

BE THE



YOU WANT TO SEE

CORPORATE INFORMATION

Board of Directors

- **Jignesh Shah**
Chairman & Managing Director
- **Dewang Neralla**
- **Manjay Shah**
- **Ravi K. Sheth**
- **P. G. Kakodkar***
- **Chandrakant Kamdar**
- **Ramanathan Devarajan***
- **P. R. Barpande***
- **C. M. Maniar**
- **N. Balasubramanian****

Management Team

- **Jignesh Shah**
Chairman & Managing Director
- **Dewang Neralla**
Whole-time Director - Technology
- **Manjay Shah**
Whole-time Director - Business Development
- **Paras Ajmera**
Director - Operations
- **Jigish Sonagara**
President & Head - Exchange Technology
- **Devendra Agrawal**
Chief Financial Officer
- **Rajendra Mehta**
President & Head - Member Technology
- **Prashant Desai**
President - Investor Relations
- **Miten Mehta**
President - New Projects

Company Secretary

Naishadh P. Desai
Sr. Vice President (Legal) & Company Secretary
Hariraj Chouhan
Vice President & Company Secretary

Registered Office

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F: +91 22 6686 1050
info@ftindia.com
www.ftindia.com

Auditors

Deloitte Haskins & Sells

Share Transfer Agents

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

Bankers

- HDFC Bank Ltd.
- Deutsche Bank AG
- HSBC Ltd.
- Standard Chartered Bank
- Union Bank of India

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*Resigned

**Appointed as Director w.e.f. 22nd August 2013

BE THE
CHANGE
YOU WANT TO SEE

India went into economic liberalization in the early 1990s. Ever since, India and Indian economy has been making rapid progress to emerge as one of the fastest growing globally. The reforms have transformed many industries. The Indian financial market place has also transformed. And we have played a leading role in it. With innovation, enterprise and inclusion as the foundation, we have tried to change the future of financial market infrastructure in India. Helping us in this endeavor has been the leading ideal of, **'be the change you want to see.'**

LETTER FROM CHAIRMAN'S DESK



JIGNESH SHAH | Chairman & Managing Director

Dear Shareholders,

It is the quest to '*change for the better*' that leads to innovations which beacon excellence. This is what our aim has been, in all our endeavors. Our outlook as harbingers of change in many areas in the financial market space is a natural corollary to our quest for this very excellence.

As I set out to write my letter to you, I know that all of you are concerned reading about the challenges that one of your Company's subsidiary viz., National Spot Exchange Ltd. (NSEL) faces. We have outlined the details of the same in the leaflet included with this Report. I know these are tough times the Company is facing and Financial Technologies is making all efforts to come out of such situation.

20.71%

Rise in TOTAL INCOME

Total Income increased to ₹ 6,574 million, as against ₹ 5,446 million in the previous year, which, in percentage terms, amounts to a rise of 20.71%

27.77%

Increase in EBITDA

EBITDA increased by 27.77% to ₹ 4,679 million, as against ₹ 3,662 million the previous year

20.94%

Rise in PAT

PAT rose by 20.94% in the year to ₹ 3,229 million, compared to ₹ 2,670 million in the previous year.

Note: Numbers mentioned are standalone results, excluding capital gain on sale/redemption of shares and diminution in long term investments.

GLOBAL ECONOMY

We have seen significant political change last year with presidential elections taking place in some of the largest economies of the world such as China, Egypt, France, Mexico, Russia and the United States. Over the course of 2012, economic uncertainty continued with impact on overall business growth prospects. Agreement on a series of tax rise in the US pulled the economy back from the brink of a 'fiscal cliff', but tough negotiations on the debt ceiling and spending cuts remained.

Political deadlock in Japan and deliberations continued in euro-zone with sovereign debt crisis being far from resolved. Emerging economies are growing faster, but challenges persist. In China, new leadership is expected to focus on avoiding the middle-income trap for more sustainable growth. Reforms to further open up the Indian economy to FDIs earlier met some resistance but this is gradually changing. Signs of reforms in Russia were tepid and the government budget remained highly reliant on the price of oil and gas.

Brazil has seen limited growth over the last two years although their interest and unemployment rates had dropped to record lows. The new administration in Mexico has targeted higher growth and greater security. Maritime disputes are threatening to upset relations in South-East Asia, whilst the legacy of the Arab Spring is still

reverberating across the Middle-East and North Africa.

