

**Application filed
by
Polaris Financial Technology Ltd.
on 27th March 2014
under clause 24(f)
of the listing agreement
for approval of the
Scheme of Demerger**



APPLICATION TO NSE UNDER CLAUSE 24(f) OF THE LISTING AGREEMENT - INDEX

Sr. No.	List of Documents submitted along with 24F Application	ANNEXURE	REFERENCE NO.
1	Covering letter		1
2	Certified true copy of Scheme proposed to be filed before any Court or Tribunal under sections 391, 394 and 101 of the Companies Act, 1956.	ANNEXURE I	2
3	Valuation Report from Independent Chartered Accountant, if any (Certified true copy).	Not applicable	
4	Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Share Entitlement Ratio Report issued by Independent Chartered Accountant.	ANNEXURE II	3
5	Share Entitlement Ratio Report from M/s.Price Water House & Co.	ANNEXURE III	4
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13	Confirmation from the Company regarding the following: Undertaking in accordance with Clause 24(g) of Listing Agreement i.e. scheme of amalgamation / arrangement to be presented to any Court or Tribunal does not in any way violate, override or circumscribe the provisions of securities laws or the stock exchange requirements. Undertaking that the Company is in Compliance with Clause 49 of the Listing Agreement. Rationale behind the scheme of arrangement. Brief details about the business of the Companies. Website link of the Company where the draft Scheme and other required documents shall be uploaded (Also submit soft copy of the documents)	ANNEXURE XI	12
14	Board Resolution approving NSE as Designated Stock Exchange for coordinating with SEBI	ANNEXURE XII	13



PSL/NSE/DEMERGER/2014
March 25, 2014

The National Stock Exchange of India Limited,
Plot C/1 G Block, Exchange Plaza, 5th Floor,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051

Kind Attn : Ms.Rehana D'Souza, Assistant Vice President (Listing), Listing Department

Dear Sirs,

Sub: Approval under Clause 24(f) of the Listing Agreement for the proposed Scheme of Arrangement (“Demerger”) between Polaris Financial Technology Limited and Intellect Design Arena Limited and their respective shareholders and creditors.

1. Pursuant to Clause 24(f) of the Listing Agreement, we wish to submit, for your approval, the proposed Scheme of Arrangement (“Scheme/Demerger”) of Products Business Undertaking of Polaris Financial Technology Limited (“Demerged Company”) to Intellect Design Arena Limited (“Resulting Company”) under Sections 391 to 394 and all other applicable provisions of the Companies Act, 1956 (“Act”), as approved by the Board of Directors of Polaris Financial Technology Limited at its meeting held on Tuesday, the 18th March 2014.

2. **Listing Status :**

The equity shares of Polaris Financial Technology Limited are presently listed at the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Madras Stock Exchange Limited (hereinafter collectively referred to as the “Stock Exchanges”).

The equity shares of Intellect Design Arena Limited is presently, not listed in any of the Stock Exchanges.

3. **The Scheme, inter alia, envisages the following :**

- (i) Demerger of the Products Business Undertaking of Polaris Financial Technology Limited to Intellect Design Arena Limited
- (ii) Vesting of the assets and liabilities of Product Business Undertaking to Intellect Design Arena Limited at book value on the appointed date.
- (iii) Appointed date for effecting the proposed Scheme is 1st April 2014
- (iv) Reduction of the Share Capital of Intellect Design Arena Limited by its existing shareholders, upon allotment of equity shares to the share holders of Polaris Financial Technology Limited, as consideration for demerger.

Polaris Financial Technology Limited, Regd. Office: 'Polaris House', 244, Anna Salai, Chennai - 600 006. India. Tel: +91-44-3987 4000, Fax: +91-44-2852 3280
Corporate Headquarters: 'Foundation', 34, IT High way, Chennai - 603 103. India. Tel: +91-44-2743 5001 /+91-44-3987 3000, Fax: +91-44-2743 5166

India: Bangalore, Chennai, Hyderabad, Mangalore, Mumbai, New Delhi, Pune, Thane | **Australia:** Melbourne, Sydney | **Canada:** Mississauga, Toronto
Chile: Santiago | **China:** Guangzhou, Shanghai | **France:** Paris | **Germany:** Frankfurt | **Hong Kong:** | **Indonesia:** Jakarta | **Ireland:** Wicklow | **Japan:** Tokyo
Kenya: Nairobi | **Malaysia:** Kuala Lumpur | **Netherlands:** Utrecht | **New Zealand:** Wellington | **Philippines:** Pasing city | **Saudi Arabia:** Riyadh | **Singapore**
South Africa: Mondeor | **Spain:** Madrid | **Switzerland:** Neuchate | **Thailand:** Bangkok | **UAE:** Dubai | **United Kingdom:** Belfast, London
USA: Chicago, New Jersey, Pittsburgh, Tampa | **Vietnam:** Ho Chi Minh City



4. Salient Features of the Scheme :

The background of the proposed Scheme and the salient features thereof are submitted hereunder:

At the time of this Scheme, the Software products business of Polaris has reached critical size in terms of revenue and customer base. More than 150 Banks in the world are using the Software Products. Last year alone, Intellect has been acclaimed by more than 20 Global analysts report in leadership category.

After intensive internal deliberations amongst the Board members of Polaris; and upon engaging external consultants, it was decided that this is a right time to hive it off the products business as a business separate from the services business.

