

# THINK

# FINANCIAL TECHNOLOGIES





# THINK MARKETS

 **Financial  
Technologies**  
Creating Markets. Unlocking Value.™

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# Welcome to Financial Technologies

## Creating Markets Unlocking Value

### Overview

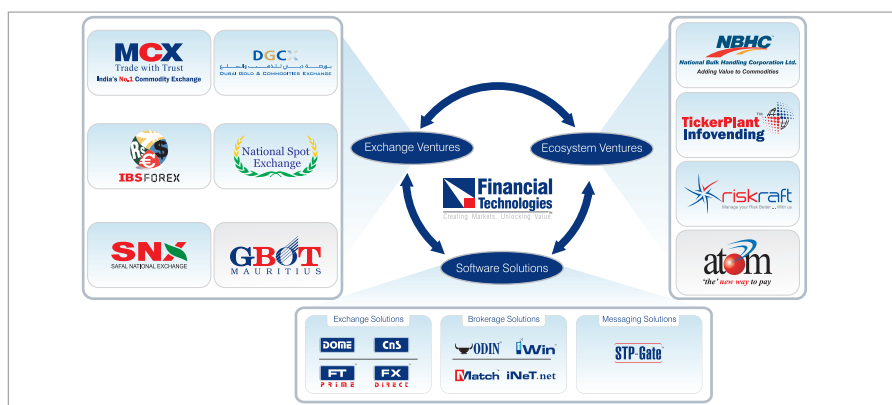
Financial Technologies India Limited (NSE: FINANTECH, BSE: FINTECH), the flagship Company of Financial Technologies Group, a US \$3.2 billion Company (market capitalization as on June 30, 2007). It is among the global leaders in offering technology IP (Intellectual Property) and domain expertise to create and trade on next generation financial markets, that are transparent, efficient and liquid, across all asset class including equities, commodities, currency and bonds.

Our relentless focus since 1995 as a super specialist provider of technology IP, productized service and domain expertise for financial markets, has helped us establish ourselves among global leaders in creating successful exchanges in markets that are either underserved or economically unviable to serve by traditional players. Our highly robust and scalable exchange and trading technology platform, coupled with our deep domain expertise, gives us a decisive edge in driving mass disruptive innovation, at the speed and cost of execution that are unmatched in the financial markets industry.

