



IT / ITES

e-EDUCATION

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KPO / BPO



11TH ANNUAL REPORT
2010-11

CORPORATE INFORMATION

Board of Directors:

Dr. Vivek Hebbar	Chairman, Board of Directors
P.Ramnath	Whole Time Director
N. Shiva	Director
Sailesh Pethe	Director
Sita Rama Sastry	Director

Auditors:

J&K.Agarwal & Co.
Chartered Accountants
204, Camy House
3 Dhus Wadi
Off. Dr.Cawasji Hormusji Street
Mumbai – 400 002

Internal Auditors:

Sumeet & Murali
K. S. M. Krishna, Chartered Accountant

Company Secretary:

Bijoy Pulipra

Registered Address:

Firstobject Technologies Limited
Swayamkrishi, 1st Floor
SMILINE Building
No: 8-3-952/10/2 & 2/1
Srinagar Colony
Hyderabad-500 073, India.
Tel: 040 - 20000235/20000233
Email : info@firstobjectindia.com
Website: www.firstobjectindia.com

Registrars:

Bigshare Services Pvt. Ltd
E/2, Ansa Industrial Estate
Saki Vihar Road, Saki Naka
Andheri (E) Mumbai -400053
Tel : 28523474, 28560652,28560653
Fax : 28525207
Email : bigshare@bom7.vsnl.net.in

Bankers:

Axis Bank Limited
Dhanalakshmi Bank Limited

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MESSAGE FROM CHAIRMAN, BOARD OF DIRECTORS, DR.VIVEK HEBBAR

“Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion.”

Jack Welch

Dear Shareholders, Well Wishers and Customers,

I am glad to welcome you all to the 11th Annual General Meeting of your company. I thank you for your sustained faith, encouragement and support.

The year 2010-11 has been another remarkable year of outstanding achievements and fulfillment at Firstobject. We have passed several notable milestones and have consistently improved on many fronts that have a bearing on company's existing and future businesses.

We are glad to announce that we are a fast growing Software Consulting organization, offering a composite portfolio of IT Services like Consulting, ERP Solutions and Outsourcing. We have a significant role in providing Integrated Solutions for a rapidly increasing customer base in IT segment.

To embark on a journey of success one needs the tools of preparedness, foresight and strategy. These lead to the path of growth and high quality operation. We are enhancing our key internal operations to ensure a consistent and positive experience for our customers, partners, suppliers and employees. The company's business model is evolving quite rapidly and FY 2010-11 would remain as a landmark year in the history of Firstobject. It marked a diversification into a new segment of **E – Education**, which has been emerging as the fastest growing sector in our country.

Though a challenging year globally, we have successfully managed in consolidating our position in Software and as entrants into E – Education, we are working hard in scaling up the level of revenues. We were able to execute the first leg of our long-term strategic plan to make a significant difference with our presence in the emerging E - education industry in India, as well as strengthen our global presence. E – Education entry of Firstobject comprises of ICT-Interactive Class Room Teaching through the educational content, Virtual classrooms that can be accessed from anywhere, with professional instructors functioning just like traditional education, diverse programs in a variety of disciplines, technical programs that provide real-time training, freedom to enhance skills and resume while still working full-time, real-life application of classroom materials, greater comfort with interactive technologies and work-life balance.

In the year gone by we have been successful in completing all the formalities with regard to the Capital Restructuring of the Company and Merger of M/s. Pre School Analytics Pvt Ltd with Firstobject Technologies Ltd. The whole team of FTL has worked hard to make the company continuously achieve its financial performance.

Accolades followed as I and your Company has been awarded the “Indian Leadership Award for Industrial Development under SME segment for 2011”, followed with the award for the Best IT/ ITE's company conferred by STPI, Kakinada.

The movement towards a global economy and unprecedented economic and technological changes have given rise to great opportunities for development of newer methodologies in the field of Education. Going forward, the Company aims to lead E- Education space and be in forefront by providing diversified education solutions and initiate various innovative programs in the E-Education space from Preschool to Higher Education. We strive to decrease the tutorial costs of students and make education affordable to one and all. We are committed to enhance our leadership position by leveraging our core strengths to continuously innovate to create advantages for all our stakeholders.

The Indian economy has grown at a compound rate of about 9% annually for the last 4 years. The under- served education sector in India gives us an unique opportunity to fulfill the basic education needs of millions of young people; nothing could be more satisfying and economically rewarding than this. The coming years will be our most exciting years. We now have the building blocks of our future growth in place. We expect rapid regulatory change which will welcome private participation in every segment of the education sector. This will mean new opportunities for Firstobject, of a size and scale never seen before.

Putting inspirational leadership to work is one of the many ways in which we will be able to tap these new opportunities. Firstobject is a place where we have a unique working environment in which entrepreneurship can thrive and our team of business leaders are sharply focused on sustainable growth through innovation in business models and providing a clear value proposition to our customers.

Gearing up for the future, we have the key success factors necessary to withstand the winds of change. The encouragement provided to build a highly skilled and creative research and development team, which is reinforced by the state-of-the-art infrastructure. The company in the process of ramping up manpower has empanelled various eminent academicians of well known and established Colleges and Universities. We strive to accomplish our dreams and goals to bring greater effulgence in the future. The Company will continue to make all efforts to maintain a reasonable rate of growth.

Acknowledgements:

I would like to sincerely thank all our valued customers, both domestic and international, for their unstinted support at all times. Their active involvement has been a source of great encouragement and inspiration.

I am sure that your company will continue to have your blessings.

I take this opportunity to express my sincere thanks to The Government of India, The Government of Andhra Pradesh and Government of Maharashtra and the financial institutions and banks for their encouragement and support to our company.

I would like to thank our collaborators for their everlasting help and assistance.

The Company recognizes that its real strength is its Work Force. All efforts will continue to keep them motivated and happy. I sincerely appreciate the contributions of all our employees and request them to carry on the good work for the great future of **Firstobject Technologies Limited**.

I, with great pleasure thank all our shareholders for their sustained support and encouragement at all times.

Conclusion:

While concluding, I convey my personal gratitude for the confidence that you have reposed in your company's Board of Directors. I sincerely hope that you will continue to extend your whole-hearted support to us so that we, along with the management team, and all employees will further accelerate the growth and progress of the company.

Thank you!

Best Regards.

Dr. Vivek Hebbar

Chairman, Board of Directors

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Eleventh Annual General Meeting of the members of Firstobject Technologies Limited will be held on Tuesday the 27th December, 2011 at 11.00 A.M at The Seminar Hall, Hotel Savera Residency, Beside Big Bazaar Shopping Mall, Ameerpet Main Road, Hyderabad-500 016.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and Profit & Loss Account for the period ended on that date and the report of the Auditors and Directors thereon.
2. To appoint Statutory Auditors for financial year 2011-12 and to fix their remuneration.

In this connection, to consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. JBRK& Co, Chartered Accountants be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company, on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee”.

SPECIAL BUSINESS

3. To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution :

RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), the Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI Regulations”) and other applicable Regulations/ Guidelines, wherever applicable, such other approvals, permissions, sanctions, consents as may be necessary or expedient under the applicable laws, rules and regulations and subject to such terms, conditions, alterations and modifications as may be considered appropriate by the Board of Directors of the Company, (hereinafter referred to as “Board” which shall include any Committee of Directors), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in the course of offerings, in domestic and/or one or more foreign markets, any Securities including Equity Shares, Global Depository Receipts and/or American Depository Receipts, Foreign Currency Convertible Bonds, Convertible Bonds, Euro-convertible Bonds/Shares/Debentures, Preference Shares whether Cumulative/ Redeemable/ Partly convertible/ convertible at the option of the company and / or at the option of the holders of the Security(s), Securities partly or fully convertible into Equity shares and/or securities linked to Equity Shares and/or any instruments or securities with or without detachable warrants, secured or unsecured or such other types of securities representing either Equity Shares or Convertible Securities (hereinafter referred to as “Securities”) to Companies in the process of acquiring companies, either by way of swap of equity shares or by way of cash payments, or a mix of both swap and cash, to Foreign/Domestic Investors, Non-residents, Foreign Institutional Investors/ Foreign Companies/ NRI(s) / Foreign National(s)/Banks/Mutual Funds/Financial Institutions or such other entities or persons as may be decided by the Board, whether or not such persons/entities/investors are Members of the Company, through Prospectus, Offering Letter, Circular to the general public and/or through any other mode or on private placement basis as the case may be from time to time in one or more tranches as may be deemed appropriate by the Board on such terms and conditions as the Board may in its absolute discretion deem fit for an amount not exceeding US\$ 25 Million (US Dollar Twenty Five Million only) or equivalent thereof, including green shoe option on such terms and conditions, as the Board may in its sole discretion decide including pricing, the form and the persons to whom such securities may be issued and all other terms and conditions and matters connected therewith.

RESOLVED FURTHER THAT without prejudice to the generality of the above the aforesaid issue of the Securities may have all or any term or combination of terms in accordance with normal practice including but not limited to conditions in relation to payment of interest, dividend, premium or redemption or early redemption at the option of the company and/ or of the holder(s) of the securities and other debt service payment whatsoever and all such terms as are provided in offerings of this nature including terms for Issue of additional Equity Shares, Variation of interest payment, Variation of the price or the period of conversion of securities into Equity Shares, Issue of Equity Shares on swap basis for the acquisition of company / companies whether wholly or partly in whatever manner what so ever equation the said acquisition may be worked out whether partly / fully transacted by way of swap of shares and / or cash payable and /or reorganization of capital or, Issue of Equity Shares during the duration of the securities or terms pertaining to voting rights or option for early redemption of securities.

RESOLVED FURTHER THAT the Board be and is hereby authorized on behalf of the Company to finalize the terms and conditions relating to issue and allot such number of underlying Equity Shares as may be required to be issued and allotted upon conversion of any such securities referred to above or as may be and all matters incidental thereto as it may in its absolute discretion think fit, in accordance with all applicable laws, rules and regulations for the time being in force in that behalf.

NOTICE TO THE SHAREHOLDERS

RESOLVED FURTHER THAT the offer, issue and allotment of the aforesaid Equity Shares or any such instrument as specified above shall be made within 15 days from the date of passing of this resolution subject however to the applicable statutory regulatory provisions and the Guidelines by the Securities Exchange Board of India.

RESOLVED FURTHER THAT the pricing of the Equity Shares or any such instrument as specified above shall be made subject to and in compliance with all applicable laws, guidelines, notifications, rules and regulations considering the "Relevant Date" under SEBI Regulations for the purpose of determining the issue price of resultant shares.

RESOLVED FURTHER THAT the Equity shares or any such instrument as specified above so issued and allotted shall rank pari passu with the then existing Equity shares of the Company in all respects including dividend.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to agree, make and accept all such term(s), condition(s), modification(s) and alteration(s) as it may deem fit, including, condition(s), modifications(s) and alteration(s) stipulated or required by any relevant authorities or by their bye-laws, rules, regulations or guidelines, and the Board is also hereby authorised to resolve and settle all questions, difficulties or doubts that may arise with regard to such offer, issue and allotment, to finalise and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board in its absolute discretion deem fit without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly by the authority of this resolution.

RESOLVED THAT the Dividend paid by the company during 2010-11 be considered and approved as full and final Dividend for 2010-11.

4. To consider and if thought fit to pass with or without modifications, the following resolution.

Resolved to ratify the resignation of Mr. J. Satya Surya Narayana, who worked with the company in the capacity of Whole Time Director, expressed his inability to continue due to his pre-occupation and whose resignation was approved in the Board Meeting held on 14th November 2011.

For and on behalf of Board of Directors

Sd/-

Dr. Vivek Hebbar
 Chairman, Board of Directors

Regd Office:

1st Floor, Swayamkrishi
 SMILINE Building, No: 8-3-952/10/2 & 2/1
 Srinagar Colony
 Hyderabad-500 073

Place: Hyderabad.

Date: 22.11.2011

NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is attached hereto.
2. A member entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend and vote in the meeting and a proxy need not be a member of the Company.
3. The instrument appointing the proxy must be deposited (duly stamped and signed) at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The register of members and share transfer books of the company shall remain closed from 26th December 2011 to 27th December 2011 (Inclusive).
5. Printed copies of the Balance Sheet, Profit and Loss Account, Director's Report, Auditor's Report and every other documents required by the law to be annexed or attached to the balance sheet for the year ended 31st March, 2011 are enclosed herewith.
6. The copies of relevant documents can be inspected at Regd. office of the Company on any working day between 11.00 am and 1.00 pm.

NOTICE TO THE SHAREHOLDERS

7. Members are requested to bring copies of the Annual Report as no extra copies shall be provided at the meeting; Shareholders desiring any information as regards the Audited Accounts need to write to the Company at least one week before the meeting enabling the chairman to keep the information ready to reply at the meeting.
8. Members are requested to notify immediately change of address if any, to the company or to M/s Bigshare Services (P) Ltd. E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai – 400072, Registrars and Share Transfer Agents or their Depository office.
9. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Annual General Meeting.