Product business is based on intellectual properties in technology space. This business has higher gross margins compared to the services business because of License revenues and higher billing rates. On the other hand, like any Silicon Valley companies, it has inherent risks. It requires continuous R&D investments to keep pace with the technologies. Further, the products business also require higher investments in creating Global brand and substantial higher marketing and sales investments to cash in on the opportunities the market offers.

The Services business which has reached over Rs 2000 Crores business has very rich client base and trusted customer relationships. This business works on the principle of outsourcing technology services to India; and provides Application Development and Maintenance services, Infrastructure Management Services, High Performance Testing Services, Data Management Services, Portal, Channel and CRM solutions to the customers in retail banking, Capital markets, Insurance and Corporate banking customers. This business runs on operational efficiency and driven by helping clients to meet their agenda. The talent required for building and growing this business, as well as the talent management processes, is substantially different from the Products business.

It was, therefore, decided that the Products business should be demerged into an independent company whose shares would also be listed. Upon such demerger, the Demerged Company as well the Resulting Company would have its own management teams, Boards, who can chart out their own independent strategies to maximize value creation for their respective stakeholders.

The demerger will permit increased focus by the Demerged Company and the Resulting Company on their respective businesses in order to better meet their respective customers' needs and priorities eliminating thereby any perceived conflict of interest among customers, develop their own network of alliances and talent models that are critical to their own success.





Taking the above background into consideration, the Board recommended a Scheme of Arrangement cum Demerger comprising the following:

1. The business of the Demerged Company should be demerged into two businesses consequent to which the Demerged Company would continue to run Services businesses, while the Products business will be demerged into the Resulting Company Intellect Design Arena Ltd as a going concern with effect from the Appointed Date.
 2. The proposed Scheme will involve the issuance to every shareholder of the Demerged Company, one new share in the Resulting Company Intellect Design Arena Limited for every one share held in the Demerged Company.
 3. As stated in the nature of the two businesses, Intellect is inherently a very high risk business (similar to the risks associated with molecule development business in the pharmaceutical industry), have a different investor profile compared to services business. Though Indian Software outsourcing industry has taken leadership globally, software product companies are still young. Against this background, independent Directors of the Board highlighted the need for providing choice to the shareholders of the Resulting Company to evaluate whether they have the right appetite for the risks associated with the business. Thus, the Demerged Company has decided to provide special option to the shareholders of the Resulting company upon listing of the shares of the Resulting Company pursuant to this Scheme to exit as a shareholder by opting to receive a non-convertible debenture and thus providing a firm return to such shareholders for the duration of the said instrument, the terms of which are part of the Scheme. The Scheme provides for an option to each shareholder of the Resulting Company to elect to receive fully secured non convertible debentures in lieu of the equity shares held by them, in the manner set out in the Scheme.
5. **Valuation of Business of Polaris Financial Technology Limited and Intellect Design Arena Limited :**

M/s.Price Waterhouse & Co. Chartered Accountants, Chennai has carried out a process of valuation of the assets of Polaris Financial Technology Limited for the purpose of recommending the Share Entitlement Ratio.

Assets and Liabilities of Demerged Undertaking :

Upon the Scheme becoming effective, the Assets and Liabilities of the Products Business Undertaking of the Demerged Company shall stand vested in its entirety to the Resulting Company, Intellect Design Arena Limited at their book value, with effect from 1st April 2014 ("the Appointed Date").





Allotment of Shares of Intellect Design Arena Limited to the Shareholders of Polaris Financial Technology Limited:

Upon coming into effect of the Scheme and in consideration for the vesting of the Product Business Undertaking in the Resulting Company in terms of the Scheme, the Resulting Company shall, without any further application, act, instrument or deed, issue and allot shares credited as fully paid, to the extent indicated below, to each member of the Demerged Company whose name is recorded in the register of members and records of the depository as members of the Demerged Company on the Record Date (the "Eligible Members") in the following manner:

1 (One) Equity share of the face value of Rs.5/- (Rupees Five only) each in the Resulting Company for every 1 (One) equity share of the face value of Rs.5/- (Rupees Five only) each held in the Demerged Company;

consequent to which the Shareholding Pattern of the Resulting Company viz., Intellect Design Arena Limited will be a mirror image of the shareholding pattern of the Demerged Company viz., of Polaris Financial Technology Limited.

In other words, consequent to the Demerger:

- The Shareholding of the Resulting Company will comprise of the Shareholders of the Demerged Company;
- The Shareholding Pattern of the Resulting Company will be the same as that of the Demerged Company ; and
- Every Shareholder in the Resulting Company will hold equity shares in the same proportion as held in the Demerged Company before the Demerger.

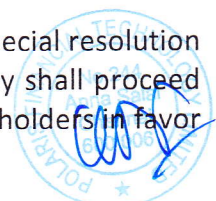
As can be seen from the above, there is no change in the Shareholding Pattern of the Resulting Company consequent to the Demerger.

6. Pursuant to Clause 24 (f) of the Listing Agreement as well as sub-clauses (g) and (h) and the requirements of the Stock Exchange, we state as under :

- a. Draft copy of the Scheme of Arrangement ("Demerger") proposed to be filed with the High Court of Judicature, Madras is enclosed as 'Annexure I'
- b. The proposed Scheme of Arrangement ("Demerger") does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions as explained in clause 24(g) of the Listing agreement or the requirements of NSE.