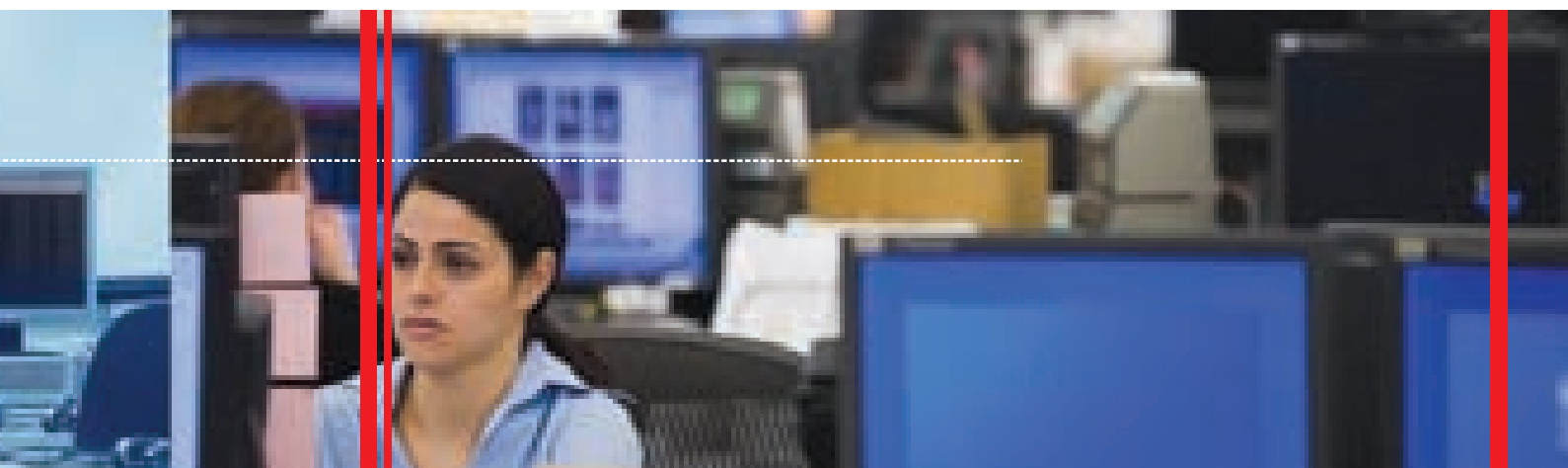
### Financial Technologies Group

Financial Technologies has set-up a total of six Exchanges; four in India and two in International markets. Additionally, we have also set up four Ecosystem ventures that complement and augment our Exchange ventures while addressing large market opportunities themselves.

MCX (Multi Commodity Exchange of India) and National Spot Exchange, IBS Forex (Inter Bank Currency Exchange), SNX (Safal National Exchange) have achieved, what next generation financial markets from Financial Technologies, will continue to democratize growth opportunities by leveling the playing field for all market participants in the ecosystem.







## Business Model

The technology IP and domain expertise forms an integral part of our business model. With software solutions, exchanges and ecosystem ventures our model forms the three cornerstones of our offering, that enable us to accelerate the economic expansion of the ecosystem in which we operate and make our business model virtually self fuelling.

The exceptional growth of Financial Technologies is attributable to our innovative

business model of realizing the highest value for technology IP and domain expertise by



capturing a fair “value share” of the transactions executed on the exchanges in which we are engaged globally.

The prime focus is on IPR creation in the financial markets and trading industry by harvesting intellectual capital.

Leveraging its strong technological platform, the group is ambitiously focused on promoting transaction intensive businesses that are addressing multi-billion dollar market opportunities.

## Software Solutions

### Exchange Solutions

<b>DOMS</b>	Distributed Order Matching Engine
<b>CnS</b>	Clearing and Settlement Solution
<b>FT-PRIME™</b>	Portfolio Based Risk Management Engine
<b>FX-Direct™</b>	Interbank Foreign Exchange Dealing System

### Brokerage Solutions

<b>ODIN™</b>	Open Dealer Integrated Network
<b>iNeT.net</b>	Browser based online trading solution
<b>iWin™</b>	Internet based real time trading solutions for mobile or handheld device
<b>MATCH™</b>	Comprehensive back office solution

### Messaging Solution

<b>STP-Gate™</b>	Robust secure and scalable transaction processing platform
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## Exchange Ventures

**Multi Commodity exchange (MCX):** India's leading multi commodity exchange

**Dubai Gold and Commodity exchange (DGCX):** The first international commodities and currencies derivatives exchange in the Middle East

**IBS Forex:** Online Inter bank forex trading platform

**National Spot Exchange:** Pan India Electronic Spot Market

**Global Board of Trade (GBOT):** Gateway to serve the African continent

**Safal National Exchange of India (SNX):** Pan India spot exchange for perishable commodities

## Ecosystem Ventures

**atom technologies:** Wireless payment solutions

**TickerPlant Infoventing:** Real time financial data service

**National Bulk Handling Corporation:** Complete commodity management solutions for the entire commodity ecosystem

**Riskraft Consulting:** Financial risk management and data warehousing consulting services

## Business and Financial Highlights

### Key Achievements at a Glance

A global leader in creating exchanges: 4 in India and 2 international

# 1 technology provider to brokerage houses in India, with 791 brokerage houses using its products

80% (est.) market share in securities trading segment in India

Ranked # 158 in ET\*- 500 rankings

Ranked # 3 in Deloitte Technology Fast 50 India, 2006

Businessworld\*\* ranked Financial Technologies as the #1 wealth creator in the list of top 10 companies in its segment

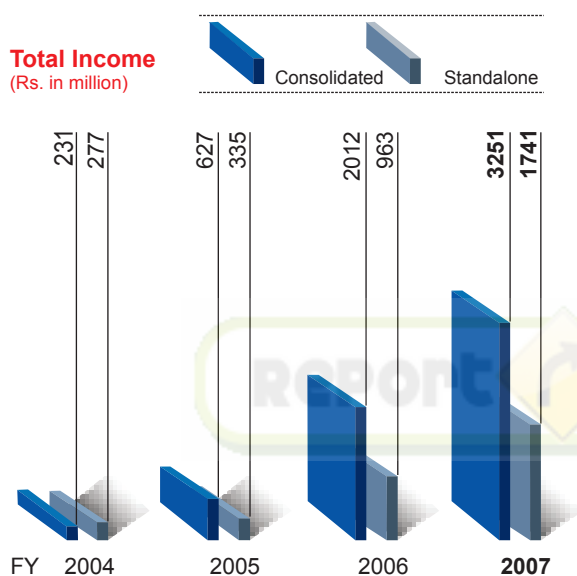
Ranked # 42 in Deloitte Technology Fast 500 Asia Pacific Ranking and CEO Survey 2006