Annexure to Notice:

EXPLANATORY STATEMENTS PURSUANT TO SEC 173(2) OF THE COMPANIES ACT 1956.

Item no. 2

The Statutory Auditors M/s J.&K. Agarwal & Co., Chartered Accountants have expressed their inability to continue, There after M/s. JBRK& Co, Chartered Accountants were approached by the company and they have expressed their willingness and confirmed that the appointment, if made, would be within the limits specified in Section 224 (1B) of the Companies Act, 1956. Considering this you are requested to pass the necessary resolution for appointment of M/s. JBRK& Co, Chartered Accountants as the Statutory Auditor.

The Directors recommend the Resolution for acceptance by the Members.

Item no. 3

To implement the growth plan of the Company, a rational fund raising program is being designed along with the augmenting of the present and future working capital facilities of the company, future acquisition that the company has and is envisaging in the near future which might be by way of swap of shares or by way of cash payment or a mix of both the swap and / or cash payment, The fund raising would be through a mix of debt / equity related instruments, as may be appropriate, which would be worked out in consultation with Advisors, Lead Managers and other intermediate agencies. The fund raising program is subject to approval of Government of India, Reserve Bank of India, Securities and Exchange Board of India and other authorities wherever applicable. It is proposed to issue appropriate securities for an amount not exceeding the equivalent of US\$ 25 million in one or more tranches in such form and on such terms and conditions and in such manner, at such price or prices and at such time as may be considered appropriate by the Board of Directors to the various categories of investors in the domestic/ international markets as set out in the Resolution.

Section 81(1A) requires that approval of members of the Company by way of a special resolution is required for further issue of equity shares or any instrument being a potential equity share. Accordingly, item no. 3 deals with the requisite approval under Section 81(1A) of the Companies Act, 1956.

Your Directors recommend the proposed resolution in item no.3 to be passed as Special Resolution. None of the Directors are interested or concerned in the said resolution.

Item no. 4

Mr. J.Satya Surya Narayana has resigned from the position of Whole Time Director as well as Director from the Board due to his pre-occupation and personal reasons. The Board wishes to thank him for his co-operation and contributions during the growth phase of the company.

The Directors recommend the Resolution for acceptance by the Members.

For and on behalf of Board of Directors

Sd/-

Dr.Vivek Hebbar
Chairman, Board of Directors

Regd Office:

1st Floor, Swayamkrishi
SMILINE Building, No: 8-3-952/10/2 & 2/1
Srinagar Colony

Place: Hyderabad-500 073

Date: 22.11.2011

DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present their 11th Annual Report on the business and operation of your Company and the Audited Financial Statements for the year ended March 31, 2011.

A) Snapshot of Financial Performance

The financial performance of the Company for the year ended March 31, 2011 is summarized below:

Sr. No.	Particulars	Year ended 31.03.11 (Amt. in Rs)	Year ended 31.03.10 (Amt. in Rs)
1	Net Sales / Interest Earned / Operating Income	611,502,525	249,350,784
2	Total Expenditure	511,263,174	197,311,571
3	Profit/Loss Before Depreciation, Taxes and Extra ordinary Items	100,239,351	52,039,212
4	Depreciation	59,456,120	2,996,816
5	Profit/Loss Before Taxes and Extra ordinary Items	40,783,231	49,042,397
6	Extra Ordinary Items - Loss By Fire	-	15,886,366
7	Profit Before Taxes	40,783,231	33,156,031
8	Provision For Taxation	15,069,255	10,156,383
9	Net Profit/(Loss) after Tax	25,713,976	22,999,649
10	Appropriations		
	Interim Dividend	1,000,551	1,914,930
	Proposed Dividend	-	1,000,551
	Corporate Tax on Dividend	166,182	495,486
11	Profit after Appropriations	24,547,243	19,588,682
12	Equity Share Capital	104,027,550	191,492,990

B) Dividend

The company has paid a Dividend to all the Shareholders @ 0.5% on the Face Value of Rs. 10/- per equity share capital of the Company during the financial year 2010-11. The total outgo on account of dividend, inclusive of dividend tax was Rs. 11,66,733.

C) Share Capital

During the year under review, the company had made a preferential allotment of 8,61,720 equity shares to the Promoters, Strategic Investors and Others. The company had made this preferential allotment of equity shares to meet the diversification and expansion requirements mainly for its e-learning initiatives and setting up facilities in SEZs.

During the year under review, Firstobject has undertaken Capital Reduction/Consolidation exercise and also amalgamated M/s. Pre School Analytics Pvt Ltd with itself through requisite Hon'ble Highcourt and Other Applicable Approvals.

The Merger of Pre School Analytics Pvt.Ltd will add substantially to the product offerings of the company as it brings products and educational content from Play School to Secondary School education level. The capital restructuring shall boost Firstobject's financial capability as well as enhance investor wealth, enhance EPS and Return on Equity. The Scheme of Arrangement has come into effect from the Appointed Date for the Scheme, which is 1st April 2010.

D) Directors

In accordance with the Provision of companies Act, 1956 and Articles of Association of the Company, the Directors of the company are as under.

Name of the Director	Designation
Dr. Vivek Hebbar	Chairman
Mr. P.Ramnath	Whole Time Director
Mr. N. Shiva	Non Executive Director
Mr. Sailesh Pethe	Non Executive Director
Mr. Sita Rama Sastry	Non Executive Director
Mrs. Lakshmi Kameswari	Associate Director & Chief Operating Officer
Mr. Sriram Kumar	Associate Director & Chief Technology Officer

DIRECTORS REPORT

Mr. J.Satya Surya Narayana has resigned from the position of Whole Time Director as well as Director from the Board due to his pre-occupation with effect from 14th November 2011. The Board wishes to thank him for his co-operation and contributions during the growth phase of the company.

E) Auditors

M/s. JBRK& Co, Chartered Accountants, Hyderabad appointed as Statutory Auditors of the company to hold office from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s Sumeet & Murali, K.S.M.Krishna, Chartered Accountants, Bangalore have been appointed as Internal and Taxation Auditors of the company to hold office from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

F) Information on conservation of Energy, Technology absorption and Foreign Exchange earnings/out goings as per section 217(1) (e) of the companies act, 1956.

Your Company's operations does not involve large scale use of energy. The disclosure of particulars under this head is not applicable as your Company operates in the service sector. Although your company is not a large scale energy user, acknowledges, the concept of conservation of energy. Your company has received foreign exchange during the year under review.

G) Employees

Particulars Under Section 217(2A) of the Companies Act. 1956 read with the companies (Particular of Employees) Rules.1975 as amended, during the year under review the remuneration of each employee of your company are within the prescribed limits.

CORPORATE GOVERNANCE:

Your company has complied with the provision of Clause 49 of the Listing Agreement relating to Corporate Governance and believes that the initiatives on corporate governance will assist the management in the efficient conduct of the business and in meeting its obligation to all its stakeholders.

DIRECTORS RESPONSIBILITY STATEMENT:

As required under the companies Act, 1956 your Director wish to state that;

- a) In the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) They have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit or loss of the Company for the period under review.
- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and
- d) They have prepared the accounts for the period ended 31st March 2011 on a going concern basis.

ACKNOWLEDGEMENTS:

Your Directors express sincere thanks to the Bankers of the company for their support and encouragement.

Your Directors also wish to thank all the employees for their unstinted co-operation in achieving the good performance of your company.

For and on Behalf of the Board of Directors

Sd/-

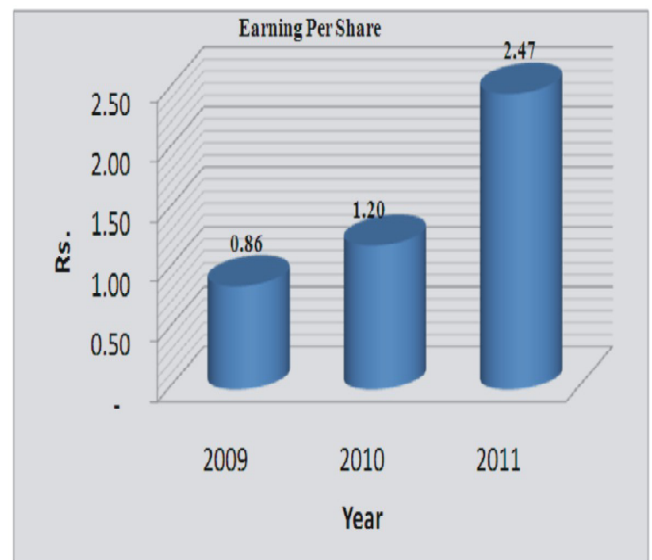
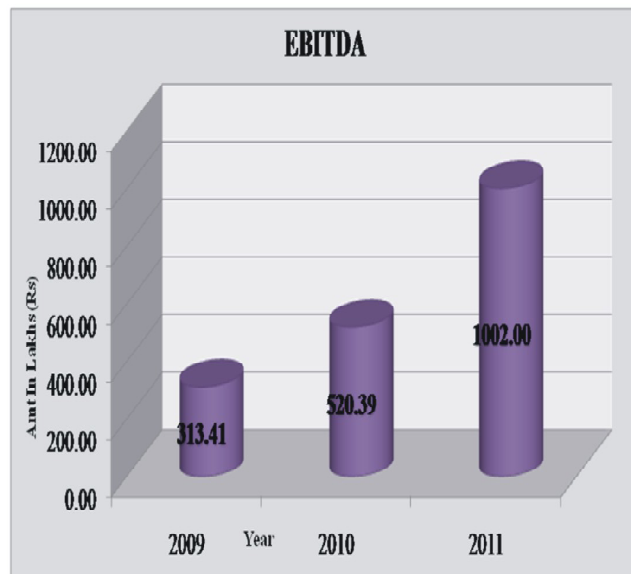
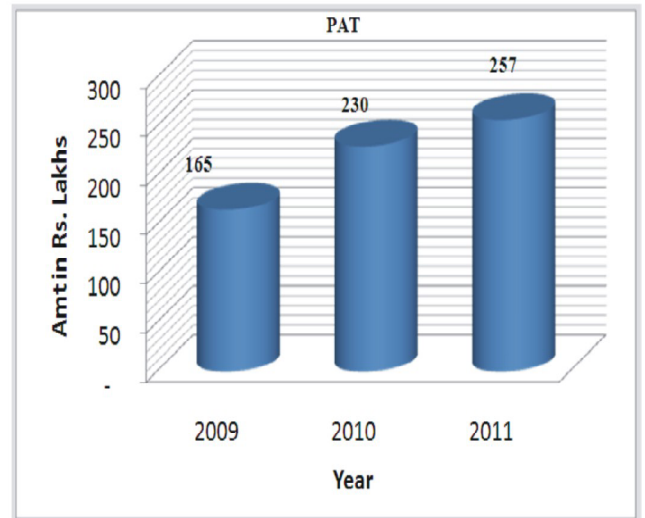
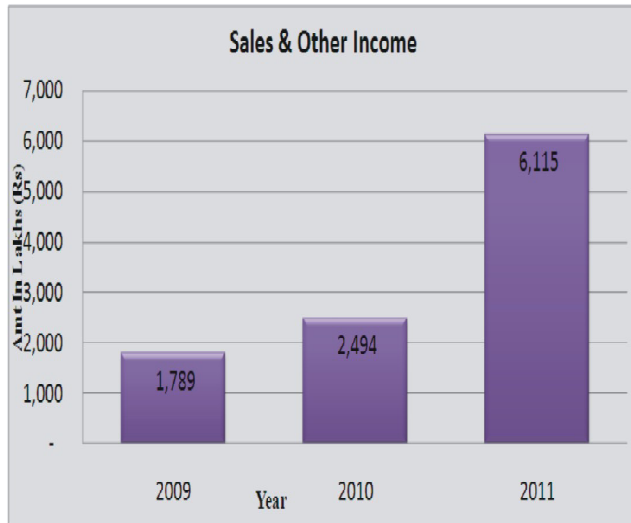
Dr.Vivek Hebbar
Chairman, Board of Directors

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SMILINE Building, No: 8-3-952/10/2 & 2/1
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Hyderabad-500 073

Place: Hyderabad
Date: 22.11.2011

PERFORMANCE AT GLANCE



MANAGEMENT DISCUSSION & ANALYSIS REPORT

“Capital as such is not evil; it is its wrong use that is evil. Capital in some form or other will always be needed.”

Mohan Das .K Gandhi

“We make a living by what we get, but we make a life by what we give.”

Winston Churchill

CORPORATE OVERVIEW

Firstobject Technologies Limited (FTL) is a provider of Integrated Business, Technology and Process solutions on a global delivery platform. As a part of expansion and diversification strategy, the company forayed into E-education. E-education comprises of ICT, Virtual classrooms that can be accessed from anywhere, with professional instructors functioning just like traditional education, diverse programs in a variety of disciplines, technical programs that provide real-time training, freedom to enhance skills and resume - while still working full-time, real-life application of classroom materials, greater comfort with interactive technologies and work/life balance.