- c. Polaris Financial Technology Limited undertakes that, as required under Section 24(h) of the Listing Agreement, it shall disclose the following details in the explanatory statement to be forwarded by the Company to the shareholders of the Company u/s. 393 of the Act:
- a. the pre and post-arrangement ("Demerger") (expected) capital structure and shareholding pattern and
 - b. the "fairness opinion" obtained from an Independent merchant banker on valuation of assets / shares done by the valuer for the company and unlisted company.
 - c. The Complaint report as per Annexure III.
 - d. The observation letter issued by the stock exchange
- d. Polaris Financial Technology Limited further undertakes that 3 copies of the Notices along with the Explanatory statement and other annexures of the Court convened meeting convened pursuant to the provisions of Section 391 of the Act shall be forwarded to the Stock Exchange at the same time as they are sent to the shareholders.
- e. Polaris Financial Technology Limited further undertakes that 3 copies of the Notices along with the Explanatory statement and other annexures of the Court convened meeting convened pursuant to the provisions of Section 391 of the Act shall be forwarded to the Stock Exchange at the same time as they are sent to the shareholders.
- f. There will be no change in Share Capital of the resulting/transferee company till the listing of the equity shares of the company on NSE.
- g. The shares allotted by the resulting company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- h. Equity shares issued by the company pursuant to the scheme of amalgamation/ arrangement shall be listed on the NSE, subject to SEBI granting relaxation from applicability under Rule 19(2) (b) of the Securities Contract (Regulation) Rules, 1957.
- i. The company shall comply with all the provisions contained in SEBI circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013.
- j. The company shall also fulfill the Exchange's criteria for listing and shall also comply with Rules, Byelaws, and Regulations of the Exchange and other applicable statutory requirements.
- k. The company shall obtain shareholders' approval by way of special resolution passed through postal ballot/ e-voting. Further, the company shall proceed with the draft scheme only if the vote cast by the public shareholders in favor



of the proposal is more than the number of votes cast by public shareholders against it (if applicable)

- I. The documents filed by the Company with the Exchange are same/ similar/ identical in all respect, which have been filled by the Company with Registrar of Companies/SEBI/Reserve Bank of India, wherever applicable.

7. DETAILS ABOUT THE CROSS HOLDINGS BETWEEN THE COMPANIES

Currently, Intellect Design Arena Limited (“IDAL”) is a 100% subsidiary of Polaris Financial Technology Limited (“PFTL”). There is no cross holding between PFTL and IDAL.

8. Details of Directors of PFTL and IDAL PRE AND POST SCHEME:

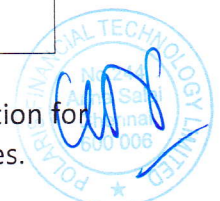
POLARIS FINANCIAL TECHNOLOGY LIMITED:

Pre Demerger		Post Demerger	
S no	Name	S no	Name
1.	Arun Jain	1.	Arun Jain
2.	Abhay Agarwal	2.	Abhay Agarwal
3.	Arvind Kumar	3.	Arvind Kumar
4.	R.C.Bhargava	4.	R.C.Bhargava
5.	Ashok Jhunjunwala	5.	Ashok Jhunjunwala
6.	Raju Venkatraman	6.	Raju Venkatraman
7.	Rajesh Mehta	7.	Rajesh Mehta
8.	V.Balaraman	8.	V.Balaraman

INTELLECT DESIGN ARENA LIMITED :

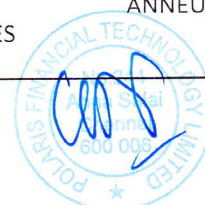
Pre Demerger		Post Demerger *	
S no	Name	S no	Name
1.	Govind Singhal	1.	Govind Singhal
2.	K.Govindarajan	2.	K.Govindarajan
3.	S.Swaminathan	3.	S.Swaminathan

* It is proposed to modify the Composition of the Board prior to filing the application for listing to ensure compliance with the relevant norms applicable to listed companies.