IT People Award for product innovation Exchange and Brokerage Products on January 19, 2007

Awarded with "ISV Partner of the year" by Microsoft India in the innovation category at the Microsoft Partner Summit 2006

MCX awarded Rotary International Corporate Social Responsibility Award for integrating Rural India with Global Markets on January 13, 2007

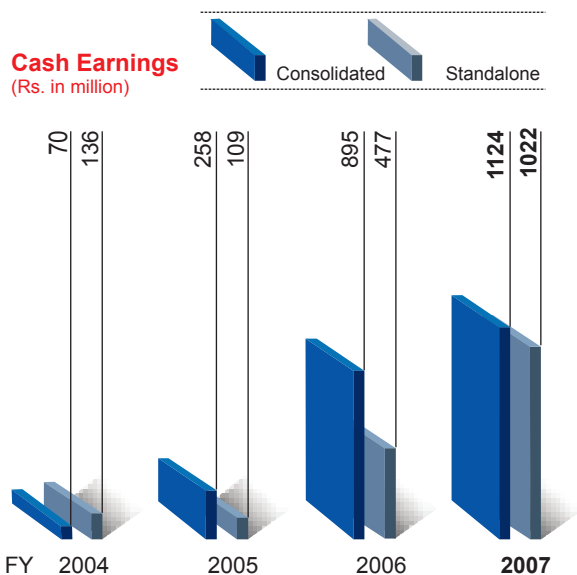
**Total Income**  
(Rs. in million)



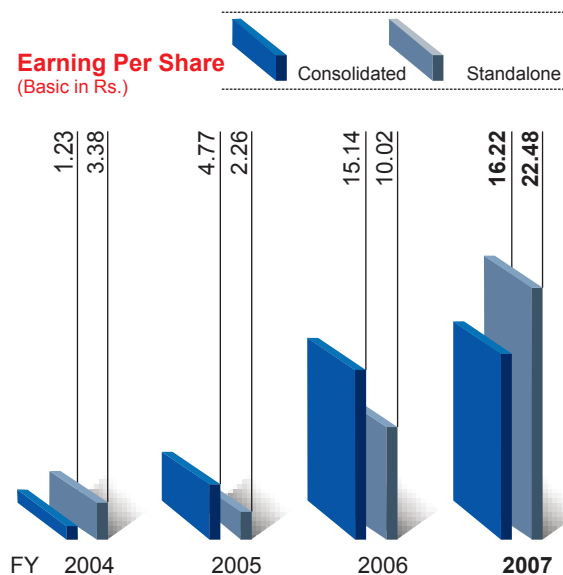
\* ET - The Economic Times is the most widely circulated economic and business daily in India and among the top three English financial dailies in the world.

\*\* Businessworld is the largest selling Indian business magazine, and the only business weekly in the country.

**Cash Earnings**  
(Rs. in million)



**Earning Per Share**  
(Basic in Rs.)



## Recent Corporate Developments

Financial Technologies has successfully raised US\$ 100 million by issuing Foreign Currency Convertible Bonds. The same are listed on Singapore Exchange Securities Trading Ltd. at a premium of 20% to the closing price on December 14, 2006.

The Financial Services Commission of Mauritius invited Financial Technologies to set up Global Board of Trade (GBOT) in the country. With Mauritius and its open economy as its base, GBOT is expected to become an important and innovative player in the commodity trading process across the globe, with a special focus on Africa.

