

# FIRST OBJECT

TECHNOLOGIES LTD

Innovate - Transact - Implement



IT / ITES



e-EDUCATION  
*Educate - Enlighten - Empower*



KPO / BPO

## 14<sup>th</sup> Annual Report 2013-2014

## CORPORATE INFORMATION

### Board of Directors:

Dr. Vivek Hebbar	Chairman
Dr. Sriram Kumar	Managing Director
Rajan V. Pillai	Director
Sailesh Pethe	Director
N. Shiva	Director
Dr. Chintan Bharwada	Additional Director (w.e.f. 13th November, 2013)

### Auditors:

JBRK. & Co.  
Chartered Accountants  
118, Maruthi Complex  
5th Floor, Raj Bhavan Road  
Somajiguda  
Hyderabad – 500 082

### Company Secretary:

Jini Joy

### Registered Address:

Firstobject Technologies Limited  
302, The Bureau Chambers,  
Above State Bank of Patiala,  
Chembur, Mumbai - 400071  
Maharashtra, India.  
Tel: 022 - 25272510/25276077  
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 : 022-28470652/ 40430200  
Fax : 022-28475207  
Email : investor@bigshareonline.com

### Bankers:

Axis Bank Limited  
Dhanalakshmi Bank Limited  
Indian Overseas Bank Limited

Contents	
Chairman's Speech .....	2
Notice .....	4
Directors Report .....	11
Management Discussion and Analysis .....	14
Corporate Governance .....	22
Auditors Report .....	29
Balance Sheet .....	32
Profit & Loss Account .....	33
Cashflow Statement .....	34
Notes to Financial Statements .....	35

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

Dear Members,

I welcome you to the 14th Annual General Meeting of your Company. We all are meeting with a hope that good days are ahead of us and it is my pleasure to share the details of your company's performance for FY 2014, the year which was considered to be the toughest for the business. As the saying goes 'Tough Times Never Last, But Tough People Do', deriving the inspiration from the same your company during the year focused more on consolidating its products strength, while Company has strived hard to keep up the pace with the changing conditions in the Software Industry as it was not an easy year for India and the world in the IT/ITES sector.

Amidst the worrisome environment prevailing across the business spectrum, your company's business verticals have been recognized by world forums. This year your company has been awarded as the Best E-Content Company by World Education Congress. Similarly your Company's Research Wing Won Excellence Award from Thomson Reuters in 3 Sectors ranking Top-1 in one sector and ranking Top-2 in the sectors namely Consumer Goods & Services and Diversified Financials / Industrials.

Your company also tied up with Distributors in Maharashtra State for its e-learning business, while marketing the products directly in the case of others. I am indeed happy to report to you that your company has signed an Agreement with leading e-Education Company namely Educomp Solutions Limited for providing K-10 Content for A.P.State Board Syllabus. Your company has installed its products in English as well as vernacular languages in a number of prestigious institutions in Maharashtra and Andhra Pradesh.

The concept of e-learning in India is yet in its early stages and may not exactly be spreading like wild fire in many parts of rural India. However, as a mode of teaching and learning, it has seen an increasing use in educational institutions in cities. We can expect FTL to grow rapidly in the coming years by providing services and products that are tailored to customer needs.

At FTL, we offer differentiated IT/ITES Services using a unique network of global delivery models. Strength lies in our innate ability to understand the requirements of clients and continuously build the competencies and strengthen the domain capabilities to provide Integrated Software Solutions, Consulting and Outsourcing customized to client's business-specific needs. Much of our intellectual property is as relevant outside the shores of India as it is in India. However the margins are getting squeezed due to tough competition and need of more outsourcing as the client needs are diverse in nature.

Commitment, hard work, common sense and preservance have helped the Company to be on par in sustaining and striving even during the tough times. In terms of Company's performance and quality of projects, our efforts have been geared to delight our clients by providing them the best quality solutions.

**Acknowledgements:**

I would like to sincerely thank each & every one of our valued customers, both domestic and international, employees, shareholders and partners for their profuse support at all times in building a bright & exciting future for **Firstobject Technologies Limited**. Their active involvement & efforts have been a source of great encouragement and inspiration and I expect you all to continue the similar support in future also.

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

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

**Conclusion:**

In conclusion, I am grateful for the contribution of the outstanding individuals who sit with me on the Board of your Company. I would like to express my gratitude to the committed management for their valuable and timely contributions. May I also thank you, dear Shareholders, for your continued trust in us. From darkness to sunrise is a natural consequence of God's own creation, similarly from recession to growth takes a business cycle, that is what we are witnessing for the past few years. However the lights kindled by sincerity and true spirit will always give us a way forward. I sincerely hope that you will continue to extend your whole-hearted support to us thereby enabling us to compete and excel consistently.

Thank you!

Best Regards,

**Dr. Vivek Hebbar**

*Chairman, Board of Directors*

## **NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of Firstobject Technologies Limited will be held on Thursday the 28th August, 2014 at 3.00 p.m at Oasis Restaurant, Meeting Hall, Opp. Tata Institute of Social Sciences, Sion Trombay Road, Deonar (East), Mumbai – 400 088 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014, Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint Mr. Sailesh Pethe as a Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM and to fix their remuneration and to pass the following resolution thereof.

“RESOLVED THAT M/s JBRK. & Co., Chartered Accountants, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this AGM up to the conclusion of the next AGM of the Company and that the Board of Directors of the Company be and are hereby authorized to fix such remuneration based on the recommendation of the Audit Committee.”

### **SPECIAL BUSINESS:**

4. To consider and if thought fit to pass with or without modifications, the following resolution as a ORDINARY RESOLUTION :

“RESOLVED THAT pursuant to the provisions of Section 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Jagadish B. in respect of whom a notice in writing has been received by the Company proposing his candidature for the office of Director under section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for 2 (two) years commencing from 28th August, 2014, not liable to retire by rotation.

5. To consider and if thought fit to pass with or without modifications, the following resolution as a ORDINARY RESOLUTION :

“RESOLVED THAT Dr. Chintan Bharwada, who was appointed as an Additional Director and holds office up to the date of this Annual General Meeting of the Company, be and is hereby not re-appointed and the vacancy thereby caused be not filled at this meeting or at any adjournment thereof.”

6. To consider and if thought fit to pass with or without modifications, the following resolution as a ORDINARY RESOLUTION :

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Rajan Pillai, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for two (2) consecutive years commencing from 28th August 2014.”

7. To increase the shareholding limit for Foreign Institutional Investors (FIIs) from 24% to 49% and NRI/ PIOs from 10% to 24% and in this regard to consider and if thought fit to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION:

(a) “RESOLVED THAT pursuant to the provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable rules, regulations, guidelines and laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which term shall include a duly authorized Committee of Directors for the time being exercising the powers conferred by the Board of Directors), consent of the Company be and is hereby accorded to the Board of Directors of the Company to enhance the ceiling on total holdings of Foreign Institutional Investors (“FIIs”) registered with The Securities and Exchange Board of India (“SEBI”) to acquire and hold on their own account and on behalf of

## **NOTICE TO THE SHAREHOLDERS**

each of their SEBI approved sub-accounts, shares of the Company from the existing aggregate limit of 24% (Twenty Four per cent) to an aggregate limit not exceeding 49% (Forty Nine per cent) of the paid- up equity share capital, in one or more tranches as the Board deems it appropriate; provided, however, that the equity shareholding of each FII on its own account and on behalf of each of SEBI approved sub-account in the Company shall not exceed 10% (Ten per cent) of the total paid-up equity share capital or such limits as are or may be prescribed, from time to time, under applicable laws, rules and regulations.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto including delegating all or any of the powers conferred herein to any Committee of Directors or any Director or Officer of the Company."

- (b) "RESOLVED THAT pursuant to the provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable rules, regulations, guidelines and laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall include a duly authorized Committee of Directors for the time being exercising the powers conferred by the Board of Directors), consent of the Company be and is hereby accorded to the Board of Directors of the Company to enhance the ceiling on total holdings of NRIs/PIOs under PIS registered with The Securities and Exchange Board of India ("SEBI") to acquire and hold on their own account and on behalf of each of their SEBI approved sub-accounts, shares of the Company from the existing aggregate limit of 10% (Ten per cent) to an aggregate limit not exceeding 24% (Twenty Four per cent) of the paid- up equity share capital, in one or more tranches as the Board deems it appropriate; provided, however, that the equity shareholding of any single NRI/PIO on their own account and on behalf of each of SEBI approved sub-account in the Company shall not exceed 5% (Five per cent) of the total paid-up equity share capital or such limits as are or may be prescribed, from time to time, under applicable laws, rules and regulations.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto including delegating all or any of the powers conferred herein to any Committee of Directors or any Director or Officer of the Company."

