

For Immediate Release

Financial Technologies (Standalone) Profit after Taxes for the quarter ended June 30, 2014 stands at ₹ 128 crore.

Mumbai, August 13, 2014:

Financial Technologies (India) Limited (Financial Technologies), the global leader in offering member technology solutions and exchange technology solutions for financial markets for multi asset class, announced today its unaudited financial results for the quarter ended June 30, 2014.

Standalone performance of Financial Technologies for quarter ended June 30, 2014:

- Profit after taxes for the quarter year ended June 30, 2014 stands at ₹ 128 crore (Previous year quarter Profits after taxes at ₹ 81 crore).

Commenting on Financial Technologies' Standalone 1st Quarter FY15 performance, Dewang Neralla, Whole Time Director, said:

"We are pleased to announce financial results for quarter ended June 30, 2014. Profit after taxes for the quarter ended June 30, 2014 stands at ₹ 128 crore."

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Safe Harbour Statement

Certain statements made in this release with reference to future operations and performance of Financial Technologies, its subsidiaries, and other group companies are forward-looking statements, involving risks and uncertainties. Certain factors could cause actual results to differ materially from those in such forward-looking statements. The company does not undertake responsibility to update any forward-looking statement that may be made from time to time by or on behalf of the company.

PART I

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014

PARTICULARS		Quarter ended			Year ended
		30.06.2014	31.03.2014	30.06.2013	31.03.2014
		Unaudited	Audited (Refer Note 1e)	Unaudited	Audited
1.	a) Net Sales / Income from Operations b) Other Operating Income c) Total Income from Operations (Net)	4,324.66 101.96 4,426.62	5,524.71 94.99 5,619.70	10,167.23 243.20 10,410.43	32,671.60 799.89 33,471.49
2.	Expenses a) Purchases of stock-in-trade b) Employee benefits expense c) Legal and professional charges d) Provision of doubtful Loans & advances & Trade receivables e) Depreciation and amortisation expense f) Other expenses g) Total expenses	0.12 2,745.06 1,836.92 26.64 1,049.49 1,042.73 6,700.96	1.03 3,635.30 1,685.13 35,024.64 1,248.45 1,547.51 43,142.06	0.30 3,008.52 453.96 - 600.27 1,438.15 5,501.20	6.09 12,275.19 4,008.09 36,767.07 3,074.86 5,064.32 61,195.62
3.	Profit / (Loss) from Operations before Other Income and Finance costs (1-2)	(2,274.34)	(37,522.36)	4,909.23	(27,724.13)
4.	Other Income (net) a) Diminution in value of long term Investments b) Others (Refer Note 8) c) Total Other Income	- 17,179.28 17,179.28	(6,944.45) 7,247.17 302.72	- 6,544.14 6,544.14	(11,444.44) 24,186.99 12,742.55
5.	Profit / (Loss) before Finance costs (3+4)	14,904.94	(37,219.64)	11,453.37	(14,981.58)
6.	Finance costs	611.25	501.18	450.53	3,053.82
7.	Profit / (Loss) before tax (5-6)	14,293.69	(37,720.82)	11,002.84	(18,035.40)
8.	Tax expense	1,468.70	(595.55)	2,882.00	4,819.45
9.	Net Profit / (Loss) for the quarter / year (7-8)	12,824.99	(37,125.27)	8,120.84	(22,854.85)
10.	Paid-up Equity Share Capital (Face Value ₹2/- per share)	921.57	921.57	921.57	921.57
11.	Reserves excluding Revaluation Reserves				240,028.64
12.	Earnings per share (face value of ₹2 per share) (Quarterly not annualised) (₹) a) Basic b) Diluted	27.83 27.83	(80.57) (80.57)	17.62 17.55	(49.60) (49.60)