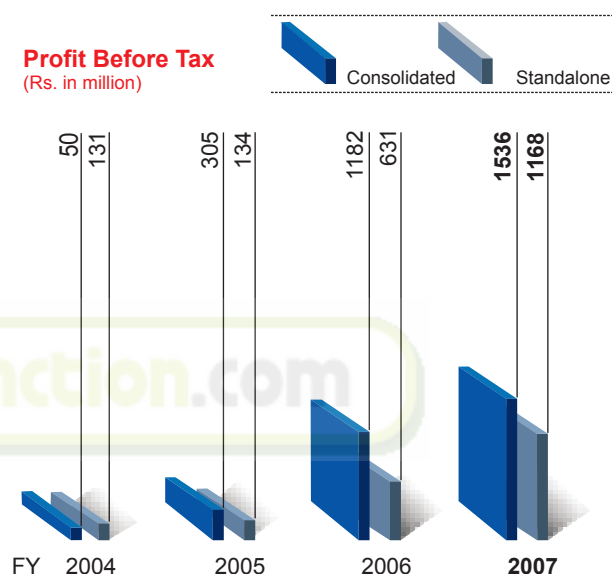
Financial Technologies launches TickerPlant Infoventinging Ltd., that organizes and delivers real-time market data in an intelligent, user friendly format, supporting quality decision making.

Financial Technologies Group sells 1% stake in DGCX to DMCC, for US\$ 12.5 million. Following the sale, Financial Technologies Group holds 49% stake in DGCX.

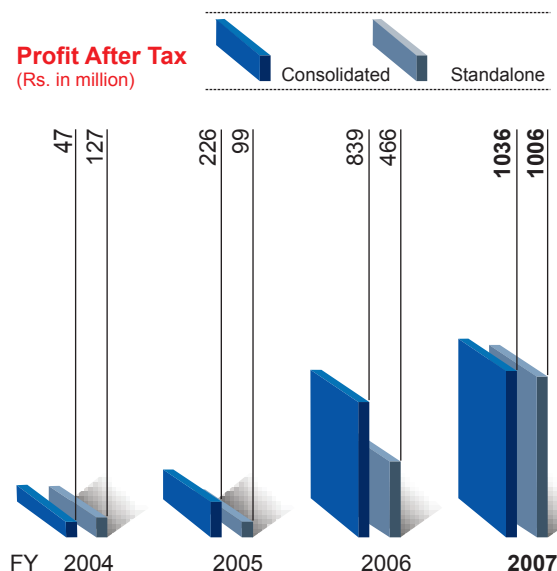
MCX becomes the first multi commodity exchange in the world to receive ISO/ IEC 27001:2005 certification, the ultimate benchmark of an information security management system.

NBHC is the first Warehousing and Commodity Management solutions provider in India to obtain an ISO 22000:2005 certification, the highest international food standard certification.

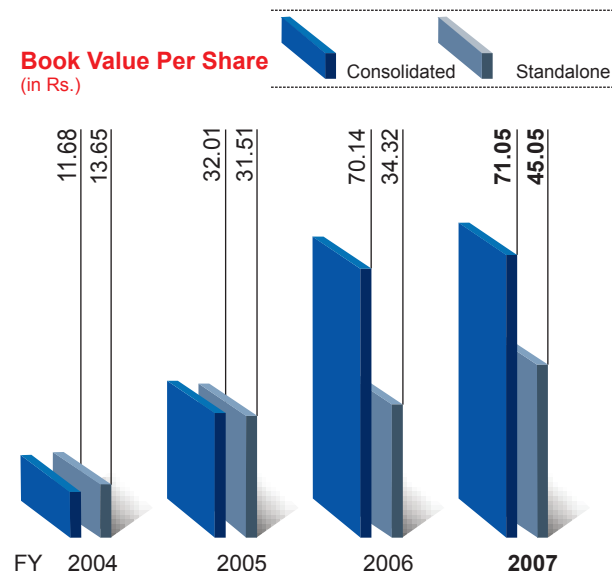
**Profit Before Tax**  
(Rs. in million)