9. The documents listed below are enclosed herewith, as supporting documents to the 24(f) application.

Sr. No.	List of Documents submitted along with 24F Application	Yes/No/Not Applicable	ANNEXURE REF
1	Certified true copy of Scheme proposed to be filed before any Court or Tribunal under sections 391, 394 and 101 of the Companies Act, 1956.	YES	ANNEXURE I
2	Valuation Report from Independent Chartered Accountant, if any (Certified true copy).	NOT APPLICABLE	
3	Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Share Entitlement Ratio Report issued by Independent Chartered Accountant.	YES	ANNEXURE II
4	Share Entitlement Ratio Report from M/s.Price Water House & Co.	YES	Annexure III
5	Fairness opinion by merchant banker M/s.Spark Capital Advisors (India) Private Limited, Chennai.	YES	ANNEXURE IV
6	Shareholding pattern in accordance with Clause 35 of the Listing agreement - for pre and post scheme of arrangement of the Companies.	YES	ANNEXURE V
7	Audited financials of last 3 years	YES	ANNEXURE VI
8	Certificate from Auditors, M/s.S.R.Batliboi & Co., LLP to the effect that the accounting treatment contained in the scheme is in compliance with all the applicable Accounting Standards specified by the Central Government in Section 211 (3C) of the Companies Act, 1956.	YES	ANNEXURE VII
9	Certificate from Practising Chartered Accountants, M/s.Sivasubramanian & Rao for Networth (Networth = Equity Share Capital + Free Reserves - Miscellaneous Expenditure written off, along with the detailed working) of the Company.	YES	ANNEXURE VIII
10	In case of scheme of demerger of a listed company a Certificate from Practising Chartered Accountants, M/s.Sivasubramanian & Rao certifying Percentage turnover and profitability of the division, being hived off vis-à-vis the other divisions of the Company.	YES	ANNEXURE IX
11	Board resolution approving the scheme of arrangement.	YES	ANNEXURE X
12	Confirmation from the Company regarding the following: a) Undertaking in accordance with Clause 24(g) of Listing Agreement i.e. scheme of amalgamation / arrangement to be presented to any Court or Tribunal does not in any way violate, override or circumscribe the provisions of securities laws or the stock exchange requirements. b) Undertaking that the Company is in Compliance with Clause 49 of the Listing Agreement. c) Rationale behind the scheme of arrangement. d) Brief details about the business of the Companies.	YES	ANNEXURE XI
13	Website link of the Company where the draft Scheme and other required documents shall be uploaded (Also submit soft copy of the documents).		
14	Board Resolution approving NSE as Designated Stock Exchange for coordinating with SEBI	YES	ANNEXURE XII





We request you to take the above on record and grant us necessary "No Objection" for the proposed scheme described above to enable us to take necessary steps for filing the Scheme with the Honorable High Court, Madras.

We are enclosing herewith a Cheque bearing No.073953 dt.24/03/2014 drawn on Citibank N.A. in favour of National Stock Exchange of India Limited for Rs.34,291 ** (workings given below) towards fees for filing the application under 24(f) of the Listing Agreement.

Filing Fees	:	Rs.33,500
Add: Service Tax	:	Rs. 4,141

Total	:	Rs.37,641
Less: TDS @ 10%	:	Rs. 3,350

Nett fees	:	Rs.34,291 **

Meanwhile, should you require any clarifications/information, please do not hesitate to get in touch with the following persons :

- | | | | |
|-----|---|----|---|
| (1) | Mr.S.Swaminathan
Chief Financial Officer
Polaris Financial Technology Limited
244 Anna Salai
Chennai-600 006
Email : s.swaminathan@polarisft.com
Mobile : 9884615008 | 2) | Mr.V.V.Naresh
Vice President & Company Secretary
Polaris Financial Technology Limited
244 Anna Salai
Chennai-600 006
Email : naresh.vv@polarisft.com
Mobile : 8939748427 |
|-----|---|----|---|

Thanking you,

Yours faithfully,
For Polaris Financial Technology Limited


V.V.Naresh
Vice President and Company Secretary

Encl : as above.



Annexure I

Scheme of Arrangement

SCHEME OF ARRANGEMENT CUM DEMERGER

BETWEEN

**POLARIS FINANCIAL TECHNOLOGY LIMITED
(DEMERGED COMPANY)**

AND

**INTELLECT DESIGN ARENA LIMITED
(RESULTING COMPANY)**

AND

THEIR RESPECTIVE SHAREHOLDERS

Under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956

PREAMBLE

This Scheme of Arrangement cum Demerger ("the Scheme") is presented pursuant to the provisions of Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956, between Polaris Financial Technology Limited ("**Demerged Company/Polaris**") and Intellect Design Arena Limited ("**Resulting Company/Intellect**") for vesting of the Products Business Undertaking of Polaris into Intellect.

Polaris Financial Technology Limited was incorporated on 5th January 1993 under the Companies Act, 1956 in the State of Tamil Nadu. The Corporate Identity Number of Polaris Financial Technology Limited is L65993TN1993PLC024142. The Registered Office of Polaris Financial Technology Limited is situated at Polaris House, 244, Anna Salai, Chennai – 600006, India

Intellect Design Arena Limited was incorporated on 18th April 2011 under the Companies Act, 1956 in the State of Tamil Nadu under the name "Fin Tech Grid Limited". Subsequently the name of the Company was changed to its current name as "Intellect Design Arena Limited" on 3rd February 2014. The Corporate Identity Number of Intellect Design Arena Limited is U72900TN2011PLC080183. Intellect Design Arena Limited has been incorporated inter-alia to engage in the business of developing and selling of software products. The Registered Office of



Intellect Design Arena Limited is situated at 244, Anna Salai, Chennai 600006, Tamil Nadu, India.

Background

Founded in 1993, the Demerged Company (BSE: 532254 | NSE: POLARIS) is a global leader in Financial Technology (FT) for Banking, Insurance and other Financial Services. The said Demerged Company offers technology solutions through its two specialized divisions - FT Services and FT Products.

The techno-functional capabilities of the Demerged Company from solutioning through delivery, is apparent in its full spectrum of offerings across Testing, Infrastructure Management, Business Efficiency, Business Transformation, Data and Analytics, Mobility and Channels, and Risk and Compliance. Today, the Demerged Company's high performance Financial Technology solutions run in over 250 financial institutions around the world.