For and on behalf of Board of Directors

**Regd Office:**

302, The Bureau Chambers,  
Above State Bank of Patiala,  
Chembur, Mumbai – 400071  
Maharashtra

Place: Mumbai.

Date: 28th July, 2014

**Dr.Vivek Hebbar**  
Chairman, Board of Directors

## **NOTICE TO THE SHAREHOLDERS**

### **NOTES**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A BLANK PROXY FORM IS ENCLOSED HEREWITH.**  
  
Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from August 27th, 2014 to August 28th, 2014 (both days inclusive).
4. 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, 2014 are enclosed herewith.
5. The copies of the relevant documents can be inspected at Regd. Office of the company on any working day between 11.00 a.m to 1.00 p.m.
6. Members are requested to bring their copies of Annual Report, Notice and Attendance slip duly completed and signed at the Meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at Meeting.
7. Members are requested to send their queries, if any on the operations of the Company, to reach the Company atleast seven days before the Meeting, so that the information can be compiled in advance.
8. Members are requested to notify immediately change of address if any, to the company or to Company's Registrar & Transfer agents - M/s Bigshare Services (P) Ltd., E/2 Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri East, Mumbai – 400072.
9. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic/demat form, the nomination form may be filed with the respective Depository Participant.
10. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. Disclosure pursuant to clause 49 of Listing Agreement with Stock Exchange, with respect to Director seeking reappointment in the forthcoming Annual General Meeting is given in the Annexure:
12. The Notice of the 14th AGM and instructions for e-voting along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
13. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the R&T Agent/Depositories.
14. Members may also note that the notice of the 14th Annual General Meeting and the Annual Report 2013-14 will be available on the Company's website [www.firstobjectindia.com](http://www.firstobjectindia.com). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e- communication or have any other queries, may write to us at [info@firstobjectindia.com](mailto:info@firstobjectindia.com).
15. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this Notice. It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/its discretion, subject to compliance with the instructions prescribed below:

### **The instructions for members for voting electronically are as under:-**

#### **(1) In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.

## NOTICE TO THE SHAREHOLDERS

- (iii) Now, select the “FIRSTOBJECT TECHNOLOGIES LIMITED” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</p> <p>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date in the Dividend Bank details field.</b></p>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN - “FIRSTOBJECT TECHNOLOGIES LIMITED”.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

\* Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

## NOTICE TO THE SHAREHOLDERS

- \* They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- \* After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- \* The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- \* They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

### (2) In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

### (3) General:

- (i) The voting period begins on Saturday, 23rd August 2014 (9.00 a.m. IST) and ends on Monday, 25th August 2014 (6.00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to helpdesk.evoting@cdslindia.com.
- (iii) Mr. K. Kharawala, Senior Advocate of R. K. Associates, Mumbai, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (iv) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (v) The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website [www.firstobjectindia.com](http://www.firstobjectindia.com) and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchange where the shares of the Company are listed.

For and on behalf of Board of Directors

#### **Regd Office:**

302, The Bureau Chambers,  
Above State Bank of Patiala,  
Chembur, Mumbai – 400071  
Maharashtra

Place: Mumbai.

Date: 28th July, 2014

**Dr. Vivek Hebbar**  
Chairman, Board of Directors

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

#### ITEM NO. 4

It is proposed to appoint Mr. Jagadish B., in respect of whom a notice in writing from the members of the Company, has been received by the Company proposing his candidature for the office of Director under section 160 of the Companies Act, 2013, as an Independent Director of the Company for a term of 2 (two) years from the date of Annual General Meeting.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Jagadish B. as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 2 (two) consecutive years commencing from 28th August, 2014, not liable to retire by rotation.

Mr. Jagadish B. is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given his consent to act as Director.

## **NOTICE TO THE SHAREHOLDERS**

The Company has also received declaration from Mr. Jagadish B. that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Jagadish B. fulfill the conditions for appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Jagadish B. is independent of the management.

Brief resume of Mr. Jagadish B., nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the Annexure to notice forming part of the Annual Report.

Mr. Jagadish B. is interested in the resolution set out respectively at Item No. 4 of the Notice with regard to his appointment.

The relatives of Mr. Jagadish B. may be deemed to be interested in the resolution set out respectively at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item No. 4 of the Notice for approval by the shareholders.

### **ITEM NO. 5**

Dr. Chintan Bharwada, who was appointed as an Additional Director of the Company on 13th November, 2013 under the provision of the Companies Act 2013, has expressed his inability to continue due to pre-occupation and wanted to retire at this Annual General Meeting.

The Board wishes to thank for his co-operation and for his contributions during the growth phase of the Company.

### **ITEM NO. 6**

Mr. Rajan Pillai is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in December, 2012.

Mr. Rajan Pillai is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Rajan Pillai being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for two (2) consecutive years commencing from 28th August, 2014.

A notice has been received from a member proposing Mr. Rajan Pillai as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Rajan Pillai fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rajan Pillai as an Independent Director.

Mr. Rajan Pillai is interested in the resolution set out respectively at Item No. 6 of the Notice with regard to his appointment.

The relatives of Mr. Rajan Pillai may be deemed to be interested in the resolution set out respectively at Item No. 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Ordinary Resolutions set out at Item No. 6 of the Notice for approval by the shareholders.

### **ITEM NO. 7 (a)**

In terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors (FIIs)/SEBI approved sub-account of FIIs can, in aggregate, hold up to 24% of the paid up equity capital. The said Regulations further provide that the limit of 24% may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing a special resolution to that effect by its shareholders.

Keeping in view the interest of the FIIs in the shares of your Company and the inherent advantage thereof to the shareholders at large, the Board of Directors have, at their meeting held on 25th March, 2014 decided to increase the limit of FII's holding from 24% to 49%, subject to the requisite approval of the shareholders. The proposed resolution shall enable the FII's to

## NOTICE TO THE SHAREHOLDERS

acquire shares of the Company through Stock Exchanges within the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India.

None of the Directors of the Company are in any way concerned or interested in the Resolution.

Your Directors commend the resolution for your approval as Special Resolution.

### ITEM NO. 7 (b)

In terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors (FIIs)/SEBI approved sub-account of FIIs can, in aggregate, hold up to 24% of the paid up equity capital. The said Regulations further provide that the limit of 24% may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing a special resolution to that effect by its shareholders.

The Present level of holding of NRIs/ PIOs under PIS in the equity capital of the Company is has reached the cap of 10%. Keeping in view the interest of the FIIs in the shares of your Company and the inherent advantage thereof to the shareholders at large, the Board of Directors have, at their meeting held on 25th March, 2014 decided to increase the limit of NRIs/ PIOs holding from 10% to 24%, subject to the requisite approval of the shareholders. The proposed resolution shall enable the NRIs/ PIOs to acquire shares of the Company through Stock Exchanges within the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India.

None of the Directors of the Company are in any way concerned or interested in the Resolution.

Your Directors commend the resolution for your approval as Special Resolution.

### ANNEXURE TO NOTICE

Profile of New Directors as well as Director seeking reappointment as required under Clause 49 of the Listing Agreement:

<b>Name of Director</b> Age Date of Appointment Qualifications Expertise in specific functional areas List of directorships held in other companies Chairman/Member of the Committees of the Boards of the other Companies in which he is a Director	<b>Sailesh Pethe</b> 44 years 13th September, 2008 B.Sc, M.M.M Lead anchor & producer of various business shows on Doordarshan and Electronic Media. NIL NIL
<b>Name of Director</b> Age Date of Appointment Qualifications Expertise in specific functional areas List of directorships held in other companies Chairman/Member of the Committees of the Boards of the other Companies in which he is a Director	<b>Rajan Pillai</b> 50 years 22nd December, 2012 B.A, LL.B Well versed in legal matters NIL NIL
<b>Name of Director</b> Age Qualifications Expertise in specific functional areas List of directorships held in other companies Chairman/Member of the Committees of the Boards of the other Companies in which he is a Director	<b>Jagadish B</b> 44 years MBA, PGDCA ERP 1. Spidersoftware Solutions LLC, USA NIL

## DIRECTORS REPORT

Your Directors are pleased to present their 14th Annual Report together with the Audited Accounts of the Company highlighting the business operations and financial results for the year ended March 31, 2014.

