,000	1,647,800,000	-	-	1,256,827,244	-	-	-	-
	(-)	(300,000,000)	(-)	(-)	(-)	(569,419,197)	(-)	(-)	(-)	(653,700,000)	(-)	(-)	(-)	(-)	(-)	(661,500,000)	(-)
Decrease in guarantees given in current year and increase in guarantees given in last year	-	-	-	-	1,000,000,000	-	-	-	-		-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(1,155,000,000)	(-)	(-)	(-)	(-)		(-)	(-)	(-)	(-)	(-)	(-)	(-)

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

14. The Company, as part of its core business strategy promotes and invests in new 'Exchange', 'Technology' and 'Ecosystem' ventures that utilize 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. 2,368,281,250/- (Previous year 2,067,280,550/-) (net of directly attributable brokerage expenses of Rs. 75,468,750 (Previous Year Rs. 98,331,750/-)) is grouped under 'Profit on sale of Investments' in Other Income (Schedule 12).

15. In the previous year, the Company 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 I of Schedule 15-I.

Accordingly, cumulative foreign exchange loss (net) of (1) Rs. 69,383,630/- (Previous year Rs. 230,886,837/-) has been adjusted to the cost of the fixed assets / capital work-in-progress and (2) Rs. 364,301,775/- has been credited (Previous year debited Rs. 516,543,586/-) to the Foreign Currency Monetary Item Translation Difference Account (unamortized balance at the year end is credit Rs. 52,086,836 (Previous year debit Rs. 352,608,206/-)).

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 up to 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 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.

(b) During the previous 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/- was included in Schedule-12 'Other Income'. Consequent upon such repurchase, 9,500 ZCCBs stood cancelled. As at balance sheet date 90,500 ZCCBs having face value of USD 1,000 each outstanding have been 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 31.03.2010	As at 31.03.2009
Opening balance	887,843,584	415,987,120
Add: Provision made during the year	428,985,456	561,326,280
Less: Adjustment on account of buy back of ZCCBs	-	89,469,816
Closing balance	1,316,829,040	887,843,584

(d) Statement of utilization of proceeds out of ZCCBs till 31st March, 2010

Particulars	*(Amount in Rupees)*
Proceeds received (net of expenses)	4,316,463,071
Less: Deployment up to 31st March, 2009	3,887,839,634
Balance pending utilization as on 31st March, 2009	**428,623,437**
Deployment for the year ended 31st March, 2010	
Investments in Subsidiaries	191,902,235
Others (including Foreign Exchange fluctuations)	221,825,332
Total utilized	**413,727,567**
Balance held as under pending utilization	
(a) in Current and Deposit account in Scheduled bank (included in Schedule 6)	15,029,047
(b) Unrealized gain on foreign currency	(133,177)
Total Balance pending utilization	**14,895,870**

17. Employee benefit plans:

Defined contribution plans: Amounts recognized as expenses towards contributions to provident fund, employee state insurance corporation and other funds by the Company are Rs. 34,048,682/- (Previous Year Rs. 28,605,518/-).

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)

		Current Year	2009	2008	2007
I.	**Change in benefit obligation:**				
	Projected benefit obligation at the beginning of the year	53,547,681	20,208,052	12,410,170	7,630,218
	Interest Cost	4,283,814	1,616,644	992,814	572,266
	Current Service Cost	15,952,492	6,315,612	6,034,181	2,110,459
	Benefit Paid	(1,971,832)	(947,726)	(160,363)	(608,510)
	Cost on amendment of plan	-	*18,179,314	-	-
	Actuarial loss on obligations	(2,048,206)	6,681,696	931,250	2,705,737
	Obligation (transferred) / taken	(3,060,913)	1,494,089	-	-
	Projected benefit obligation at the end of the year	**66,703,036**	**53,547,681**	**20,208,052**	**12,410,170**
II.	**Change in plan assets**				
	Fair Value of the plan asset at beginning of the year	34,929,141	13,867,447	6,550,775	2,582,325
	Expected return on plan assets	2,794,331	1,109,396	524,062	206,586
	Contributions	9,079,685	20,721,978	6,842,950	4,380,303
	Benefits paid	(1,971,832)	(947,726)	(160,363)	(608,510)
	Actuarial gain on plan assets	427,546	178,046	110,023	(9,929)
	Fair value of plan assets at the end of the year	**45,258,871**	**34,929,141**	**13,867,447**	**6,550,775**
	Excess of obligation over plan assets	**21,444,165**	**18,618,540**	**6,340,605**	**5,859,395**
III.	**Gratuity expense for the year**				
	Current service cost	15,952,492	6,315,612	6,034,181	2,110,459
	Interest cost	4,283,814	1,616,644	992,814	572,266
	Expected return on plan assets	(2,794,331)	(1,109,396)	(524,062)	(206,586)
	Net actuarial loss recognized	(2,475,751)	6,503,650	821,227	2,715,666
	Cost on amendment of plan	-	*18,179,314	-	-
TOTAL		**14,967,224**	**31,505,824**	**7,324,160**	**5,191,805**
IV.	**Actual return on plan assets**	**3,221,877**	**1,287,442**	**634,085**	**196,657**
V.	**Category of Assets as at end of the year**				
	Insurer Managed Funds (Fund is managed by LIC of India as per IRDA guidelines, category wise composition of the planned asset is not available)	45,258,871	34,929,141	13,867,447	6,550,775
TOTAL		**45,258,871**	**34,929,141**	**13,867,447**	**6,550,775**
VI.	**Assumptions**				
	Discount rate	7.50%	8.00%	8.00%	8.00%
	Salary escalation rate	7.50%	8.00%	7.50%	7.50%
	Expected rate of return on plan assets	7.50%	8.00%	8.00%	8.00%