PART II

SELECT INFORMATION FOR THE QUARTER ENDED JUNE 30, 2014

A. PARTICULARS OF SHAREHOLDING				
I) Public shareholding				
a) Number of shares	25,052,659	25,052,659	25,050,955	25,052,659
b) Percentage of shareholding	54.37	54.37	54.37	54.37
ii) Promoters and promoter group shareholding				
a) Pledged / Encumbered				
- Number of shares	Nil	Nil	Nil	Nil
- Percentage of shares	Nil	Nil	Nil	Nil
(as a % of the total shareholding of promoters and promoter group)				
- Percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil	Nil
b) Non-encumbered				
- Number of shares	21,025,878	21,025,878	21,027,582	21,025,878
- Percentage of shares	100.00	100.00	100.00	100.00
(as a % of the total shareholding of promoters and promoter group)				
- Percentage of shares (as a % of the total share capital of the company)	45.63	45.63	45.63	45.63
B. INVESTOR COMPLAINTS				
Pending at the beginning of the quarter	Quarter Ended 30.06.2014			
Received during the quarter	Nil			
Disposed of during the quarter	8			
Remaining unresolved at the end of the quarter	8			
	Nil			

Notes:

1. These unaudited financial results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company at their meetings held on August 13, 2014 and have been subjected to a limited review by the Statutory Auditors of the Company.
2. The Board of Directors in their meeting held on August 13, 2014 have declared first interim dividend of ₹2/- per equity share of face value ₹2/- each (i.e. @100%) on equity share capital of the Company.
3. During the previous year, the Company along with other shareholders entered into a share purchase agreement for sale of 100% equity shares of National Bulk Handling Corporation Limited (NBHC) to IVF Trustee Company Limited, subject to certain conditions. The sale transaction was completed in April 2014 and resultant profit of ₹12,895.10 lacs is included in Net gain on sale of investment under Other Income.
4. During the previous year, the Company has received an order dated 17th December, 2013 passed by the Forward Markets Commission (FMC) holding the Company not a fit and proper person to continue to be a shareholder of 2% or more of the paid up equity capital of Multi-Commodity Exchange of India Ltd. (MCX). The FMC Order has been challenged by way of a Writ Petition before the Hon'ble Bombay High Court. On 28th February, 2014, Hon'ble High Court was pleased to admit the said Writ Petition and kept for hearing expeditiously. The FMC Order has not attained the finality.

Further, FMC has issued revised norms regarding Shareholding, Ownership, Net worth, Fit and Proper Criteria, etc. on 6th May, 2014 and has, inter alia, provided that no person shall, directly or indirectly, acquire or hold equity shares of a commodity exchange unless he is fit and proper person and in the event of any person ceasing to be a 'fit and proper person' or being declared so by the Commission, such person shall forthwith divest his shareholding. Further, pending divestment of shares, the voting rights of such person shall stand extinguished and any corporate benefit in lieu of such holding shall be kept in abeyance/withheld by Exchange.

