

Buy Side & Sell Side

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SOCIAL MEDIA PUTS IR ON STEROIDS

Firstobject Technologies Rides High on Education Boom

IPOs Tank, Despite Anchor Investors

Analysts' Remain Bullish on Ramky

IR Outsourcing



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Firstobject Rides High on Education Boom

With over 13.5 crore students in primary education, followed by China with as many as 12.1 crore students, India leads the pack across the globe.

Educating such a large population is indeed a challenge for its not only an expensive task but also a difficult one. The government primarily handles this task through its school infrastructure and large budgetary outlays.

Around 3.7% of GDP (\$30bn) is spent by the government on education alone, apart from the \$50bn annual spend on private education (\$80bn by 2012E), 14% CAGR over FY08-12E.

This led to creation of one of the largest education networks of around 10 lakhs schools and 18000 higher education institutes in India.

The role of private educational institutions have proliferated rapidly over the past decades with K-12 segment estimated at US\$ 20bn, private professional colleges at US\$ 7bn and tutoring at US\$5bn. Out of 1million existing schools, as many as 75000 schools are privately run. It is pertinent to note that the private educational institutions dispense education to around 40% of the total students enrolled in India (219 mn) assuming that only 7% of the total schools are private.

GOVERNMENT'S FOCUS ON EDUCATION

With an intention to speed up the general literacy rate in India, the government had introduced the Right to Education Bill 2005. This Bill seeks to guarantee free elementary education to every child between the age of 6 and 14 years. There has been significant growth in infrastructure, but the implementation process has been slow and a huge gap still remains.

The challenge lies in completing the task of

improving the literacy levels of India in a time-bound manner. The demand for upper primary school would be greater than the demand for primary schools in the last five years; the government has been focusing on the Education Sector through increased fund allocations.

The amount would be spent under various schemes of the likes of Sarva Shiksha Abhiyan (SSA), the Midday meal scheme, Kasturba Gandhi Balika Vidyalaya and teacher's education. The government has imposed an Education cess on income tax to fund its various programs, which target to improve the quality and reach of education in India. Collection of Education cess will also help in providing subsidies and aids to a large number of these institutions to improve accessibility for the lower and middle class families to educate their children.

Education which was mainly under States subjects has seen a substantial increase in Central Government's intervention since 1987 when New Education Policy was announced. Allocations are made to India's Human Development Resources Ministry and two departments are Department of School Education & Literacy and Department of Higher Education. The Union Budget for 2010-2011 has identified the need to have a well, regulated education system of a global standard. In Budget 2010-11 a total of Rs. 42036 crore have been provided for allocation to Education. The allocation for Department of School Education and Literacy is Rs. 31036 Crore and allocation for Department of Higher Education is Rs. 11000 Crore.

The above allocation is 15 % higher than the previous year's allocation. This includes an allocation of Rs.15,000 crore for Sarva Siksha Abhiyan (SSA), the major flagship programme for universalisation of elementary education and Rs. 9,300 crore for the national scheme of mid-day meals.

Industry Domains of Firstobject Technologies Ltd.

1. E-Learning

Online education is the fastest growing segment of the education field, Students are finding that they can improve their skills, finish their degrees, and improve their earning potential by taking classes from the comfort of home.

As part of expansion and diversification strategy, Firstobject forayed into Education. E-education foray of Firstobject comprises, Virtual classrooms that can be accessed from anywhere, with professional instructors functioning just like traditional education.

First E School:

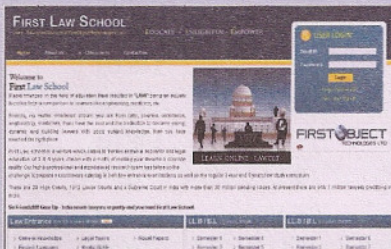
• First ESchool is a e-classroom. It's a paid portal and currently offers CBSE subjects Viz. Mathematics, Social Sciences and Science.



• It provides content which not being presently provided by any other portal. The Company is in talks with various schools across the country for franchising the "first-e-school" brand.

First Law School:

• Firstobject came out with www.firstlawseries.com, where in the Company through Internet Portal shall be imparting L.L.B (graduate law course materials) under 5 year stream and also under 3 year stream to cater to the requirements of graduate law students. The Company has empanelled many eminent legal educationists for the said purpose.



First Management School:

The Company is launching its Management portal www.firstmanagementseries.com catering exclusively to the Business Management Studies.

The semester material is prepared in consultation with expert academicians, the content and case studies shall make students effective Management Graduates.

CORPORATE RESEARCH

First call Research:

• This portal provides Institutional quality Research Reports, covering industry, economy and company specific analysis of more than 1000 listed companies in India.



• The Equity portal provides features like intra day call, special call, pre market call, key insights, reliable news, company analysis and industry analysis. Firstobject Technologies does research on the companies, which involves a rigorous process of data mining involving primary and secondary data search with reference to India Market Tracking and Trends on NYSE, NASDAQ and F&O (India).

E-COMMERCE

First E-Pandit:

Firstobject Technologies has launched www.firstepandit.com, as its commercial initiative. First-e-Pandit shall mainly cater to Non Resident Indians (NRIs) and also Indians staying away from their home regions.



Under First-e-Pandit, all the Festivals / Ceremonies in an Indian calendar year are made available online along with procedures to perform the same and live performances in all Indian languages with customization in respective languages, culture and tradition.

This initiative is expected to bridge the gaps in the culture and allow many Indians staying away from their respective regions within India and also NRIs. IT / ITES Solutions

1. BPO and Knowledge Process Outsourcing (KPO)

The company's process capabilities and range of services provide a compelling value proposition for both existing and new customers.

The KPO business currently provides middle office and back office support to capital market arms of leading global banks, educational institutions, and manufacturing giants and services / companies. Customer programs include data search programs, research report

preparations, price monitoring and competitive analytics, financial contract risk management and data reconciliation services. Besides the Corporate Research provided by the company is classified as a part of KPO by the company.

2. Enterprise Resource Planning (ERP)

The company offers ERP across functional boundaries including Finance, Sales and Distribution logistics, HR, and Costing to small businesses to mid size enterprises from integration of data to have greater visibility in all areas of business, from daily operations to a strategic decision level.

Future Prospects

The Global Knowledge Process Outsourcing industry (KPO) is expected to reach USD 20 billion by 2012, of which USD 12 billion would be outsourced to India. Firstobject is well placed to capture a proportionate size of this vast market due to its skill set.

12 Months Profit & Loss Account (Consolidated)

Value(Rs.in.mn)	FY09	FY10	FY11E	FY12E
Description	12m	12m	12m	12m
Net Sales	418.08	483.11	768.55	956.7
Other Income	5.36	5.67	0	0
Total Income	423.44	488.78	768.55	956.7
Expenditure	307.95	340.75	553.35	707.95
Operating Profit	115.49	148.03	215.2	248.74
Interest	0	0	0	0
Gross profit	115.49	148.03	215.2	248.74
Depreciation	19.32	3.75	6.8	7.14
Profit Before Tax	96.16	144.28	208.4	241.6
Tax	-2.5	10.15	0	0
Profit After Tax	98.64	118.24	208.4	241.6
Minority Interest	40.24	46.67	70.9	62.52
Net Profit	58.39	71.57	137.5	179.07
Equity capital	191.49	191.49	200.11	200.11
Reserves	109.1	159.46	296.96	449.23
Face Value (Rs.)	1	10	10	10
Total No. of Shares	19.15	19.15	20.01	20.01
EPS (Rs.) (After Minority Interest)	3.05	3.74	6.87	8.94

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