

**PART I**  
**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2013**

| PARTICULARS |                                                                            | Quarter ended   |                  |                  | Six Months ended |                  | Year ended        |
|-------------|----------------------------------------------------------------------------|-----------------|------------------|------------------|------------------|------------------|-------------------|
|             |                                                                            | 30.09.2013      | 30.06.2013       | 30.09.2012       | 30.09.2013       | 30.09.2012       | 31.03.2013        |
|             |                                                                            | Unaudited       | Unaudited        | Unaudited        | Unaudited        | Unaudited        | Audited           |
| 1           | (a) Net Sales/Income from Operations                                       | 8,982.91        | 10,167.23        | 12,255.87        | 19,150.14        | 19,068.21        | 43,943.19         |
|             | (b) Other Operating Income                                                 | 278.87          | 243.20           | 242.55           | 522.07           | 503.60           | 1,146.91          |
|             | <b>Total Income from Operations (Net)</b>                                  | <b>9,261.78</b> | <b>10,410.43</b> | <b>12,498.42</b> | <b>19,672.21</b> | <b>19,571.81</b> | <b>45,090.10</b>  |
| 2           | <b>Expenses</b>                                                            |                 |                  |                  |                  |                  |                   |
|             | a) Purchases of stock-in-trade                                             | 1.38            | 0.30             | 1.55             | 1.68             | 17.82            | 31.83             |
|             | b) Employee benefits expense                                               | 2,868.55        | 3,008.52         | 3,176.60         | 5,877.07         | 6,321.15         | 12,410.70         |
|             | c) Legal and professional charges                                          | 717.03          | 453.96           | 193.60           | 1,170.99         | 328.32           | 880.45            |
|             | d) Provision for doubtful trade receivables/advances                       | 1,599.89        | -                | 39.00            | 1,599.89         | 39.00            | 134.90            |
|             | e) Depreciation and amortisation expense                                   | 609.02          | 600.27           | 522.44           | 1,209.29         | 1,038.42         | 2,253.99          |
|             | f) Other expenses                                                          | 1,020.22        | 1,438.15         | 1,595.05         | 2,458.37         | 2,722.00         | 5,499.20          |
|             | <b>Total expenses</b>                                                      | <b>6,816.09</b> | <b>5,501.20</b>  | <b>5,528.24</b>  | <b>12,317.29</b> | <b>10,466.71</b> | <b>21,211.07</b>  |
| 3           | <b>Profit from Operations before Other Income and Finance costs (1-2)</b>  | <b>2,445.69</b> | <b>4,909.23</b>  | <b>6,970.18</b>  | <b>7,354.92</b>  | <b>9,105.10</b>  | <b>23,879.03</b>  |
| 4           | <b>Other income (net)</b>                                                  |                 |                  |                  |                  |                  |                   |
|             | (a) Diminution in value of long term investments (Refer Note 7)            | (4,499.99)      | -                | -                | (4,499.99)       | -                | -                 |
|             | (b) Others (Refer Note 8)                                                  | 8,131.16        | 6,544.14         | 2,293.38         | 14,675.30        | 9,906.54         | 20,651.99         |
|             | <b>Total other income (net)</b>                                            | <b>3,631.17</b> | <b>6,544.14</b>  | <b>2,293.38</b>  | <b>10,175.31</b> | <b>9,906.54</b>  | <b>20,651.99</b>  |
| 5           | <b>Profit before Finance costs (3+4)</b>                                   | <b>6,076.86</b> | <b>11,453.37</b> | <b>9,263.56</b>  | <b>17,530.23</b> | <b>19,011.64</b> | <b>44,531.02</b>  |
| 6           | <b>Finance costs</b>                                                       | <b>1,567.23</b> | <b>450.53</b>    | <b>1,264.73</b>  | <b>2,017.76</b>  | <b>2,669.99</b>  | <b>4,283.74</b>   |
| 7           | <b>Profit before tax (5-6)</b>                                             | <b>4,509.63</b> | <b>11,002.84</b> | <b>7,998.83</b>  | <b>15,512.47</b> | <b>16,341.65</b> | <b>40,247.28</b>  |
| 8           | <b>Tax expense</b>                                                         | <b>1,808.00</b> | <b>2,882.00</b>  | <b>1,043.77</b>  | <b>4,690.00</b>  | <b>1,780.43</b>  | <b>7,959.22</b>   |
| 9           | <b>Net Profit for the period (7-8)</b>                                     | <b>2,701.63</b> | <b>8,120.84</b>  | <b>6,955.06</b>  | <b>10,822.47</b> | <b>14,561.22</b> | <b>32,288.06</b>  |
| 10          | <b>Paid-up Equity Share Capital (Face Value ₹ 2/- per share)</b>           | <b>921.57</b>   | <b>921.57</b>    | <b>921.57</b>    | <b>921.57</b>    | <b>921.57</b>    | <b>921.57</b>     |
| 11          | <b>Reserves excluding Revaluation Reserves</b>                             |                 |                  |                  |                  |                  | <b>266,761.81</b> |
| 12          | <b>Earnings per share (Face Value ₹ 2/- per share)(not annualised) (₹)</b> |                 |                  |                  |                  |                  |                   |
|             | a) Basic (₹)                                                               | 5.87            | 17.62            | 15.09            | 23.49            | 31.60            | 70.07             |
|             | b) diluted (₹)                                                             | 5.87            | 17.55            | 15.09            | 23.49            | 31.60            | 69.48             |