### A) FINANCIAL RESULTS :

The financial performance of the Company for the year ended March 31, 2014 is summarized below:

Sr. No.	Particulars	Year ended 31.03.14 (Amt. in Rs)	Year ended 31.03.13 (Amt. in Rs)
1	Net Sales / Interest Earned / Operating Income	<b>458,564,755</b>	642,212,501
2	Total Expenditure	<b>470,873,865</b>	570,093,617
3	Profit/Loss Before Depreciation, Taxes and Extra ordinary Items	<b>(12,309,110)</b>	72,118,884
4	Depreciation	<b>44,094,798</b>	70,364,640
5	Profit/Loss Before Taxes and Extra ordinary Items	<b>(56,403,908)</b>	1,754,245
6	Extra Ordinary Items / Capital Loss	<b>(1,608,161)</b>	-
7	Profit Before Taxes	<b>(58,012,069)</b>	1,754,245
8	Provision For Taxation	<b>(5,117,507)</b>	(8,761)
9	Net Profit/(Loss) after Tax	<b>(52,894,562)</b>	1,763,005
10	Appropriations		
	Interim Dividend	-	-
	Proposed Dividend	-	-
	Corporate Tax on Dividend	-	-
11	Equity Share Capital	<b>104,027,550</b>	104,027,550

### B) DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, the Directors of the company are as under.

Name of the Director	Designation
Dr. Vivek Hebbar	Chairman
Dr. Sriram Kumar	Managing Director
Mr. Rajan V. Pillai	Non Executive Director
Mr. Sailesh Pethe	Non Executive Director
Mr. N. Shiva	Non Executive Director
Dr. Chintan Bharwada	Non Executive Director

### C) Auditors

M/s. JBRK & Co, Chartered Accountants, who were appointed as the Statutory Auditors of the company by the Members at their previous Annual General Meeting (AGM) shall be retiring on the conclusion of the ensuing AGM and are eligible for re-appointment. Members are requested to consider their re-appointment from the conclusion of ensuing Annual General Meeting (AGM) upto the conclusion of the next Annual General Meeting.

### D) 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.

## **DIRECTORS REPORT**

### **E) Particulars of Employees:**

As required under the provisions of 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.

### **F) Listing Fees:**

All the compliances including payment of annual listing fees for the year under review have been paid to the Bombay Stock Exchange Limited, where your Company's shares are listed, within the stipulated time.

### **G) PUBLIC DEPOSITS:**

During the year under review, the Company has not accepted any fixed deposits from the public and as on 31st March, 2014, the Company had no unclaimed deposits or interest thereon due to any depositor.

### **CORPORATE GOVERNANCE:**

Your Company's management has placed Corporate Governance as one of their top most priority. Your Company's philosophy on Corporate Governance envisages attainment of highest level of transparency, accountability and fairness in respect of its operations and achievement of highest internal standards in 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 responsibilities to all its stakeholders

Your company has complied with the provision of Clause 49 of the Listing Agreement relating to Corporate Governance. A report of the Corporate Governance, along with the certificate of compliance from the Auditors forms part of this Annual Report.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that;

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. 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.
3. 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
4. They have prepared the accounts for the period ended 31st March 2014 on a going concern basis.

### **ACKNOWLEDGEMENTS:**

Your Directors would like to place on record their appreciation and sincere thanks to all the shareholders, customers, bankers, Central and State Government for the contribution made and support provided to the Company during the year under report. Your Company continues to enjoy the full cooperation of all its employees. The Directors wish to place on record their appreciation for the good performance achieved by them.

For and on behalf of Board of Directors

#### **Regd Office:**

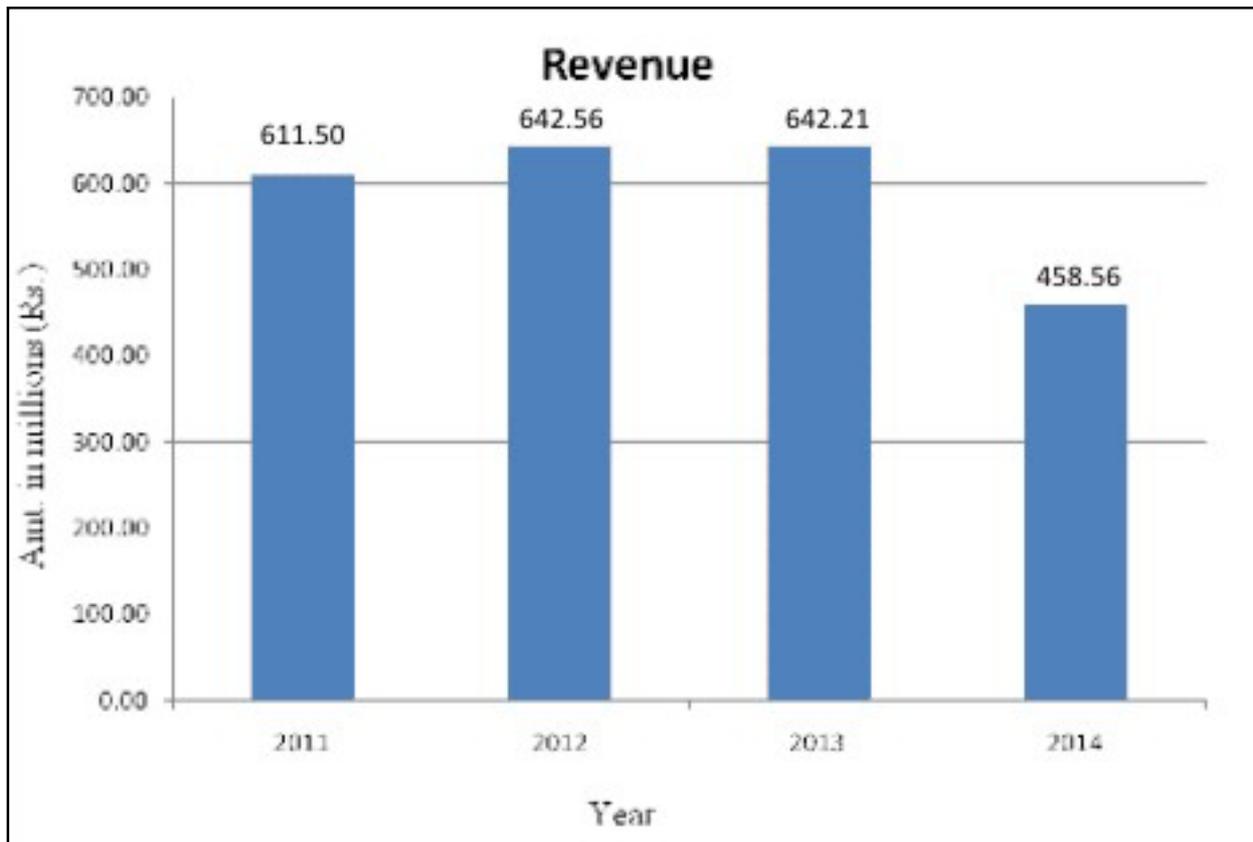
302, The Bureau Chambers,  
Above State Bank of Patiala,  
Chembur, Mumbai – 400071  
Maharashtra

Place: Mumbai.

Date: 28th July, 2014

**Dr. Vivek Hebbar**  
*Chairman, Board of Directors*

**PERFORMANCE AT GLANCE**



## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

*Our future growth relies on competitiveness and innovation, skills and productivity... and these in turn rely on the education of our people - Julia Gillard*

### **CORPORATE OVERVIEW**

Firstobject Technologies Ltd is an IT / ITE's and an E- education company. E-learning was started as a division in the year 2010; it has unveiled more quality products rapidly in the K-10 and beyond segment. FTL is now a major player in the K-10, Legal, Management and Engineering segments. It is slowly bringing more schools into its fold for implementation of its e-learning modules. Firstobject is working towards establishing a fair market share in the e-learning segment. Firstobject aims to provide E-education from Preschool to University level covering the whole spectrum of Academics.

Firstobject currently offering its e-learning modules through DVDs, USB ports, Androids etc customized for the usage by various users like Schools, Institutions, etc.

### **EDUCATION INDUSTRY**

#### **Introduction**

*Education is the most powerful weapon which you can use to change the world - Nelson Mandela*

Education is the key to the task of nation-building, so education is a big social responsibility of every nation. It is also well-accepted that providing the right knowledge and skills to the youth can ensure overall national progress and economic growth. Better education can make a person more civilized and useful for the society. One cannot imagine a prosperous life without appropriate education. The importance of education in our life cannot be ignored at any cost. Education is the only way to get knowledge.

