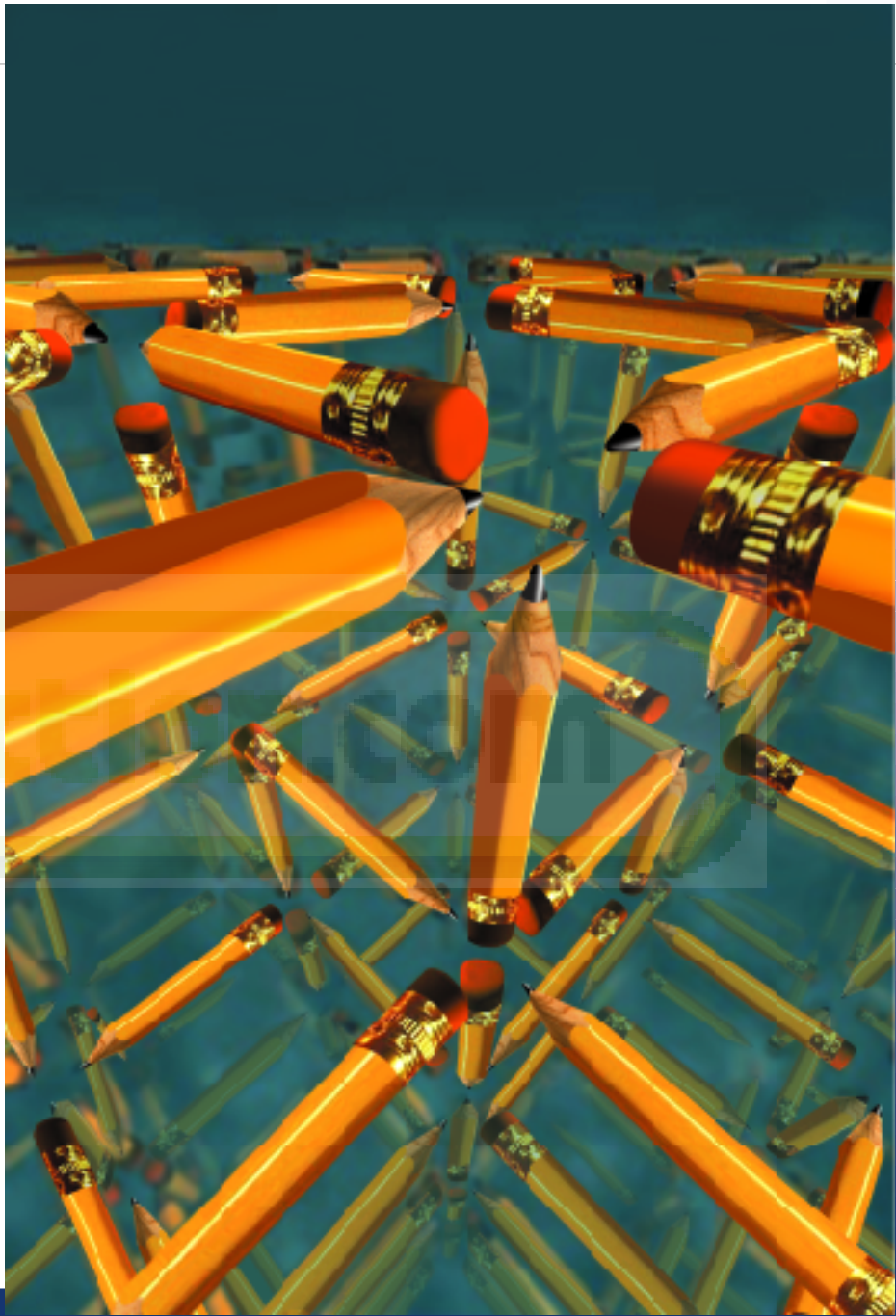


Financial Technologies (India) Ltd.

Annual Report 2003-2004



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CREATING MARKETS

Financial Technologies (India) Ltd.

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Financial Technologies

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Creating Markets

Every creation originates from the drawing board. An idea predefines a new creation. And the pencil sketch outlays it.

February 2003, saw the sketch of such an idea, and November 2003, saw its creation – ‘Creation of a Marketplace’. Commissioning of MCX has been the most significant achievement of FTIL in the year 2003.