**PART II**

**SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2013**

| A Particulars of Shareholding |                                                                                           |                          |            |            |            |            |            |
|-------------------------------|-------------------------------------------------------------------------------------------|--------------------------|------------|------------|------------|------------|------------|
| 1                             | <b>Public shareholding</b>                                                                |                          |            |            |            |            |            |
|                               | a) Number of shares                                                                       | 25,050,955               | 25,050,955 | 25,026,955 | 25,050,955 | 25,026,955 | 25,050,955 |
|                               | b) Percentage of shareholding                                                             | 54.37                    | 54.37      | 54.31      | 54.37      | 54.31      | 54.37      |
| 2                             | <b>Promoters and promoter group shareholding</b>                                          |                          |            |            |            |            |            |
|                               | a) <b>Pledged/ Encumbered</b>                                                             |                          |            |            |            |            |            |
|                               | - Number of shares                                                                        | Nil                      | Nil        | Nil        | Nil        | Nil        | Nil        |
|                               | - Percentage of shares (as a % of the total shareholding of promoters and promoter group) | Nil                      | Nil        | Nil        | Nil        | Nil        | Nil        |
|                               | - Percentage of shares (as a % of the total share capital of the Company)                 | Nil                      | Nil        | Nil        | Nil        | Nil        | Nil        |
|                               | b) <b>Non-encumbered</b>                                                                  |                          |            |            |            |            |            |
|                               | - Number of shares                                                                        | 21,027,582               | 21,027,582 | 21,051,582 | 21,027,582 | 21,051,582 | 21,027,582 |
|                               | - Percentage of shares (as a % of the total shareholding of promoters and promoter group) | 100.00                   | 100.00     | 100.00     | 100.00     | 100.00     | 100.00     |
|                               | - Percentage of shares (as a % of the total share capital of the Company)                 | 45.63                    | 45.63      | 45.69      | 45.63      | 45.69      | 45.63      |
| B                             | <b>INVESTOR COMPLAINTS</b>                                                                | Quarter ended 30.09.2013 |            |            |            |            |            |
|                               | Pending at the beginning of the quarter                                                   | NIL                      |            |            |            |            |            |
|                               | Received during the quarter                                                               | 3                        |            |            |            |            |            |
|                               | Disposed off during the quarter                                                           | 3                        |            |            |            |            |            |
|                               | Remaining unresolved at the end of the quarter                                            | NIL                      |            |            |            |            |            |