#### **Market Size**

With a median age of 25 years, India has over 550 million people below the age of 25 years. According to Census figures, India remains one of the youngest nations in the world with over 32 per cent of the 1.1 billion population is between the age group 0–14 years. This means that the number of people in India needing primary and secondary education alone exceeds the entire population of the US. Since these students will be seeking higher education in India over the next decade, it illustrates the sheer size of the Indian education market.

This translates the Indian Education System being one of the largest educational systems globally with a network of more than 1-2 mn schools and around 31,000 higher education institutes. There is a huge demand for upgradation of education as expected to have a surplus of 47 million people in the working people in the working age group by 2020. As a result, both the formal education sector (including K-12 and higher education) as well as informal sector (including coaching institutions, pre-schools and vocational institutions) are witnessing rapid growth in India.

The Indian education system is considered as one of the largest in the world, is divided into two major segments of core and non-core businesses. While, schools and higher education for the core group, the non-core business consists of pre-schools, vocational training and coaching classes.

The private education sector is estimated to reach US\$ 115 billion by 2018, according to consulting firm Technopak. Technopak sees enrollments in Kindergarten-12th grade (K-12) growing to 351 million, requiring an additional 34 million seats by 2018.

According to a research report prepared by Investor Relation Society, affiliated to US based Global Investor Relations Network, the education spend in India is at \$600 billion and the private education segment alone is expected to cross \$45 billion mark by 2015 from \$35 billion in 2012.

Further, according to the report by Ernst & Young, the higher education sector in India is expected to witness a growth of 18 per cent CAGR till 2020. At present, the sector witnesses spends of more than Rs 46,200 crore (US\$ 7.68 billion), which is estimated to grow over Rs 232,500 crore (US\$ 38.69 billion) in 10 years.

#### **Investments**

The education sector in India is considered as one of the major areas for investments as the sector is going through a strong phase of revolution, according to a report 'Emerging Opportunities for Private and Foreign Participants in Higher Education' by PricewaterhouseCoopers (PwC).

The sector has attracted foreign direct investments (FDI) worth Rs 4,736.88 crore (US\$ 788.43 million) during April 2000 to September 2013, according to the data released by the Department of Industrial Policy and Promotion (DIPP).

**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 Senior KG.

### **SCHOOLING**

Firstobject offers E-Educational products mapped to the State Boards, CBSE and ICSE for Pre School, 1st, 2nd, 3rd, 4th, 5th, 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) are available under the brand names of First Pre School and First e School. 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 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 A.P State Board, Maharashtra State Board, CBSE and ICSE 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 A.P State Board, Maharashtra State Board, CBSE and ICSE, 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.

### **ENTRANCE EXAMINATION**

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

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 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 LLB.

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.

#### IT-BPO INDUSTRY:

India is one of the fastest-growing IT services markets in the world. It is also the world's largest sourcing destination, accounting for approximately 52 per cent of the US\$ 124–130 billion market. The country's cost competitiveness in providing IT services continues to be its USP in the global sourcing market.

India has the potential to build a US\$ 100 billion software product industry by 2025, according to Indian Software Product Industry Roundtable (iSPIRT).

#### IT-ITES Sector

Changing business models, emergence of new technologies, buyer segments and solutions for emerging markets will help India retain its position as the global sourcing leader and an emerging trustworthy innovation hub.

The Global IT services industry comprises services related to the application of business and technical expertise to enable organizations to create, manage, optimize, and access information and business processes. The industry's scope includes product support services such as hardware and software maintenance and professional services such as IT consulting, development, and integration services <sup>(1)</sup>.

Increase in global technology spending and opportunities created through adoption of disruptive technologies are expected to propel growth in FY2014. NASSCOM expects the industry to clock export revenues of USD 84-87 bn maintaining a growth rate of 12-14 per cent. Domestic revenues will also grow at a rate of 13-15 per cent and are expected to reach INR 1180-1200 bn. Technology can also play a critical role in enabling transformation in India and add to India's GDP. The domestic market in India is maturing, it was the fastest growing market in the year <sup>(2)</sup>.

The Global IT Services industry holds significant opportunities for industry players due to increasing IT spending in the healthcare, retail, and transportation sectors, among others. The market is forecast to reach an estimated US \$1,147 billion in 2017 with a CAGR of more than 5% during 2012–2017 <sup>(1)</sup>.

#### Way Forward – FY 2014

Industry exports expected to reach USD 84-87 bn - growth rate of 12-14 per cent. Domestic revenues to grow by 13-15 per cent and reach INR 1180-1200 bn. SMAC (Social media, Mobility, Analytics, and Cloud) technologies to fuel growth. Future of industry — a complete blend of services, products, solutions and platforms.

The Government of India played a key role with public funding of a large, well trained pool of engineers and management personnel who could forge the Indian IT industry.

India is the most preferred location for engineering offshoring, according to a customer poll conducted by Booz and Co. Companies are now offshoring complete product responsibility. Increased focus on R&D by IT firms in India has resulted in rising number of patents filed by them.

India's IT sector is gradually moving from linear models (rising headcount to increase revenue) to non-linear ones. Tier II and III cities are increasingly gaining traction among IT companies aiming to establish business in India. Cheap labour,

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

affordable real estate, favourable government regulations, tax breaks and special economic zone (SEZ) schemes are facilitating their emergence as new IT destinations.

(Sources: (1) “Global IT Services industry Analysis 2012- 2017: Industry Trend, Profit, and Forecast Analysis.” by Lucintel, a leading global management consulting and market research firm. (2) NASCCOM press release. )

### BPO sector

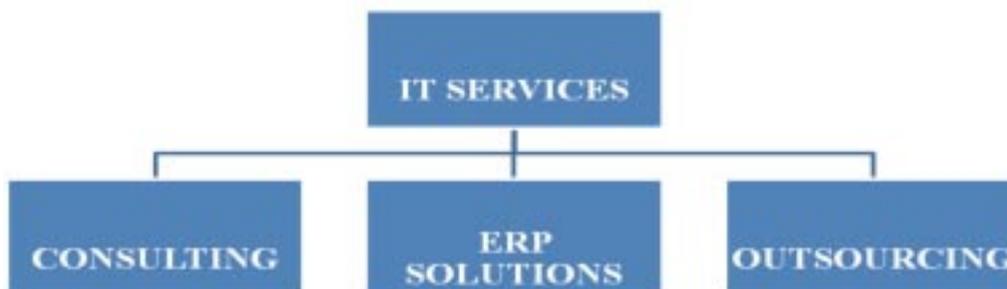
The BPO industry has undergone a rigorous transformation; it has effectively grown to provide strategic partnership for clients today. It has surely left an indelible impact on the Indian BPO industry. The sector has rapidly evolved, in terms of expanding its verticals and geographic markets, attracting new customers, transforming from a technology partner to a strategic partner, thus cementing India’s position as the premier global sourcing destination. The fact that the gamut of services has seen a significant change with BPOs managing end-to-end services indicates the growing maturity of the industry.

### 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.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 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.

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.

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.

### □ OUTSOURCING SERVICES

#### 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

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

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.

### THREATS & RISKS

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

- Changes in Government policies could adversely affect the Company's business, results of operations and financial condition.
- 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.
- 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.
- A significant change in the Central and State Governments' economic liberalization and deregulation policies could disrupt the Company's business.
- 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.
- A slowdown in economic growth in India could cause the Company's business to suffer
- 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.

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

- 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

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

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.
2. The company has various education modules, to sell them company requires specialized marketing force which also needs huge expenditure, paucity of funds may delay aggressive marketing of its e-learning products.
  3. IT/ITES services have become very competitive and margins are under pressure due to varied kind of assignments.
  4. E-learning offerings are subject to syllabus changes from time to time.

### 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.

#### 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 its investment in securities. To mitigate risk, surplus funds if any 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.

#### 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 Corporate 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 6 Directors.

**Composition and category of Directors is as follows:**

Category	Name of Director
Chairman	Dr. Vivek Hebbar
Managing Director	Dr. Sriram Kumar
Non-Executive Director	Rajan V. Pillai
Non-Executive Director	Sailesh Pethe
Non-Executive Director	N. Shiva
Non-Executive Director	Dr. Chintan Bharwada*

\* Retiring at this Annual General Meeting.