Commonly referred to as online education, e-education is the process of learning online. Online education is the fastest-growing segment of the education field. Students are finding that they can improve their skills, finish their degrees, and improve their earning potential by taking classes from the comfort of home. Whether it's a high school student or a graduate college student, a person looking to expand technical skills or a retiree who simply wants to learn more, Internet learning provides a boundary-free way to broaden their horizons. The flexibility of online learning is particularly helpful for working professionals who need to remain employed to support their families. The Company is undertaking various online educational programs. While the thought of taking classes online is surely attractive; finding the right program requires extensive research. The Company has empanelled various eminent academicians of well known and established Colleges and Universities.

The Company's 100 seater facility at Kakinada is fully functional and the Company has ramped up requisite manpower for this facility. Data Management and E-Learning content Modules are the major functional areas of the company operating out of Kakinada.



(inset : Original Picture of Firstobject Office at Kakinada)

Firstobject's unit at Visakhapatnam Special Economic Zone (VSEZ), Vizag is functional and Data Management, Software Solutions and E-Learning Modules are the functional areas of the company at VSEZ.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY OVERVIEW

EDUCATION INDUSTRY

India has the largest student population in the world with over 13.5 Cr pupils in primary education followed by China at over 12.1 Cr pupils at this level. Educating such a large population is not only an expensive task but also a very difficult one. This task is being handled primarily by the Government through its school infrastructure and large budgetary outlays.

India is going to experience a paradox of nearly 90 million people joining the workforce but most of them will lack requisite skills and the mindset for productive employment according to a report in DNA. India has about 550 million people under the age of 25 years out of which only 11% are enrolled in tertiary institutions compared to the world average of 23%.

India is home to the largest growth of potential consumers of education services in the world. The Government spend is approximately at 3.7% of GDP which is around \$30bn and an **\$50bn annual spend on private education (\$80bn by 2012E)**, 14% CAGR over FY08-12E. This has created one of the largest education networks of around 10 lakhs schools and 18000 higher education institutes in India.

India's public spend on education amounts to approximately 5.2% of the world's cumulative public spend, but the country is home to 20% of the population in the target group which is highly disproportionate considering the global distribution patterns of public education expenditure and population. The sphere of private educational institutions have increased rapidly over the past decades with K-12 segment estimated at US\$ 20bn, private professional colleges at US\$ 7bn and tutoring at US\$5bn. Out of 1million existing schools, as many as 75000 schools are privately run. It is pertinent to note that the private educational institutions dispense education to around 40% of the total students enrolled in India (219 mn) assuming that only 7% of the total schools are private. This is despite K12 (schools) being a focus area for the Government as less than 10% of the total public expenditure on education is assigned to higher and university education. As a result, 77% of India's 18,000 HEIs are private.

An Overview of The Levels of Education in India:

The type of education systems in India can be classified as:

- 1) **Pre primary education in India:** Pre-primary school education in India is divided into two levels – Lower KG (for children between 3 – 4 years) and Upper KG (for children between 4 – 5 years).
- 2) **Primary Education in India:** This serves as the link between primary school and elementary education. However, not much emphasis is laid on this level by the prevailing education system and policies in this regard continue to exist.
- 3) **Elementary Education:** The Government has made elementary education compulsory for children between the age group of years 6 and 14.
- 4) **Secondary Education in India:** Serves as a link between elementary and higher education in the Indian education setup, which draws attention as far as policy is concerned.
- 5) **Higher Education in India:** Under graduate and post graduate level: After completion of secondary education, students can choose fields of their interest and pursue undergraduate and then post graduate courses.

Curriculum Bodies

Catering to the largest population in the world is no easy task as there are more than 15 education boards across the country.

While some of them are regional, the more interesting ones are listed below:

The NCERT – Apex Body for curriculum:

As far as school education and its functions are concerned, the National Council of Educational Research and Training takes care of all curriculum related matters. Various schools in the country seek technical assistance from this body.

State Government Boards: Since 80% of the schools in India are managed by the government, this is the board under which the most children in India get enrolled. The Board of Secondary Education across major states has achieved its objectives of developing various systems.

CBSE: The Central Board of Secondary Education which falls under the purview of the Central Government is a board of education for both public and private schools in India.

ICSE: The Council for the Indian School Certificate Examinations Board is a non-governmental and private education board for education in India.

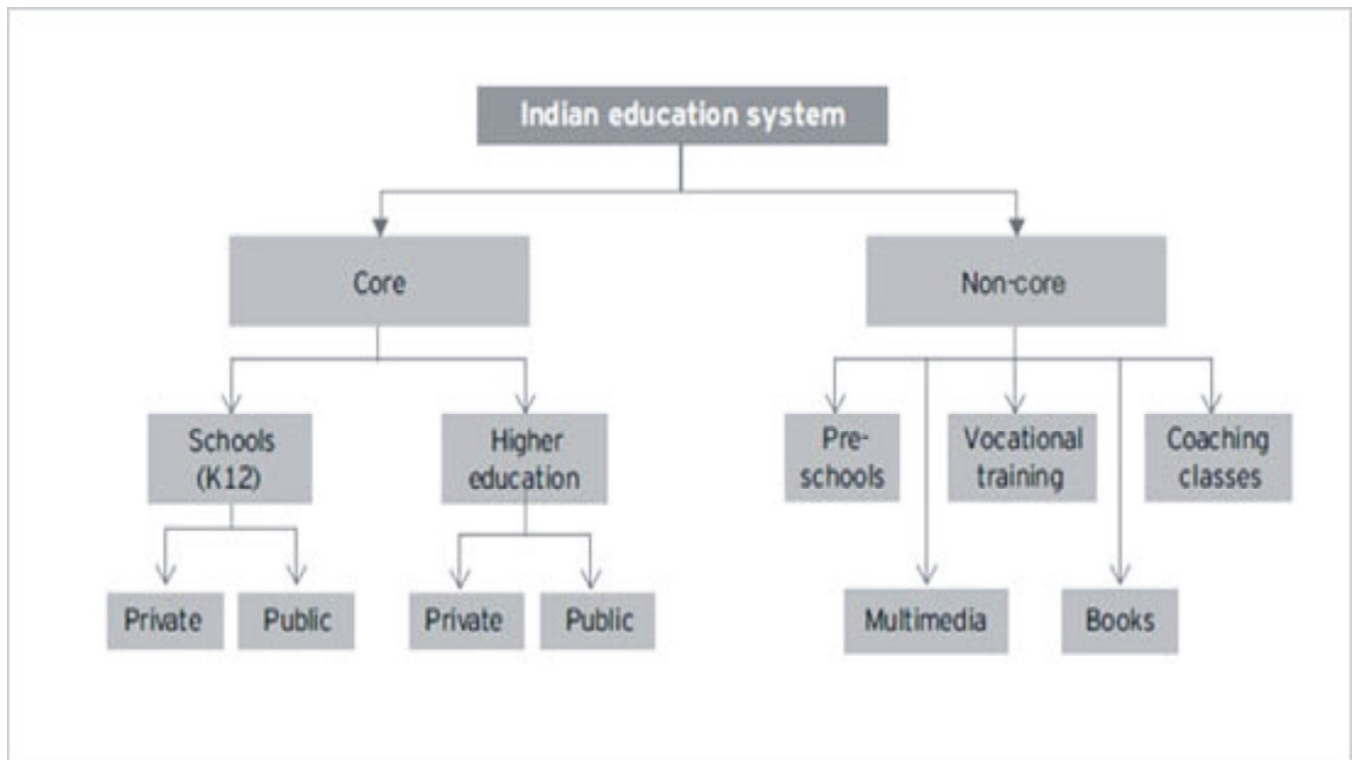
MANAGEMENT DISCUSSION & ANALYSIS REPORT

NIOS: Established by the Government of India and the Ministry for Human Resource Development in 1989, the National Institute of Schooling Board aims at providing quality education in rural areas in an inexpensive manner.

Cambridge International Exams/IB: International Baccalaureate or Cambridge International Examinations offer international qualifications to students. This is a recent phenomenon in various parts of the country and is mostly offered by upmarket schools and the like.

Islamic Madrasah Schools: These schools may be either controlled by the state government, run autonomously or may be affiliated with the Darul Uloom Deoband that is in the Sahranpur District of Uttar Pradesh.

INDIAN EDUCATION SYSTEM



GOVERNMENT’S FOCUS ON EDUCATION

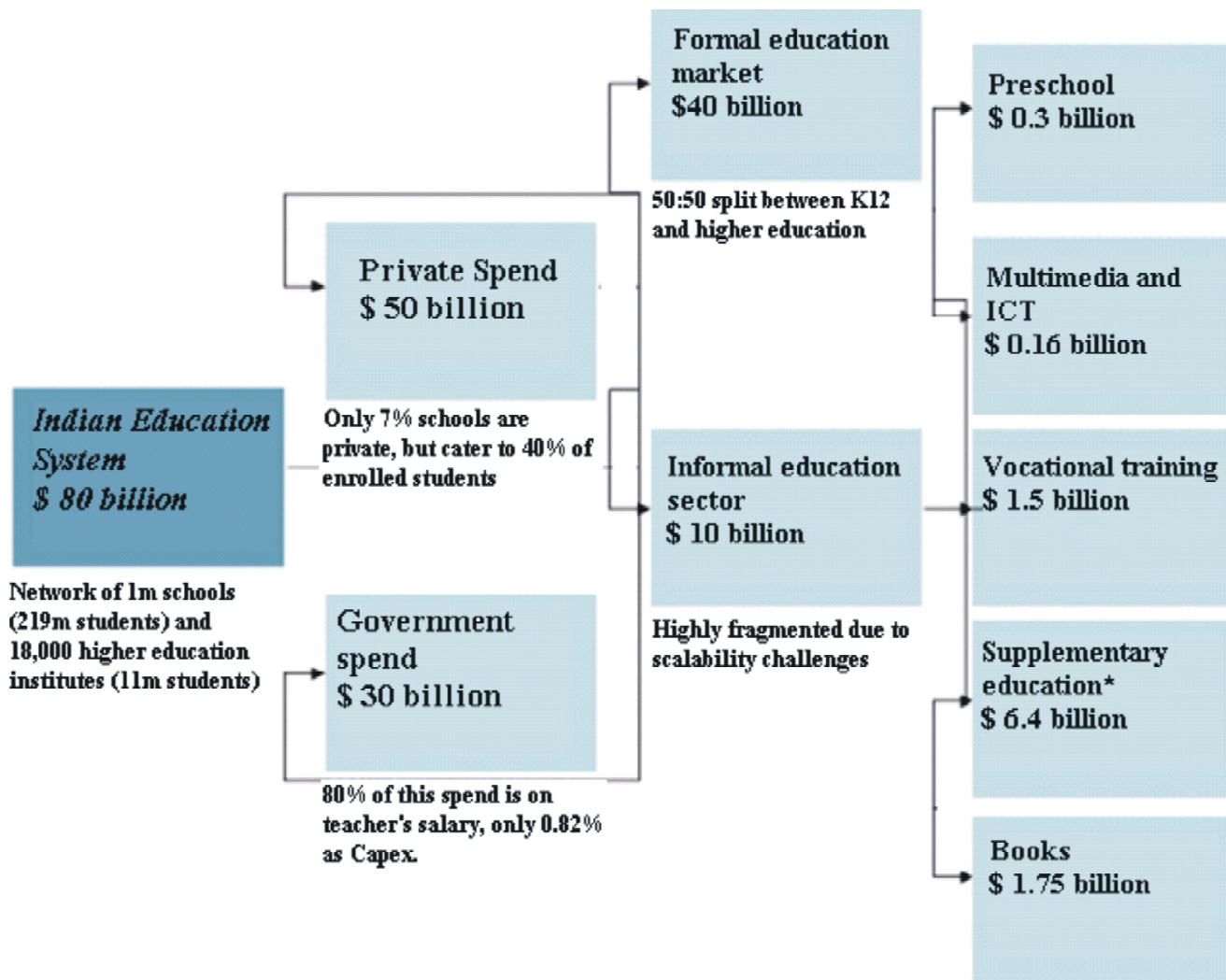
The Government is focusing on raising the general literacy rate in India in line with which, it introduced the Right to Education Bill 2005. This Bill seeks to guarantee free elementary education to every child between the age of 6 and 14 years. There has been significant growth in infrastructure, but the implementation process has been picking up in the recent past. The very nature of this mission is to complete the task of improving the literacy levels of India in a time-bound manner. The demand for upper primary and primary schools would be greater in the next five years; the Government has been focusing on the Education Sector through increased fund allocations. This amount would be spent under various schemes like the Sarva Shiksha Abhiyan (SSA), Kasturba Gandhi Balika Vidyalaya and teacher’s education.

