

### RESULTS REVIEW

#### Share Data

Market Cap	Rs. 74.5 bn
Price	Rs. 1,602.65
BSE Sensex	15,626.62
Reuters	FITE.BO
Bloomberg	WWTC IN
Avg. Volume (52 Week)	0.06 mn
52-Week High/Low	Rs. 3,048 / 1,340
Shares Outstanding	46.5 mn

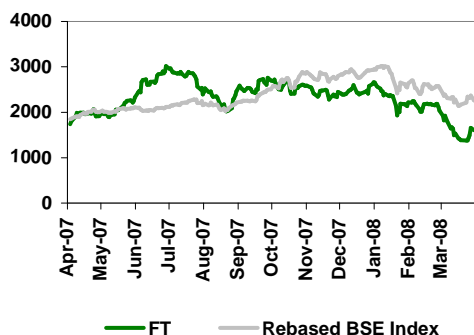
#### Valuation Ratios (Standalone)

Year to 31 March	2008E	2009E
EPS (Rs.)	17.7	18.4
+/- (%)	-21.5%	4.2%
PER (x)	90.6x	86.9x
EV/ Sales (x)	58.0x	40.8x
EV/ EBITDA (x)	136.7x	97.4x

#### Shareholding Pattern (%)

Promoters	46
FII's	31
Institutions	1
Public & Others	22

#### Relative Performance



### Financial Technologies India Ltd

Hold

#### Subsidiaries' performance holds the key

- **Top-line grew** strongly by 27.2% qoq to Rs. 393.8 mn on a standalone basis, majorly attributable to 27% growth in the cumulative number of licenses.
- **EBITDA margin grew** steadily in the Q3'08 by 428 bps to 43.7% from 39.4% in Q2'08 driven by 7.8% decrease in staff cost and 1.5% decrease in other expenses offsetting 4.4% increase in purchase of traded goods. PAT, at Rs. 284.6 mn, improved by 21.8% qoq.
- **Cumulative number of licences** grew by 27% to 284,000 from 225,000 in Q2'08. We believe that the traction in new ventures will further improve licence base.

#### Valuation

Various investment banks and financial institutions including Citi, Merrill Lynch, ICICI, IL&FS, Kotak Group and NYSE have shown confidence in the Company's growth potential by acquiring stakes in Multi Commodity Exchange (MCX). Further, MCX has filed for IPO in order to unlock value for its shareholders'. However, we believe upside from the listing of the MCX is already factored in the CMP of Rs. 1602.6. The stock is trading at a forward PE of 90.6x and 86.9x for FY08E & FY09E respectively and offers little upside from the current level. Hence we maintain our rating to Hold.

#### Key Figures (Standalone)

Quarterly Data	Q3'07	Q2'08	Q3'08	YoY%	QoQ%	9M'07	9M'08	YoY%
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(Figures in Rs mn, except per share data)

Net Sales	302	310	394	30.3%	27.2%	680	983	44.6%
EBITDA	172	122	172	-0.2%	41.0%	330	364	10.6%
Net Profit	374	234	285	(23.8%)	21.8%	737	735	(0.2%)

#### Margins(%)

EBITDA	57.1%	39.4%	43.7%	48.5%	37.1%
NPM	123.7%	75.5%	72.3%	108.4%	74.8%

#### Per Share Data (Rs.)

EPS	8.5	5.1	6.1	(27.6)%	19.5%	16.7	15.8	(5.6%)
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Note: Financials excluding exceptional Project Divestment Income representing partial stake sale in MCX

### Result Highlights

#### *Operational efficiency bolsters operating margins*

#### *Improved standalone performance*

FT reported net revenue at Rs. 393.8 mn, up 27.2% qoq and 30.3% yoy, on a standalone basis. EBITDA went up by 41% qoq attributable to a reduction in staff costs and other expenses that offset the increase in the purchase of traded goods. EBITDA and EBIT margins increased by 4.3% & 4.6% to 43.7% qoq and 42.2% qoq respectively.

#### *Subsidiaries showing decent growth*

- Among the Company's subsidiaries, MCX market share increased to 82% in Q3'08 from 75% in the last quarter. Currently, total number of members stands at 1,811 with daily average traded turnover of Rs. 103.4 bn, a growth of 45% yoy.
- Dubai Gold & Commodities Exchange (DGCX) recorded an improvement in the number of contracts from 202,716 in Q2'08 to 236,535 in Q3'08, the total value of the contracts traded increased by 2.4% qoq to USD 9.6 bn.
- National Bulk Handling Corporation Ltd. (NBHC) increased its presence with the network of storage facilities (warehouses and cold storages) at 315, up from 297 in Q2'08.
- Safal National Exchange of India Ltd. (SNX), which provides trading platform for horticulture, floriculture and dairy & applied products, has a member base of 265 as on Dec. 31, 2007 and tied up with several leading banks for clearing.

#### *MCX continues to be the market leader*

### Key Events

NYSE Euronext has taken a 5% equity stake in MCX for Rs. 2.2 bn. The deal has valued MCX at USD 1.1 bn (Rs. 44 bn).

### Key Risks

Key concerns to our rating include a slower-than-expected increase in the

number of licenses issued to traders by FT for its STP business, failure of new business like SNX and a slow down in bullion, commodities and forex markets.

### Outlook

The Company has entered into various new ventures through its subsidiaries. Further, MCX has filed for IPO to unlock value for its shareholders. Other than this, other subsidiaries like DGCX and NBHC continued to gain traction in their operations. With the plans to launch commodities derivative on DGCX, and currency derivative on IBS Forex, we believe that the Company will gain momentum in its new ventures. Besides, new exchange ventures will help increase the licence base in STP business.

We have considered the value of MCX and other subsidiaries like DGCX, Global Board of Trade (GBOT), NBHC and STP business in sum of the parts valuation. At the CMP of Rs. 1602.6 the stock is trading at a forward PE of 90.6x and 86.9x for FY08E & FY09E respectively. We believe that the stock does not offer any upside from current levels. Hence we maintain our rating to Hold.

### Key Figures (Standalone)

Year to March	FY05	FY06	FY07	FY08E	FY09E	CAGR (%)
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(Figures in Rs. mn, except per share data) (FY07-09E)

Net Sales	302	899	988	1,328	1,886	38.2%
EBITDA	110	579	434	564	791	35.1%
Net Profit	99	466	1,006	790	823	-9.6%

### Margins(%)

EBITDA	36.5%	64.4%	43.9%	42.4%	41.9%
NPM	32.9%	51.9%	101.8%	59.5%	43.6%

### Per Share Data (Rs.)

EPS	2.3	10.0	22.5	17.7	18.4	-9.6%
PER (x)	117.0x	170.7x	71.1x	90.6x	86.9x	

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