**NOTES:**

**1 STANDALONE STATEMENT OF ASSETS AND LIABILITIES**

| Particulars                                                           |                                         |                   |                   |            |            |
|-----------------------------------------------------------------------|-----------------------------------------|-------------------|-------------------|------------|------------|
|                                                                       |                                         | As at             | As at             | As at      | As at      |
|                                                                       |                                         | 30.09.2013        | 31.03.2013        | 30.09.2013 | 31.03.2013 |
|                                                                       |                                         | Unaudited         | Audited           | Unaudited  | Audited    |
| <b>A EQUITY AND LIABILITIES</b>                                       |                                         |                   |                   |            |            |
| 1                                                                     | <b>Shareholders' funds:</b>             |                   |                   |            |            |
|                                                                       | (a) Share capital                       | 921.57            | 921.57            |            |            |
|                                                                       | (b) Reserves and surplus                | 274,026.51        | 266,761.81        |            |            |
|                                                                       | <b>Subtotal-Shareholders' funds</b>     | <b>274,948.08</b> | <b>267,683.38</b> |            |            |
| 2                                                                     | <b>Non-current liabilities</b>          |                   |                   |            |            |
|                                                                       | (a) Long-term borrowings                | 48,181.35         | 59,828.23         |            |            |
|                                                                       | (b) Deferred tax liabilities (net)      | 2,338.88          | 2,382.88          |            |            |
|                                                                       | (c) Other long term liabilities         | 49.43             | 276.72            |            |            |
|                                                                       | (d) Long term provisions                | 1,203.73          | 2,153.50          |            |            |
|                                                                       | <b>Subtotal-Non-current liabilities</b> | <b>51,773.39</b>  | <b>64,641.33</b>  |            |            |
| 3                                                                     | <b>Current liabilities</b>              |                   |                   |            |            |
|                                                                       | (a) Trade payables                      | 1,333.05          | 2,034.63          |            |            |
|                                                                       | (b) Other current liabilities           | 29,880.83         | 23,371.23         |            |            |
|                                                                       | (c) Short-term provisions               | 3,577.49          | 1,419.05          |            |            |
|                                                                       | <b>Sub-total-Current liabilities</b>    | <b>34,791.37</b>  | <b>26,824.91</b>  |            |            |
|                                                                       | <b>TOTAL EQUITY AND LIABILITIES</b>     | <b>361,512.84</b> | <b>359,149.62</b> |            |            |
| <b>B ASSETS</b>                                                       |                                         |                   |                   |            |            |
| 1                                                                     | <b>Non-current assets</b>               |                   |                   |            |            |
|                                                                       | (a) Fixed assets                        | 46,774.65         | 47,700.43         |            |            |
|                                                                       | (b) Non-current Investments*            | 77,118.71         | 89,464.66         |            |            |
|                                                                       | (c) Long-term loans and advances        | 128,732.38        | 60,696.63         |            |            |
|                                                                       | (d) Other non-current assets            | 587.08            | 896.86            |            |            |
|                                                                       | <b>Subtotal-Non-current assets</b>      | <b>253,212.82</b> | <b>198,758.58</b> |            |            |
| 2                                                                     | <b>Current assets</b>                   |                   |                   |            |            |
|                                                                       | (a) Current investments *               | 49,425.25         | 132,042.90        |            |            |
|                                                                       | (b) Trade receivables                   | 6,256.01          | 8,310.47          |            |            |
|                                                                       | (c) Cash and cash equivalents           | 10,719.62         | 8,606.20          |            |            |
|                                                                       | (d) Short-term loans and advances       | 37,546.30         | 8,440.16          |            |            |
|                                                                       | (e) Other current assets                | 4,352.84          | 2,991.31          |            |            |
|                                                                       | <b>Subtotal-Current assets</b>          | <b>108,300.02</b> | <b>160,391.04</b> |            |            |
|                                                                       | <b>TOTAL - ASSETS</b>                   | <b>361,512.84</b> | <b>359,149.62</b> |            |            |
| * Includes investment in mutual funds                                 |                                         | 47,357.17         | 138,324.82        |            |            |
| Aggregate of cash and cash equivalents and investment in mutual funds |                                         | 58,076.79         | 146,931.02        |            |            |



2. These unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on November 29, 2013 and have been subjected to a limited review by the Statutory Auditors of the Company.
3. The Board of Directors in their meeting held on November 29, 2013 have declared second interim dividend of ₹ 2 /- per equity share of face value ₹ 2/- each (i.e. @100 %) on equity share capital of the Company.
4. The Company, as a part of its core business strategy, promotes and invests in new ventures that utilize its technological capabilities and domain expertise towards creating world class enterprises. The investment in each such venture is assessed for its risks and is limited to a pre-determined level and will generate returns after the ventures start ramping up operations in varied time frame depending upon the line of business. The Company, as part of its non-linear business model, will endeavor to unlock value by broadening the investor base of its ventures.
5. As at September 30, 2013, the Company's investments aggregating ₹ 49,465.30 lacs in and loans and advances to / receivables aggregating ₹ 1,17,352.59 lacs from certain subsidiaries and a joint venture company, which presently have accumulated losses, but are expected to be recovered, and have their values unlocked in the near future, since these companies are already at various stages of executing their business plans and operations, with expected profitability.

On November 18, 2013, Financial Technologies Singapore Pte. Ltd (FTSPL), a wholly-owned subsidiary of the Company and the Company entered into a share purchase agreement for sale of 100% of FTSPL's equity ownership in Singapore Mercantile Exchange Pte. Ltd. (SMX) and Singapore Mercantile Exchange Clearing Corporation Pte. Ltd. (SMXCC) to ICE Singapore Holdings Pte. Ltd, an entity owned by Intercontinental Exchange Group, Inc. (ICE) for an amount of USD 150 million. The transaction was approved by the Board of Directors of FTSPL and the Company subject to certain customary closing conditions and approvals. Further, an overseas exchange based out of Dubai, wherein the Company holds minority shareholding came out with rights issue which was priced more than the book value of that overseas exchange.

Considering the past profitable divestment from various exchanges by the Company and the recent two overseas exchanges valuation in spite of losses, a provision for diminution in the value of investments, other than temporary, amounting to ₹ 1,737.26 lacs as at the year end March 31, 2013 is considered to be adequate.