**on account of change in gratuity plan to employees whereby there is no cap on the maximum liability on account of change in policy during the previous 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 31.03.10	Balance as on 31.03.09	Maximum amount outstanding during the year
National Bulk Handling Corporation Limited	Subsidiary	13,403,948#	13,600,315#	34,382,564 (20,312,034)
National Spot Exchange Limited	Subsidiary	200,419,482	-	200,419,482 (6,739,618)
Tickerplant Limited	Subsidiary	161,899,614	11,322,911#	161,899,614 (107,034,927)
Riskraft Consulting Limited	Subsidiary	15,078,533	25,196,664#	25,963,873 (26,672,532)
atom technologies Limited	Subsidiary	27,735,736	12,972,422#	27,735,736 (127,685,971)
Financial Technologies Communications Limited	Subsidiary	29,248,107	30,66,893#	34,756,125 (30,66,893)
Global Payment Networks Limited	Subsidiary	-	16,273#	16,273 (17,490,647)
Indian Energy Exchange Limited	Associate	8,554,401	-	9,548,059 (1,677,683)
FT Group Investments Pvt. Ltd.	Subsidiary	-	-	2,158,018 (323,861)
Knowledge Assets Private Ltd.	Subsidiary	-	-	- (322,863)
Singapore Mercantile Exchange PTE Limited	Subsidiary	1,062,361	402,002#	513,011,334 (7,187,665)
FT Knowledge Management Company Limited	Subsidiary	31,258,962	10,127,741#	31,258,962 (26,144,718)
Trans-Global Credit & Finance Limited	Subsidiary	305,237	308,009#	316,984 (620,140)
Apian Finance & Investment Ltd.	Subsidiary	63,487,274	-	563,500,510 (15,615,260)
Credit Market Services Ltd.	Subsidiary	65,221	682,378#	682,378 (70,057,399)
Takshashila Academia of Economic Research Limited	Subsidiary	25,991,318	10,773,234#	26,315,602 (10,808,218)
Global Board of Trade Limited	Subsidiary	789,830#	1,670,345#	1,670,345 (1,715,277)
Bourse Africa Limited	Step down subsidiary	75,802#	480,306#	1,394,907 (480,306)
Singapore Mercantile Exchange Clearing Corporation Pte Limited	Step down subsidiary	-	-	- (85,160)
MCX Stock Exchange Ltd.	Associate (till March 19, 2010)	326,934#	890,798#	1,506,457 (4,334,617)
Financial Technologies Middle East DMCC	Subsidiary	220,422,162	198,921,972#	234,590,358 (200,388,604)
ICX Platform (PTY) Ltd.	Subsidiary	11,892,503	13,055,782#	12,828,312 (13,055,782)
Multi Commodity Exchange of India Ltd.	Associate	20,064,515#	-	20,064,515 (17,073,303)
MCX-SX Clearing Corporation Ltd.	Associate	45,348#	-	338,278 (-)
Indian Bullion Market Association Ltd.	Step down Subsidiary	1,612,799#	-	1,612,799 (-)
Bahrain Financial Exchange	Subsidiary	111,043#	-	315,264 (-)

 # includes non- interest bearing advances

Notes:

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

ii) None of the loanees has made investments in the shares of the Company.

iii) Figures given in brackets pertain to previous year.