The Government has imposed an Education cess on income tax to fund its various programs, which targets to improve the quality and reach of education in India. This cess is used to fund programs like the SSA. This will go a long way in improving literacy levels in India and enhancing the implementation and execution of various schemes undertaken by the Government to increase the reach and improve the quality of education in India. Collection of Education cess will also help in providing subsidies and aids to a large number of these institutions to improve accessibility for the lower and middle class families to educate their children. For the 11th Five year Plan, the Centre has allocated a 6 times higher spend on education.

Firstobject is working towards tapping this potential for the use of its e learning products, which will help the various state Governments to achieve their objective of making the Education, a right for all.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDIAN EDUCATION MARKET



BUDGET ALLOCATION – 2011-12

Education which was mainly under States subjects has seen a substantial increase in Central Government's intervention since 1987 when New Education Policy was announced. Allocations are made to India's Human Development Resources Ministry and two departments are Department of School Education & Literacy and Department of Higher Education. The Union Budget for 2011-2012 has identified the need to have a well, regulated education system of a global standard. In Budget 2011-12 a total of **Rs. 52 K crore** has been provided for allocation to Education. The above allocation is 24 % higher than the previous year's allocation. The allocation for Department of School Education and Literacy is Rs. 38,957 Crore and allocation for Department of Higher Education is Rs. 13100 Crore. The Union Budget has made an allocation of **Rs.21,000 crore for Sarva Siksha Abhiyan (SSA)**, the major flagship programme for universalisation of elementary education, which is 40 percent higher than Rs.15,000 crore allocated in Budget 2010-11. Apart from this states have also an access to Rs. 3675 Crore for elementary education under the 13th Finance Commission. Rs. 4675 Crore have been kept for Secondary Education, which includes Rs. 1385 Crore on Navodaya Vidyalaya Samiti.

An allocation of Rs. 1300 Crore has been provided to Adult education. Allocation to adult education has been more than doubled increasing it from Rs. 450 crore to Rs. 1,300 crore. The major beneficiary being the recently restructured and renamed Sakshar Bharat Programme. With strong economic growth there is a greater urge to address the issues on mass education. The Government has correctly identified greater private participation as a method to increase the efficiency of spending. This has resulted in greater outsourcing by Government to the private sector and also most robust private models to participate directly in this sector.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

SERVICES AT FIRSTOBJECT

E-EDUCATION

Leveraging the power of computers and using a blend of Internet, mobile and satellite communication technologies, Firstobject is taking quality and affordable education to reach millions of students across the country and even in the most remote corners of India. Firstobject aims at educating the majority of students across India by conducting e-classes in schools and colleges where computer education was an improbable idea. Right from providing notes to e-tutorial, Firstobject has launched its e-products in a phased manner. Occupying every space from Kindergarten to the Business Schools and beyond, Firstobject aims at supplementing the educational needs of all age groups. Currently centered in India, Firstobject aspires to take its business model and operations to the rest of the world on a mass scale, though currently we execute some outsourced works at our offshore centers.

In E-education, Firstobject is ready to cater to:

- Pre Schooling
- Schooling
- Various Entrance Examinations
- Professional Courses

PRE SCHOOLING



Preschool has become a crucial concept for both child as well as the parents. The number of preschools in India is growing at the rate of 40% annually. That really shows how important preschools are turning out to be in the context of Indian education system. Parents, especially in urban areas look forward to enroll their children in preschool because of its obvious benefits. Enrolling kids to preschools helps in preparing them for kindergarten and elementary school. From parents' point of view, some of them do not have adequate time for the kids because of work and other pressing commitments and for them, preschools come very handy.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

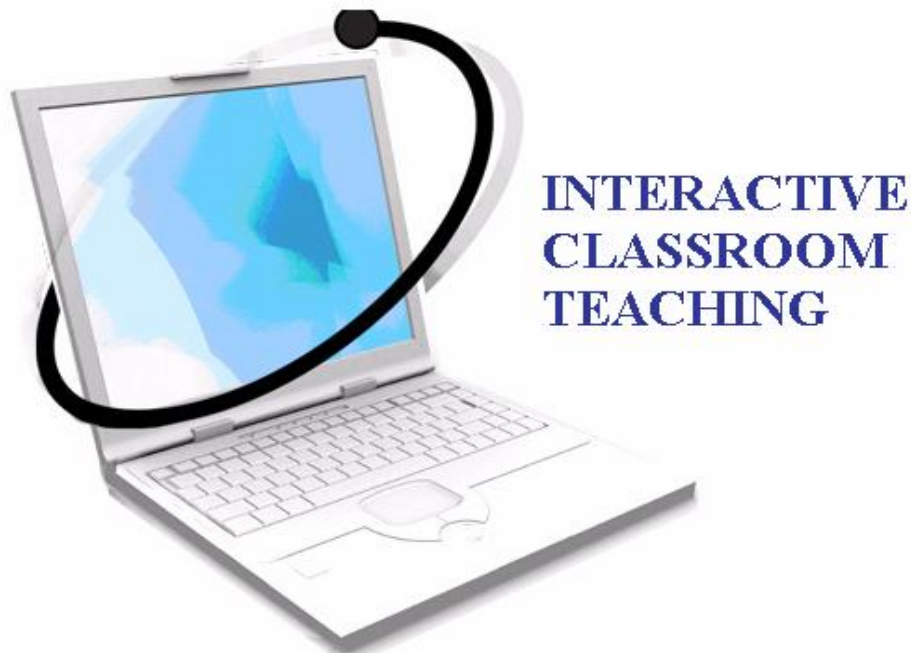
Preschool learning is very important in the initial development of a child's life. For one, kids get their first taste of education. They start learning things through play. At this stage of life, kids are not really expected to study. But the actual learning is imparted with the help of products developed for kids such as games, songs and other activities. Children also get to taste independence factor. Our Products for Preschools contribute significantly in the preliminary education of the child.

At Firstobject', we have utilized the services of teachers who understand the psyche of students and parents. This has not only helped in figuring out the right way of teaching an individual child but also arrive at the correct model for developing the Preschool products. Our Pre School offerings contain Rhymes, games, stories, songs, alphabets and numbers, etc to give the kids the fun and zeal when they learn the first lessons of their lives. A child is made ready to identify different objects, colours and various common things. Children are also made to develop different self-help qualities along with basic etiquette's. Under Pre School we cover the whole gamut of content right from play school to 5th standard. Firstobject has acquired the content of Pre School and currently customizing the same under the brand of First Pre School.

SCHOOLING

Firstobject offers E-Educational products mapped to the ICSE, CBSE and State Boards for 6th , 7th, 8th, 9th & 10th Std. syllabus course on subjects viz. Mathematics (Algebra and Geometry), Science (Physics, Chemistry and Biology) and Social Science (History, Civics, Geography and Economics). Our courseware have been designed and prepared by eminent Academicians. The course content comprises of NCERT Questions, Enhance your Knowledge, Board Questions, Mock test which contains animations, examples, practice questions and much more to supplement the actual process of learning thereby promoting a swift grasp of the subject.

We aspire to be a world class tuition and test preparation brand and our commitment and efforts towards our goal remain concerted and consistent.



PROGRESS OF E-LEARNING MODULES AT FIRSTOBJECT:

The Company has developed and launched its E-Learning Modules for ICSE and CBSE Syllabus under 10+2 category, Law CET (Common Entrance Test) and Law Education and Management CET (Common Entrance Test).

The e-Learning modules, meant for ICSE and CBSE, are prepared subject-wise for classes under 10+2 stream and each module has been worked out with meticulous planning under the supervision of eminent scholars and academicians. Both under E-learning and E-Tutorial, each subject is covered keeping in mind the average student IQ and each topic has been covered under 3 sub modules in the form of Virtual Class, Tutorials and Notes.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ENTRANCE EXAMINATION

Firstobject provides all tutorials and materials for various Entrance examinations like Engineering, Law, Management, Medical, etc in the state level currently and intends to expand at the National level.

Engineering Entrance Examinations:

- All-India Engineering Entrance Examination is conducted by IIT's for admission into IITs and other Universities.
- State level Common Entrance Examinations for admission into state level Engineering Colleges and state universities.

Law Entrance Examination:

- Common Law Admission Test (CLAT), for graduate and post-graduate courses at both state level as well as National level.
- Candidates seeking admission to the Under Graduate (LLB) and Post Graduate (LLM) Programmes in the Law schools must appear in Common Law Admission Test (CLAT). The admission is based on the rank of the candidate in the entrance examination.

Management Entrance Examination

- CAT (Common Admission Test) is conducted by Indian Institute Of Managements (IIMs) for admission to Post Graduate (P.G) Programmes and Fellow Programmes.
- Candidates aspiring to get admission to the 6 Indian Institutes of Managements need to appear for the Common Admission Test. Apart from the IIM's, 40 other Management Institutes use the CAT score for short listing the candidates. CAT is conducted once in a year usually in the month of November.

Medical Entrance Examination

- All India Pre-Medical / Pre-Dental Entrance Examination (AIPMT)
The Central Board of Secondary Examination, Delhi conducts an All India Pre-Medical/Pre-Dental Entrance Exam to select the candidates at an all India level examination (except in the states of Jammu & Kashmir and Andhra Pradesh) for admission to roughly 15% of the total seats for Medical/Dental Courses in all Medical/Dental colleges run by the Union of India, State Governments, Municipal or other local authorities in India.
- Entrance examinations to Medical colleges/Dental colleges are conducted on an All India basis as well as state wise basis. Apart from this, some national level institutions also conduct their own entrance tests.

Professional Courses:

Firstobject also provides all tutorials and materials for Law currently and in the process of expanding it to Management Course Curriculum.

Law

The Law course is a realm where crises in social and financial areas amid the public are fairly marked. A degree in law not only offers straight opportunities for occupation but provides an instrument to fight against inequality and wrong deeds of all types in the country. Earlier, Law students had few options but nowadays they have plenty of them. From being a practicing Lawyer they can become judges in various courts. The prestige is always connected with this profession. Various types of courses and careers are available in this faculty including BA.LLB, LLB and LLM.

Law is a bunch of categorized rules and regulations under which any society or country is governed. Law is one of the most essential and fundamental topic in any country. The Law regulates the rules that define human rights and obligations. People who break these rules have to suffer the penalties for their activities. The Law describes how the Government shall impose the rules and penalties. Justice is a proper standard that applies to all human behaviors. Thus, Law is the base of the society and a vital weapon of social change.

LLB is a law course of three-year duration. To get admission for this course, the students have to give an entrance test and a personal interview. The course arrangement is divided into 6 semesters. Our course curriculum material act as tutorials for the LAW Degree aspirants.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Business Management

MBA is the common abbreviation used for Masters in Business Administration. This course is pursued after graduation and is usually conducted over a span of two years.

However, executive MBA as a career choice is also available which lasts for a year. MBA is one of the most common career choices amongst the youth in India today. This is purely because of the benefits that the course offers. An MBA can surely help individuals who want to move up in their respective careers. Management has become important in every industry today.

With the growing needs of the industry for world class managers, the institutes offering MBAs has also gone up in the last few years. There are over thousand recognized institutes offering MBA in India. However the Indian Institute of Management, IIMs, as they are commonly referred to as is the crème de la crème of all the institutes offering MBA in India.

Most of the B-schools in India offer specialization like Finance, Human Resources, Marketing and Operation etc. However, niche MBAs like MBA in communication, hotel management, fashion technology etc are also available.

IT SERVICES INDUSTRY

The shift in the role of Information and Technology (IT) from merely supporting business to transforming business is driving productivity gains and helping create new business models. This has led to an increase in the importance of IT. The increasing acceptance of outsourcing and off-shoring of activities as an economic necessity has contributed to the continued growth in our revenue. As corporate and businesses adjust to “new normal” post the recent global recession, they will need to transform their business models to the changed economic and business environment. Consequently, they will have to make significant investments in IT. This opened up opportunities for us to offer our Consulting, Systems Integration services and leverage our Global Delivery footprint and thus help our customers in their transformation journey.

These opportunities are also reflected in the forecasts of market growth. IDC forecasts worldwide IT services spending of approximately \$695 billion by 2013, reflecting a compounded annual growth rate or CAGR of 3.3%. Similarly, according to NASSCOM Strategic Review Report 2010, the worldwide BPO market is expected to touch \$ 148 billion by 2013, representing a CAGR, of 6.11%. Key factors supporting this projection are the growing impact of technology led innovation, the increasing demand for global sourcing and gradually evolving socio-political attitudes. Global Delivery led organizations are expected to get an increased share of the IT services spends due to the powerful combination of scale, quality and cost embedded in their business model. In India, the IT services market is estimated to account for 39% of the domestic IT industry. The key verticals driving the growth of the IT services market are Retail, Government, Healthcare, Telecom and Manufacturing.

IT Products

According to NASSCOM Strategic Review Report 2010, IDC forecasts that worldwide hardware spending will increase from \$600 billion in 2008 to \$680 billion in 2013, representing a CAGR of 2.53%.

According to NASSCOM Strategic Review Report 2010, the hardware market in India is estimated to account for 39% of the domestic IT industry, growing at about 3% there on. Personal computers (including desktops and notebooks) continue to be purchased at higher rates than other products in the hardware market. As prices come down, notebooks are increasingly being adopted as the computing device of choice. For the desktop segment, consumers are showing an increasing trend of moving away from locally assembled items towards branded products with relatively higher end configurations.