When the minds at FTIL set out to shade the contours of the sketch, they understood the importance & vastness, the complete image would hold. All they did was to use the mettle of ‘lead’ and create in ‘grey’, the outline of this new creation...



Achieving Breakthroughs....

2003 - 2004 Significant Achievements

Creating New Paradigm: MCX

- Commissioning and going live with Multi Commodity Exchange of India Ltd. (MCX). MCX under permanent recognition from Government of India facilitates nationwide online trading in commodity futures.

FTIL Solution & Services: Wide Deployment

- Remarkable increase in the deployment of trading system terminals. More than 15000 Licenses operational across 100+ cities in the country. FT-Engines™ powering 700+ Order, Trade and Risk Management Servers.
- Significant number of new clients acquired. At an average rate of 3 clients per week.

Financial Performance

- Exceptional increase in revenues and profits. Total income recorded 88.95% increase. Net profit after tax at an all time high recording 386.09% jump.

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Notice
Attendance slip & Proxy Form

CHAIRMAN'S LETTER





From the Chairman's Desk

Dear Shareholders,

The commitment to growth and transformation of the Financial Services Industry has always been the key driver in our relentless pursuit towards evolution, progress, and success. Financial Technologies (India) Ltd. (FTIL) initiatives in the financial year gone by have again been marked with achievements that intensify our pursuit with even more vigor and dynamism.

It makes me proud to say that our performance in the financial year 2003 – 2004 was enormously comprehensive. We had successful strategic expansion, business developments, several innovations and financial triumphs.

The number '9' is considered auspicious by many-an-individual. I am no exception to that consideration. But for me, '9' represents much more today. It represents accomplishments, intensification, & achievements... We are in the 9th year of our operations. The journey to the 9th year was full of challenges, which we faced and converted into opportunities with meticulous efforts and immaculate planning. And today your company stands tall in the line up of achievers.

It gives me great pleasure to acknowledge that Financial Technologies consists of a team where every member puts his heart to fulfill the organization's commitment. I would like to dedicate FTIL success to this devotion and all accolades to the FTIL team, which is the heart of the organization.

Year 2003 - 2004: Key Achievements

Our passion for transforming the financial sectors has inspired us to reach out to the un-ventured areas of the financial services industry - The Commodity Markets. India, primarily an agrarian economy, is the world's leading producer of 17 agricultural commodities and also the world's largest consumer of gold and edible oils. Moreover India has 30 major markets and 7500 mandies and consumes a major portion of its agri production locally. The Indian commodities futures market is sized at USD 600 billion, which forms an un-devoured market, offering unparalleled growth opportunities to its market participants.

Understanding the limitless potential that lies in the commodities market, your company had always been keen to be the key contributor in the commodities market. And nothing better could have been then setting an online commodities exchange. Commissioning and going live with Multi Commodity Exchange of India Ltd. (MCX) is undoubtedly the biggest achievement for us in this year.

Bigger the opportunity and bigger is the challenge. From filing the application to the selection procedure; short listing, formal mandate to permanent recognition and going live, all the stages had there own adversities and intricacies but with our persistence and determination we climbed each step with diligence and courage becoming stronger with each stride.

Today MCX is known for its technology excellence, process robustness, domain expertise, subject specialization, sustainable partnerships and constant product innovations. All this resulted in MCX attaining and maintaining the No 1 position amongst all the online commodity futures exchanges. The brilliance of MCX attracted some of the leading nationalized banks to express their keenness to

participate in equity of MCX. Your company is proud to mention that the country's No.1 Commercial Bank, State Bank of India, is a key shareholder of MCX. Along with FTIL and SBI, MCX parentage also includes Union Bank of India, Bank of India, Corporation Bank and Canara Bank. All these banks are amongst the largest and immensely popular banks of the country.

Technology Licensing

This year has been earmarked for your company in other spheres as well. You will take pride in the fact that the number of ODIN™ trading terminals has crossed a benchmark of 15,000 terminals, being deployed across 100+ cities in the country. MATCH™ is automating back-office clearing and settlement operations of the leading Foreign Brokers of the country. FXDirect™ is witnessing new peaks of turnover with each passing day. STP-Gate™ will again be in limelight, thanks to the utmost priority that SEBI has planned for STP initiatives in this year.