19. Earnings Per Share is calculated as follows:

(Amount in Rupees)

Particulars	Current Year	Previous Year
EPS		
a. Net profit available for equity shareholders (for basic / diluted EPS)	3,443,658,728	3,685,962,503
b. Weighted average number of equity shares		
Basic	45,936,562	45,883,637
Add: Effect of dilutive stock options	3,940	-
Diluted	45,940,502	45,883,637
c. Basic earnings per share	74.97	80.33
Diluted earnings per share	74.96	80.33
d. Face value per share	2/-	2/-

20. Joint Venture Disclosure:

a. Jointly Controlled Entity ('JCE') of the Company :

Name of the Entity	:	Dubai Gold and Commodities Exchange DMCC ('DGCX')
Country of Incorporation	:	United Arab Emirates
% Holding	:	18.60% (Previous year 18.60%)

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, 2010:

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)

Transactions during the year	DGCX
I. Assets	
1. Fixed Assets	12,542,458
	(23,828,110)
2. Current Assets	
a) Debtors	1,218,022
	(1,167,425)
b) Cash and Bank Balances	278,836,443
	(315,994,336)
c) Loans and Advances	1,354,382
	(5,512,085)
II. Liabilities	
1. Current Liabilities	233,002,099
	(195,819,374)
2. Provisions	10,280,481
	(9,111,894)
III. Income	
1. Admission Fees	6,292,612
	(11,614,594)
2. Transaction Fees	8,162,032
	(4,097,759)
3. Interest Income	3,433,646
	(5,989,268)
4. Other Income	1,011,512
	(1,293,930)

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

(Amount in Rupees)

Transactions during the year		DGCX
IV.	Expenses	
1.	Operating and Other Expenses	88,740,131 (80,980,272)
2.	Depreciation	8,685,366 (5,301,190)
V.	Contingent liabilities	- (-)
VI.	Capital Commitments	- (-)

Previous year figures are given in brackets.

21. 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	4,448,278,100 (2,548,533,047)	98,544,043 (50,020,276)	USD
Net receivables	290,083 (463,016)	9,009 (13,491)	SGD
Net receivables	- (546,687)	- (12,310)	CHF
Net Payable / (Net Receivable) in previous year	48,235 (1,670,345)	31,725 (1,029,171)	MUR
Net Payable	5,222,391 (-)	425,855 (-)	AED

Previous year figures are given in brackets.

22. 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 Rupees)
Dividends paid during 2009-10			
2009-10 (1st Interim Dividend)	560	121,171,660	24,343,320
2009-10 (2nd Interim Dividend)	633	11,526,879	23,053,758
2009-10 (3rd Interim Dividend)	624	11,724,451	23,448,902
2008-09 (Final Dividend)	603	11,926,424	23,852,848
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	65,346,876

SIGNIFICANT ACCOUNTING POLICIES
and Notes to Accounts

23. 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. 105,532,436 (Previous year Rs. 120,741,352/-).

24. The Company has investments aggregating Rs. 9,238,186,235/- (Previous Year Rs. 4,385,674,551/-) in certain subsidiary companies and a joint venture company and loans and advances / debtors aggregating Rs. 286,620,649/- (previous year Rs. Nil) due from some of these entities. These entities have continuing losses (share of aggregate losses as at 31st March, 2010; Rs. 2,519,229,714/-, (Previous Year Rs. 1,210,751,139/-) including on account of expensing out start up costs and costs relating to research and development activities) against which a provision for other than temporary diminution of Rs. 569,026,000/- was made during the previous year.

    These investments are held as long term strategic investments. These entities are at various stages of executing their business plans / commencing operations which is expected to result into profitability. On an evaluation of the business plans for these entities, the said provision is considered adequate and no provision is considered necessary towards loans and advances and debts due. The Company expects that the value in these investments will be unlocked at appropriate times as mentioned in Note 14 above.

25. 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 earlier 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.

26. 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: 29th May, 2010

For and on behalf of the Board

Jignesh Shah
Chairman & Managing Director

Chandrakant Kamdar
Director

Hariraj Chouhan
Vice President & Company Secretary

Place: Mumbai
Date: 29th May, 2010

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
24,641,863	24,641,863
Paid up capital	Reserves and Surplus
92,157	20,324,469
Secured Loans	Unsecured Loans
—	4,085,170
Net Fixed Assets	Investments
2,739,159	20,019,480
Net Current Assets	Deferred Tax
1,883,223	87,980
Misc. Expenditure	Accumulated Losses
—	—

III. Performance of Company (Before Exceptional Items)

(Amounts in Rs. Thousands)

Turnover (Sales and Other Income)	Total Expenditure
6,481,783	2,010,054
Profit / (Loss) Before Tax	Profit / (Loss) After Tax
4,471,729	3,443,659
Earnings per Share in Rs. (refer Note 19 of Schedule 14)	Dividend Rate %
74.97	400%