The global economy revival has been led with printing of currency and quantitative easing which has fueled surplus liquidity the world over and India has also been a beneficiary of the same. However, the rupee depreciation has taken some steam off it, as is the case in all emerging markets. Its interesting to note that the developing economies where the global crisis started in 2008 are showing some signs of growth and emerging economies are seeing tougher times ahead.

INDIAN ECONOMY

The Indian Economy that was amongst the fastest growing globally has been facing several headwinds. The GDP growth has fallen to a low of 4.8% in the quarter ended 31st March 2013*. The interest rate trend which had reversed has once again done a U-turn with the rupee creating havoc and even crossing ₹ 64 at the time of writing this letter. The Indian Economy is facing its toughest challenge since economic liberalization in the early 1990s.

**RBI - Macroeconomic and Monetary Developments First Quarter Review 2013-14, 29th July 2013*

The upcoming elections and the policy paralysis have slowed down significant corporate investment too. With this backdrop, India has a tough couple of years ahead of her.

The Economic Survey 2012-13, presented by Finance Minister P. Chidambaram in the Lok Sabha predicts that the global economy is likely to recover in 2013 and various government measures will help in improving the Indian economy's outlook for 2013-14. The future holds promise for India if there is a shift in national spending from consumption to investment, more job creation and removal of bottlenecks in investments. Some reform measures undertaken are combating inflation with monetary and supply-side measures.

As national entities – our Exchange ventures encompass all regulatory compliances and are continuously focused on – inclusive growth, investor interests, employment generation and stakeholder engagement.

YOUR COMPANY

In the current state of affairs when challenges persist both in India and globally, your Company has still led initiatives that explore newer opportunities and avenues that help managing market risks better. With domain expertise, vision to create new-generation markets and a potent combination of technology and finance, we have developed high quality financial market infrastructure in India. And we have

taken forward India's footprint into fast-growing regions of South-East Asia, Middle-East and Africa. We are the world's largest creator of green-field Exchanges and complementing them with ecosystem ventures that strengthen the scope of these financial markets.

Financial Exchanges and ecosystem ventures create powerful instruments and interventions that not only energize economic growth but ensure sustainability. By means of creating affordable financial market access through new age technologies, we are heralding an era of innovation and excellence for the ecosystem we operate in. The following verticals define our innovative growth models Technology, Exchanges and Ecosystem Ventures.

VERTICALS

Technology, Exchange, Ecosystem

The Technology Vertical encompasses Exchange Solutions, Brokerage Solutions, Connectivity Solutions and Consulting Solutions. Exchange Solutions are highly versatile and cover all aspects of the Exchange operations – from trading to settlement. It is driven by strategic and operational needs to deal with costs and margin pressures, ever-changing business environment and regulatory compliances. The Exchange Technology Division through its Energy Market Management System (EMMS) deployed Energy Solutions

at Gulf Co-operation Council Interconnection Authority (GCCIA) in the UAE.

ODIN™, your Company's flagship brokerage solution, continues to be the first choice of every brokerage house in India. ODIN™ integrated with ACE Derivatives and Commodity Exchange – India's newest commodity Exchange that facilitates online trading, and clearing and settlement of commodity futures transactions, and thereby providing a platform for its risk management. This year, ODIN™'s capabilities were enhanced to integrate with new Exchange segments – MCX-SX equity and derivative segments, Universal Commodity Exchange (UCX) commodity futures segment and in primary market for OFS (offer for sale) segment.

This year, ODIN™ Institutional extended to provide various execution-based algorithms and introduced FIX 24x7 functionality that enables the sell-side brokers to accept orders all day from buy-side clients who route orders from different time-zones across the world. Another milestone was the addition of the ODIN™ QDP product suite to enable Qualified Foreign Investors (QFI) to participate in the Indian equity markets. We have also introduced FX-ELITE™ which is an intra-bank online dealing platform facilitating end-to-end automated trading for intra-bank foreign exchange. It is a fully-customizable solution that provides an efficient workflow

between the Bank Central Treasury and its Branch Offices, thus allowing the Treasury to expeditiously confirm and execute foreign exchange trading.