6. During the quarter ended September 30, 2013, the Company has made additional long term investments aggregating ₹ 500.00 lacs in a subsidiary.
7. In view of the developments in respect of its subsidiary National Spot Exchange Ltd (NSEL), during the quarter, on conservative basis, the Company has made provision towards diminution other than temporary in value of long term investments of ₹ 4,499.99 lacs for its investment in NSEL.
8. Other Income consists of:

| Particulars                                        | Quarter ended |            |            | Six Months ended |            | Year ended |
|----------------------------------------------------|---------------|------------|------------|------------------|------------|------------|
|                                                    | 30.09.2013    | 30.06.2013 | 30.09.2012 | 30.09.2013       | 30.09.2012 | 31.03.2013 |
| (a) Foreign Exchange (loss) / gain (net)           | 165.79        | 2,346.85   | (2,375.41) | 2,512.64         | (105.44)   | 85.50      |
| (b) Profit on sale / disposal of Investments (net) | 3,381.67      | 2,345.99   | 1,101.17   | 5,727.66         | 1,223.03   | 4,697.86   |
| (c) Dividend income                                | 1,897.36      | 190.56     | 2,045.34   | 2,087.92         | 6,007.95   | 8,300.29   |
| (e) Interest Income                                | 2,155.59      | 1,095.03   | 1,139.23   | 3,250.62         | 2,131.23   | 4,193.16   |
| (f) Others (net)                                   | 530.75        | 565.71     | 383.05     | 1,096.46         | 649.77     | 3,375.18   |
|                                                    | 8,131.16      | 6,544.14   | 2,293.38   | 14,675.30        | 9,906.54   | 20,651.99  |



9. Segment wise Revenues and Results as per clause 41 of Listing Agreement:

(₹ in lacs)

| Particulars                                   | Quarter ended |            |            | Six Months ended |            | Year ended |
|-----------------------------------------------|---------------|------------|------------|------------------|------------|------------|
|                                               | 30.09.2013    | 30.06.2013 | 30.09.2012 | 30.09.2013       | 30.09.2012 | 31.03.2013 |
| Segment Revenue                               |               |            |            |                  |            |            |
| STP Technologies / Solutions                  | 8,135.66      | 9,330.33   | 11,865.28  | 17,465.99        | 18,339.94  | 41,794.09  |
| Others                                        | 1,126.12      | 1,080.10   | 633.14     | 2,206.22         | 1,231.87   | 3,296.01   |
| Total Income from Operations                  | 9,261.78      | 10,410.43  | 12,498.42  | 19,672.21        | 19,571.81  | 45,090.10  |
| Segment Results                               |               |            |            |                  |            |            |
| STP Technologies / Solutions                  | 4,803.82      | 6,754.35   | 9,264.70   | 11,558.17        | 13,186.27  | 32,186.23  |
| Others                                        | 403.88        | 535.53     | 365.41     | 939.41           | 634.48     | 1,930.50   |
| Total                                         | 5,207.70      | 7,289.88   | 9,630.11   | 12,497.58        | 13,820.75  | 34,116.73  |
| Less : Finance costs                          | 1,567.23      | 450.53     | 1,264.73   | 2,017.76         | 2,669.99   | 4,283.74   |
| Add : Unallocable income [other income (net)] | 3,631.17      | 6,544.14   | 2,293.38   | 10,175.31        | 9,906.54   | 20,651.99  |
| Less : Unallocable expenses                   | 2,762.01      | 2,380.65   | 2,659.93   | 5,142.66         | 4,715.65   | 10,237.70  |
| Profit before tax                             | 4,509.63      | 11,002.84  | 7,998.83   | 15,512.47        | 16,341.65  | 40,247.28  |

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.

10. During the six months ended September 30, 2013, the Company has accounted income (excluding interest income) aggregating ₹ 1,489.29 lacs for various services including software maintenance and support services for the Company's flagship products, DOME, CnS, ODIN charges ("Services"), business support services and rent income, out of which ₹ 1,179.76 lacs is the variable fees derived from certain components (transaction fees, delivery charges, warehouse receipt transfer charges for trading, settlement & delivery activities) of revenue of NSEL.

The amount receivable from NSEL for the above said services and reimbursement of expenses as on September 30, 2013 aggregates ₹ 1,564.32 lacs for which, on conservative basis, the Company has made a provision during the quarter ended September 30, 2013.

11. During the six months ended September 30, 2013, the Company had provided additional corporate guarantee of ₹ 22,500.00 lacs on behalf of NSEL for availing banking facility in relation to procurement of cotton on behalf of National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED). In view of the recent developments, the bank invoked the guarantee on September 19, 2013 to the extent of outstanding balance of ₹ 3,143.25 lacs including interest thereon and debited the said amount from the Company's bank account and, accordingly, the Company has debited NSEL's account as loan.

Further, to protect the interest of the large number of small investors who have to receive money from its defaulting members, NSEL had requested the Company to give a bridge loan, which request was accepted by the Company's Board of Directors as a goodwill gesture without admitting any liability on behalf of NSEL and a onetime bridge loan amounting to ₹ 17,939.81 lacs was given which NSEL will have to repay to the Company from the receipt of the amounts from defaulted members after paying to all the investors.

Total outstanding Loan of ₹ 21,083.06 lacs and interest thereon of ₹ 179.53 lacs, aggregating ₹ 21,262.59 lacs as on September 30, 2013, are dependent on the recovery by NSEL from defaulted members and NAFED and the recovery of amount from NSEL will be reviewed periodically.