Without prejudice to legal rights available within the law, the Company has initiated process of divestment of shares in MCX. Accordingly, subsequent to quarter ended June 2014, the Company has sold 30,59,901 equity shares, equivalent of 6% of share capital of MCX, in the open market. The Company has also entered into a Share Purchase Agreement (SPA) with Kotak Mahindra Bank Limited (KMBL) on July 20, 2014 for the sale of 15% equity shares of MCX for an aggregate consideration of ₹459 Cores (rounded). The said transaction is subject to fulfillment of certain conditions precedents including regulatory approvals. Post completion of the above said transaction, the Company's shareholding in MCX will come down to 5%. The Company is endeavoring to sale balance 5% shareholding in MCX as quickly as possible, subject to approval of regulatory authority.
5. The Company received communication from Indian Energy Exchange Ltd. (IEX) vide its letter dated 19th May, 2014 (CERC Order) informing that Central Electricity Regulatory Commission (CERC) vide their order dated 13th May, 2014 stated that the Company cannot be considered as fit and proper person to hold the shares in power exchanges in view of FMC Order & SEBI Order and inter alia directed IEX a) to ensure that the Company divests its entire shareholding from IEX by 30th September, 2014, b) pending divestment of shares, the voting rights of the Company shall stand extinguished and any corporate benefit in lieu of such shareholding shall be kept in abeyance or withheld by the exchange and c) IEX shall ensure that no nominee of the Company is represented on the Board of IEX. The above directions of CERC are binding with immediate effect. The Company currently holds 7,775,515 equity shares which constitute 25.64% holding in IEX. The Company has challenged the CERC Order before Appellate Tribunal. However, without prejudice to the Company's legal rights and remedies available under the law, the company has appointed bankers to take forward the process of divestment of the said Investments.
6. Securities and Exchange Board of India (SEBI) has passed an Order on 19th March, 2014 (SEBI Order) declaring the Company not a 'Fit and Proper' person and directed the Company to divest the equity shares or any instrument that provides for rights over the equity shares held by the Company in MCX Stock Exchange Limited (MCX-SX), MCX-SX Clearing Corporation Limited (MCX-SX CCL), Delhi Stock Exchange Ltd. (DSE), the Vadodara Stock Exchange Limited (VSE) and National Stock Exchange of India Limited (NSEIL) within 90 days from the date of order. The Company had filed an appeal in the Security Appellate Tribunal (SAT) against the SEBI order. SAT vide its order dated July 09, 2014 (by majority view) dismissed the appeal and directed to the Company to divest its stake in the aforesaid companies within (4) four weeks from the date of the order. Without prejudice to legal rights and remedies available under the law the Company has appointed bankers to take forward the process of divestment of the aforesaid investments.
7. On conservative basis, the Company has not recognized interest income of ₹480.92 lacs on outstanding loan from National Spot Exchange Ltd. (NSEL) during the quarter in view of the uncertainty involved in the ultimate collection.
8. Other Income consists of:

PARTICULARS	Quarter ended			Year ended
	30.06.2014	31.03.2014	30.06.2013	31.03.2014
a) Net (loss) / gain on foreign currency transactions and translations	(436.89)	(3,389.65)	2,346.85	(2,922.56)
b) Net gain on sale of Investments	14,197.24	9,053.03	2,345.99	14,946.97
c) Dividend income	1,111.36	239.29	190.56	3,310.37
d) Interest Income	2,058.85	1,542.95	1,095.03	7,436.37
e) Others (net)	248.72	(198.45)	565.71	1,415.84
	17,179.28	7,247.17	6,544.14	24,186.99

9. As at June 30, 2014, the Company's had an investment in certain subsidiaries and a joint venture company aggregating of ₹17,769.59 lacs and debts and other recoverable aggregating of ₹90,371.90 lacs (excluding NSEL and its subsidiaries) which presently have accumulated losses. The Company has a provision of ₹8,681.71 lacs towards other than temporary diminution in the value of investments and ₹15,150.00 lacs towards loans and advances as at June 30, 2014 which are considered to be adequate for these investments and loans and advances. No additional provision has been made during the quarter.
10. a) During the previous year, Writ Petitions (WP), Public Interest Litigation (PIL), Civil Suits have been filed against the Company in relation to NSEL event, wherein the Company has been made a party in the Civil Suits and the WP. In the said proceedings certain reliefs have been claimed against the Company, inter alia, on the ground that the Company is the holding company of NSEL. These matters are pending before the Hon'ble Bombay High Court for adjudication. The Company has denied all the claims and contentions in its reply. There is no privity of contract between FTIL and the Petitioners. Based on legal advice, the management is of the view that the parties who have filed the WP, PIL and Civil Suits would not be able to sustain any claim against the Company. The matter is pending for hearing before the Hon'ble Bombay High Court.

