



**NATIONAL STOCK EXCHANGE
OF INDIA LIMITED**

Ref No: NSE/LIST/1583

Stock of the nation
October 30, 2014

The Company Secretary
Financial Technologies (India) Limited
FT Tower, CTS No.256 & 257,
Suren Road, Chakala, Andheri (East),
Mumbai - 400093

Kind Attn: - MR.HARIRAJ S. CHOUHAN

Dear Sir,

Sub: - Manner of Dealing with the Qualified Audit Reports filed by the Listed Companies.

This has reference to SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013 on the captioned subject matter.

SEBI has informed the Exchange that based on the deliberations at QARC, the cases (Annexure I) were referred to FRRB for its opinion on the qualifications. Subsequently, SEBI is in receipt of opinion of FRRB in these cases.

SEBI has directed the Exchange to advise the company, with regard to restatement of Financial Statements pertaining to Financial Year 2012-13 in terms of Clause 5 (d) (ii) of the SEBI Circular dated August 13, 2012, June 05, 2013 with regards to rectification in terms of Clause 5 (d) (iii), the qualifications raised by the Statutory Auditor of the Company shall be suitably rectified, and the same qualification shall not appear in the Audit Report for the next reporting period.

You are advised to ensure compliance of the said SEBI directives and report status of compliance to the Exchange.

Yours faithfully,
For National Stock Exchange of India Limited

Avinash Kharkar
Asst. Vice President

CC to: The Statutory Auditor
Deloitte Haskins & Sells, Chartered Accountants
Tower 3, 27th -32nd Floor, Indiabulls Finance Centre,
Elphinstone Mills compound, Senapati Bapat Marg,
Elphinstone (W), Mumbai - 400013



Name of the Company	Qualification	Opinion of FRRB	Action to be taken
Financial Technologies (India) Limited	As stated in Supplementary Note 1 to the financial statements (as amended) by the Management of the Company, the quantum of diminution , if any, in the value of long term investments in NSEL cannot be ascertained as at March 31, 2013 or at the date on which the financial statements of the Company were approved by the Board of Directors i.e. on May 30, 2013, and accordingly no provision was considered necessary by the Management towards diminution in the value of the Company's long-term investment in NSEL of Rs. 4,499 .99 lacs as at March 31, 2013. In view of the developments relating to NSEL, which represent a subsequent discovery of facts existing on the date of the Balance Sheet, in our opinion, there are 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 paragraph 2 above), non-availability of estimation of future cash flows and earning capacity of NSEL and suspension of NSEL's operations, we have not been able to obtain sufficient appropriate audit evidence to determine the amount of provision that would need 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'.	Qualification is justified.	Restatement under Clause 5(d)(ii) of the SEBI Circular
	As stated in Supplementary Note 2 to the financial statements (as amended), the Company has recognized income of 3.452.00 lacs from NSEL during the year ended March 31, 2013 from rendering of various services to NSEL, which includes 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 in the financial year 2013-14. The above variable component comprises: a. revenue of 2,841.46 lacs towards software maintenance and support services derived on		



	<p>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 March 31, 2013, pursuant to agreements/contracts, and</p> <p>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.</p> <p>However, as stated in paragraph 2 above, the management of NSEL have communicated that they are not in a position to determine whether its books and records presented as of March 31, 2013 a true and fair and what adjustments needs 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, have also communicated that the financial statements of NSEL for the year ended March 31, 2013 and their audit reports thereon are 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 place reliance on to validate the underlying elements of revenue and gross profits of NSEL based on which the above mentioned variable component of revenue has been 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 2,927.60 lacs should be de-recognized and postponed by the Company, in compliance with the recognition and measurement principles stated in Accounting Standard (AS) 9, Revenue Recognition.</p>		
--	--	--	--



Financial Technologies (India) Limited	<p>As stated by the Management of the Company in Supplementary Note 5 to the financial statements (as amended). 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 Supplementary Note 5 to the financial statements (as amended), the Management of the Company has, based on its interpretation, understanding and assessment as described therein, stated 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 Supplementary Note 5 to the financial statements (as amended), there are no claims/litigations/potential settlements involving the Company directly or indirectly which require adjustments to/disclosures in the financial statements (as amended). 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 statements (as amended).</p>	<p>Qualification is justified. Further, FRRB suggested that the qualification may be dealt in accordance with para 5(d)(iii) of the circular instead of 5(d)(ii)</p>	<p>Rectification in terms of Clause 5(d)(iii) of the SEBI Circular</p>
--	--	--	--