12. There are some writ petitions, Public Interest Litigation (PIL), civil suits filed against NSEL, wherein the Company has also been made a formal party in these writ petitions and civil suits only, it being the holding company of NSEL. These matters are pending before the Hon'ble Bombay High Court for adjudication. In addition, there is a First Information Report (FIR) registered against various parties, including the Company, with the Economic Offences Wing of the Mumbai Police. The Company is a separate and independent legal entity and, as such, has no responsibility or liability whatever towards the dues of or claims against NSEL.

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The writ petitions and civil suits are primarily against the various defaulting members of NSEL, failing which the claim has been made against NSEL as guarantor and failing which against other parties including the Company. Therefore, at this stage, there are no direct ascertainable financial claims against the Company, and, hence, direct financial implications on the Company, if any, that may arise due to ultimate payment default on NSEL cannot be ascertained.

13. The qualifications made by the Statutory Auditors in their Independent Auditors' Report dated November 29, 2013 on the Financial Statements (as amended) for the year ended March 31, 2013 and continue to be subject matter of qualification for the purpose of the limited review report dated November 29, 2013 on these unaudited financial results for the quarter and six months ended September 30, 2013 and the Management responses are as under:-

A) Pursuant to the developments relating to NSEL, the management of NSEL, by their letter dated September 20, 2013, had communicated to its auditors and the Company that it was not possible for NSEL to immediately ascertain the financial implications (with respect to, inter alia, various irregularities in the operations of NSEL coming to light, agencies looking at the legality of contracts and warehouse receipts and income booked by NSEL therefrom, ongoing investigations and forensic audit) and whether its books and records presented as of March 31, 2013 were true and fair and what adjustments were needed to be carried out with a view to present a correct financial position. Consequently, the auditors of NSEL and its subsidiary, Indian Bullion Market Association Limited (IBMA), in which NSEL has 60.88% equity ownership, citing various developments, investigations and audits relating to NSEL, had communicated to NSEL and IBMA, by their letters dated September 21, 2013, that the standalone and consolidated financial statements of NSEL and standalone financial statements of IBMA for the year ended 31st March, 2013 and their audit reports dated May 17, 2013 and May 16, 2013 on the said financial statements of NSEL and IBMA respectively, are no longer to be relied upon.

B) Basis for Qualified Opinion and Management Response:

- I. No provision was considered necessary by the Management of the Company for diminution in the value of the Company's long-term investment in NSEL of ₹ 4,499.99 lacs as at March 31, 2013.

In view of the aforesaid developments relating to NSEL, which represented a subsequent discovery of facts existing on the date of the Balance Sheet as at March 31, 2013, in our opinion, there were indications of 'other than temporary' diminution in the carrying amount of the Company's investment in NSEL as at March 31, 2013. However, in the absence of the audited financial statements of NSEL for the year ended March 31, 2013 (refer sub paragraph 'A' above), non-availability of estimation of future cash flows and earning capacity of NSEL and suspension of NSEL's operations, we were not able to obtain sufficient appropriate audit evidence to determine the amount of provision that would have been needed to be made for diminution in the carrying amount of the Company's investment in NSEL of ₹ 4,499.99 lacs as at March 31, 2013, in accordance with Accounting Standard (AS) 13, 'Accounting for Investments'.

Management Response:

Please refer Note 7 above.

- II. The Company had recognised income of ₹ 3,452.00 lacs from NSEL during the year ended March 31, 2013 from rendering of various services to NSEL, which included a variable component of ₹ 2,927.60 lacs. As on March 31, 2013, the total amount receivable from NSEL on this account was ₹ 2,489.27 lacs, which has been realized subsequently during the current financial year.

The above variable component comprised:

- (a) revenue of ₹ 2,841.46 lacs towards software maintenance and support services derived on the basis of the underlying revenue recognized by NSEL on account of "transaction fees,

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- delivery charges, warehouse receipt transfer charges for trading, settlement and delivery activities" for the year ended March 31, 2013, pursuant to agreements/contracts; and
- (b) revenue of ₹ 86.14 lacs towards business support services derived on the basis of the underlying gross profits earned on the merchandising activities by NSEL for the year ended March 31, 2013.

However, as stated in sub paragraph 'A' above, the management of NSEL had communicated that they were not in a position to determine whether its books and records presented as of March 31, 2013 were true and fair and what adjustments needed to be carried out with a view to present a correct financial position due to, inter alia, the various irregularities in the operations of NSEL coming to light, agencies looking at the legality of contracts and warehouse receipts and income booked by NSEL therefrom, ongoing investigations and forensic audit. Further, the auditors of NSEL, citing various developments, investigations and audits relating to NSEL, had also communicated that the financial statements of NSEL for the year ended March 31, 2013 and their audit report thereon were no longer to be relied upon.