During 2002, the Demerged Company acquired intellectual property through its acquisition of Orbitech Ltd; and decided to move into Software products business. Over the last 12 years, the Demerged Company has built this business to generate over Rs 500 Crores by selling products to global banks, insurance companies and financial institutions. The products are now very well accepted by large global banks like Citibank, Bank of Montreal, Lloyds Bank and are being sold in over 25 countries across the globe including Japan, Singapore, Australia, Vietnam, Thailand, Philippines, India, Sri Lanka, Bangladesh, UAE, Qatar, Saudi Arabia, Egypt, Kuwait, South Africa, United Kingdom, Sweden, Spain, Germany, Switzerland, Canada, USA, Chile, etc.

RATIONALE FOR THE SCHEME

At the time of this Scheme, the software products business of Polaris has reached critical size in terms of revenue and customer base. More than 150 Banks in the world are using the software products. Last year alone, Intellect has been acclaimed by more than 20 Global analysts report in leadership category.

After intensive internal deliberations amongst the Board members of Polaris; and upon engaging external consultants, it was decided that this is a right time to hive it off the products business as a business separate from the services business.



Product business is based on intellectual properties in technology space. This business has higher gross margins compared to the services business because of License revenues and higher billing rates. On other hand, like any Silicon Valley companies, it has inherent risks. It requires continuous R&D investments to keep pace with the technologies. Further, the products business also require higher investments in creating a global brand and substantial higher marketing and sales investments to cash in on the opportunities the market offers.

The Services business which has reached over Rs 2000 crores business has very rich client base and trusted customer relationships. This business works on the principle of outsourcing technology services to India; and provides Application Development and Maintenance services, Infrastructure Management Services, High Performance Testing Services, Data Management Services, Portal, Channel and CRM solutions to the customers in retail banking, Capital markets, Insurance and Corporate banking customers. This business runs on operational efficiency and driven by helping clients to meet their agenda. The talent required for building and growing this business, as well as the talent management processes, is substantially different from the Products business.

It was, therefore, decided that the Products business should be demerged into an independent company whose shares would also be listed. Upon such demerger, the Demerged Company as well the Resulting Company would have its own management teams, Boards, who can chart out their own independent strategies to maximize value creation for their respective stakeholders.

The demerger will permit increased focus by the Demerged Company and the Resulting Company on their respective businesses in order to better meet their respective customers' needs and priorities eliminating thereby any perceived conflict of interest among customers, develop their own network of alliances and talent models that are critical to their own success.

Taking the above background into consideration, the Board recommended a Scheme of Arrangement cum Demerger comprising the following:

1. The business of the Demerged Company should be demerged into two businesses consequent to which the Demerged Company would continue to run Services businesses, while the Products business will be demerged into the Resulting Company Intellect Design Arena Ltd as a going concern with effect from the Appointed Date (as defined below).



2. The proposed Scheme will involve the issuance to every shareholder of the Demerged Company as of the First Record Date, one new share in the Resulting Company Intellect Design Arena Limited for every one share held in the Demerged Company.

3. As stated in the nature of the two businesses, Intellect is inherently a very high risk business (similar to the risks associated with molecule development business in the pharmaceutical industry), have a different investor profile compared to services business. Though Indian Software outsourcing industry has taken leadership globally, software product companies are still young. Against this background, independent Directors of the Board highlighted the need for providing choice to the shareholders of the Resulting Company to evaluate whether they have the right appetite for the risks associated with the business. Thus, the Scheme provides an option to the shareholders of the Resulting company upon listing of the shares of the Resulting Company pursuant to this Scheme to exit as a shareholder by opting to receive a non-convertible debenture providing a firm return to such shareholders for the duration of the said instrument, the terms of which are detailed herein below, as part of the Scheme. The Scheme provides for an option to the shareholders of the Resulting Company to elect to receive fully secured non convertible debentures in lieu of the equity shares held by them, in the manner set out herein below, as part of the Scheme.



PARTS OF THE SCHEME

The Scheme is divided into following parts:

- (1) PART A deals with Definitions and Share Capital.
- (2) PART B deals with Demerger, and vesting of the Products Business Undertaking of Polaris Financial Technology Limited into Intellect Design Arena Limited.
- (3) PART C pertains to the Reduction of equity share capital of Intellect Design Arena Limited consequent to the demerger of the Product Business Undertaking into Intellect Design Arena Limited pursuant to the provisions of this Scheme;
- (4) PART D pertains to the Listing and Trading of Equity Shares of Intellect Design Arena Limited.
- (5) PART E pertains to the Re-organization of equity share capital of Intellect Design Arena Limited consequent to the demerger of the Product Business Undertaking into Intellect Design Arena Limited pursuant to the provisions of this Scheme.
- (6) PART F deals with General Terms and conditions that will be applicable to the Scheme.



PART A
DEFINITIONS & SHARE CAPITAL

1. DEFINITIONS:

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- 1.1. “**Act**” or “**the Act**” means the Companies Act, 1956, and rules made there under and the Companies Act, 2013 (as notified from time to time) and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 1.2. “**Affiliates**” means in respect of a person, another person that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with that person
- 1.3. “**Appointed Date**” means the date from which this Scheme shall become operative viz., the commencement of business on 1st April 2014 or if the Board of Directors of the Demerged Company and the Resulting Company require any other date prior or subsequent to 1st April 2014 and/or the Court modifies the Appointed Date to such other date, then the same shall be the Appointed Date.
- 1.4. “**Board of Directors**” or “**Board**” shall mean the Board of Directors or any committee thereof of the Demerged Company and Resulting Company, as the case may be;
- 1.5. “**Book Value(s)**” means the value(s) of the assets and liabilities of the Product Business Undertaking as appearing in the books of accounts of the Demerged Company at the close of the business as on the day immediately preceding the Appointed Date and excluding any value arising out of revaluation of any assets.
- 1.6. “**Court**” or “**High Court**” means the Hon’ble High Court of Judicature at Madras and shall include the National Company Law Tribunal, as and when applicable;



