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**CHAIRMAN'S ADDRESS AT THE FIFTEENTH
ANNUAL GENERAL MEETING OF THE COMPANY**

Dear Shareholders,

On behalf of Polaris, let me extend a very warm welcome to you.

Last year, I shared with you our strategy for Repeatable Predictable and Profitable Growth as well as our approach to becoming one of the largest owners of financial technologies, products and services for the Banking, Finance and Insurance industry. I am happy to report that your company has achieved gross revenues of 273 million dollars, a growth of 21% over the last fiscal.

For the year ended 31st March 2008, your company achieved annual revenue of Rs. 1117 crore and annual profit of Rs. 73 crore. Operating Profit (EBITDA) stood at Rs. 136 crore. Revenues from our product business grew from Rs. 63 crore in 2004 to an annual run rate of Rs. 225 crore in 2007. In view of your company's good performance, your Board of Directors had approved a dividend of 30% of the equity share capital.

Our unique expertise-led integrated model of Products, Services and Consulting with singular focus in the banking and financial services vertical has been receiving significant recognition in the global market place. I am happy to share with all of you that your company was ranked among the world's Top Professional Services Consulting organizations by Tower Group, a leading research and consulting firm, focused on the global financial industry. Your company was also ranked #1 in Specialist testing capability by Practice size for the global BFSI segment, by Gartner, the world's leading information technology research and advisory company. Intellect Treasury platform won the Bankers Technology Award for the non-disruptive modernization of the European Treasury of Citi Bank.

If I reflect on our journey for the last 5 years, we have worked on three dimensions to build the largest financial technology company out of India.

Firstly, we decided to make the strategic investment for complete roadmap of IntellectTM product and platforms based on a next generation technology i.e., Services Oriented Architecture. Your

company's products are now providing competitive benefits of time-to-market and flexibility to customers, in turn helping them take leadership positions in their market place.

Secondly, your company grew and expanded new accounts ie., the business outside Citigroup from a mere 40 million dollars at the time of the merger to over 160 million dollars achieving a significant 4 fold growth in the last 5 years.

Thirdly, we worked on building a strong sales infrastructure, efficient operational infrastructure and impeccable Intellectual Property infrastructure to create the framework for repeatable, predictable and profitable growth.

Now, I would like to take you through how your company's growth engines performed during 2007-2008.

Specialized Outsourcing Services – Growth Engine 1

Your company has carved a niche for itself in specialized outsourcing services with unique domain expertise in sub verticals within the banking, financial services and Insurance industry and is now delivering on the next stage of value creation to build and support business competitive applications. Some of the highlights of the year in this space were:

1. Master Services Agreement for the specialized outsourcing services was signed with 2 of the global top 10 banks.
2. Your company entered into a strategic partnership with Ementor, Denmark, to deliver IT solutions tailor made for the Nordic market.
3. Your company launched a super specialty center, "Corporate Heights" for the Risk and Treasury business, in Mumbai, to provide highly specialized products as well as end to end solutions for modernization of global corporate banking businesses.
4. With the launch of a near shore application center and a Global Performance Engineering lab in Ontario in Canada, your company has a truly global Application Certification Enterprise, with Application Performance Diagnostics and Managed Testing services being offered out of Canada, Northern Ireland, India and Sydney.

During the year, your company added over 40 new accounts thus taking the key customer base to over 100. In Insurance sector alone 11 new strategic customers were added. Business Intelligence, Data Warehousing and underleveraged financial ERP implementations of SAP and Oracle have provided good growth leads in major accounts. Further, the large accounts have

clearly indicated more off-shoring opportunities in all the three major verticals in banking, ie., Retail Banking, Corporate Banking & Capital Markets.

Intellect Business – Growth Engine 2

Your company owns the largest suite of financial application platforms ranging from Universal Banking, Consumer Finance, Front Office, Credit Cards, Wealth Management, Cash & Liquidity Management, Risk and Treasury, Investors Services and a Unified Portal Platform. Intellect is the first pure play Service Oriented Architecture (SOA) based, comprehensive, next generation banking platform. Within four years of its launch in the global market place, Intellect has to its credit, over 40 successful implementations, out of which 12 are Lighthouse or Tier 1 sites in various regions.

During the year, National Bank of Abu Dhabi, 2nd largest bank in Middle East, has gone live on Intellect Universal Banking platform. Similarly the largest private sector bank in India, ICICI Bank, has gone live on Intellect Wealth Management platform. Intellect Custody platform has become the Market leader in India.

In addition, several International and Indian banks have chosen Intellect as their platform of choice during the year.

Optimus KPO & BPO – Growth Engine 3

During the year your company saw its BPO subsidiary, Optimus Global Services growing 76%. Optimus is now servicing over 8 global clients with over 3000 employees and has nurtured capabilities to handle over 18 unique processes for the Banking and Insurance sector.

Before we move on to the Market trends and opportunities, I would like to update you on two of Polaris' subsidiaries, that are being recognized as leaders in the Indian market place and are making their foray into International frontiers.

Polaris Retail InfoTech limited, a wholly owned subsidiary, through its product Retail Excel and Smart Store has reached to fifteen thousand point-of-sale counters across India. It has now established its leadership among the best retail products in India and has made its foray into international frontiers, starting with Middle East and Africa.