In view of our aforesaid comments and in the absence of sufficient appropriate audit evidence, particularly, in the absence of the audited financial statements of NSEL for the year ended March 31, 2013, which we could have placed reliance on to validate the underlying elements of revenue and gross profits of NSEL based on which the above mentioned variable component of revenue were derived and accounted for by the Company, significant uncertainty exists regarding the amount of the consideration that could be derived from rendering the services and, hence, we are unable to determine the extent to which the above mentioned revenue aggregating ₹ 2,927.60 lacs, recognized by the Company during the year ended March 31, 2013, should be de-recognized in the results for the quarter and six months ended September 30, 2013 and postponed by the Company, in compliance with the recognition and measurement principles stated in Accounting Standard 9, Revenue Recognition.

Management Response:

During the year ended March 31, 2013, the Company had earned Income of ₹ 3,452.00 lacs from NSEL, which constituted 5.25% of the standalone total income of the Company. This included aggregate amount of ₹ 2,927.60 lacs being variable fees derived from certain component as mention in sub paragraph 'II' above. The Company had paid the applicable taxes on the amount (including service tax, etc.) based on invoices towards services raised to NSEL.

As on March 31, 2013, total amount receivable from NSEL was ₹ 2,489.27 lacs, which has been realized subsequently in the financial year 2013-14 and as on date, there is no amount outstanding against the same.

The above income was recognized as per the contractual terms on accrual basis and there was no uncertainty with respect to realizability of the aforesaid amount as on March 31, 2013 or on the date on which the Financial Statements were approved by the Board and, hence, the same is accounted as income.

As of date, there have been no claims by NSEL nor has any dispute been raised in connection with the amounts paid to the Company for the Services provided by the Company during the financial year 2012-13. In view of the above, no provision was considered necessary by the Management as on March 31, 2013 and September 30, 2013 for the above said Income from NSEL.

- III. As stated in Note 12 above, by the Management of the Company, there are writ petitions, Public Interest Litigations, civil suits filed against NSEL wherein the Company has been made a formal party in the writ petitions and civil suits and the matters are pending adjudication. In addition, there is a First Information Report registered, inter alia, against the Company with the Economic Offence Wing. Further, in the said Note 12, the Management of the Company, based on its

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interpretation, understanding and assessment as described therein, continues to state that at this stage there are no direct ascertainable financial claims against the Company, and hence the direct financial implications on the Company, if any, that may arise due to the matters relating to NSEL cannot be ascertained. In this regard, the Management and those charged with Governance have represented to us that other than as stated in the said Note 12, there are no claims/litigations/ potential settlements involving the Company directly or indirectly, which require adjustments to / disclosures in these financial results for the Quarter and Six Months ended year ended September 30, 2013.

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 these financial results for the Quarter and Six Months ended September 30, 2013.

Management Response:

Please refer Note 12 above.

14. The additional qualifications made by the Statutory Auditors in their limited review report dated November 29, 2013 and the Management responses are as under:-

Basis for Qualified Opinion and Management Response:

- I. As stated in Note 10 above, during the Six Months ended September 30, 2013, the Company has recognised revenues aggregating ₹ 1,489.29 lacs, including variable component revenues of ₹ 1,179.76 lacs (comprising ₹ 1,179.76 lacs for the quarter ended June 30, 2013 and ₹ Nil for the quarter ended 30th September 2013). For the reasons stated in 13 B (II) above, we are unable to determine the extent to which such variable component of revenue should be de-recognised in the results for the Six Months ended September 30, 2013 and postponed by the Company, in compliance with the recognition and measurement principles stated in Accounting Standard 9, Revenue Recognition.

However, as stated in the said Note, the Company has made a provision of ₹ 1,564.32 lacs during the Quarter and Six Months ended 30th September, 2013, on a conservative basis, towards the entire outstanding trade receivables and the amount due towards reimbursement of expenses from NSEL.

Management Response:

Please refer Note 10 above.

- II. As stated in Note 11 above, the Company has outstanding loans and interest thereon aggregating ₹ 21,262.59 lacs as at September 30, 2013 receivable from NSEL, comprising ₹ 3,143.25 lacs on account of invocation by a Bank of additional corporate guarantee given on behalf of NSEL, ₹ 17,939.81 lacs on account of bridge loan given to NSEL and ₹ 179.53 lacs on account of interest accrued on the aforesaid loans. Further, as stated in the said Note, no provision has been made by the Management of the Company for the aforesaid outstanding amounts aggregating ₹ 21,262.59 lacs, the realisability of which is dependent significantly on the recovery by NSEL of its dues from its defaulting members.

In view of the developments relating to NSEL and the allegations made/being made and the ongoing investigations by various authorities in this regard, and the matters described in sub paragraph A above, we are unable to determine the provision that may be required to be made in respect of the aforesaid outstanding amount of ₹ 21,262.59 lacs recoverable from NSEL.

Management Response:

Please refer Note 11 above.

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15. Previous year/period figures have been regrouped/reclassified, wherever necessary, to conform to current period's presentation.