1.7. **“Product Business Undertaking”** or **“the Undertaking”** means the entire Products Business of the Demerged Company on a going concern basis, and shall mean and include, without limitation, the following:

- a) all assets and property of the Products business, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature, fixed assets, current assets, inventories, receivables, equipment and installations and utilities, cash balances, bank balances with inland and overseas banks, balances with all regulatory authorities, earnest moneys/security deposits, deposits with agents, customers and third parties, investments in the share capital of the subsidiaries, advances, consents, registrations, permits, authorities, allotments, approvals, contracts, engagements, arrangements, title, interest, benefits, telephones, telexes, facsimile, internet connections, leased lines, electrical connections, certificates from international bodies, contracts, rights and benefits under insurance policies, claims, advantages of whatsoever nature and where-so-ever situated, intellectual property including trademarks, patents, copyrights, privileges, goodwill, import quotas, import licenses, industrial designs, labels, label designs and all other rights including lease rights, tenancy rights, authorisations, licenses, quota rights, powers and facilities of every kind, nature and description whatsoever appertaining/allocated to the said business by the Demerged Company as on the Appointed Date as per records of the Demerged Company. The immovable property forming part of the Product Business Undertaking is listed in Schedule I. For the avoidance of doubt, the intellectual property rights forming part of the Product Business Undertaking are those listed in Schedule II hereunder. The Investments in the Subsidiaries/Associate Companies forming part of the Demerged Undertaking are listed in Schedule III hereunder;
- b) With respect to the investments in Indian and overseas subsidiaries of the Demerged Company, where such subsidiaries (including the UK and Singapore subsidiaries) are carrying on both the product business and the Remaining Business as of the Appointed Date, the said subsidiaries will



remain with the Demerged Company, until, the business and undertaking of such subsidiaries are restructured after the Appointed Date including by way of actions such as demerger or spin off appertaining to the product business or segregation in any other manner, as per the applicable laws and regulations and the portion of investments appertaining to the product business after demerger or spin off will be transferred to the Resulting Company as if such investment formed part of the Demerged Undertaking and included in Schedule III provided hereunder;

- c) All necessary records, files, papers, engineering and process information, computer programmes, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customer pricing information and other records in connection with or relating to the business.
- d) All liabilities including rupee loans, contingent liabilities, (excluding income tax liabilities, if any,) debts, current liabilities (excluding income tax liabilities, if any, raised on the Demerged Company subsequent to the Effective Date, but relating to the period prior to the Appointed Date) and provisions, duties and obligations, appertaining/allocated to the Resulting Company in connection with or relating to the business on the Appointed Date.
- e) All special economic zone benefits, excise duty exemptions, income-tax benefits and exemptions, approvals and recognitions for scientific research issued by the prescribed authority and including the right to deduction under section 10AA of the Income-tax Act, 1961 (or any statutory modification or re- enactment thereof for the time being in force) in respect of the profits of the Products Business Undertaking for the residual period, ie, for the period remaining as on the Appointed Date out of the total period for which the deduction is available in law if the demerger had not taken place.

1.8. **"Demerged Company"** or **"Polaris"** means Polaris Financial Technology Limited, a Company incorporated under the Companies Act, 1956, on 5th day of



January 1993 and having its registered office at “Polaris House”, 244, Anna Salai, Chennai 600006, Tamil Nadu. India.

- 1.9. **"Effective Date"** means the later of the dates on which the certified copies of the Order(s) of the Court sanctioning this Scheme of Arrangement cum Demerger are filed with the Registrar of Companies, Tamil Nadu, Chennai, by the Demerged Company and the Resulting Company. Any reference in this section of the scheme to “On the Scheme becoming effective” or “Upon the Scheme becoming effective” or “Effectiveness of the Scheme” shall refer to the “Effective Date”.
- 1.10. **“Election Notice”** shall have the meaning ascribed to it in Clause 17.2;
- 1.11. **“Eligible Members”** shall mean the shareholders of the Resulting Company whose names are found in the Register of Members of the Resulting Company and where the shares are held in dematerialized form, the beneficial owners of such shares in the records of the depository as of the Second Record Date, excluding members belonging to the category of Promoter, Promoter Group and Persons acting in concert with the Promoter and Promoter Group;
- 1.12. **“Election Period”** shall have the meaning ascribed to it in Clause 17.6;
- 1.13. **“Existing Stock Option Schemes”** means all the Stock Option Schemes subsisting in the Demerged Company as on the date of the Scheme viz., the Associate Stock Option Plan, 2003; Associate Stock Option Plan, 2004 (OEWT); Associate Stock Option Plan, 2011; Associate Stock Option Plan (Trust), 2011.
- 1.14. **“NCDs”** or **“Non-Convertible Debentures”** shall mean secured non-convertible fully paid debentures of face value of Rs. 42/- each, bearing coupon rate of 7.75% per annum, issued and allotted by the Resulting company in accordance with Clause 17 hereunder in accordance with the terms and conditions stated in Schedule IV of this Scheme;
- 1.15. **“Polaris Group”** shall mean and include the Demerged Company and all its existing or future affiliates;