INDIAN BPO SECTOR

The Indian BPO sector is favorably positioned to benefit from its established delivery capabilities, which influence buyers’ decision to expand their global sourcing exposure.

The Study shows that going forward, the Indian BPO sector, at its current momentum, can reach around US\$ 30 billion in export revenues by 2012. However, the sector can set itself a stretch target of US\$ 50 billion (that is, approximately five times its present size) in export revenues by 2012. A five-fold growth in the Indian BPO market will add nearly 2.5 percent directly to India’s GDP from exports earnings and provide direct employment to about 2 million people. This will also spur growth in smaller Tier 2 and 3 cities to enable a six-fold growth in the number of delivery centers that will be required to support the enhanced target for the sector.

While the current mood is that of “cautious optimism,” the industry is expected to witness sustainable growth over a two-year horizon, going past its USD 50 billion export target in FY2012. While the industry has significant headroom for growth, competition is also increasing, with a number of countries creating enabling business environments aimed at replicating India’s success in the IT-BPO industry.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

IT SERVICES AT FIRSTOBJECT:

At Firstobject we offer differentiated IT services using a unique network of global delivery models. The Company is adept in delivering specific business technology solutions. The Company’s strength lies in its innate ability to understand the requirements of its clients and to continuously build the competencies and strengthen the domain capabilities to provide integrated Software Solutions, Consulting and outsourcing customized to client’s business-specific needs.

The Company focuses on delivering business impact to its clients by maximizing returns on their investments in IT and through Business Process Outsourcing solutions. The Company’s unique capabilities allow it to leverage strong partnerships, latest technology innovations and human capital to deliver excellence through its global delivery model.

The Company recognizes the need for scale and capacity in competing for large contracts against top-tier competitors, your Company has been making substantial investments in expanding its front-end capabilities, its human capital base and leveraging its world-class infrastructure facilities.



● **CONSULTING**

We work with clients to develop and deliver innovative solutions that can successfully transform an organization’s capabilities. We have the breadth of experience, global resources, superior assets and deep knowledge and insights to create new forms of value and to help our clients become high-performance businesses.

We consult our clients from strategy to execution, we also delivers the insight need for better decision making and improved business outcomes to accelerate high performance.

Consulting helps in following ways:

- o Driving growth—from new markets, new customer segments and opportunities, marketing transformation and innovation.
- o Enhancing cost and cash advantage—through balance sheet efficiency; enhanced working capital; better capital allocation and return on investment; and resetting structural costs for more flexibility.
- o Improving operational excellence—by realigning the operating model; reengineering key processes; focusing on lean processes and operational effectiveness; and sourcing operational excellence.
- o Restructuring the business at scale—through M&A, divestitures, consortia, industry restructuring, value chain restructuring and business ecosystems.
- o Winning the war for talent—by re-skilling the workforce, sourcing new talent, developing change agents and creating a human capital strategy.

From strategy to execution

Economic volatility, increasing globalization, rising complexity and growing interconnectivity have forced businesses to make major changes to their operations in recent years. At the same time, advances in technology such as cloud computing, service-oriented architecture and software-as-a-service are creating more flexible, configured application environments that can deliver tremendous value if used properly. We help organizations to deal with change successfully while developing and operating scalable, efficient and agile business processes to create both immediate and long-term competitive advantage.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

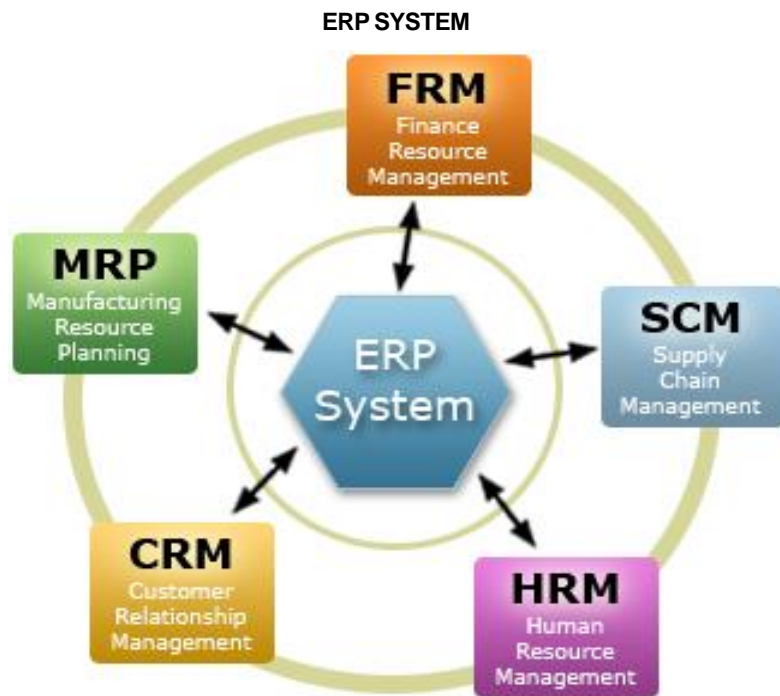
The primary focus of our Growth is to drive growth by providing a continuous flow of information and ideas covering market sector. We incorporate our global market analysts, market research consultants, and industry experts' perspectives with proven methodologies to help clients manage risk and achieve their profitability and growth objectives.

● **ENTERPRISE RESOURCE PLANNING (ERP)**

In today's challenging business environment, best-run companies have clarity across all aspects of their business, which allows them to act quickly with increased insight, efficiency and flexibility. By using ERP solutions, companies of all sizes – including small businesses and midsize companies – can reduce costs, optimise performance and gain the insight and agility needed to close the gap between strategy and execution. To help our customers to get the most out of their IT investments so that they can maximise their business performance, our professionals deliver the highest level of service and support.

ERP Software helps manufacturers or traders from small businesses to mid size enterprises see more clearly. Integration of data across the enterprise ensures that you have greater visibility in all areas of your business, from daily operations to a strategic decision level. Insight into production, inventory and financial data makes it easy to identify opportunities for cost savings and efficiency improvements. A high-level view of key business indicators facilitates faster and more accurate management decisions.

We offer ERP across functional boundaries including Finance, Sales and Distribution logistics, HR, and Costing. We work with clients from diverse vertical industry sectors.



Our ERP softwares have multiple features, it is extremely easy to implement and use, comprehensive in its scope, modular and flexible, fully customizable, totally secure and incredibly robust.

Our ERP systems have delivered proven value in streamlining enterprise processes. We have helped many companies successfully implement ERP systems effectively. Our extensive experience in ERP implementation, ERP integration and extending ERP functionality has helped us develop capabilities in creating architecture scalable. This has led our clients have access to real-time business information that is accurate and useful.

Our ERP implementation and ERP integration methodologies speed time-to-value delivery for a number of reasons, including their incorporation of the right analytics for real-time decision-making. Our ERP implementation solutions also seamlessly integrate applications across various platforms and technologies, to increase the value of IT investments, and enhance productivity and profitability. Our ERP services expertise includes implementation and the integration of diverse and distributed application portfolios - within and across the extended enterprise. We support customers across the entire range of the application life cycle, from implementation to post-implementation support.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

- OUTSOURCING SERVICES**

BPO Services:

Firstobject’s unique capabilities are augmented by a clear understanding of industry trends and deep knowledge of global business models allows it to leverage strong partnerships, intrinsic technology innovations and talent to deliver excellence through global delivery.

Outsourcing the development, management and ongoing maintenance of technology platforms and solutions has become increasingly important. The Company’s strength lies in its innate ability to understand the requirements of its clients and to continuously build the competencies and capabilities to provide integrated IT and BPO solutions unique to client specific needs and industry demands.

The nature of technology outsourcing is changing. The Company is expanding its footprint and establishing operations across the country. In order to enhance its ability to serve its customers better, the Company has been continuously expanding on its service and capabilities. The Company is building deep customer relationships and has a well diversified geographic spread. The Company’s process capabilities and range of services provide a compelling value proposition for both existing and new customers.

Knowledge Process Outsourcing (KPO):

Firstobject Technologies provides middle office and back office support to capital market arms of leading global banks, educational institutions, manufacturing giants and services companies. Our customer-partners are all leaders in their respective industries and are included in top business enterprises. With each of our partners, we manage a number of discrete programs providing specific needs across multiple divisions. Current customer programs include data search programs, research report preparations, price monitoring and competitive analytics, financial contract risk management and data reconciliation services

Below are some Demand and supply side drivers for KPO Industry

Demand side drivers	
Skills/ capabilities	KPO is all about knowledge arbitrage. India, the dominant KPO destination, is facing a shortage of skilled professionals. Financial institutions should explore countries with an adequate pool of skilled finance resources.
Language	Countries that possess the depth and quality of KPO skill sets and non-English linguistic capabilities, are well positioned to commence KPO offerings.
Business continuity	High systems and applications availability are a critical requirement of the financial services Industry. KPO providers may need geographical spread to provide adequate business continuity.
Responsiveness	KPO providers having near-shoring and on-shoring capabilities for their clients are deemed more responsive. Competitive pressures are expected to drive KPO providers to set-up delivery centers closer to client-locations.
Risks	Financial institutions are normally wary of using one provider for all services unless part of an internal captive operation. The nature of KPO work lends itself to a multi-sourcing strategy, using multiple vendors to deliver specific activities.
Regulatory constraints	Clients cannot abdicate their regulatory and legal compliance responsibility. Some regulatory constraints prohibit the transfer of certain work offshore. This is expected to force the leading KPO providers to expand their geographical footprint to become more local to clients, and become more intimate with their clients’ regulatory and legal constraints.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Supply side drivers	
Skills shortage	The KPO industry appears to be driven by access to the breadth and depth of talent. The demand-supply gap for qualified resources in India, currently the dominant KPO destination, is expected to force KPO providers to find new delivery locations with depth and quality of talent required for KPO activities.
Risk diversification (hedging)	Service providers cannot provide services solely from one single location or country. In order to maintain business continuity during adverse circumstances, KPO providers have to diversify globally to reduce their risk exposure.
Language	KPO providers are expected to expand to non-English speaking locations globally, to support non-English speaking clients.
Global delivery model	KPO providers having near-shoring and on-shoring capabilities are deemed more responsive. Competitive pressures are expected to drive KPO providers to set-up delivery centers closer to the client-locations.
Regulatory requirements	Some regulatory requirements prohibit the transfer of certain work overseas. In order to tap into this extra business, KPO providers are expected to set up new global delivery centers.

ACQUISITION OF “M/s PRE SCHOOL ANALYTICS PVT. LTD”

The company has acquired “M/s Pre School Analytics Pvt. Ltd” during the year 2010-11. M/s Pre School Analytics Pvt. Ltd has fully developed preschool content and curriculum for 2 year old, 3 year old and 4 to 6 year old. It has an established Preschool curriculum that combines all ages into one attractive preschool program. The Acquisition process has been consummated and completed following the due process of law. This acquisition allows us to access the entire spectrum of Pre School range from Play School to 5th Standard. The Product Strength of Firstobject has substantially improved with this acquisition. Currently we are customizing the branding under the brand name of First Pre School.

THREATS & RISKS

Part i: External Risks relating to the Business of the Company:

1. Changes in Government policies could adversely affect the Company's business, results of operations and financial condition.
2. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on the Company. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.
3. If inflation were to rise in India, the Company might not be able to increase the prices of its services and products in order to pass costs on to its customers and the Company's profits might decline.
4. A significant change in the Central and State Governments' economic liberalization and deregulation policies could disrupt the Company's business.
5. If regional hostilities, terrorist attacks or social unrest in India increase, the Company's business could be adversely affected and the price of the Shares could decrease.
6. A slowdown in economic growth in India could cause the Company's business to suffer
7. Natural calamities could have a negative impact on the Indian economy and could cause the Company's business to suffer and the price of the Shares to decrease.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Part ii : Risks Associated with the Expansion of the Company's Business

1. The Company faces risks and uncertainties associated with the implementation of its expansion projects.

The Company plans to expand its brand and product portfolios and its service and distribution networks in India and abroad in the near future, both organically and inorganically via strategic acquisitions. In taking these and any other such expansion initiatives, the Company faces risks and uncertainties, including that:

- Funding anticipated to be deployed towards the cost of the project will not become available in a timely manner or at all.
- Strategic acquisitions may not initially return profits or may incur losses in the future.

Risks and Risk Mitigation

The ITES Industry thrives under a dynamically changing and highly competitive business environment. The Company too faces several business risks, of which some prominent ones are discussed hereunder alongside the risk mitigation approach followed by the Company:

Concentration risks

The Company has taken significant steps to ensure that it does not become too dependent on few clients or any particular geography.

Considerable efforts are being made to generate business from new geographies. Revenue from clients are also spread across customers contributing 62 percent of the business in FY 10.