For Financial Technologies (India) Limited



Dewang Neralla

Whole-time Director

Place : Mumbai

Date : November 29, 2013

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Corporate Office: FT Tower, CTS No 256-257, Suren Road, Chakala Andheri (East), Mumbai - 400093

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**INDEPENDENT AUDITORS' REVIEW REPORT  
TO THE BOARD OF DIRECTORS OF  
FINANCIAL TECHNOLOGIES (INDIA) LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of FINANCIAL TECHNOLOGIES (INDIA) LIMITED ("the Company") for the Quarter and Six Months ended 30th September, 2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 9 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. National Spot Exchange Limited (NSEL) is a subsidiary of the Company in which it holds 99.99% equity share capital. In the light of the investment of the Company in NSEL and the transactions between the Company and NSEL, the financial statements of NSEL for the year ended 31st March, 2013 have a direct and material impact and bearing on the financial statements of the Company for the year ended

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31st March, 2013. The financial statements of NSEL for the year ended 31st March, 2013 were audited by other auditors and these were considered and relied upon by us for the purpose of our audit of the financial statements of the Company for the year ended 31st March, 2013.

Pursuant to the developments relating to NSEL, the management of NSEL, by their letter dated 20th September 2013, had communicated to its auditors and the Company that it was not possible for NSEL to immediately ascertain the financial implications (with respect to, inter alia, the various irregularities in the operations of NSEL coming to light, agencies looking at the legality of contracts and warehouse receipts and income booked by NSEL therefrom, ongoing investigations and forensic audit) and whether its books and records presented as of 31st March, 2013 are true and fair and what adjustments were needed to be carried out with a view to present a correct financial position. Consequently, the auditors of NSEL and its subsidiary, Indian Bullion Market Association Limited (IBMA), in which NSEL has 60.88% equity ownership, citing various developments, investigations and audits relating to NSEL, had communicated to NSEL and IBMA, by their letters dated 21st September 2013, that the standalone and consolidated financial statements of NSEL and the standalone financial statements of IBMA for the year ended 31st March, 2013 and their audit reports dated 17th May, 2013 and 16th May, 2013 on the said financial statements of NSEL and IBMA, respectively, are no longer to be relied upon.

4. In view of the aforesaid communications dated 20th September, 2013 and 21st September, 2013 from the management and the auditors of NSEL, respectively, provided to us by the Management of the Company, in accordance with the provisions of Standard on Auditing (SA) 560 – Subsequent Events, issued by the ICAI, we communicated to the Management and those charged with Governance of the Company on 23rd September, 2013 that our audit report dated 30th May, 2013 should no longer be relied upon. Subsequently, by our audit report dated 29th November, 2013, we issued a qualified opinion on the financial statements (as amended) of the Company for the year ended 31st March, 2013 which comprised the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting

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policies and other explanatory information, and the supplementary notes which are an addendum to the accompanying notes 1 to 48 to the financial statements for the year ended 31st March, 2013 and which have been approved by the Board of Directors of the Company at their meeting held on 29th November, 2013 [together “the financial statements (as amended)”].

5. The following matters stated under the ‘Basis for Qualified Opinion’ paragraphs in our audit report dated 29th November, 2013, on the aforesaid financial statements (as amended) continue to be subject matters of qualification for the purposes of our limited review of the Statement as detailed below:

- a)(i) The Company had recognised income of Rs. 3,452.00 lacs from NSEL during the year ended 31st March, 2013 from rendering of various services to NSEL, which included a variable component of Rs. 2,927.60 lacs. As on 31st March, 2013, the total amount receivable from NSEL on this account was Rs. 2,489.27 lacs, which has been realized subsequently during the current financial year.

The above variable component comprised:

- I. revenue of Rs. 2,841.46 lacs towards software maintenance and support services derived on the basis of the underlying revenue recognized by NSEL on account of “transaction fees, delivery charges, warehouse receipt transfer charges for trading, settlement and delivery activities” for the year ended 31st March, 2013, pursuant to agreements/contracts; and
- II. revenue of Rs. 86.14 lacs towards business support services derived on the basis of the underlying gross profits earned on the merchandising activities by NSEL for the year ended 31st March, 2013.

However, as stated in paragraph 3 above, the management of NSEL had communicated that they were not in a position to determine whether its books and records presented as of 31st March, 2013 were true and fair and what adjustments were needed to be carried out with a view to present a correct financial position due to, inter alia, the various irregularities in the operations of NSEL coming to light, agencies looking at the legality of contracts and warehouse

receipts and income booked by NSEL therefrom, ongoing investigations and forensic audit. Further, the auditors of NSEL, citing various developments, investigations and audits relating to NSEL, had also communicated that the financial statements of NSEL for the year ended 31st March, 2013 and their audit reports thereon were no longer to be relied upon.

In view of our aforesaid comments and in the absence of sufficient appropriate audit evidence, particularly, in the absence of the audited financial statements of NSEL for the year ended 31st March, 2013, which we could have placed reliance on to validate the underlying elements of revenue and gross profits of NSEL based on which the above mentioned variable component of revenue were derived and accounted for by the Company, significant uncertainty exists regarding the amount of the consideration that could be derived from rendering the service and, hence, we are unable to determine the extent to which the above mentioned revenue aggregating Rs. 2,927.60 lacs, recognized by the Company during the year ended 31st March, 2013, should be de-recognised in the results for the Quarter and Six Months ended 30th September, 2013 and postponed by the Company, in compliance with the recognition and measurement principles stated in Accounting Standard (AS) 9, 'Revenue Recognition'.