- 1.16. **“First Record Date”** means, in respect of demerger of the Product Business Undertaking into the Resulting Company, the date to be fixed by the Board of Directors of the Resulting Company in consultation with the Board of Directors of the Demerged Company, for the purposes of issue and allotment of Equity Shares by the Resulting Company to the equity shareholders of the Demerged Company.
- 1.17. **"Resulting Company"** or **“IDAL”** means Intellect Design Arena Limited, a Company incorporated under the Companies Act, 1956 on 18th April, 2011 and having its registered office at 244, Anna Salai, Chennai 600006, Tamil Nadu, India.
- 1.18. **"Remaining Business"** means the undertaking along with businesses, activities and operations presently being managed by the Demerged Company, excluding the Product Business Undertaking being demerged pursuant to the Scheme;
- 1.19. **“Scheme of Arrangement cum Demerger”** or **“this Scheme”** or **“the Scheme”** shall mean this Scheme of Arrangement cum Demerger in its present form and with such modifications and amendments as may be made from time to time with the appropriate approvals and sanctions of the Court and other relevant regulatory/statutory/governmental authorities, as may be required under the Act, and/or any other applicable laws;
- 1.20. **“Second Record Date”** means the date to be fixed by the Board of Directors of the Resulting Company for the purposes of issue of Election Notice by the Resulting Company to the Eligible Members.
- 1.21. **“Verification Period”** shall have the meaning ascribed to it under Clause 17.9;

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.



2. DATE OF TAKING EFFECT

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Court, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1. Demerged Company

The Authorised, issued, subscribed and paid-up share capital of the Demerged Company as on 31st December, 2013 is as under:

PARTICULARS	AMOUNT IN RS.
Authorised Share Capital	
12,00,00,000 Equity Shares of Rs 5 each	60,00,00,000
1,00,00,000 11% Preference shares of Rs. 5 each	5,00,00,000
Total	65,00,00,000
Issued, subscribed and paid-up Share Capital	
9,95,46,174 Equity Shares of Rs. 5 each	49,77,30,870
Total	49,77,30,870

3.2. Resulting Company

The Authorised, issued, subscribed and paid-up share capital of the Resulting Company as on 31st December, 2013 is as under:

PARTICULARS	AMOUNT IN RS.
Authorised Share Capital	
50,000 Equity Shares of Rs.10 each	5,00,000
Total	5,00,000
Issued, subscribed and paid-up Share Capital	
50,000 Equity Shares of Rs. 10 each	5,00,000
Total	5,00,000

The Resulting Company vide an Ordinary resolution passed in the Extra Ordinary General Meeting held on 6th January, 2014 has sub-divided its Share capital and therefore the present share capital of the Company is as under:



PARTICULARS	AMOUNT IN RS.
Authorised Share Capital	
1,00,000 Equity Shares of Rs.5 each	5,00,000
Total	5,00,000
Issued, subscribed and paid-up Share Capital	
1,00,000 Equity Shares of Rs. 5 each	5,00,000
Total	5,00,000



PART - B

DEMERGER, VESTING OF PRODUCTS BUSINESS UNDERTAKING OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY

4. VESTING OF PRODUCT BUSINESS UNDERTAKING:

- 4.1. With effect from the Appointed Date and upon the Scheme becoming effective, the Product Business Undertaking of the Demerged Company shall, under the provisions of Section 391 to 394 of the companies Act, 1956 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand vested in, and/or be deemed to be vested in, the Resulting Company as a going concern so as to become, as and from the Appointed Date, the assets and liabilities of the Resulting Company and there shall be vested in the Resulting Company, all the rights, titles, interests or obligations of the said Product Business Undertaking therein and shall be free from all encumbrances.
- 4.2. With effect from the Appointed Date and upon the Scheme becoming effective, the unutilized Cenvat credit, unutilized VAT credit, deposits with statutory authorities, margin money, retention money and other deposits and balances pertaining to the Product Business Undertaking shall, under the provisions of Section 391 to Section 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand vested in, and/or be deemed to be vested in, the Resulting Company.
- 4.3. (a) All the movable assets including cash in hand, if any, of the Product Business Undertaking capable of passing by manual delivery, shall be so delivered or endorsed as the case may be, to the Resulting Company;
- (b) In respect of movables of the Product Business Undertaking other than those specified in sub-clause (a) above, including sundry debtors, outstanding loans, and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies and customers and other persons pertaining to the Product Business Undertaking, the following modus operandi for intimating to third parties shall to the extent possible be followed:



- (i) Demerged Company may give notice in such form as it may deem fit and proper, to each person, party, debtor, loanee or depositor as the case may be, belonging to or related to the Product Business Undertaking, that pursuant to the Court having sanctioned the Scheme, the said debt, loan, advances, bank balances or deposits be paid or made good or held on account of the Resulting Company as the person entitled thereto to the end and intent that the right of the Demerged Company to recover or realize the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;
- (ii) The Resulting Company may also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositor, as the case may be, belonging to or related to the Product Business Undertaking, that pursuant to the Court having sanctioned the Scheme, the said debt, loan or deposit be paid or made good or held on account of the Resulting Company and that the right of the Demerged Company to recover or realize the same stands extinguished.