Investment portfolio related risks

In order to deal with surplus cash, the Company, as a policy, does not prefer to invest in high risk assets such as equities and low liquidity assets like real estate etc. The primary area of risk for the Company's market exposures are related to the interest rate risk on its investment securities. To mitigate interest rate risk, all surplus funds are invested in appropriate avenues upon a review by the investment committee. All investment decisions are driven by certain guiding principles like, safety of investments, liquidity and-returns

Employee-related risks

Attrition: Human Resource functions and initiatives of the Company are driven by a strong set of values and policies. The Company has maintained a competitive, healthy and harmonious work environment at all levels. The Company has taken new initiatives to strengthen its recruitment processes, values and vision programmes, leadership and performance management programmes to retain the best talent.

Constraints in availability of skilled resources

The Company offers competitive salary constantly benchmarked to the market, world class infrastructure, excellent work culture, high class training and career development and long term growth prospect, to remain an employer of choice. The Company's development centers are in cities which have good availability of skilled manpower.

Competition-related risk

Indian IT services market remains a very competitive space. The Company is facing competition from large Indian IT vendors and global vendors which are increasing their India presence by setting up offshore delivery centres.

The Company is managed by locally recruited professionals and talents across all geographies. They have established strong interaction with various analyst firms worldwide through participation in IT conferences and industry specific events attended by CIO's and executives of major corporations. Sales & marketing and delivery infrastructure of the Company is world class. This helps the Company to maintain its competitive edge over other players.

Exchange rate risk: Hedge Accounting

The company has policies and measures in place to mitigate Exchange rate risk. In accordance with its Risk management policies and procedures, the Company uses derivative instruments such as foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value & are re-measured at a subsequent reporting date and the changes in the fair value of the derivatives ie, gain or loss (net of tax impact) is recognized directly in shareholders' funds under hedging reserve to the extent considered highly

MANAGEMENT DISCUSSION & ANALYSIS REPORT

effective. Gain or loss on derivative instruments that either does not qualify for hedge accounting or not designated as cash flow hedges or designated cash flow hedges to the extent considered ineffective are recognized in the Profit and Loss account.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognized in shareholder's funds under hedging reserve is retained there until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's fund is transferred to profit and loss account in the same period.

The Company actively books foreign exchange forward covers/derivative options to hedge against foreign currency fluctuations related to its bills receivables and anticipated realizations from projected revenues.

Geo-political risks

The ability of Indian ITES services companies to secure offshore projects from client organisations abroad is often subject to threat perceptions as regards the Indian subcontinent. Current civil situations in neighboring countries of India may have negative implications for the operations of the Company. To mitigate these risks and to ensure continued delivery of services to clients irrespective of any geo-political disturbances, the Company has been taking appropriate measures in respect of disaster recovery and business continuity, at different locations.

CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

Firstobject Technologies Limited (Firstobject) philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its Shareholders, Employees, and the Government. Firstobject believes that all its operations and actions must serve the underlying goal of enhancing overall Shareholder value, over a sustained period of time.

2. Board of Directors

The Board of Directors consists of 5 Directors.

Composition and category of Directors is as follows:

Category	Name of Director
Chairman	Dr. Vivek Hebbar
Whole Time Director *	J Satya Surya Narayana
Whole Time Director	P. Ramnath
Non-Executive Director	Shailesh Pethe
Non-Executive Director	N. Shiva
Non-Executive Director	Sita Rama Sastry
Associate Director & Chief Technology Officer	C. Sriram Kumar
Associate Director & Chief Operating Officer	Mrs. C.V.S.L. Kameswari

* Note:

Mr. J.Satya Surya Narayana has resigned from the position of Whole Time Director as well as Director from the Board due to his pre-occupation. The Board wishes to thank for his co-operation and for his contributions during the growth phase of the company.

During the year under review, the Board of Directors of the company met 21 times on 13/10/2010, 28/10/2010, 10/11/2010, 22/11/2010, 8/12/2010, 15/12/2010, 28/12/2010, 13/01/2011, 18/01/2011, 31/01/2011, 10/02/2011, 22/02/2011, 15/03/2011, 25/03/2011 EGM, 21/04/2011, 11/05/2011, 25/05/2011, 27/07/2011, 12/08/2011, 12/11/2011, 14/11/2011 as against the minimum requirement of 4 meetings. The maximum time gap between any two meetings was not more than four calendar months.

The attendance of each director at the Board Meeting, last Annual General Meeting and Number of other directorship and Chairmanship / Membership of Committee held by each of the director in other companies are as under

Name of the Director	Attendance Particulars		No. of other directorships and committee member/Chairmanship		
	Board Mtgs.	Last AGM	Other Directorship	Committee Member ship	Committee Chairman ship
Dr. Vivek Hebbar	21	Yes	Nil	1	1
J Satya Surya Narayana*	16	Yes	Nil	2	1
P. Ramnath	12	Yes	Nil	2	Nil
Shailesh Pethe	15	Yes	Nil	2	1
N. Shiva	11	Yes	Nil	Nil	Nil
Sita Rama Sastry	16	Yes	Nil	2	Nil

* Note:

Mr. J.Satya Surya Narayana has resigned from the position of Managing Director as well as Director from the Board due to his pre-occupation. The Board wishes to thank for his co-operation and for his contributions during the growth phase of the company.

CORPORATE GOVERNANCE

3. Audit Committee

The Audit Committee of the company for the year 2010-11 has been constituted with Dr. Vivek Hebbar, Mr. Sita Rama Sastry and Mr. P.Ramnath as members of the committee.

The committee met 6 times. The constitution of Committee also meets with the requirements under Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are as contained in the Clause 49 of the Listing Agreement. Mr. Dr. Vivek Hebbar is the Chairman of this Committee.

For the year 2011-12, the Audit Committee of the company is reconstituted with Dr.Vivek Hebbar, Mr. Sita Rama Sastry and Mr. Sailesh Pethe.

4. Remuneration Committee

The Remuneration Committee of the company for the year 2010-11 had been constituted in the last year with, Mr. J. Satya Surya Narayana, Mr. Sailesh Pethe and Mr.P.Ramnath as members of the committee.

The Remuneration Committee has been constituted to recommend / review the remuneration package of the Directors based on performance and defined criteria. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing Industry practice. Mr.J.Satya Surya Narayana is the chairman of this committee.

For the year 2011-12, the remuneration committee is formed with Mr. Sailesh Pethe, Mr.P.Ramnath and Dr.Vivek Hebbar as members of the committee.

Details of remuneration paid to the Directors for the year.

The aggregate value of salary, perquisites, and commission paid for the year ended 31st March 2011, to Directors is as follows:

The Company pays sitting fees to its Directors.

5. Shareholders' / Investors' Grievance Committee

The Shareholder's / Investors Grievance Committee of the company has been constituted for the Year 2010-11 with Mr. Sita Rama Sastry, Mr. J. Satya Surya Narayana and Mr. Sailesh Pethe as members of the committee.

Mr. Sailesh Pethe is the Chairman of the committee.

Mrs. C.V.S.L.Kameswari is designated as Compliance Officer of the Company.

For the year 2011-12, the Shareholders' / Investors Grievance Committee is constituted with, Dr. Vivek Hebbar, Mr. P.Ramnath and Mr. Sailesh Pethe as members of the committee.

6. General Body Meetings

a) Location and place of last four Annual General Meetings:

2006-07	At Regd Office	20.09.2007	3.00 p.m
2007-08	At Regd Office	27.09.2008	10.00 a.m
2008-09	At Hotel Savera, Hyderabad	28.11.2009	11.00 a.m.
2009-10	At Hotel Savera, Hyderabad	30.09.2010	10.00 a.m.

b) During the financial year , the company has not obtained any resolution by way of postal ballot in terms of Section 192A of the Companies Act, 1956.

7. Disclosures:

a) There were no material transactions between the company and its Directors or management or their relatives that have any potential conflict with interests of the company at large. Transactions with related party are disclosed elsewhere in the Annual Report. None of the transactions have potential conflict with interest of the company at large.

CORPORATE GOVERNANCE

- b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or any statutory authority, on any matter related to capital markets, during the last three years – None.

8. Means of communication

The company has promptly reported all information including declaration of Quarterly Financial Results to the Stock Exchange where the stocks of the company are listed. The company also publishes the Audited / Unaudited financial results in Free Press Journal, English Newspaper and in Regional Newspapers.

9. General Shareholder Information

9.1 Annual General Meeting 27/12/2011 at 11.00 A.M.
At Seminar Hall, Hotel Savera Residency,
Besides Big Bazaar Shopping Mall, Ameerpet, Main Road
Hyderabad -500 016.

9.2 Financial Calendar:

Annual General Meeting	27.12.2011
Result of First Quarter June 2010	Last week of July 2010
Second Quarter	Last week of Oct 2010
Third Quarter	Last week of Jan 2011
Result of Fourth quarter	Second Week of May 2011

9.3 Book Closure date: 26.12.2011 to 27.12.2011

9.4 Dividend payment date : N/A

9.5 (a) Listing of Equity Shares The Bombay Stock Exchange Ltd, Mumbai

9.6 (a) Stock Code Firstobject 532379

(b) Demat ISIN Numbers in NSDL & CDSL INE 683 B01047
for Equity Shares.

9.7 Stock Market Data at BSE

Month	High Price	Low Price	Close Price	No. of Trades
April 2010	31.60	24.95	28.10	7236
May 2010	38.90	25.10	31.70	16350
June 2010	33.25	27.00	27.25	4354
July 2010	30.40	25.65	27.60	4527
August 2010	28.40	23.25	23.50	4829
September 2010	28.10	22.80	24.05	4818
October 2010	31.25	21.10	28.15	8160
November 2010	30.55	21.50	23.00	5898
December 2010	24.30	19.95	22.55	3772
January 2011	24.00	17.80	18.50	2842
February 2011	21.25	15.00	16.60	2787
March 2011	18.35	15.05	16.25	1974
April 2011	18.45	15.50	15.75	1348
May 2011	18.00	13.20	13.85	2039
June 2011	15.40	11.80	12.72	1357
July 2011	19.95	10.41	17.95	3572
September 2011	58.30	22.40	57.05	449

Note: Price @ Rs.10 Face Value.

CORPORATE GOVERNANCE

Registrar and Transfer Agents:
(Share transfer and communication regarding share certificates, dividends and change of address)

Bigshare Services Pvt Ltd
E-2, Ansal Industrial Estate,
Saki-Vihar Road, Sakinaka,
Andheri (E), Mumbai - 400 072

Share Transfer System as per listing agreement and Companies Act, 1956

9.8 (i) Category of Shareholders as on 31st March, 2011.

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares	
					As a % of (A+B)1	As a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group2					
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	2	385,991	380,400	1.93	1.93
(b)	Bodies Corporate	3	3,205,159	3,205,159	16.02	16.02
	Sub Total	5	3,591,150	3,585,559	17.95	17.95
2	Foreign	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	5	3,591,150	3,585,559	17.95	17.95
(B)	Public shareholding					
1	Institutions	0	0	0	0.00	0.00
2	Non-institutions					
(a)	Bodies Corporate	302	1,064,345	1,064,345	5.32	5.32
(b)	Individuals					
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	18,514	8,352,911	8,318,061	41.74	41.74
II						
ii.	Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	195	6,762,104	6,124,184	33.79	33.79
(c)	Any Other (specify)	55	240,509	240,509	1.20	1.20
(c-i)	Clearing Member	17	10,858	10,858	0.05	0.05
(c-ii)	N.R.I	38	229651	229651	1.15	1.15
(c-iii)	OCB'S	0	0	0	0.00	0.00
c-4	Independent Director	0	0	0	0.00	0.00
	Sub-Total (B)	19,066	16,419,869	15,747,099	82.05	82.05
		19,066	16,419,869	15,747,099	82.05	82.05
	TOTAL (A)+(B)	19,071	20,011,019	19,332,658	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	19,071	20,011,019	19,332,658	100.00	100.00

CORPORATE GOVERNANCE

(ii) Category of Shareholders as on 30th September, 2011 (Post Scheme of Arrangement).

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares	As a % of (A+B)	As a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group						
(1)	Indian						
(a)	Individuals / Hindu Undivided Family	6	2,243,576	2,240,346	21.57		21.57
(b)	Bodies Corporate	2	4,005,864	3,857,934	38.51		38.51
	Sub Total	8	6,249,440	6,098,280	60.07		60.07
2	Foreign						
	Total shareholding of Promoter and Promoter Group (A)	8	6,249,440	6,098,280	60.07		60.07
(B)	Public Shareholding						
1	(1) Institutions						
2	(2) Non-Institutions						
(a)	Bodies Corporate	275	320,246	320,246	3.08		3.08
(b)	Individuals						
I	Individual shareholders holding nominal share capital up to Rs. 1 lakh	18,207	2,827,425	2,807,138	27.18		27.18
II	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	35	972,489	870,734	9.35		9.35
(c)	Any Others (Specify)	50	33,155	33,155	0.32		0.32
(c-i)	Clearing Members	14	10,496	10,496	0.10		0.10
(c-ii)	Non Resident Indians	36	22,659	22,659	0.22		0.22
	Sub Total	18,567	4,153,315	4,031,273	39.93		39.93
	Total Public shareholding (B)	18,567	4,153,315	4,031,273	39.93		39.93
	Total (A)+(B)	18,575	10,402,755	10,129,553	100.00		100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-		-
	Sub Total	-	-	-	-		-
	Total (A)+(B)+(C)	18,575	10,402,755	10,129,553	-		100.00

9.9

(i) Distribution of Share Holding as on 31st March, 2011.