b) First Information Report (FIR) has been registered against various parties, including the Company, with the Economic Offences Wing of the Mumbai Police (EOW) in connection with the NSEL event. After investigation, EOW has filed charge-sheets on January 06, 2014, June 04, 2014 and August 04, 2014. It is pertinent to note that so far the Company has not been named in the said charge-sheets.
11. During the quarter ended June 30, 2014, the Company has made additional long term investments aggregating ₹2,173.65 lacs in subsidiaries.
12. With effect from January 1, 2014 the company has revised the estimate useful life of certain fixed assets. As a result, the depreciation charged to profit and loss account and loss before tax for the quarter and the year ended March 31, 2014 are both higher by ₹556.07 lacs. Further no amount is required to be charged against opening reserves as on April 1, 2014.
13. The Company has a total MAT credit entitlement of ₹10,374.12 lacs as at June 30, 2014 including recognition of ₹1,185.30 lacs during the quarter ended June 30, 2014. The management of the Company is confident that the Company will be able to utilize unexpired MAT entitlement in future projected years.
14. Segment wise Revenues and Results as per clause 41 of Listing Agreement:

PARTICULARS	Quarter ended			Year ended
	30.06.2014	31.03.2014	30.06.2013	31.03.2014
Segment Revenue				
STP Technologies / Solutions	3,722.70	4,947.30	9,330.33	29,623.76
Others	703.92	672.40	1,080.10	3,847.73
Total Income from Operations	4,426.62	5,619.70	10,410.43	33,471.49
Segment Results				
STP Technologies / Solutions	1,398.91	3,419.20	6,754.35	19,945.02
Others	295.92	601.53	535.53	1,964.50
Total	1,694.83	4,020.73	7,289.88	21,909.52
Less: Finance Costs	611.25	501.18	450.53	3,053.82
Add : Unallocable income [other income (net)]	17,179.28	302.72	6,544.14	12,742.55
Less: Unallocable expenses	3,969.17	41,543.09	2,380.65	49,633.65
Profit before tax	14,293.69	(37,720.82)	11,002.84	(18,035.40)

Notes:

- a) Segments have been identified in accordance with the Accounting Standard (AS 17) "Segment Reporting" considering the organisation structure and the return/risk profiles of the business.
- b) STP Technologies / Solutions segment represents Straight through Processing Solutions and includes an integrated mix of various products, projects and activities incidental thereto. Others represent trading activities, process management services and shared business support and IT Infrastructure sharing services.
- c) Due to diversified nature of business, significant assets are interchangeably used between segments and the management believes that it is currently not practicable to provide segment disclosure relating to capital employed since a meaningful segregation is not possible.
15. The qualifications made by the Statutory Auditors in their earlier year/s' Independent Auditors' Reports continue to be subject matter of qualification for the purpose of the limited reviewed report dated August 13, 2014 on the unaudited financial results for the quarter ended June 30, 2014 and the Management responses thereto are as under:-

I. As stated by the Management of the Company in Note 10 above, Writ Petitions, Public Interest Litigations, Civil Suits have been filed against the Company in relation to the NSEL event, wherein the Company has been made a party in the Writ Petitions and Civil Suits, and these matters are pending adjudication. In addition, there is a First Information Report registered, inter alia, against the Company with the Economic Offences Wing. Further, as stated in the said Note 10 above, based on legal advice, the Management of the Company does not foresee that the parties who have filed the Writ Petitions, Public Interest Litigations, Civil Suits would be able to sustain any claim against the Company. In this regard, the Management and those charged with Governance have represented to us that other than as stated in the said Note 10 above, there are no claims, litigations, potential settlements involving the Company directly or indirectly which require adjustments to / disclosures in the statement.

In the light of the above representations regarding the ongoing investigations and matters, the outcome of which is not known and is uncertain at this stage, we are unable to comment on the consequential impact in respect of the same on the results for the Quarter ended June 30, 2014.

