



Financial Technologies
Powering e-Exchange Markets

INFINITY MATRIX



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Infinity Matrix

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Infinity Matrix signifies the business model of Financial Technologies (India) Limited (Financial Technologies). The Group's business model is a self-perpetuating matrix built to harness the unique strengths of its unmatched technology infrastructure and financial services domain expertise in unlocking value for trade and business. The robust technology architecture at the core energizes the incubated exchange platforms and support service businesses dedicated to the financial, commodity management sectors and multi-asset management structures. Product and service innovation is a common thread binding the group ensuring future growth. Each entity though independent derives strength from the rich lineage of its experienced management team.

The group is spreading its footprint globally entering into new markets.

The character of the model is such that it allows the Group to create infinite opportunities each of which has limitless potential.

Chairman's Message



"Financial Technologies has consistently realized the highest value for its technology with its Intellectual Property centric business model that has scaled beyond conventional dollar per hour, quarter on quarter, and sum of parts models adopted by traditional IT software and service companies.

We, at Financial Technologies, will continue to leverage our leadership position in global technology markets to re-define 'Brand India' from a cost arbitrage value proposition to an Intellectual Property centric business model."

Jignesh Shah
Chairman & Managing Director



Chairman's Message

Re-defining 'Brand India' in Global Technology Markets

Dear Investors,

I am extremely pleased with our evolution over the last year where we considerably expanded the size and scale of our operation. Given the initiatives that we have implemented in the recent past, which will fructify going forward the outlook for the future is even more positive.

It has always been my aspiration to create a “Made *in* India” brand for the global markets in the software and technology world compared with establishing a business that conforms to a “Made *for* India” model from the global markets.

Our conviction in our belief has enabled us demonstrate success time and again and has given us greater confidence to embrace the future with continued optimism. As an organisation we have been actively giving concrete shape to our ideas and plans to transform them into successful businesses ventures that have the potential to create substantial value for all our stakeholders.

Many of you must already be aware of the lead role that we played to establish MCX – which is today the #1 commodity exchange in India. We further extended our success to international markets by establishing DGCX in the Middle East. Both these exchanges are #1 in their specific areas of operation.

We remain firmly convinced of our ability to create unique ventures that promote and enable digital commerce across the financial and commodity sectors. We continue to build on our comparative strengths to provide transactional tools in this area, with a view to transform the India's financial and commodity markets.

Its futures exchange platform, MCX, is now complemented by the National Spot Exchange and a logistics and collateral management company, NBHC. Together, they will provide an ecosystem for integrating rural India with the global economy, and act as a catalyst in bridging the rural-urban divide.

DGCX has firmly established us as a successful international player that provides technology that is strongly backed by domain expertise in the financial and commodity markets. We are further leveraging our expertise through IBS Forex, an inter-bank exchange platform that has seen enthusiastic acceptance by the country's banks.

It will always be our endeavour to create new platforms that result in growth visibility in a sustained manner over the longer-term. We have a pipeline of new ventures that include an initiative to provide value-added solutions in the information space by offering highly competitively-priced data streams (Tickerplant), a new mobile-phone-based payment solutions (atom), and a tailored strategic risk management consultancy (Riskraft).

Let me take this opportunity to highlight some of the key developments across the our various ventures and businesses.

1. Financial Technologies (Financial Technologies (India) Limited) •

- 187% growth in standalone revenues from Rs.33.51 crore last year to Rs. 96.26 crore this year. Profit margins expanded significantly to 50% from 30%, clearly demonstrating that our technology business continues to be a core growth engine
- Consolidated gross revenue increased by 221% to Rs. 201.23 crore and consolidated net profit was higher by 242% at Rs. 69.28 crore.
- Total dividend of 300% for the year 2005-06.
- Over 80% market share with ~ 650 brokerage houses operating on our system and issued around 80,000 licenses.
- Business World magazine in its annual BW rankings for top 500 companies in India ranked Financial Technologies #1 for delivering the highest shareholder returns for the last three years.
- Financial Technologies was awarded “ISV Partner of the Year” by Microsoft India in the innovation category at the Microsoft Partner Summit.
- Financial Technologies stands as the eighth most valued software company of the Top 1000 list of software companies drawn up by NASSCOM in 2006.

2. MCX (Multi Commodity Exchange of India Limited) •

- MCX recorded an average daily turnover of over Rs.7000 crore in April – June 2006, with a peak turnover of Rs.17,987 crore reported on April 20, 2006.
- At present, 72 commodities are listed on MCX.
- MCX continues to be the #1 commodity exchange in India with a market share of 55.4%* and is among the Top 10 global commodity exchanges in the world in less than 1000 days from inauguration. MCX is the #2 and #3 exchange respectively in silver and gold trading globally.
- MCX has strategic partnerships with leading international exchanges like TOCOM, The Baltic Exchange, NYMEX, CCX, LME, DMCC, NYBOT, Bursa Malaysia and Euronext Liffe.
- FID Funds (Mauritius), an affiliate of Fidelity International, acquired 9% equity stake in MCX in February 2006 for US\$ 49 million (INR Rs.216 crore).
- MCX is the first exchange in India to file for IPO with SEBI.

* Market share for the quarter April-June 2006

3. DGCX (Dubai Gold & Commodities Exchange) •

- DGCX was set up by Financial Technologies and MCX in joint venture with Dubai Multi Commodities Centre (DMCC), a strategic initiative of Government of Dubai in a record time of twelve months.

- Trading commenced in November 2005. The exchange currently has active trades in gold, silver and currency futures.
- DGCX has 100 active members at present. These include global organisations such as Deutsche Bank, HSBC, Man Financials, Nova Scotia, Mitsui, Standard Bank and Mashreq Securities.
- DGCX was the first Exchange to be set up in a Free Trade Zone, with 50 years tax holiday, and it is the only commodity derivatives exchange in the Middle East.
- DGCX is the only international commodities derivatives exchange that operates in a time zone that is between Tokyo and London.