Range	Total Holders	% Total Holders	Holding in Rs.	% Total Capital
1-5000	15,652	82.07	25,302,270	12.64
5001-10000	1,570	8.23	13,469,500	6.73
10001-20000	783	4.10	12,118,140	6.05
20001-30000	333	1.74	8,574,610	4.28
30001-40000	116	0.60	4,199,940	2.09
40001-50000	161	0.84	7,756,000	3.87
50001-100000	214	1.12	16,458,240	8.22
100001-999999999	242	1.26	112,231,490	56.08
Total	19,071	100.00	200,110,190	100.00

CORPORATE GOVERNANCE

(ii) Distribution of Share Holding as on 30th September, 2011.

Range	Total Holders	% Total Holders	Holding in Rs.	% Total Capital
1-5000	17,534	94.38	12,519,220	12.03
5001-10000	436	2.34	3,115,140	2.99
10001-20000	287	1.54	4,002,920	3.84
20001-30000	115	0.61	2,860,800	2.75
30001-40000	53	0.28	1,850,480	1.77
40001-50000	38	0.20	1,749,010	1.68
50001-100000	66	0.35	4,783,470	4.59
100001-999999999	48	0.25	73,146,510	70.31
Total	18,577	100.00	104,027,550	100.00

9.10 Dematerialisation of Shares: Trading in Equity Shares of the Company is permitted only in dematerialised form. As of 31st March, 2011, 99.58% are in dematerialised form.

9.11(i) **Investor Correspondence**

For transfer/ dematerialisation of shares: payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company.

Bigshare Services Pvt Ltd
 E-2, Ansal Industrial Estate,
 Saki-Vihar Road, Sakinaka,
 Andheri (E), Mumbai - 400 072.

(ii) Any other query

FirstObject Technologies Ltd
 1st Floor, Swayamkrishi,
 SMILINE Building, No: 8-3-952/10/2 & 2/1
 Srinagar Colony,
 Hyderabad-500 073, India.
 E-Mail: info@firstobjectindia.com

For and on behalf of Board of Directors

Sd/-

Dr. Vivek Hebbar
 Chairman, Board of Directors

Regd Office:

1st Floor, Swayamkrishi
 SMILINE Building, No: 8-3-952/10/2 & 2/1
 Srinagar Colony
 Hyderabad-500 073

Place: Hyderabad
 Date: 22.11.2011

CORPORATE GOVERNANCE**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To
The Board of Directors of
M/S FIRSTOBJECT TECHNOLOGIES LIMITED

We have examined the compliance of conditions of Corporate Governance by **FIRSTOBJECT TECHNOLOGIES LIMITED** for the year ended March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no Investor Grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholder / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For J&K.Agarwal & Co.
Chartered Accountants

Sd/-

J.K.Agarwal
Partner
M.No: 35554

Place: Mumbai

Date: 22.11.2011

AUDITORS REPORT

To the members of the FirstObject Technologies Ltd,

1. We have audited the attached Balance Sheet of **M/s. FIRSTOBJECT TECHNOLOGIES LIMITED** as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub - section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments. In the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub- section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors as on March 31 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub – section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For J&K.Agarwal & Co.
Chartered Accountants

Sd/-

J.K.Agarwal
Partner

M.No: 35554

Place: Mumbai

Date: 22-11-2011

AUDITORS REPORT**ANNEXURE TO AUDITORS REPORT**

The Annexure referred to in Auditors to the M/s. FirstObject Technologies Ltd for the year ended 31st March, 2011. We report that:

- 1.1 The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- 1.2 The Company has a phased programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the company and nature of fixed assets. In accordance with the programme, the fixed assets have been physically verified by the management during the year. No material discrepancies were noticed during the year on such verification.
- 1.3 The Company has not disposed off any fixed assets of its own use, excepting the assets which has technical obsolescence, as such the assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- 2.0 In our opinion and according to the information and explanations given to us, the company has not granted/ taken any loan secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 3.0 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, no major weakness has been noticed in the above controls and therefore the reporting of the same does not arise.
- 4.0 In respect of transactions entered in the register maintained in pursuance of section 301 of the companies Act 1956.
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that need to be entered into the register have been so entered.
 - b) According to the information and explanations given to us, where each of such transactions in excess of Rs.5.lakhs in respect of any party, the transactions have been made at prices which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time.
- 5.0 The Company has not accepted public deposits in accordance with the provisions of Section 58AA of the Companies Act, 1956.
- 6.0 In our Opinion, Company has an internal audit system, commensurate with the size of the Company and nature of its business.
- 7.0 The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- 8.0 a) According to the records of the company, provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Wealth tax, and Sales tax as applicable were regularly deposited during the year with the appropriate authorities as applicable.
 - b) According to the information and explanations given to us and the books and records examined by us, There are no dues towards sales tax, income tax, customs duty, wealth tax, excise duty and cess, which has not been deposited on account of dispute.
- 9.0 The Company has no accumulated losses at the end of the financial year and has not incurred cash losses during and immediately preceeding financial years.
10. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks.
- 11 According to the information and explanations given to us and based on our examinations of records, the company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
12. The Company is not a chit fund / niche / metal benefit fund or society.
13. Based on our examinations of records and the information and explanations given to us, the company does not deal/ trade in shares, securities, and other investments.

AUDITORS REPORT

14. In our opinion and according to the information and explanations given to us, the company has not given guarantees.
15. To the best of our knowledge and belief and according to the information and explanations given to us, the company has not availed any term loans during the year.
16. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall examination of the balance sheet of the company, funds raised on short term basis, Prima facie, have not been used during the year for long term investment and vice versa.
17. According to the information and explanation given to me, the company has made preferential allotment of shares to promoters, strategic investors and others covered in the register maintained under section 301 of the act.
18. Company has not issued any debentures during the year.
19. The Company has not made any public issue of shares during the year.
20. To the best our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
21. In our opinion and according to the information and explanation given to us, the nature of the company's business/ activities during the year have been such that clause (ii) of paragraph 4 of the Companies (Auditors Report) order, 2003 are not applicable to the company.

For J&K.Agarwal & Co.
Chartered Accountants

Sd/-

J.K.Agarwal
Partner
M.No:35554
Firm Reg No.

Place: Mumbai
Date: 22-11-2011

BALANCE SHEET AS ON 31ST MARCH, 2011

Amount (Rs)

Particulars	Sch no	As at 31.03.2011	As at 31.03.2010
Sources of Funds			
1. Shareholder's Funds	1	104,027,550	191,492,990
2. Reserves & surplus	2	311,692,760	58,114,556
3. Loan Funds	3		
Unsecured Loans		25,974,122	3,730,444
4. Deferred Tax Liability	4	21,996,317	7,656,383
TOTAL		463,690,748	260,994,372
Application of Funds			
Goodwill on Amalgamation		83,825,707	-
1. Fixed Assets			
Gross Block	5	339,679,056	102,774,979
Less: Accumulated Depreciation		119,755,689	38,087,084
Net block		219,923,366	64,687,895
2. Investments	6	39,033,225	99,033,225
3. Current Assets	7		
Receivables		141,889,672	46,532,272
Cash and Bank Balances		2,343,132	1,318,494
Loans and Advances		65,846,713	62,875,349
		210,079,518	110,726,115
4. Current Liabilities and Provisions	8		
Liabilities		88,441,747	33,462,858
Provisions		729,321	-
		89,171,068	33,462,858
Net Current Assets		120,908,450	77,263,257
5. Miscellaneous expenditure to the extent not written off or adjusted		-	-
6. Profit & Loss Account		-	20,009,994
TOTAL		463,690,748	260,994,372
Significant Accounting Policies and Notes on Accounts	11		

As per our report of even date attached

For and on behalf of the Board

For J & K Agarwal & Co.,
Chartered Accountants

Sd/-

(J.K. Agarwal)
Partner
M.No: 35554

Place : Mumbai
Date: 22.11.2011

Sd/-

(P. Ramnath)
Director

Sd/-

(Dr.Vivek Hebbar)
Chairman, Board of Directors

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

Particulars	Sch no	Amount (Rs)	
		As at 31.03.2011	As at 31.03.2010
Income			
Sales & Other Income	9	611,502,525	249,350,784
Total Income		611,502,525	249,350,784
Expenditure			
Depreciation	5	59,456,120	2,996,816
Total Expenditure		570,719,294	200,308,388
Profit Before Taxation and Extra Ordinary Items		40,783,231	49,042,396
Loss of Asset by Fire		-	15,886,365
Profit Before Taxation after Extra Ordinary Items		40,783,231	33,156,031
Provision for Taxation			
Current Tax		729,321	-
Deffered Tax		14,339,934	10,156,383
Fringe benefit tax (Provision)		-	-
Profit/Loss after Tax before Appropriations		25,713,976	22,999,649
APPROPRIATIONS			
Interim Dividend on Equity Shares		1,000,551	1,914,930
Proposed Dividend on Equity Shares		-	1,000,551
Tax on Dividend		166,182	495,486
Profit/Loss after Tax and Appropriations		24,547,243	19,588,682
Add : Opening Balance of P& L A/c		-	(39,598,676)
Balance carried to Balance Sheet		24,547,243	(20,009,994)
Significant Accounting policies/Notes to Accounts	11		
Earnings per share			
Basic and Diluted (On Re 10 per share)		2.47	1.20

As per our report of even date attached

For and on behalf of the Board

For J & K Agarwal & Co.,
 Chartered Accountants

Sd/-

(J.K. Agarwal)
 Partner
 M.No: 35554

 Place : Mumbai
 Date: 22.11.2011

Sd/-

(P. Ramnath)
 Director

Sd/-

(Dr.Vivek Hebbar)
 Chairman, Board of Directors

SCHEDULES TO THE BALANCE SHEET

Amount (Rs)

Particulars	As at 31.03.2011	As at 31.03.2010
Schedule -1		
SHARE CAPITAL		
Authorised		
25,000,000 Equity Shares of Rs. 10/- each	250,000,000	250,000,000
Issued Share Capital		
10,402,755 Equity Shares of Rs. 10/- each (Post Reduction/Consolidation and Amalgamation)	104,027,550	192,345,000
Subscribed and paid up capital		
10,402,755 Equity Shares of Rs. 10/- each (Post Reduction/Consolidation and Amalgamation)	104,027,550	191,492,990
Total	104,027,550	191,492,990
Schedule -2		
Reserves and Surplus		
Securities Premium Account		
Opening Balance of Securities Premium Account	15,060,661	15,060,661
Additions during the year	141,160,200	-
Deductions during the year	-	-
Closing Balance of Securities Premium Account	156,220,861	15,060,661
Capital Reserve		
Opening Balance of Capital Reserve	852,010	852,010
Additions during the year	150,082,640	-
Less: Previous year's Loss adjusted	(20,009,994)	-
Closing Balance of Capital Reserve	130,924,656	852,010
Revaluation Reserve Account		
Opening Balance of Revaluation Reserve	42,201,885	60,000,000
Additions during the year	-	-
Less: Written off during the year	42,201,885	17,798,115
Closing Balance of Revaluation Reserve	(0)	42,201,885
Profit & Loss Account		
Profit during the year	24,547,243	-
Total	311,692,760	58,114,556
Schedule -3		
Unsecured Loans		
Others	25,974,122	3,730,444
Total	25,974,122	3,730,444
Schedule -4		
Deferred Tax Asset	(7,656,383)	2,500,000
Less: Deferred Tax Liability for the Year	-	(10,156,383)
Add: Deferred Tax Asset for the Year	(14,339,934)	-
Deferred Tax Asset / Liability	(21,996,317)	(7,656,383)

SCHEDULES TO THE BALANCE SHEET

Schedule 5

Fixed Assets

Amount (Rs)

Particulars	GROSS BLCOK			Total as at 31.03.2011	DEPRECIATION			NET BLOCK		
	Balance as at 01.04.2010	Additions	Deletions*		Up to 01.04.2010	for the Year	Deletions*	As at 31-03-2011	As at 31-03-2011	As at 31.03.2010
Computers	27,926,867	12,603,308	-	40,530,175	7,808,593	12,856,497	-	20,665,090	19,865,085	20,118,274
Electrical Equipment	1,095,090	484,481	-	1,579,571	176,886	204,712	-	381,598	1,197,973	918,204
Air Conditioners	2,966,969	287,532	-	3,254,501	245,748	414,463	-	660,211	2,594,290	2,721,221
Furnitures & Fixtures	3,967,108	184,992	-	4,152,100	222,098	705,729	-	927,827	3,224,272	3,745,010
Office Equipment	1,409,758	614,032	-	2,023,790	236,122	312,514	-	548,636	1,475,153	1,173,636
Software and IPR's	121,138,920	112,000,000	-	233,138,920	51,610,123	44,962,204	-	96,572,327	136,566,593	69,528,797
Software and IPR's	-	55,000,000	-	55,000,000	-	-	-	-	55,000,000	-
Total	158,504,711	181,174,345	-	339,679,056	60,299,570	59,456,120	-	119,755,689	219,923,367	98,205,141