During the year under review, the Board of Directors of the company met 21 times on 08/04/2013, 29/04/2013, 29/05/2013, 10/06/2013, 28/06/2013, 13/07/2013, 31/07/2013, 14/08/2013, 09/09/2013, 05/10/2013, 29/10/2013, 13/11/2013, 25/11/2013, 27/12/2013, 02/12/2013, 11/01/2014, 31/01/2014, 14/02/2014, 27/02/2014, 04/03/2014 and 25/03/2014 and 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 Membership	Committee Chairmanship
Dr. Vivek Hebbar	20	Yes	4	3	Nil
Dr. Sriram Kumar	6	Yes	Nil	1	Nil
N. Iyer	8	Yes	Nil	1	Nil
Sailesh Pethe	19	No	2	3	2
N. Shiva	12	No	Nil	Nil	Nil
Rajan V. Pillai	18	Yes	Nil	3	1
Dr. Chintan Bharwada	6	No	1	Nil	Nil

### 3. Audit Committee

The Audit Committee of the company for the year 2013-14 has been constituted with Dr. Vivek Hebbar, Mr. Sailesh Pethe and Mr. Rajan Pillai (Mr. Rajan Pillai has been substituted in the place of Mr. N.Iyer as Mr. N.Iyer has resigned on 13th November, 2013) as members of the committee.

The committee met 8 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. Sailesh Pethe is the Chairman of this Committee.

For the year 2014-15, the Audit Committee of the company is reconstituted with Dr. Vivek Hebbar, Mr. Sailesh Pethe and Rajan V. Pillai.

## CORPORATE GOVERNANCE

### 4. Remuneration Committee

The Remuneration Committee of the company for the year 2013-14 had been constituted in the last year with, Mr. Sailesh Pethe, Dr. Vivek Hebbar and Mr. Rajan V. Pillai 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. Sailesh Pethe is the chairman of this committee.

For the year 2014-15, the remuneration committee is formed with Mr. Sailesh Pethe, Dr. Vivek Hebbar and Mr. Rajan V. Pillai 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 2014, to Directors is as follows:

The Company pays sitting fees to its Directors.

Name of the Director	Sitting Fees (in Rs.)
Dr. Vivek Hebbar	5000
Dr. Sriram Kumar	5000
N. Iyer *	Nil
Sailesh Pethe	10000
Rajan Pillai	10000
N. Shiva	5000
Dr. Chintan Bharwada #	Nil

\* Resigned as Whole-time Director as on 13th November, 2013.

# Appointed as Additional Director as on 13th November, 2013 and retiring at this Annual General Meeting.

### 5. Shareholders' / Investors' Grievance Committee

The Shareholder's / Investors Grievance Committee of the company has been constituted for the Year 2013-14 with Dr. Vivek Hebbar, Mr. Sailesh Pethe and Mr. Rajan V. Pillai as members of the committee.

Mr. Sailesh Pethe is the Chairman of the committee.

Ms. Jini Joy is designated as Compliance Officer of the Company.

For the year 2014-15, the Shareholders' / Investors Grievance Committee is constituted with, Dr. Vivek Hebbar, Mr. Sailesh Pethe and Mr. Rajan V. Pillai as members of the committee.

### 6. General Body Meetings

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

AGM No.	Accounting Yr.	Date	Time	Venue
10th	2009-10	30.09.2010	10.00 a.m	At Hotel Savera, Hyderabad
11th	2010-11	27.12.2011	11.00 a.m	At Hotel Savera, Hyderabad
12th	2011-12	22.12.2012	3.00 p.m	At Hotel Oasis, Mumbai
13th	2012-13	27.09.2013	3.00 p.m	At Hotel Oasis, Mumbai

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

August 28th, 2014 at 3.00 p.m

At Oasis Restaurant, Meeting Hall,  
Opp. Tata Institute of Social Sciences,  
Sion Trombay Road,  
Deonar (East), Mumbai – 400 088

#### 9.2 Financial Calendar:

##### Quarterly/ Half yearly/ Annual Financial Results:

##### Date of submission to the Stock Exchange

##### Tentative

For the quarter ending on 30th June, 2014

Second week of August, 2014

For the quarter/half year ending on 30th September, 2014

Second week of February, 2014

For quarter ending on 31st December, 2014

Second week of February, 2015

For the year ended 31st March, 2015

Second week of May, 2015

#### 9.3 Book Closure date:

27.08.2014 to 28.08.2014

#### 9.4 Dividend :

The company has not paid any Dividend during the financial year 2013-14.

#### 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  
for Equity Shares.

INE 683 B01047

#### 9.7 Stock Market Data at BSE

Month	High Price	Low Price	Close Price	No. of Shares Traded
April 2013	10.71	7.07	9.64	21,490
May 2013	9.95	5.91	5.91	13,757
June 2013	9.18	5.91	8.40	7,314
July 2013	9.03	6.20	7.50	35,419
August 2013	8.25	6.67	7.00	8,143
September 2013	7.30	5.81	5.81	10,568
October 2013	6.61	5.64	6.20	14,763
November 2013	9.00	5.96	8.18	45,317
December 2013	8.74	6.44	8.74	46,749
January 2014	9.00	6.25	6.25	58,915
February 2014	8.00	6.00	7.79	35,190
March 2014	7.89	6.76	7.31	43,676

Note: Price @ Rs.10 Face Value.

#### 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

## CORPORATE GOVERNANCE

### 9.8 Category of Shareholders as on 31st March, 2014.

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Number 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)
<b>(A) Shareholding of Promoter and Promoter Group<sup>2</sup></b>						
<b>1 Indian</b>						
(a)	Individuals/ Hindu Undivided Family	6	2243576	2218583	21.57	21.57
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(c)	Bodies Corporate	1	4191958	4191958	40.30	40.30
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00
<b>Sub Total(A)(1)</b>		<b>7</b>	<b>6435534</b>	<b>6410541</b>	<b>61.86</b>	<b>61.86</b>
<b>2 Foreign</b>						
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00
b	Bodies Corporate	0	0	0	0.00	0.00
c	Institutions	0	0	0	0.00	0.00
d	Any Others(Specify)	0	0	0	0.00	0.00
	d-i	0	0	0	0.00	0.00
	d-ii	0	0	0	0.00	0.00
<b>Sub Total(A)(2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		<b>7</b>	<b>6435534</b>	<b>6410541</b>	<b>61.86</b>	<b>61.86</b>
<b>(B) Public shareholding</b>						
<b>1 Institutions</b>						
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (specify)	0	0	0	0.00	0.00
Sub-Total (B)(1)		0	0	0	0.00	0.00
<b>B 2 Non-institutions</b>						
(a)	Bodies Corporate	211	192792	191542	1.85	1.85
(b)	Individuals					
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	15601	2657252	2639727	25.54	25.54
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	42	1070037	1070037	10.29	10.29
(c)	Any Other (specify)	0	0	0	0.00	0.00
(c-i)	Clearing Member	15	1469	1469	0.01	0.01
(c-ii)	N.R.I	31	19419	19419	0.19	0.19
(c-iii)	OCB'S0	0	0	0.00	0.00	0.00
c-4	Independent Director	0	0	0	0.00	0.00
<b>Sub-Total (B)(2)</b>		<b>15900</b>	<b>3967221</b>	<b>3948446</b>	<b>38.14</b>	<b>38.14</b>
<b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		<b>15900</b>	<b>3967221</b>	<b>3948446</b>	<b>38.14</b>	<b>38.14</b>
<b>TOTAL (A)+(B)</b>		<b>15907</b>	<b>10402755</b>	<b>10358987</b>	<b>100.00</b>	<b>100.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0
<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>15907</b>	<b>10402755</b>	<b>10358987</b>	<b>100.00</b>	<b>100.00</b>

## CORPORATE GOVERNANCE

### 9.9 Distribution of Share Holding as on 31st March, 2014.

Range	Total Holders	% Total Holders	Holding in Rs.	% Total Capital
1-5000	14,935	93.88	10,458,170	10.05
5001-10000	408	2.56	2,984,110	2.87
10001-20000	253	1.59	3,526,070	3.39
20001-30000	100	0.63	2,520,130	2.42
30001-40000	57	0.36	1,999,880	1.92
40001-50000	31	0.19	1,394,750	1.34
50001-100000	70	0.45	5,352,710	5.15
100001-999999999	53	0.33	75,791,730	72.86
<b>Total</b>	<b>15,907</b>	<b>100</b>	<b>104,027,550</b>	<b>100</b>

### 9.10 Dematerialisation of Shares: Trading in Equity Shares of the Company is permitted only in dematerialised form. As of 31st March, 2014, 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

302, The Bureau Chambers,  
Above State Bank of Patiala,  
Chembur,  
Mumbai - 400071  
Maharashtra, India.  
E-Mail: info@firstobjectindia.com

For and on behalf of Board of Directors

**Dr. Vivek Hebbar**  
Chairman, Board of Directors

#### Regd Office:

302, The Bureau Chambers,  
Above State Bank of Patiala,  
Chembur,  
Mumbai - 400071  
Maharashtra

Place: Mumbai.