Automation of dealing rooms & settlement systems of foreign brokerages, massive retail expansion by domestic brokers & regional stock exchanges and the return of Internet trading demand, amongst others, were the main revenue generation points for FTIL in this year.

New Technology Initiatives

The year witnessed launch of new technology components out of FTIL's base technology components. This resulted in enhanced revenue flow for your company. Some key technology developments were ODIN™ Institutional - a complete order, risk & trade management application for Institutional dealing rooms, ODIN™ Diet – Internet trading application exe. and Matching, Clearing & Settlement system for commodity exchanges.

Financial Highlights

The year 2003 – 2004 saw phenomenal increase in the revenue and profit. The total income increased to Rs. 2765.49 Lakhs during the year as compared to Rs. 1463.62 Lakhs in the previous year, recording 88.95% increase. The year recorded a net profit after tax at an all time high figure of Rs. 1274.15 Lakhs as compared to Rs 262.12 Lakhs in the previous year witnessing a leap of 386.09%.

The Board of Directors is pleased to recommend a special dividend of 10% on par value.

Reliance Capital Limited has invested in building strategic equity partnership and picked up 36,00,000 equity shares at an issue price of Rs. 63 on preferential basis.

Following the unchallenged growth achieved by your company, it has built a foundation, which I trust will help us stand against all the impediments, while on our mission.

The main task of the Board is to work towards achieving the dream that we have all seen together. The entire FTIL team and I commit our efforts to realizing them.



Jignesh Shah

Chairman & Managing Director
Financial Technologies (India) Ltd.

FTIL's Trading System Penetration

- 350+ Trading Members
- 15000+ Connects
- 700+ Order, Trade & Risk Management Servers Deployed
- 100+ Cities Covered



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FTIL - AN OVERVIEW



Overview

Financial Technologies (India) Ltd. (FTIL), is India's leading Vertical Specialist enterprise delivering mission-critical, Straight Through Processing (STP) solutions comprising of Domain Expertise, Technology Licensing and Development & Transaction Outsourcing services to the global securities industry.

FTIL is a listed company and its stock is quoted & traded on The Stock Exchange, Mumbai.

FTIL has developed and deployed proven transaction automation technologies for Equities, Forex, Commodities and Derivatives markets. This covers all the stages of a Trade Life Cycle - Pre-Trade, Trade and Post-Trade operations to deliver single point transaction fulfillment. Along with product development & deployment, FTIL also offers market infrastructure based 'shared services' involving sophisticated Exchange operations and technology infrastructure. FTIL, with a permanent recognition from Government of India has set-up Multi Commodity Exchange of India Ltd., (MCX) a nationwide multi commodity exchange that offers online futures trading.

FTIL has partnered with IBS-Forex to set up FXDirect™, country's first indigenously developed electronic forex trading platform set-up under a formal mandate of Reserve Bank of India (Country's Central Bank) & Foreign Exchange Dealers' Association of India (FEDAI).

As part of its partnerships and alliances, FTIL is a Global STP Partner with OMGEO. Under this partnership FTIL has set up a market wide central messaging platform for Straight Through Processing (STP) services – STP-Gate™. FTIL is an official member of Keystone (an alliance of Microsoft, Intel & HP).

FTIL's has 400+ customers, who have leveraged and extensively benefited from FTIL's solutions. The client list includes – Exchanges & Market Places, Brokerages & Intermediaries, Asset Management Companies, Banks, and Custodians amongst others.

Vision & Strategy

FTIL understands that effective business strategies are those that focus on creating and enhancing value for its stakeholders through tangible returns and business gains. At FTIL, we are committed to build long-term value for our customers and we have identified the following as the core value drivers.

- **Product Innovation** - to consistently define and lead emerging market trends
- **Technology and Process Excellence** - to build business edge for our customers
- **Domain Enhancement** - for further improving our competitive edge
- **Market Leadership** - for deepening our customer engagements
- **Sustainable Partnerships** - for enhancing our offerings to our customers
- **Globalization** - as the corner stone of our future growth and competitiveness