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	Bourse Africa Limited	Bahrain Financial Exchange BSC (c)	FT Group Investments Pvt. Ltd.	Knowledge Assets Pvt. Ltd.
Paid up Capital	40,000,000	50,000,000	332,441,250	450,000,000	108,510,000	820,000,000	10,000,000	500,000	809,377,800	902,800	564,150,400	2,259,708,490	451,490
Reserves and surplus	(12,946,820)	(59,627,684)	(251,572,799)	(121,953,023)	(28,564,827)	118,478,790	(526,535)	(10,693,687)	(241,463,016)	(118,912,799)	(255,282,377)	4,750,804	(1,267,080)
Total Assets	28,386,862	9,061,916	147,967,249	689,871,202	130,251,271	1,113,199,714	9,725,763	22,391,644	810,771,659	6,844,274	1,302,635,397	2,366,560,784	78,182
Total Liabilities	28,386,862	9,061,916	147,967,249	689,871,202	130,251,271	1,113,199,714	9,725,763	22,391,644	810,771,659	6,844,274	1,302,635,397	2,366,560,784	78,182
Details of Investment (except in case of Investment in Subsidiaries)	21,165,714	-	-	110,000	46,000	231,367,451	8,883,131	-	225,092,872	-	-	-	-
Total Income	1,485,580	33,262,333	62,920,026	210,230,935	193,071,644	916,924,258	329,065	17,711,406	35,874,245	-	2,881,451	14,953,523	-
Profit before taxation	(1,760,770)	12,063,022	(133,668,321)	(64,301,730)	(27,678,287)	11,075,507	19,973	(7,642,816)	(49,631,790)	(68,520,023)	(217,480,554)	9,136,515	(496,447)
Provision for taxation	-	1,850,315	-	-	-	938,037	-	-	-	-	-	-	-
Profit after taxation	(1,760,770)	10,212,707	(133,668,321)	(64,301,730)	(27,678,287)	10,137,470	19,973	(7,642,816)	(49,631,790)	(68,520,023)	(217,480,554)	9,136,515	(496,447)

(Amount In Rupees)

Particulars	Global Board of Trade Limited	Singapore Mercantile Exchange PTE Ltd.	Singapore Mercantile Exchange Clearing Corporation PTE Ltd.	FT Knowledge Management Company Limited	Tickerplant Limited	Boursa India Limited	Takshashila Academia of Economic Research Ltd.	Apian Finance & Investment Ltd.	ICX Platfarm (Pty) Ltd	Financial Technologies Singapore PTE Limited	Trans Global Credit and Finance Limited	Credit Market Services Limited	Capricon Fin-Tech (Pvt.) Ltd.
Paid up Capital	1,805,600,000	2,715,684,783	296,876,030	37,500,000	400,000,000	500,000	500,000	43,143,950	611	3,230,534	500,000	52,500,000	73,580
Reserves and surplus	(87,124,811)	(648,240,689)	21,180,455	(45,333,902)	(527,687,295)	(71,484)	(16,215,598)	6,439,363	(9,283,993)	(280,500)	(446,250)	(44,556,137)	(260,178)
Total Assets	1,723,198,188	948,789,490	318,730,200	42,770,906	117,513,148	450,576	18,289,840	113,850,429	16,505,779	3,052,728	381,629	9,778,182	84,200
Total Liabilities	1,723,198,188	948,789,490	318,730,200	42,770,906	117,513,148	450,576	18,289,840	113,850,429	16,505,779	3,052,728	381,629	9,778,182	84,200
Details of Investment (except in case of Investment in Subsidiaries)	-	-	-	-	-	-	-	5,088,300	4,288,849	-	-	1,944,594	-
Total Income	11,647,101	14,523,554	18,076,633	42,125,160	81,166,549	-	23,365,619	10,735,336	7,096,523	-	-	367,729	-
Profit before taxation	(113,656,300)	(431,259,135)	17,477,009	(14,081,493)	(270,100,662)	(71,484)	(8,553,389)	3,295,661	(457,422)	(294,596)	(64,805)	(18,404,058)	(2,341)
Provision for taxation	(15,659,642)	118,540,272	-	-	-	-	-	747,346	-	-	-	-	-
Profit after taxation	(97,996,658)	(312,718,863)	17,477,009	(14,081,493)	(270,100,662)	(71,484)	(8,553,389)	2,548,315	(457,422)	(294,596)	(64,805)	(18,404,058)	(2,341)

NOTES

NOTES

NOTES

FINANCIAL TECHNOLOGIES (INDIA) LTD.
6th Floor, 601 Boston House, Suren Road, Chakala, Andheri (East), Mumbai - 400 093.
T: +91 22 6709 9600 | F: +91 22 6709 9066 | E: ir@ftindia.com | www.ftindia.com