- a)(ii) As stated in Note 10 to the Statement, during the Six Months ended 30th September, 2013, the Company has recognised income aggregating Rs. 1,489.29 lacs, including variable component revenues of Rs. 1,179.76 lacs (comprising Rs. 1,179.76 lacs for the quarter ended 30th June, 2013 and Rs. Nil for the quarter ended 30th September, 2013). For the reasons stated in 5 (a)(i) above, we are unable to determine the extent to which such variable component of revenue should be de- recognised in the results for the Six Months ended 30th September, 2013 and postponed by the Company, in compliance with the recognition and measurement principles stated in Accounting Standard (AS) 9, 'Revenue Recognition'.

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However, as stated in the said Note, the Company has made a provision of Rs. 1,564.32 lacs during the Quarter and Six Months ended 30th September, 2013, on a conservative basis, towards the entire outstanding trade receivable and the amount due towards reimbursement of expenses from NSEL.

- b) As stated by the Management of the Company in Note 12 to the Statement, there are writ petitions/Public Interest Litigations/civil suits filed against NSEL wherein the Company has been made a formal party in the writ petitions and civil suits and the matters are pending adjudication. In addition, there is a First Information Report registered, inter alia, against the Company with the Economic Offences Wing. Further, in the said Note 12 to the Statement, the Management of the Company, based on its interpretation, understanding and assessment as described therein, continues to state that at this stage there are no direct ascertainable financial claims against the Company, and hence the direct financial implications on the Company, if any, that may arise due to the matters relating to NSEL cannot be ascertained. In this regard, the Management and those charged with Governance have represented to us that other than as stated in the said Note 12 to the Statement, 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 and Six Months ended 30th September, 2013.

- c) No provision was considered necessary by the Management of the Company for diminution in the value of the Company's long – term investment in NSEL of Rs. 4,499.99 lacs as at 31st March, 2013.

In view of the aforesaid developments relating to NSEL, which represented a subsequent discovery of facts existing on the date of the Balance Sheet as at 31st March, 2013, in our opinion, there were indications of 'other than temporary' diminution in the carrying amount of the Company's investment in NSEL as at

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31st March, 2013. However, in the absence of the audited financial statements of NSEL for the year ended 31st March, 2013 (refer paragraph 3 above), non-availability of estimation of future cash flows and earning capacity of NSEL and suspension of NSEL's operations, we were not able to obtain sufficient appropriate audit evidence to determine the amount of provision that would have been needed to be made for diminution in the carrying amount of the Company's investment in NSEL of Rs. 4,499.99 lacs as at 31st March, 2013, in accordance with Accounting Standard (AS) 13, 'Accounting for Investments'.

However, as stated in Note 7 to the Statement, during the Quarter and Six Months ended 30th September, 2013, on a conservative basis, the Company has made a provision, towards diminution, other than temporary, in the value of the entire amount of its long term investment of Rs. 4,499.99 lacs in NSEL and has charged the same to the current Quarter and Six Months results.

6. As stated in Note 11 to the Statement, the Company has outstanding loans and interest thereon aggregating Rs. 21,262.59 lacs as at 30th September, 2013 receivable from NSEL, comprising Rs. 3,143.25 lacs on account of invocation by a bank of additional corporate guarantee given on behalf of NSEL, Rs.17,939.81 lacs on account of bridge loan given to NSEL and Rs. 179.53 lacs on account of interest accrued on the aforesaid loans. Further, as stated in the said Note, no provision has been made by the Management of the Company for the aforesaid outstanding amounts aggregating Rs. 21,262.59 lacs, the realisability of which is dependent significantly on the recovery by NSEL of its dues from its defaulting members.

In view of the developments relating to NSEL and the allegations made/being made and the ongoing investigations by various authorities in this regard, and the matters described in paragraph 3 above, we are unable to determine the provision that may be required to be made in respect of the aforesaid outstanding amount of Rs. 21,262.59 lacs recoverable from NSEL.

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7. Except for the possible effects of the matters described in paragraphs 3 to 6 above, and based on our review conducted as stated in paragraphs 1 and 2 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
8. We draw attention to Note 5 to the Statement regarding investments made in certain subsidiaries (which exclude NSEL and its subsidiaries) and a joint venture which have accumulated losses and the loans and advances to / receivables from these entities, where the provision made for diminution, other than temporary, in the value of investments is considered to be adequate by the Management of the Company for the reasons stated in the said Note.
9. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and Six Months Ended 30th September, 2013 of the Statement, from the details furnished by the Registrars.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm Registration No. 117366W/W-1000818)



Rajesh K Hiranandani  
Partner  
(Membership No. 036920)

Mumbai: 29th November, 2013