Amount (Rs)

Particulars	As at 31.03.2011	As at 31.03.2010
-------------	------------------	------------------

Schedule -6

INVESTMENTS

Trade Investments:

Investment in Subsidiary Company

TRACTEL SOLUTIONS INC (510000 equity shares of USD 1 each)

-

60,000,000

Quoted:

OCTANT INTERACTIVE TECHNOLOGIES LTD

39,033,225

39,033,225

(Equity shares of Rs.10 each face value) (Market Value - Rs. 75,724,456)

Total

39,033,225

99,033,225

Schedule 7

CURRENT ASSETS

(i) Receivables

Sundry Debtors

Debts outstanding for a period exceeding six months

- Unsecured Considered Good

-

-

- Unsecured Considered Doubtful

-

-

Other Debts

- Unsecured Considered Good

141,889,672

46,532,272

- Unsecured Considered Doubtful

-

-

141,889,672

46,532,272

(ii) Cash & Bank Balances

Cash on hand (As certified by Director / Management)

18,273

5,000

Bank Balances

With Scheduled Banks

2,324,859

1,313,494

With Deposit Accounts

-

-

Sub Total (ii)

2,343,132

1,318,494

(iii) Loans and Advances

(Unsecured- Considered good unless otherwise than stated)

Advances Recoverable in Cash or in kind or for Value to be received

Considered Good

65,846,713

62,875,349

Total

65,846,713

62,875,349

Total Current assets

210,079,518

110,726,115

Schedule -8

CURRENT LIABILITIES & PROVISIONS

Liabilities

88,441,747

33,462,858

Provisions

729,321

-

Total

89,171,068

33,462,858

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

Amount (Rs)

Particulars	As at 31.03.2011	As at 31.03.2010
Schedule 9		
INCOME		
Software Sales (Inclusive of Educational Software)	606,087,221	243,673,768
Other Income	5,415,304	5,677,016
Total	611,502,525	249,350,784
Schedule 10		
ADMINISTRATIVE & OTHER EXPENSES		
Advertising Charges	157,543	-
Audit Fees	109,635	48,879
Bank Charges	35,496	46,208
Books & Periodicals	26,019	-
Business Promotion Expenses	8,374,273	2,203,332
Communication Expenses	3,220,806	228,494
Computer Charges	144,733	-
Depository Charges	574,144	375,472
Insurance Expenses	65,439	-
Salaries / Outsourcing & Onsite Expenses	462,062,418	187,245,895
Power /Fuel/Energy Costs	2,266,813	470,948
Hotel Charges	-	751,800
Miscellaneous Expenses	7,692,438	1,016,350
Postage & Courier Charges	1,563,695	770,657
Printing & Stationery Charges	3,072,987	-
Professional Charges	23,253	-
Rates and Taxes	899,998	513,269
Repair & Maintenance	7,888,288	642,807
Training Expenses	4,282,854	-
Travelling Expenses	6,144,018	2,521,240
Water Charges	43,149	-
Web Development Charges / Domain	2,615,175	476,220
Total	511,263,174	197,311,571

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011.
Schedule 11

Significant Accounting policies and notes on accounts for the year ended 31st March 2011.

1. Basis of Accounts

- a. The financial statements have been prepared under the historical cost conversion and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant, presentational requirements of the Companies Act, 1956.
- b. Accounting policies not specifically referred to are consistent and in consonance with Generally Accepted Accounting Principles followed by the Company and are in compliance With the Accounting Standards referred to under Section 211(3C) of the companies Act, 1956.
- c. The Preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and losses on going software projects, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates are made for expected contract cost to be incurred to complete software development and the useful life of fixed assets. Actual could differ from these estimates.

2. Fixed Assets

Fixed Assets are stated at cost after providing the depreciation in the Hardware & Software and other fixed assets. Depreciation has been provided on WDV Basis.

3. Revenue Recognition

The Company derived its revenues primarily from software services, educational software in the form of e-content and software products. Revenue from time and material contract is recognized on the basis of software developed and billed in accordance with the terms of the contract, under the percentage of completion method.

4. Taxation

Taxation is accounted on the basis of the Liability Method which is generally followed in India. Provision is made for income tax based on computations after considering rebates, relief s and exemptions under the income Tax Act, 1961.

The Provident Fund and Superannuation Schemes are defined contribution plans for which contribution accruing each year as per the scheme is expensed as applicable.

5. Retirement Benefits

The Company has not provided for gratuity amount. It will be paid and accounted as and when the liability arises. Salaries and all allowances include amount paid to employees.

Notes to Accounts

1. Figures have been rounded off to the nearest rupee.
2. Schedule 1 to 10 consist of forming part of Balance Sheet and Profit and Loss account.
3. All figures are in Rupees. Paise have been rounded to nearest Rupee.
4. Previous year figures are regrouped and rearranged wherever necessary.
5. In the opinion of the management all current assets including loans and advances would in the normal course of business be realized to the value stated.

6. Quantitative details

The company is engaged in the business of development of Software and Software Products which includes E-education content. The production and sale of Software is not capable of being expressed in any generic unit. Hence it is not possible to give the quantitative details of such sale and the information required under paragraphs 3,4C of Part II of Schedule VI of the Companies Act, 1956.

7. The Company has earned a Foreign Exchange of Rs. 463,457,221 (Previous Year - Rs 243,673,768) during the year. The Company has incurred an expenditure of Rs. 357,033,796 (Previous Year – Rs.185,124,324)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011.

8. The Company is engaged primarily in the business of software development, but during the current financial year the company did only data entry works and accordingly there are no separate reportable segments as per Accounting Standard - AS 17 - Segment Reporting issued by ICAI.
9. Provision for Deferred Tax Liability made as follows:
- | | | |
|------------------------------------|---|----------------|
| Depreciation as per Companies Act | : | Rs. 59,456,120 |
| Depreciation as per Income Tax Act | : | Rs.102,622,689 |
| Timing Difference | : | Rs. 43,166,569 |
| Provision for Deferred Tax | : | Rs.14,339,934 |
10. Earnings per Share (AS-20)
- Basic and Diluted Earnings per share is calculated by dividing the net profit attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year and shown in the Profit and loss account.
11. Audit Fees for the year is Rs 109,635 and Previous year Rs 48,879.
12. In accordance with the Accounting Standard 18 of Related Party Disclosures, name of the related parties and description of the relationship are given below
1. Nature of related party and its relationship: There are no related party transactions during the year.
 2. Nature and Volume of transactions carried out with the above related parties in the ordinary course of business for the year ended 31st March 2011.

S no	Particulars	Related Party
1	Salaries & Other Amenities	Nil

The company has successfully completed divestiture of its stake in its 51% held subsidiary Tractel Solutions Inc during the year ended 31st March 2011. (Previous Year Nil)

As per our report of even date attached

For and on behalf of the Board

For J & K Agarwal & Co.,
Chartered Accountants

Sd/-

Sd/-

Sd/-

(J.K. Agarwal)
Partner
M.No: 35554

(P. Ramnath)
Director

(Dr.Vivek Hebbar)
Chairman, Board of Directors

Place : Mumbai
Date: 22.11.2011

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.3.2011

Amount (Rs)

Particulars	As at 31.03.2011	As at 31.03.2010
Profit before taxes	40,783,231	33,156,032
Add		
Depreciation	59,456,120	2,996,816
Loss by Fire	-	15,886,365
Tax Paid	(729,321)	-
Operating profit before working capital changes	99,510,030	52,039,213
Increase in Current Assets		
(Increase)/Decrease in Receivables	(95,357,399)	(24,333,292)
(Increase)/Decrease in Loans and Advances	(2,971,365)	(240,049)
Increase/(Decrease) in Current Liabilities	55,708,210	30,410,820
Cash from Operations (A)	56,889,476	57,876,693
Cash flows from Investing Activities		
Sale on Investments in Subsidiary	120,000,000	-
Trade Investments	-	-
Purchase of fixed assets	(214,691,592)	(57,527,421)
Advances for Assets (Escrow)	(60,000,000)	-
(Increase)/Decrease in Goodwill on Amalgamation	(83,825,707)	-
Cash flows from Investing Activities (B)	(238,517,299)	(57,527,421)
Cash flow from Financing Activities		
Increase /(Decrease) in Equity Share Capital	(87,465,440)	-
C/f transferred due to Capital Reduction	-	-
Proceeds from Capitalization (Preferential Allotment)		
Increase in Securities Premium	141,160,200	-
Increase in Capital Reserve	150,082,640	-
Decrease in Revaluation Reserve	(42,201,885)	-
Dividend	(1,166,732)	(1,914,930)
Unsecured loans	22,243,678	2,240,444
Cash flow from Financing Activities (C)	182,652,461	325,514
Net increase in cash and cash Equivalent (A+B+C)	1,024,638	674,786
Cash and Cash Equivalent as at beginning of the year	1,318,494	643,710
Cash and Cash Equivalent as at end of the year	2,343,132	1,318,494

As per our report of even date attached

For and on behalf of the Board

For J & K Agarwal & Co.,
Chartered Accountants

Sd/-

(J.K. Agarwal)
Partner
 M.No: 35554

 Place : Mumbai
 Date: 22.11.2011

Sd/-

(P. Ramnath)
Director

Sd/-

(Dr.Vivek Hebbar)
Chairman, Board of Directors

BALANCE SHEET ABSTRACT

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND THE COMPANIES GENERAL BUSINESS PROFILE

Registration Details

Corporate Identity No L30007KA1992PLC025294

Balance Sheet Date 31 03 2011

Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	463,691	Total Assets	463,691
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Sources of Funds

Paid-up-Capital	104,027	Reserves & Surplus	311,693
Secured Loans	NIL	Unsecured Loans	25,974

Application of Funds

Net Fixed Assets	219,923	Investments	39,033
Net Current Assets	120,908	Misc. Expenditure	NIL

Performance of the Company (Amount in Thousands)

Turnover	606,087	Total Expenditure	511,263
Profit before tax	40,783	Profit after Tax	25,714
Earnings per Share in	Rs 2.47		

Generic Name of three principal products/services of the Company (As per monetary Terms)

Item code No (ITC Code)	Software
Product Description	892.2

As per our report of even date attached

For and on behalf of the Board

For J & K Agarwal & Co.,
Chartered Accountants

Sd/-

Sd/-

Sd/-

(J.K. Agarwal)

(P. Ramnath)

(Dr.Vivek Hebbar)

Partner

Director

Chairman, Board of Directors

M.No: 35554

Place : Mumbai

Date: 22.11.2011

FIRST OBJECT TECHNOLOGIES LIMITED

Registered Office: 1st Floor, Swayamkrishi, SMILINE Building, No: 8-3-952/10/2 & 2/1, Srinagar Colony, Hyderabad-500 073

Venue for AGM

The Seminar Hall
Hotel Savera Residency, Beside Big Bazaar Shopping Mall
Ameerpet Main Road, Hyderabad-500 016.

ATTENDANCE SLIP

Members or their proxies are requested to present this for admission, duly signed in accordance with their specimen signatures registered with the Company. The admission will, however, be subject to verification of signatures and such other checks, as may be necessary.

NAME & ADDRESS OF THE SHAREHOLDER	DP ID/CLIENT ID LEDGER FOLIO	NO. OF SHARES HELD

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company held on Tuesday, 27th December, 2011 at 11.00 A.M.

SIGNATURE OF THE SHAREHOLDER OR PROXY

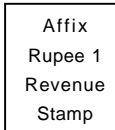
FIRST OBJECT TECHNOLOGIES LIMITED

Registered Office: 1st Floor, Swayamkrishi, SMILINE Building, No: 8-3-952/10/2 & 2/1, Srinagar Colony, Hyderabad-500 073

DP ID/ CLIENT ID L.F. No.

I, We _____ of _____
being a member / members of Firstobject Technologies Limited hereby appoint _____
of _____ as my/our proxy to vote for me /us and on my/our behalf at the Annual General Meeting of
the Company to be held at 11.00 A.M. on Tuesday, 27th December 2011.

As witness my/our hand(s) this _____ day of _____ 2011,



Signature of the Shareholder(s)

NOTE : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid Meeting.



FIRSTOBJECT TECHNOLOGIES LTD

1st Floor, Swayamkrishi,
SMILINE Building, No: 8-3-952/10/2 & 2/1
Srinagar Colony,
Hyderabad-500 073, India.