Adrenalin e-Systems limited, which is a partially-owned subsidiary, has emerged the leader in the Human Capital Management Software space. This year alone, 110 companies in India have chosen Adrenalin as their human capital management software, the largest sale ever in this space by any single software company.

I would now like to draw your attention to market trends including opportunities, challenges and outlook for the coming year.

Market Events

Globally, last year was not a great year for the financial sector. The Financial sector has gone through one of the most turbulent times due to the Subprime crisis. Besides this, rupee appreciation of over 13% in a single year has created another set of challenges to be managed. The Polaris strategy of distributing the business portfolio risk across Geographies (North America ~ 35%, EMEA ~ 35%, Asia Pacific ~ 30%) has enabled us to mitigate the risk slightly better.

Challenges

The key challenge that your company faced on the execution front was 'accelerating talent development'. Though we have prepared and groomed a large number of experts in our chosen domains, the market needs many more. Your company has invested considerable time and resources in building a learning infrastructure that enables accelerated learning. Nalanda, our corporate university has put together a very well integrated Learning Architecture during the year and has aligned the education and development processes around it.

Our second major challenge now is to move from the chosen Tier 1 segment i.e. banks that own more than 50 billion dollars in assets to the banks that have assets between 5 to 50 billion dollars. This is the new market segment which requires almost 'ready to use' products to compete with the big banks that are now penetrating into their 'local' space.

Opportunities

Intellect Business: Your company is now focusing on the second phase of growth for Intellect. The rich functionality of the Intellect banking platforms has validation from the Tier 1 banks at the market place, along with the integration of global best practices into its design and architecture. This makes it aptly suited for our entry to markets beyond G7 countries or beyond Tier 1 banks in G7 countries. We are in the process of building partnership models to monetize

our treasure trove of intellectual property assets in the form of 9 comprehensive Intellect Platforms. We are also seeing excellent traction in Tier 2 banks where Polaris is emerging as a consultant to CEO's and CIO's in their decision making process.

Smart Legacy Modernization (SLM) services: The potential for Progressive Modernization that your company envisaged way back in 2002 is now being endorsed by most of the industry leaders like SAP, IBM and Oracle. This kind of focus by the industry leaders is helping significantly to grow the market size. The expected size of the market for Progressive Modernisation is estimated to be over \$18.5 billion dollars over the next 7-10 years. Your company is better equipped to take on the opportunities in this market space owing to its comprehensive range of Intellectual Property and its ability to architect these solutions with a combination of Platforms and Products powered by SOA.

New Markets: Your Company identified 6 new markets that were the high growth markets for the next phase of growth for the product business. During 07-08, your company entered two of the six new markets - Latin America and Southern Europe.

Outlook - From Growth to Profitable Growth to Profit Growth

Our major focus till 2002 was growth as we had the dream of building a global institution and our initial focus was on growing revenues in order to become visible in the global market place. Subsequent to Polaris' acquisition of OrbiTech, the emphasis was on profitable growth. We crossed the critical milestone of Rs. 1000 crore revenues and profits of Rs. 100 crore during this phase. We were also able to consistently invest in building our Intellectual Property Assets by incurring over Rs. 80-100 crore every year from internal accruals during this phase.

Last year, with the sudden appreciation of the Rupee, we needed to re-align our strategy and operations. We focused singularly on 10% growth in profits on a quarter on quarter basis. On behalf of the Polaris Management team, I am happy to share that we were able to sustain over 10% profit growth quarter on quarter, leading to 87% profit growth in the current quarter, from last year.

With the critical reference sites having been built for the Intellect banking platforms and the governance framework for our integrated and comprehensive products and services in place, our sharp focus at this point of time will be on 'Profit Growth'. In order to deliver flawlessly to an expertise led business model, the entire company is aligned to focus on execution excellence and nurturing an inspired workplace. Your company is fully geared to sustain not just an annual

revenue growth of 20% but also a sequential quarter on quarter growth of over 10% in profits during the current year.

Emotional resilience plays as important a role in Institution building. In order to integrate Polaris with a larger community and enrich your company's emotional content, the Ullas Trust was set up in 1997. The Trust plays a silent and solid role in encouraging a 'Can Do It' spirit in the economically challenged students during the vulnerable stage of adolescence and recognising academic excellence in them. The Ullas programs focus on students from Corporation and Government schools from classes 9th to 12th. I am honoured to share with you that every year, more than 10 Ullas students find a place in the Toppers' List in the School and State level examinations. The Trust has reached over 18,000 achievers so far. Dr. Abdul Kalam, His Excellency, Hon. Former President of India has kindly consented to felicitate the Ullas Achievers for 2008-2009 during the 11th Annual 'Can do it' Workshop of the Ullas Trust on 25th July, 2008.

There are some things that do not change. Through our growth journey, we have stood for two things namely quality and relationships. Our deep abiding purpose continues to be delivering high performance technology based business applications, on cost, on time, consistently.

I thank all the shareholders for encouraging and invigorating us with their trust and support in making Polaris as one of the largest financial technology players in the global market place from India.