This year, your Company introduced STP-Gate™ Debt Market, a messaging solution for the debt market participants to address the challenges faced in non-standardized physical format of contracts. With the launch, your Company has become the first company in India to offer messaging solution to debt market participants. The solution – an internet-based service – will seamlessly interconnect market participants through standardized ISO 15022 messaging.

Our Consulting Solution - ESG added to its services – Datacenter Hosting which is a low latency proximity hosting solution that helps clients to host their servers and connect with various Exchanges efficiently using algorithm trading applications. ESG also added Information Security Awareness Programs that enable secure IT Infrastructure for clients.

Our wide institutional framework of Exchanges and ecosystem ventures formulate a comprehensive market structure not only in India but also globally. In our capacity as an Exchange operator, we believe in fostering good standards of corporate governance which plays a pivotal role in any financial market space.

The diffusion of self-regulation at every level and adoption of code of best practices is visible in our endeavors. As national entities – our Exchange ventures encompass all regulatory compliances and are continuously focused on – inclusive growth, investor interests, employment generation and stakeholder engagement. Our role is to ensure that this has always been in our immediate topical interests and has never been compromised.

In the commodity Exchange space, MCX maintained its leadership position in the Indian commodity markets space. MCX's IPO was adjudged as the 'Best Mid-cap Equity Deal' in Asia-Pacific by Finance Asia Achievement Awards 2012. It also conferred the 'Best Commodity Exchange of the year' award at the Global Cotton Conference.

Our Exchange in the energy segment, IEX continues to be India's first and premier Power Exchange with 95% Market Share and recorded highest ever REC traded in a single trading session in March 2013. The international Exchanges in multiple geographies spread across Asia, Middle-East and Africa namely SMX, GBOT, BFX and Bourse Africa have been growing steadily.

With respect to the ecosystem ventures, NBHC successfully associated with four new banks this year.

Your Company's standalone financials* for the year ended 31st March 2013 are as follows:

OPERATING REVENUES*

Total Income increased to ₹ 6,574 million, as against ₹ 5,446 million in the previous year, which, in percentage terms, amounts to a rise of 20.71%

EBITDA increased by 27.77% to ₹ 4,679 million, as against ₹ 3,662 million the previous year.

PAT rose by 20.94% in the year to ₹ 3,229 million, compared to ₹ 2,670 million in the previous year.

Your Company has since last 29 consecutive quarters declared and paid dividend to its Shareholders. During the year, your Company has declared and paid three interim dividends of 100% each (₹ 6/- per share on par value of ₹ 2/- per share) to its shareholders and a final dividend of 100% (₹ 2/- per share) recommended will be paid subject to the approval of Shareholders at the ensuing Annual General Meeting.

**Numbers mentioned are standalone results, excluding capital gain on sale/redemption of shares and diminution in long term investments.*

GROUP BUSINESS HIGHLIGHTS

Along with technological competences and domain expertise, your Company is today the world's largest creator of green-field Exchanges and

complementing them with ecosystem ventures that strengthen the scope of financial markets. Its wide institutional framework of Exchanges and ecosystem ventures formulate a comprehensive market structure not only in India but also globally.

In the commodity Exchange space in India, **Multi Commodity Exchange (MCX)** recorded its highest daily turnover since inception of ₹ 1,199.41 billion. MCX launched Kapasia Khalli contract and also Silver 1,000 contracts which witnessed a record delivery of 1,010 kg in the year. MCX also won the 'FOW Award' for its Gold Petal Futures Contract under the most innovative new contract launched by an Exchange in the metals category at the FOW Awards for Asia 2012 organized at Singapore.

Indian Energy Exchange (IEX) successfully completed five years and is India's preferred electricity trading platform with nationwide reach covering 101 Members and over 2,500 active clients registered as on 31st March 2013 (over 500 private generators and over 1,800 direct consumers). It also witnessed the highest ever traded volume in Electricity Market in a year – over 22 Billion Units (kWh). IEX bagged '6th Enertia Award' as 'Best Power Exchange in India' and the PowerLine Award as 'Best Performing Power Exchange' this year. It also received India Power Award of the 'Best E-enabled Consumer Platform'.

Singapore Mercantile Exchange (SMX) inked an MOU with AFET for global joint development of Futures Trading and partnered with Temasek Polytechnic to build capabilities in commodity and currency derivatives trading and processing. SMX won three Awards at 'FOW Awards for Asia 2012'.