Date: 28th July, 2014

**CORPORATE GOVERNANCE****Certification from Chairman/ CEO and CFO**

In terms of Clause 49(v) of the Listing Agreement with the Stock Exchange, we hereby certify as under:-

- (a) We have reviewed the Balance Sheet, Profit & Loss Account, Cash flow statement & the Director's report for the year ended 31st March 2014 and that to the best of our knowledge and belief:
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2014 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting for the Company and that we have :
- i. evaluated the effectiveness of the internal control systems of the Company
  - ii. disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that there have been :
- i. No significant changes in internal control over financial reporting during the year;
  - ii. No significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. No instances of significant frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Firstobject Technologies Ltd**

**Dr. Vivek Hebbar**  
*Chairman, Board of Directors*

Place: Mumbai  
Date: 28th July, 2014

**For Firstobject Technologies Ltd**

**U. J. Rao**  
*AVP (F&AD)*

## **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 31st, 2014, 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 JBRK & Co.**  
*Chartered Accountants*  
Firm Registration No. 005775S

**P.S.Ranganath**  
*Partner*  
M.No: 200839

Place: Hyderabad  
Date: 15.05.2014

**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, 2014 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 31st, 2014 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31st, 2014 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, 2014;
    - (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 JBRK & Co.**  
*Chartered Accountants*  
Firm Registration No. 005775S

**P.S.Ranganath**  
*Partner*  
M.No: 200839

Place: Hyderabad  
Date: 15.05.2014

## **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, 2014. 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 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 accumulated losses at the end of the financial year and has incurred cash loss during the current financial year and it hadn't incurred any cash loss during the preceding financial year.
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 availed Term Loan and Overdraft facility 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 not made any 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 JBRK & Co.**  
*Chartered Accountants*  
Firm Registration No. 005775S

**P.S.Ranganath**  
*Partner*  
M.No: 200839

Place: Hyderabad  
Date: 15.05.2014

**BALANCE SHEET AS ON 31ST MARCH, 2014**

Amount (Rs)

Particulars	Note No	As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	<b>104,027,550</b>	104,027,550
(b) Reserves and Surplus	3	<b>256,632,420</b>	309,526,982
<b>(2) Non-Current Liabilities</b>			
(a) Long term borrowings	4	<b>12,500,000</b>	-
(b) Deferred tax liabilities (Net)	5	<b>22,332,405</b>	27,449,912
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	<b>4,877,628</b>	-
(b) Trade payables	7	<b>18,012,846</b>	37,357,529
(c) Short-term provisions	8	-	334,271
<b>TOTAL</b>		<b>418,382,849</b>	478,696,244
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	8		
(i) Tangible assets		<b>10,848,385</b>	15,445,139
(ii) Intangible assets		<b>154,269,370</b>	193,497,437
(b) Non-current investments	9	<b>37,229,409</b>	39,033,225
<b>(2) Current assets</b>			
(a) Trade receivables	10	<b>151,199,213</b>	166,410,118
(b) Cash and cash equivalents	11	<b>179,051</b>	177,424
(c) Short-term loans and advances	12	<b>64,657,421</b>	64,132,901
<b>TOTAL</b>		<b>418,382,849</b>	478,696,244
Notes forming part of Financial Statements	1		

As per our report of even date attached

**For JBRK & Co.,**

Chartered Accountants

Firm Registration No. 005775S

Sd/-

**(P.S.Ranganath)**

Partner

M.No: 200839

Place : Mumbai

Date: 15.05.2014

For and on behalf of the Board

sd/-

**(Dr.Vivek Hebbar)**

Chairman, Board of Directors

sd/-

**(Rajan Pillai)**

Director

sd/-

**(Jini Joy)**

Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2014**

Amount (Rs)

Particulars	Note No	As at 31.03.2014	As at 31.03.2013
<b>I. Revenue from operations</b>	14	<b>452,319,558</b>	634,823,714
<b>II. Other Income</b>	15	<b>6,245,197</b>	7,388,787
<b>III. Total Revenue (I +II)</b>		<b>458,564,755</b>	642,212,501
<b>IV. Expenses:</b>			
Employee benefit expense	16	<b>27,305,309</b>	31,460,136
Finance cost	17	<b>1,712,283</b>	-
Operating & Other expenses	18	<b>441,856,273</b>	538,633,481
Depreciation and amortization expense	9	<b>44,094,798</b>	70,364,640
<b>Total Expenses</b>		<b>514,968,663</b>	640,458,256
<b>V. Profit before exceptional and extraordinary items and tax ( III - IV)</b>		<b>(56,403,908)</b>	1,754,245
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit before extraordinary items and tax (V – VI)</b>		<b>(56,403,908)</b>	1,754,245
<b>VIII. Extraordinary Items</b>		<b>(1,608,161)</b>	-
<b>IX. Profit before tax (VII - VIII)</b>		<b>(58,012,069)</b>	1,754,245
<b>X. Tax expense:</b>			
Current Tax		-	334,271
Deferred Tax		<b>(5,117,507)</b>	(343,032)
<b>XI. Profit/Loss after Tax before Appropriations</b>		<b>(52,894,562)</b>	1,763,005
Earnings per share			
Basic and Diluted (On Rs. 10 per share)		<b>-5.08</b>	0.17
Notes forming part of Financial Statements	1		

As per our report of even date attached

**For JBRK & Co.,**

Chartered Accountants

Firm Registration No. 005775S

Sd/-

**(P.S.Ranganath)**

Partner

M.No: 200839

Place : Mumbai

Date: 15.05.2014

For and on behalf of the Board

sd/-

**(Dr.Vivek Hebbar)**

Chairman, Board of Directors

sd/-

**(Rajan Pillai)**

Director

sd/-

**(Jini Joy)**

Company Secretary

**CASHFLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2014**

Amount (Rs)

Particulars	As at 31.03.2014	As at 31.03.2013
Profit before taxes	(56,403,908)	1,754,245
Add		
Depreciation	44,094,798	70,364,640
Tax Paid	-	(334,271)
Loss on sale of Investments	(1,608,161)	-
Operating profit before working capital changes	(13,917,271)	71,784,613
Increase in Current Assets		
(Increase)/Decrease in Receivables	15,210,905	11,752,857
(Increase)/Decrease in Loans and Advances	(524,520)	1,246,600
Increase/(Decrease) in Current Liabilities	(19,678,954)	(58,791,827)
<b>Cash from Operations (A)</b>	<b>(18,909,840)</b>	<b>25,992,244</b>
Cash flows from Investing Activities		
Trade Investments	1,803,816	-
Purchase of fixed assets	(269,977)	-
Advances for Assets	-	-
(Increase)/Decrease in Goodwill on Amalgamation	-	-
<b>Cash flows from Investing Activities (B)</b>	<b>1,533,839</b>	<b>-</b>
Cash flow from Financing Activities		
Increase /(Decrease) in Equity Share Capital	-	-
Increase in Securities Premium	-	-
Increase in Capital Reserve	-	-
Decrease in Revaluation Reserve	-	-
Dividend	-	-
Secured /Unsecured loans	17,377,628	(25,974,122)
<b>Cash flow from Financing Activities ( C )</b>	<b>17,377,628</b>	<b>(25,974,122)</b>
<b>Net increase in cash and cash Equivalent (A+B+C)</b>	<b>1,627</b>	<b>18,122</b>
Cash and Cash Equivalent as at beginning of the year	177,424	159,302
<b>Cash and Cash Equivalent as at end of the year</b>	<b>179,051</b>	<b>177,424</b>

As per our report of even date attached

**For JBRK & Co.,**

Chartered Accountants

Firm Registration No. 005775S

Sd/-

**(P.S.Ranganath)**

Partner

M.No: 200839

Place : Mumbai

Date: 15.05.2014

For and on behalf of the Board

sd/-

**(Dr.Vivek Hebbar)**

Chairman, Board of Directors

sd/-

**(Rajan Pillai)**

Director

sd/-

**(Jini Joy)**

Company Secretary

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**
**Note No. 1:****(A) Significant Accounting Policies:****1. Basis of Accounting and Preparation of Financial Statements:**

- 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.

**5. Fixed Assets and Depreciation :**

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.