Management Response:
Refer Note 10 above.
- II. On the directions of the Forward Markets Commission, a special audit was carried out by an external agency in respect of Multi Commodity Exchange of India Limited (MCX) covering, inter alia, the agreements and transactions between MCX and the Company. MCX has, on 26th May, 2014, submitted the scanned copy of the special audit report dated April 21, 2014 for dissemination on the website of BSE Limited.

We are unable to comment on the consequential impact, if any, in respect of the above matter on the results for the Quarter ended June 30, 2014.

Management Response:
MCX on April 29, 2014 uploaded on BSE website Executive Summary with the modification on selective basis ('Executive Summary') of Special Audit Report carried out by PwC with a disclaimer. The Company replied Executive Summary in detail on May 5, 2014 and the same was uploaded on BSE website. Subsequently on May 26, 2014 MCX disseminated on BSE website Special Audit Report without annexures, exhibits of the said report with a disclaimer that document is yet to be independently verified by MCX, MCX neither agrees or disagrees with the contents and does not have opinion on the same, it further recommends that no person should consider and/or rely on the contents of the document at this stage for undertaking any trade (buy or sell) in the securities of MCX, it further states that it does not in any manner warrant, certify or endorse the correctness, accuracy, adequacy or completeness of the contents of the report and the observation of the report have not been verified / confirmed by MCX. The Company reiterated that views of the Company were not taken into account before finalizing the report despite several written requests to MCX.
- III. As stated in Note 9 above, the Company has investments in certain subsidiaries and a jointly controlled entity, aggregating ₹17,769.59 lacs and has granted loans and advances to / receivables from these entities, aggregating ₹90,371.90 lacs as at June 30, 2014 (which exclude NSEL and its subsidiaries). A provision / adjustment of ₹8,681.71 lacs towards diminution, other than temporary in the value of investments and a provision of ₹15,150.00 lacs towards doubtful loans and advances have been carried from the previous year, which is considered adequate by the management of the Company. The net worth of most of these entities has been eroded / substantially eroded.

In the absence of sufficient appropriate audit evidence, particularly, in the absence of a fair valuation of the aforesaid investments at June 30, 2014 being provided to us, we are unable to determine the adequacy of the provisions carried forward.

Management Response:
Refer Note 9 above.
- IV. As stated in Note 6 above, the directives of the Securities and Exchange Board of India (SEBI) by its Order dated March 19, 2014 requires the Company to divest its investments referred therein within ninety days from the date of the Order. These include 27,165,000 Equity Shares of Re 1 each and 562,460,000 Warrants of Re 1 each (each Warrant will entitle the holder to one Equity Share) both in MCX Stock Exchange Limited and 5,750,000 Equity Shares of ₹10 each in MCX-SX Clearing Corporation Limited which are being carried at an aggregate amount of ₹6,471.25 lacs. The Management of the Company is of the view that the aggregate carrying amount of the aforesaid investments at ₹6,471.25 lacs, represents the lower of cost and fair value of these investments as at June 30, 2014.

In the absence of sufficient appropriate audit evidence, particularly, in the absence of a fair valuation of the aforesaid investments as at June 30, 2014 being provided to us, and having regard to the time limit for divestment prescribed in the aforesaid Order, we have not been able to validate whether the carrying amount of these investments is the lower of cost and fair value, as required by Accounting Standard (AS) 13, 'Accounting for investments', as also financial and other impacts, if any, of the non-compliance of this directive.

Management Response:
According to the Management view, on the basis of the information available including latest financial statements/ results and / or latest transactions carried out, the fair value of above investments exceeds the cost of the investments. Also refer note 6 above.

16. The figures for the quarter ended March 31,2014 are balancing figures between the audited figures for the full financial year ended March 31, 2014 and published year to date figures upto the third quarter ended Decemeber 31, 2013.
17. Previous year / period figures have been regrouped / reclassified, wherever necessary, to conform to current period's presentation.

For Financial Technologies (India) Limited

Place: Mumbai
Date : August 13, 2014

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Dewang Neralla
Whole-time Director