4. National Spot Exchange (National Spot Exchange Limited) •

- National Spot Exchange is expected to be a nation-wide electronic spot market for commodities. While futures trading conducted by MCX provides price discovery and price risk management functions, National Spot Exchange will provide a marketplace for price realization.
- National Spot Exchange membership is scheduled to be launched in the third quarter of the current financial year. Membership will be available to individuals, corporates, HUFs, partnership firms, cooperative societies and other legal entities. The market can be accessed by farmers, traders, processors, procurement agencies, commission agents, stockists, exporters, importers, financiers, arbitrageurs, speculators and general investors.
- National Spot Exchange is expected to improve the bargaining power of farmers, because they will get an option to quote their asking price. It will reduce pressure on the farmer to sell directly after harvest by facilitating institutionalized credits against warehouse receipts. This will ensure better price realization for their produce, which in turn will increase farmers' purchasing power accelerating economic development at village level.
- National Spot Exchange will create a bridge between physical market traders and MCX by providing a sound system for physical deliveries, enhancing the depth of futures markets and create a better balance between speculative, hedged and spot trades.

5. IBS Forex (IBS Forex Limited) •

- 24 banks have subscribed to 'FXDirect™', which is a digital currency trading platform that caters primarily to USD:INR inter-bank transactions.
- On average, a daily volume of about \$100 million is transacted on this platform, and has achieved a cumulative turnover of about US\$ 40 billion until July 2006.

- IBS Forex has doubled its business volumes and revenues during the FY2006 over the previous FY2005.
- IBS Forex will be able to broaden its service portfolio to include options and futures trading in the market as and when India moves to full convertibility of the rupee.

6. NBHC (National Bulk Handling Corporation Limited) •

- NBHC has been set up with an objective of being an end-to-end provider in warehousing and bulk handling of agri-commodities and to support the agri-spot and futures marketplaces with requisite infrastructure for settlement and delivery. NBHC will support the supply chain and provide single-window access to information, finance, trade and logistics facilities, thereby improving supply chain efficiency that will benefit both the producer and the consumer.
- NBHC will offer solutions in the area of warehousing, grading, quality certification and price risk management.
- NBHC has successfully established a network of 57 warehouses across 13 states and union territories in India.
- NBHC has successfully launched professional warehousing services, fumigation services for both in-house and third party use and is promoting international standards of grading and certification through it's own quality certification laboratories.
- NBHC has been appointed by Food Corporation of India (FCI) as a consultant in the matters of procurement, hedging and disposal of agro commodities. Some of the leading national level banks including State Bank of India, HDFC Bank, UTI Bank and Kotak Mahindra Bank have officially recognized NBHC as their collateral manager.

7. FTME (Financial Technologies Middle East) •

- FTME offers the complete range of solutions for back, middle and front office transaction processing to the financial institutions, banks and brokerage houses in the Middle East and Africa.
- Along with offering technology solutions, FTME also provides consultancy and business process outsourcing services to financial market participants in these regions.
- FTME has established a full-fledged presence in Dubai and has gathered strong local financial market knowledge.

8. New Initiatives •

- **Tickerplant Infovending (Tickerplant Infovending Limited)** is in the business of information retailing for providing data, news and analytics for financial exchanges. Tickerplant is also in the process of obtaining data vendor rights of international commodity exchanges.
- **atom technologies (atom technologies limited)**, a digital retail initiative of Financial Technologies, has created a secure transaction platform (atom transaction platform) which seeks to complement the bank's existing PoS as well as credit/debit card offerings with a mobile based platform allowing a customer to make payments for purchases either through online or offline merchants using his/her mobile phone.
- **Riskraft (Riskraft Consulting Limited)** is a knowledge-led initiative which in a short span of five months, it has enlisted Corporation Bank, State Bank of India (SBI), UTI Bank, MCX and C-Edge, a group company of TCS, among its clientele.

Conclusion

Our belief in our growth story is unwavering. Over the long-term, our strategy includes strong focus on international expansion, promotion of new related ventures and constant innovation. We are creating a matrix of opportunities, which leverage our core strength of providing technology infrastructure to global financial and commodity markets for efficiently conducting commerce and transactions. Our results of the past demonstrate that we are able to scale and leverage our technology and domain expertise coupled with IP centric business model to create growth and value beyond conventional models of traditional software products and software services companies. We believe we have a large growth potential and we continue to look forward to the future with great optimism.

Regards,

Jignesh Shah

Chairman & Managing Director

Financial Technologies (India) Limited

Mumbai, June 17, 2006

Group Overview

- Financial Technologies Group is a pioneer in creating the financial markets transactional backbone in India, and is rapidly extending its reach to international markets.
- The Group has achieved considerable progress in this objective with several of its entities emerging as market leaders in their selected focus areas.
- The Group business is structured in ten companies, each having a unique mandate built around the objective of delivering pioneering solutions to drive the securities industry – equities, derivatives, commodities, foreign exchange – and its direct and remote stakeholders.
- The Group has promoted India's leading commodity futures exchange, MCX.
- Jignesh Shah, a next-gen serial entrepreneur and corporate leader has been the chief architect behind the growth of the Group and drives execution of the Group strategy along with his senior management team with laser sharp focus and speed.
- The Group's total revenue crossed the Rs. 200 crore threshold in FY2006 and net profits stood at Rs. 69.28 crore.
- Going forward, the Group will continue to strive to be a global leader in the financial services marketplace leveraging the genesis and expertise achieved so far.

Financial Technologies and Subsidiaries / JVs