**6. 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.

**7. 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.

**8. 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.

**(B) Notes to Financial Statements:**

- i. Figures have been rounded off to the nearest rupee.
- ii. Notes 1 to 18 consists of forming part of Balance Sheet and Profit and Loss account.
- iii. All figures are in Rupees. Paise have been rounded to nearest Rupee.
- iv. Previous year figures are regrouped and rearranged wherever necessary.
- v. 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.

**9. 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.

## NOTES TO FINANCIAL STATEMENTS

### 10. Foreign Currency Transactions :

The Company has earned a Foreign Exchange of Rs. 452,319,558 (Previous Year - Rs 634,823,714) during the year. The Company has incurred an expenditure of Rs. 432,884,775 (Previous Year – Rs. 524,847,024)

### 11. Segments :

The Company is engaged primarily in the business of Software Development IT/ITES, E-education software and accordingly there are no separate reportable segments as per Accounting Standard - AS 17 - Segment Reporting issued by ICAI.

### 12. Provisions :

Depreciation as per Companies Act	:	Rs. 44,094,798
Depreciation as per Income Tax Act	:	Rs. 28,324,359
Timing Difference	:	Rs. (15,770,438)
Provision for Deferred Tax	:	Rs. (5,117,507)

### 13. Earnings per Share :

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.

14. Audit Fees for the year is Rs. 125,000 and Previous year Rs. 125,000.

### 15. 'Related Party' Disclosures as per Accounting Standard 18 :

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 2014.

Sr. No	Particulars	Related Party
1	Salaries & Other Amenities	Nil

## NOTES TO FINANCIAL STATEMENTS

### NOTES TO BALANCE SHEET

Amount (Rs)

#### NOTE 2 : SHARE CAPITAL

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of shares	Rs.	No. of shares	Rs.
<b>(a) Authorized Share Capital</b>				
Equity shares of Rs. 10 each	25,000,000	250,000,000	25,000,000	250,000,000
<b>(b) Issued, Subscribed and fully Paid up</b>				
Equity shares of Rs. 10 each fully paid	10,402,755	104,027,550	10,402,755	104,027,550
<b>Total Equity Share capital</b>	<b>10,402,755</b>	<b>104,027,550</b>	<b>10,402,755</b>	<b>104,027,550</b>

#### (c) Details of shareholders holding more than 5% of shares

Name of Shareholder	Equity Shares			
	As at 31 March, 2014		As at 31 March, 2013	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Firstcall India Equity Advisors Pvt. Limited	4,191,958	40.30	3,968,365	38.15
Sastry, V.S.R.	1,113,863	10.70	1,113,863	10.70
Sriram Kumar.	522,705	5.02	522,705	5.02

#### (d) The reconciliation of the number of shares outstanding is set out below:

Particulars	Equity Shares	
	As at 31.03.2014	As at 31.03.2013
Number of shares as at 01.04.2013	10,402,755	10,402,755
Add: Shares issued during the year	0.00	0.00
Number of shares as at 31.03.2014	10,402,755	10,402,755

#### (e) Shares allotted during the last 5 years:

Year	No. of Shares	Face Value	Remark
2013-14	NIL	NIL	NIL
2012-13	NIL	NIL	NIL
2011-12	5,400,000	10	Allotted pursuant to scheme of amalgamation
2011-12	5,002,755	10	Capital Reduction pursuant to scheme of arrangement
2010-11	861,720	10	Allotted on preferential basis

## NOTES TO FINANCIAL STATEMENTS

Particulars	Amount (Rs)	
	As at 31.03.2014	As at 31.03.2013
<b>NOTE 3 : RESERVES &amp; SURPLUS</b>		
<b>(a) Capital Reserve</b>		
Balance as at the beginning of the year	150,934,650	150,934,650
Additions during the year	-	-
Closing Balance	150,934,650	150,934,650
<b>(b) Securities Premium Account</b>		
Balance as at the beginning of the year	156,220,861	156,220,861
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	156,220,861	156,220,861
<b>(c) Revaluation Reserve Account</b>		
Balance as at the beginning of the year	-	-
Additions during the year	-	-
Less: Written off during the year	-	-
Closing Balance	0	0
<b>(d) Surplus in Statement of Profit &amp; Loss</b>		
Balance as at the beginning of the year	2,371,471	608,466
Profit during the year	(52,894,562)	1,763,005
Amount Available for appropriation	(50,523,091)	2,371,471
Less: Dividend on Equity shares	0	0
Less: Tax on Dividend	0	0
Net Surplus	(50,523,091)	2,371,471
<b>Total Reserves &amp; Surplus</b>	<b>256,632,420</b>	<b>309,526,982</b>
<b>NOTE 4 : LONG TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Term Loan (against pari passu charge on all current assets)	12,500,000	-
<b>Total</b>	<b>12,500,000</b>	<b>-</b>
<b>NOTE 5 : DEFERRED TAX LIABILITY</b>		
Opening Deferred Tax Liability	27,449,912	27,792,943
Less: Deferred Tax Liability for the Year	-	-
Add: Deferred Tax Asset for the Year	(5,117,507)	(343,032)
<b>Net Deferred Tax Asset / Liability</b>	<b>22,332,405</b>	<b>27,449,912</b>
<b>NOTE 6 : SHORT TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Over Draft (against deposit of the Company)	4,877,628	-
<b>Unsecured Loans</b>		
Others	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>NOTE 7 : TRADE PAYABLES</b>		
Trade Payables	18,012,846	37,357,529
<b>Total</b>	<b>18,012,846</b>	<b>37,357,529</b>
<b>NOTE 8 : SHORT TERM PROVISIONS</b>		
Provision for Taxation	0	334,271
Proposed Final dividend	-	-
<b>Total</b>	<b>0</b>	<b>334,271</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9: FIXED ASSETS

Amount (Rs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Balance as at 01.04.2013	Additions	Deletions *	Total as at 31.03.2014	Up to 01.04.2013	For the Year	Deletions	As at 31.03.2014	As at 30.03.2014	As at 31.03.2013
<b>Tangible Assets</b>										
Computers	45,640,425	269,977	-	45,910,402	36,073,786	3,883,286	-	39,957,071	5,953,331	9,566,639
Electrical Equipment	1,579,571	-	-	1,579,571	776,017	145,443	-	921,461	658,110	803,554
Air Conditioners	3,254,501	-	-	3,254,501	1,331,746	267,455	-	1,599,201	1,655,299	1,922,755
Furnitures & Fixtures	4,152,100	-	-	4,152,100	1,989,384	391,452	-	2,380,835	1,771,264	2,162,716
Office Equipment	2,023,790	-	-	2,023,790	1,034,314	179,095	-	1,213,409	810,380	989,475
<b>Total</b>	<b>56,650,386</b>	<b>269,977</b>	<b>-</b>	<b>56,920,363</b>	<b>41,205,247</b>	<b>4,866,731</b>	<b>-</b>	<b>46,071,978</b>	<b>10,848,385</b>	<b>15,445,139</b>
<b>Intangible Assets:</b>										
Goodwill	83,825,707	0	0	83,825,707	0	0	0	0	83,825,707	83,825,707
Software and IPR's	233,138,920	-	-	233,138,920	183,974,946	19,665,589	-	203,640,536	29,498,384	49,163,974
Knowledge Based Content	55,000,000	-	-	55,000,000	24,062,500	7,734,375	-	31,796,875	23,203,125	30,937,500
Software and IPR's	49,283,761	-	-	49,283,761	19,713,504	11,828,103	-	31,541,607	17,742,154	29,570,257
<b>Total</b>	<b>421,248,388</b>	<b>0</b>	<b>0</b>	<b>421,248,388</b>	<b>227,750,951</b>	<b>39,228,067</b>	<b>0</b>	<b>266,979,018</b>	<b>154,269,370</b>	<b>193,497,437</b>
<b>Grand Total</b>	<b>477,898,774</b>	<b>269,977</b>	<b>0</b>	<b>478,168,751</b>	<b>268,956,198</b>	<b>44,094,798</b>	<b>0</b>	<b>313,050,996</b>	<b>165,117,755</b>	<b>208,942,576</b>
<b>Previous Year</b>	<b>477,898,774</b>	<b>0</b>	<b>0</b>	<b>477,898,774</b>	<b>198,591,558</b>	<b>70,364,640</b>	<b>0</b>	<b>268,956,198</b>	<b>208,942,576</b>	<b>279,307,216</b>

