

To,
The Board of Directors,
Financial Technologies (India) Limited
Corporate office:
FT Tower, CTS no. 256 & 257,
Suren Road, Chakala,
Andheri (East),
Mumbai 400 093

Dear Sirs,

Sub: Limited Review Report on Standalone Unaudited Financial Results of Financial Technologies (India) Limited for the quarter and six months ended September 30, 2014

Introduction

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results (the 'Statement') of **Financial Technologies (India) Limited** (the 'Company') for the quarter and six months ended September 30, 2014 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors on November 12, 2014. Our responsibility is to issue a report on the Statement based on our review.

Scope of 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. 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 provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.



Basis for Qualified Conclusion

3. *As stated in Note 8 to the Statement, 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 Rs. 1 each and 562,460,000 Warrants of Rs. 1 each (each warrant will entitle the holder to one Equity Share) both in MCX Stock Exchange Limited (MCX-SX) and 5,750,000 Equity Shares of Rs. 10 each in MCX-SX Clearing Corporation Limited which are being carried at an aggregate amount of Rs. 6,471.25 Lacs. We also draw attention to note 9 of the statement, wherein the Company has received a letter from MCX-SX informing that its Board has decided to treat the warrants held by the Company as extinguished. The Company has filed an appeal before Security Appellate Tribunal (SAT) for seeking an extension of time for the divestment and challenging the decision of MCX-SX.*

In this regard, management of the Company is of the view that the aggregate carrying amount of the aforesaid investment at Rs. 6,471.25 Lacs represents the lower of cost and fair value of these investments as at September 30, 2014.

In the absence of sufficient appropriate audit evidence, particularly, in the absence of a fair valuation of the aforesaid investments as at September 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.

4. *As stated by the Management of the Company in Note 15 to the Statement, 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 15 to the Statement, 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 15 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 September 30, 2014.



Qualified Conclusion

5. *Except for the possible effects of the matters specified under 'Basis for Qualified Conclusion' and based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the applicable accounting standards as specified under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies generally accepted in India 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.*

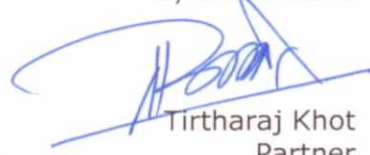
Emphasis of Matter

6. We draw attention to Note 10 to the Statement, which describes the receipt of the draft order proposing amalgamation of National Spot Exchange Limited with the Company. The Company is in the process of assessing its impact and taking appropriate steps in the matter.
7. We draw attention to Note 16 to the Statement, regarding utilisation of unexpired MAT credit entitlement by the Company. The Company has a total MAT credit entitlement of Rs. 23,889.73 Lacs as at September 30, 2014 including recognition of Rs. 14,700.91 Lacs during the quarter and six months ended September 30, 2014. Based on the projections as made by the Company's management regarding income-tax liability of the Company, Management is of the view that the Company will be able to utilise the unexpired MAT credit entitlement in projected years.

Our conclusion is not qualified in respect these matters of emphasis.

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No. 109983W
by the hand of




Tirtharaj Khot
Partner

Mumbai, November 12, 2014

Membership No. (F) 037457