**Profit After Tax**  
(Rs. in million)



**Book Value Per Share**  
(in Rs.)



# Letter from Chairman and Managing Director

Creating Markets  
Transforming Lives

## Dear Shareholders,

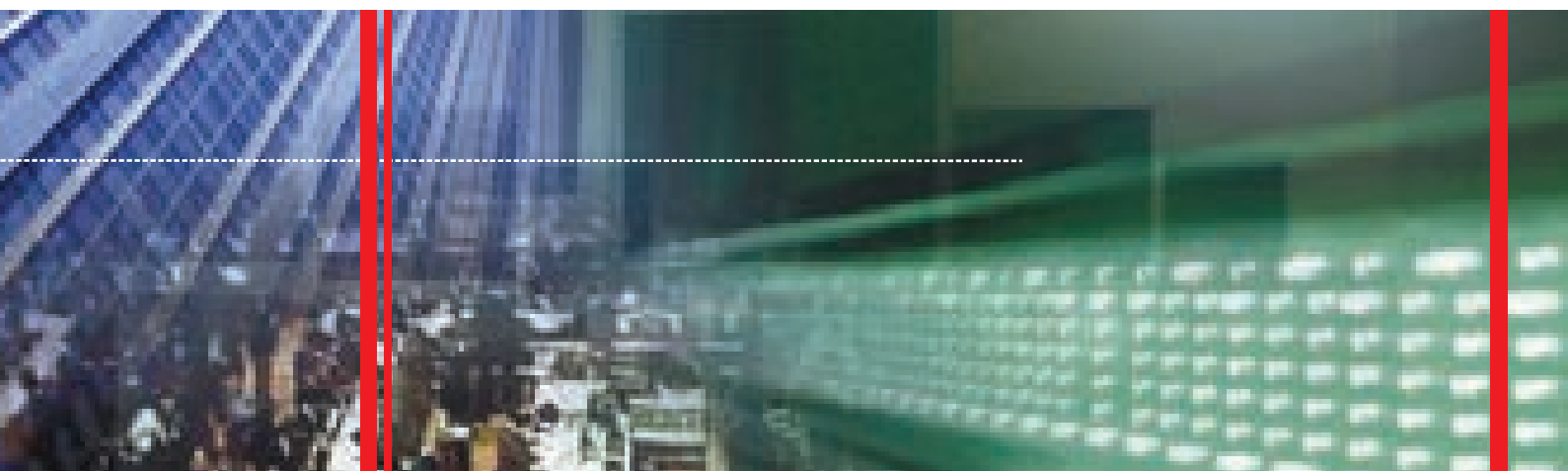
It gives me great pleasure to report to you on the strong performance of your Company in fiscal 2006-07. It has been a year of robust growth and significant achievements, providing a strong momentum for a secure future for your Company. We reached new records for revenue, profits and dividend payout, while laying a strategic foundation for the future by investing in our core technology Intellectual Property (IP), Exchange and Ecosystem Ventures, both in Indian and International markets.

*What I feel most gratified about in addition to the robust financial performance, is that Financial Technologies has emerged as a leader in creating and developing next-generation financial markets globally, across a broad range of asset class*

Your Company is ranked 3rd in the Deloitte Technology Fast 50 India 2006. MCX-a subsidiary of the group, was awarded the "Rotary International Corporate Social Responsibility Award" for integrating rural India with global markets. Your Company is also ranked 42nd in the Deloitte Technology Fast 500 Asia Pacific 2006. The Company takes pride in being awarded the "Employer Branding Award 2007" for the category of "Best HR Strategy in line with business". Businessworld ranked your Company as #1 wealth creator among the list of Top 10 companies in India in its segment.

I believe, we are incredibly fortunate to have been presented with the opportunity of a lifetime. There are very few businesses in the world where there is a chance to empower and transform the lives of the common man (*aam aadmi*). We have provided them access to tech-centric next generation financial markets that are efficient, inclusive, transparent and liquid, opening new and perhaps unthinkable opportunities. At the same time, we have been able to build a recurring revenue model on these markets.





### Driving Inclusive and Equitable Growth

In many respects, your Company is a 'higher-torque' engine today, with both core revenue segments-Exchanges and Trading solutions, starting to gain significant traction. In FY 2006-07, our consolidated income increased by 62% to Rs. 3251 million and net profit stood at Rs. 1036 million. Our standalone results were equally impressive; income growth was at a phenomenal 81% to Rs. 1741 million, and net profit expanded by 116% at Rs. 1006 million.

It is a matter of immense satisfaction that these financial results rest on a solid foundation of trust earned by our strong brands, productized services and enduring relationships with our customers and partners over several years. It is on this bedrock of trust, competencies, innovations and partnerships that we have built our aspiration to be a leader in every market and geography in which we operate. Your Company measures its accomplishments not only in terms of financial performance, but also the transformation it has consciously stimulated to augment the natural and social capital.