### NOTE 10: NON - CURRENT INVESTMENTS

Amount (Rs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Long term Investments (At cost, fully paid-up)</b>		
(a) Investment in Equity Instruments:		
Swarnajyothi Agrotech & Power Limited (744914 shares)	7,802,975	39,033,225
Five X Finance & Investment Limited (2786057 shares) (Equity shares of Rs.10 each face value)	29,426,434	-
<b>Total</b>	<b>37,229,409</b>	<b>39,033,225</b>
Aggregate amount of quoted investments (at an investment value of Rs. 37,229,409/-, Previous year Rs. 39,033,225/-)	<b>37,229,409</b>	<b>39,033,225</b>

### NOTE 11: TRADE RECEIVABLES

#### Sundry Debtors

Debts outstanding for a period exceeding six months

- Unsecured Considered Good	-	-
- Unsecured Considered Doubtful	-	-
	-	-

Other Debts

- Unsecured Considered Good	151,199,213	166,410,118
- Unsecured Considered Doubtful	-	-

**Total** **151,199,213** **166,410,118**

## NOTES TO FINANCIAL STATEMENTS

Particulars	Amount (Rs)	
	As at 31.03.2014	As at 31.03.2013
<b>NOTE 12: CASH &amp; BANK BALANCES</b>		
<b>(a) Cash &amp; Cash Equivalents</b>		
Cash on hand (As certified by Director / Management)	4,000	4,250
<b>(b) Other Bank Balances</b>		
With Scheduled Banks	175,051	173,174
With Deposit Accounts	-	-
<b>Total</b>	<b>179,051</b>	<b>177,424</b>
<b>NOTE 13 : SHORT TERM LOANS &amp; ADVANCES</b>		
Short Term 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	64,657,421	64,132,901
<b>Total</b>	<b>64,657,421</b>	<b>64,132,901</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTES TO STATEMENT OF PROFIT & LOSS

Particulars	Amount (Rs)	
	As at 31.03.2014	As at 31.03.2013
<b>NOTE 14: REVENUE FROM OPERATIONS</b>		
Software Sales	452,319,558	634,823,714
<b>Total</b>	<b>452,319,558</b>	<b>634,823,714</b>
<b>NOTE 15 : OTHER INCOME</b>		
Other Income	6,245,197	7,388,787
<b>Total</b>	<b>6,245,197</b>	<b>7,388,787</b>
<b>NOTE 16 : EMPLOYEE BENEFIT EXPENSES</b>		
Salaries	25,782,215	29,142,901
Contribution to Employee Insurance & Other Funds	45,584	75,653
Staff Welfare	1,477,510	2,241,582
<b>Total</b>	<b>27,305,309</b>	<b>31,460,136</b>
<b>NOTE 17 : FINANCE COST</b>		
Bank Interest	1,712,283	-
<b>Total</b>	<b>1,712,283</b>	<b>-</b>
<b>NOTE 18 : OPERATING &amp; OTHER EXPENSES</b>		
<b>NOTE 18.1 : OPERATING EXPENSES</b>		
Outsourcing - Onsite Expenses	432,884,775	524,847,024
Web Development Charges / Domain	315,133	618,887
<b>Total</b>	<b>433,199,908</b>	<b>525,465,911</b>
<b>NOTE 18.2 : OTHER EXPENSES</b>		
Advertising Charges	175,250	225,325
Bank Charges	28,423	1,084
Books & Periodicals	12,746	31,075
Business Promotion Expenses	473,969	1,221,684
Communication Expenses	212,449	398,253
Computer Charges	419,666	269,182
Depository Charges	313,978	400,974
Insurance Expenses	59,681	87,477
Power / Fuel / Energy Costs	2,054,153	2,986,157
Miscellaneous Expenses	618,424	521,062
Postage & Courier Charges	64,301	415,730
Printing & Stationery Charges	149,550	1,367,032
Professional Charges	120,301	277,035
Rates and Taxes	1,095,499	639,559
Repair & Maintenance	350,686	723,531
Travelling Expenses	2,323,852	3,408,730
Water Charges	58,438	68,680
<b>Total</b>	<b>8,531,365</b>	<b>13,042,570</b>

## NOTES TO FINANCIAL STATEMENTS

Particulars	Amount (Rs)	
	As at 31.03.2014	As at 31.03.2013
<b>NOTE 18.3 : AUDITORS REMUNERATION</b>		
Audit fees	125,000	125,000
<b>Total</b>	<b>125,000</b>	<b>125,000</b>
<b>GRAND TOTAL (18.1 + 18.2 +18.3)</b>	<b>441,856,273</b>	<b>538,633,481</b>

As per our report of even date attached

**For JBRK & Co.,***Chartered Accountants*

Firm Registration No. 005775S

Sd/-

**(P.S.Ranganath)***Partner*

M.No: 200839

Place : Mumbai

Date: 15.05.2014

For and on behalf of the Board

sd/-

**(Dr.Vivek Hebbar)***Chairman, Board of Directors*

sd/-

**(Rajan Pillai)***Director*

sd/-

**(Jini Joy)***Company Secretary*



**Regd Office:** 302, The Bureau Chambers, Above State Bank of Patiala, Chembur, Mumbai – 400071.

CIN: L7220MH2000PLC239534

**ATTENDANCE SLIP**

I hereby record my presence at the 14th Annual General Meeting of the Company at Oasis Restaurant, Meeting Hall, Opp. Tata Institute of Social Sciences, Sion Trombay Road, Deonar (East), Mumbai – 400 088 on Thursday on August 28th, 2014 at 3.00 P.M.

DP Id*	
Client Id*	

Folio No.	
No. of Shares	

Name and Address of Shareholder:

\_\_\_\_\_  
Signature of Shareholder/ Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of Annual Report to the meeting.

\*Applicable for investors holding shares in electronic form.

TEAR HERE



**Regd Office:** 302, The Bureau Chambers, Above State Bank of Patiala, Chembur, Mumbai – 400071.

CIN: L7220MH2000PLC239534

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

I/We, being the member (s) of ..... shares of Firstobject Technologies Limited, hereby appoint:

- Name: ..... Of .....  
(address) having e-mail id.....or failing him
- Name: ..... Of .....  
(address) having e-mail id.....or failing him
- Name: ..... Of .....  
(address) having e-mail id.....or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th Annual General Meeting of the Company, to be held on 28th day, August, 2014 at 3.00 P.M. at Oasis Restaurant, Meeting Hall, Opp. Tata Institute of Social Sciences, Sion Trombay Road, Deonar (East), Mumbai – 400 088 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Name of the member (s):		E-mail Id:	
Registered address:		Folio No/ *Client Id:	
		*DP ID:	

Resolutions	For	Against
1. Consider and adopt: Financial statements of the Company for the year ended 31st March, 2014, including the audited Balance Sheet, Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.		
2. Re-appointment of Mr. Sailesh Pethe who retires by rotation		
3. Appointment of Statutory Auditors and fixing their remuneration		
4. Appointment of Mr. Jagadish B. as an Independent Director		
5. Non-appointment of Additional Director, Dr. Chintan Bharwada		
6. Appointment of Mr. Rajan Pillai as an Independent Director		
7. Increasing the shareholding limit (a) for Foreign Institutional Investors (FIIs) from 24% to 49% and (b) for NRI/ PIOs from 10% to 24%		

Affix Revenue Stamp
---------------------------

Signed this..... day of..... 2014

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of first proxy holder

\_\_\_\_\_  
Signature of second proxy holder

\_\_\_\_\_  
Signature of third proxy holder

**Notes:**

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

**FIRSTOBJECT TECHNOLOGIES LTD**

302, The Bureau Chambers, Above State Bank of Patiala,  
Chembur, Mumbai - 400 071. Maharashtra, India.

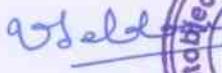
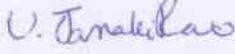
Tel.: 022-25272510 / 25276077, Telefax : 022-25276077

Email : [info@firstobjectindia.com](mailto:info@firstobjectindia.com)

Website : [www.firstobjectindia.com](http://www.firstobjectindia.com)

**FORM A**

**Format of covering Letter of the annual audit report to be filed with the Stock Exchanges**

1.	Name of the Company	Firstobject Technologies Limited
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit Observation	Unqualified
4.	Frequency of Observation	Nil/ Not Applicable
5. To be signed by:		
CEO/Managing Director	Dr. Vivek Hebbar	 
AVP (F&AD)	U.J.Rao	
Auditor of the Company	JBRK & Co., Chartered Accountants	For JBRK & Co., Chartered Accountants Firm Registration No. 005775 S   (P.S. Ranganath) Partner M.No: 200839
Audit Committee Chairman	Mr. Sailesh Pethe	