Bahrain Financial Exchange (BFX) became a member of the Bahrain Association of Banks (BAB). It successfully conducted several corporate social responsibility (CSR) educational workshops titled "Understanding the Financial Derivatives Markets from Theory to Practice" for university students in the Kingdom of Bahrain.

Global Board of Trade (GBOT) collaborated with the University of Technology, Mauritius, to promote education on Financial Markets which would enable students and professionals to learn the practical aspects of financial markets through workshops, certification courses and simulation on GBOT markets. GBOT also conducted over 50 EDGE Workshops with in-house and external experts within the Financial Sector. EDGE is the knowledge and education initiative of GBOT titled "Empowerment & Development through 'Global financial markets' Education" (EDGE).

With respect to the ecosystem ventures, **National Bulk Handling Corporation (NBHC)** successfully

associated with six new banks this year namely, Central Bank of India, L&T Finance Holdings, Hadoti Kshetriya Gramin Bank, J&K Bank, Dombivli Nagari Sahakari Bank and Ratnakar Bank.

Among other notable developments, **TickerPlant India Ltd. (TPIL)** incorporated new functionalities in its product offerings with commissioned enhancements in decision support tools, pivot point analytics and technical indicators such as Ichimoku and smoothened RSI. It has seamlessly integrated MCX-SX Cash and F&O segments, and ACE Exchange.

Financial Technologies Knowledge Management Company (FTKMC) successfully conducted nationwide training programs as also extensive content development for the financial markets. During the year FTKMC unveiled a special diary providing comprehensive views on Corporate Governance, including Strategy, M&A, Regulations, and Financial Statement presentation. It has also represented on 'Rethinking Governance' the 31st SKOCH Summit at New Delhi, and executed a project on drawing a roadmap for knowledge management undertaken for Capital Market Authority, Saudi Arabia, and a study on Financial Services Outsourcing for GIZ, as a part of its project Sino-German Tianjin Modern Financial System Development Project, China.

atom Technologies acquired 600+ merchants this year and processed more than 5.5 million transactions worth ₹ 3,396 crore. It tied up with banks for integrating their Internet Banking Gateway on atoms' 'PAYNETZ' Solution and entered tie-ups with several leading government/PSU customers for payment services. It has, also, collaborated with leading education institutions to facilitate sale of application forms and collection of fees from their students.

Your Company will continue to pursue its business strategy to identify and invest in quality assets with an objective of generating higher returns on investments over medium to long term. While doing so, your Company will ensure the standards of corporate governance are comparable to the best in the world. As our theme goes we are passionately working towards building a new breed of leadership that will inspire, galvanize and edify our very fabric of the society.

THE YEAR AHEAD

The year 2012 has, indeed, been vital in shaping our modus operandi for 2013, given the volatile macro economy and changing market landscape. The slightly weaker global outlook will continue to be a challenging economic environment to operate in.

Notwithstanding the transitioning emerging economies, we remain steadfast in our mission to continually innovate to surpass our own benchmark and achieve long term sustainable growth. Having completed an assessment of past year, we plan to continue product development and adding more tech-driven solutions serving our clients. Our focus will continue to imbibe market best practices, develop SMEs and bring technology in our day-to-day processes. We aim to continue to ensure highest returns for shareholders while blending social interest with inclusive growth.



JIGNESH SHAH

Chairman & Managing Director

OVERVIEW

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.

Financial Technologies has a unique business model integrating its domain knowledge of end-to-end IT-enabled transaction and Exchange Technology to create and operate Exchanges and ecosystem ventures. Financial Technologies is the world's largest creator of green-field Exchanges that connect the fast-growing economies of Africa, Middle-East and Southeast Asia. Our business model of setting up and operating efficient markets (Exchanges) is well supported by ecosystem ventures that bring long-term sustainability and robustness in creating value for all its stakeholders, be it market participants, intermediaries or end-users.

Under the Exchange Vertical, Financial Technologies 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 counter party 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.

Financial Technologies, Ecosystem Vertical addresses upstream and downstream opportunities to support its Exchanges, including clearing and depository, information dissemination, warehousing and collateral management, payments processing and financial market education, among others.

TECHNOLOGY VERTICALS

Exchange Solutions



Brokerage Solutions



Messaging Solutions



Consulting Solutions