*Efficient, transparent and liquid financial markets are by far the most powerful equalizers, change agents and disruptive platforms, to democratize opportunities for prosperity, by driving inclusive and equitable growth, in India and globally.*

### Unlocking Value at the middle of the pyramid

Today, it is heartening to see that ODIN™, our flagship trading terminal product, being run on car batteries and trades being conducted on mobile phones on a 9.6 kbps bandwidth in smaller towns and villages. The people using it are fishermen, farmers, retailers and small business owners. It is no surprise that we continued to increase our market share to over 80% in 2007 and have remained the #1 player with a wide lead, consistently for the past several years. We also have 4 out of India's top 5 Internet trading platforms as our clients.

DOMÉ, our Exchange product suite, provides out-of-the-box integrated solutions to set-up multi-asset class Exchanges that offer breakthrough price / value performance to their customers, while driving liquidity and profitability quickly. The solution includes matching engine, surveillance, risk management and clearing & settlement, among other core functions which have made it the:

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## Letter from Chairman and Managing Director

*Exchange platform of choice for all new generation markets.*

We will continue to make financial markets more affordable and accessible to *aam admi*. We are committed to propagate the benefits of 'price transparency', 'risk hedging' and 'structured finance' platform to the masses, effectively helping them unlock value at the middle or bottom of the pyramid.

### Democratising Growth Opportunities

*Your Company has always believed that tech-centric next generation markets will do to global finance, what the internet did to content, communication and other industries. We have enabled mass disruptive innovation at a speed and cost that will democratise global economic growth. Our endeavors, through Exchange and Ecosystem Ventures, act as catalysts in accelerating the same in economies, where there are significant opportunities to unlock value.*

MCX continues to gain market share (72% as of March 2007) and has also become the third largest bullion exchange in the world this year. Meanwhile DGCX, our strategically positioned exchange, between the time zones of London and Tokyo, continues to register wins and has introduced gold options on its platform. SNX, the first spot exchange in the country to provide a nation wide platform for electronic trading in horticulture, floriculture, dairy and allied products, was also launched this year. Its operations have successfully started in the mango season in the states of Maharashtra, Karnataka and Andhra Pradesh. National Spot Exchange will be a Pan India electronic spot exchange that will complement the existing futures market. This year also saw the incorporation of GBOT in the Republic of Mauritius. It is an embodiment of your Company's vision of creating world class markets, organized to initiate derivatives trading in multi commodities and intended as a gateway to serve the untapped African continent.

NBHC, our Pan India network platform, connects government and private warehouses. It is managing 570+ storage facilities, assisting 8 banks in collateral management and manages stock worth Rs. 7290 million under collateral management. Riskraft is a unique

knowledge partnership model, created to identify and mitigate risk, well suited to the business models of banks. TickerPlant has been launched in April 2007, to deliver real-time market data to address middle of the pyramid markets at competitive prices. The market segments proposed to be covered are equity, commodities, foreign exchange, mutual funds and bonds. atom empowers wireless telephony users to transact over the phone. This new generation technology will provide greater convenience by enabling faster counter payments, remote payments and secure ATM transactions.

The success of these ventures has demonstrated our expertise in envisioning and setting up markets that are secure, integrated, transparent, and liquid. The success of our exchange ventures drives demand for our trading terminals, creating a force-multiplier effect and perpetually self-fuelling growth cycle.

### Fostering Innovation and Value Creation

Your Company, a first generation entrepreneur Company, has the spirit and appetite of a small Company, but the vision and execution capabilities of a large corporate.

Innovation and value creation are critical to the future success of Financial Technologies. We continue to invest in developing the leadership and management skills that will help us build a world class intellectual capital asset.

The employee base in your Company has grown by 61% to 1451. In order to meet the ever-increasing infrastructure requirements, your Company has under taken the initiative to build its own office premises and state-of-the-art facilities by adding 2,27,000 sq.ft, which is expected to be operational later this year. In order to ensure competence development and the building of a strong team, your Company has imparted approximately 19,000 manhours of training to its employees.

*The shifting global economy will continue to reward markets and companies that put innovation and value creation above everything else.*