(c) In relation to other assets belonging to Product Business Undertaking, which require separate documents for vesting in the Resulting Company, or which the Demerged Company and/or the Resulting Company otherwise desire to be vested separately, the Demerged Company and the Resulting Company each will execute such deeds, documents or such other instruments or writings or create evidence, if any, as may be necessary.

(d) In respect of such of the said assets other than those referred to in 4.3(a) to (c) above, the same shall, without any further act, instrument or deed, be vested in, and/or be deemed to be vested in, the Resulting Company.

4.4. With effect from the Appointed Date and upon the Scheme becoming effective, the Product Business Undertaking of the Demerged Company shall be delivered or endorsed and delivered, as the case may be, by the Demerged Company, and shall upon vesting become the assets and liabilities and an integral part of the Resulting Company.



4.5. For the purpose of giving effect to the order passed under Sections 391 to 394 of the Companies Act, 1956 in respect of this Scheme, the Resulting Company shall at any time pursuant to the orders on this Scheme be entitled to get the recording of the change in the title and appurtenant legal right(s) upon the vesting of such Product Business Undertaking in the Resulting Company.

5. TRANSFER OF DEBTS & LIABILITIES

5.1 With effect from the Appointed Date and upon the Scheme becoming effective:

- (a) All debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description attributable to the Product Business Undertaking shall, without any further act or deed, be transferred to, or be deemed to be transferred to the Resulting Company so as to become from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and the Resulting Company undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.
- (b) Where any of the liabilities and obligations attributed to the Product Business Undertaking on the Appointed Date has been discharged by the Demerged Company on behalf of the Product Business Undertaking after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company.
- (c) All liabilities and obligations attributed to the Product Business Undertaking, including its unsecured loans taken over by the Resulting Company may be discharged by the Resulting Company in the manner as the Resulting Company may deem fit.

5.2 All loans raised and used, and liabilities incurred, if any, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the operations of the



Product Business Undertaking shall be transferred and discharged by the Resulting Company.

- 5.3 The vesting of the Product Business Undertaking as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Product Business Undertaking, provided however, any reference in any security documents or arrangements, to which the Demerged Company is a party, wherein the assets of the Product Business Undertaking have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Product Business Undertaking as are vested in the Resulting Company by virtue of this Scheme, to the end and intent that such security, charge, hypothecation and mortgage shall not extend or be deemed to extend, to any of the other assets of the Demerged Company or any of the assets of the Resulting Company, provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Resulting Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages shall not extend or be deemed to extend, to any of the assets of the Product Business Undertaking vested in the Resulting Company, provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Demerged Company in relation to the Product Business Undertaking which shall vest in the Resulting Company by virtue of the vesting of the Product Business Undertaking with the Resulting Company and the Resulting Company shall not be obliged to create any further or additional security therefore after the Scheme has become operative.
- 5.4 All the loans, advances and other facilities sanctioned to the Demerged Company in relation to the Product Business Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to the Resulting Company and the said loans and advances shall be drawn and utilized either partly or fully by the Demerged Company from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by the Resulting Company in relation to the Product



Business Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to the Resulting Company and all the obligations of the Demerged Company in relation to the Product Business Undertaking under any loan agreement shall be construed and shall become the obligation of the Resulting Company without any further act or deed on the part of the Resulting Company.

5.5 Any existing encumbrances over the assets and properties of the Resulting Company or any part thereof which relate to the liabilities and obligations of the Resulting Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Product Business Undertaking vested in the Resulting Company by virtue of this Scheme.

6. CONTINUATION OF LEGAL PROCEEDINGS:

6.1 With effect from the Appointed Date and upon the Scheme becoming effective, all suits, actions and proceedings of whatsoever nature by or against the Product Business Undertaking of the Demerged Company on the Effective Date shall be continued and enforced by or against the Resulting Company. In the event of any difference or difficulty on whether any specific legal or other proceeding relates to the Product Business Undertaking or not, a certificate jointly issued by the Demerged Company and the Resulting Company as to whether such proceeding relates to the Product Business Undertaking or not shall be conclusive evidence of the matters.

6.2 If proceedings are taken against the Demerged Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of the Resulting Company. The cost of such defense shall be borne by the Resulting Company. The Resulting Company undertakes to reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

6.3 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company in respect of matters referred above changed into



its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company.

6.4 The transfer and vesting of the assets, liabilities and obligations of the Demerged Company under Clause 4 and the continuance of legal proceedings by or against the Resulting Company under Clause 6 hereof shall not affect any transactions or any proceedings already completed by the Demerged Company on and after the Appointed Date to the end and intent that, subject to Clause 14, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

7.1 With effect from the Appointed Date and upon the Scheme becoming effective, all contracts (including customer and vendor contracts), deeds, bonds, agreements, arrangements and other instruments of whatsoever nature pertaining to the Product Business Undertaking of the Demerged Company, to which the Demerged Company is a party or to, inter-alia, the commercial benefits of which the Demerged Company may be eligible and which are subsisting or having effect immediately before the Appointed Date, shall be in full force and effect against or in favour of the Resulting Company as the case may be, and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company as a member of the Polaris Group had been a party or beneficiary thereto. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmation or enter into any multipartite agreements, arrangements, confirmations or writings to which the Demerged Company will, if necessary also be a party in order to give formal effect to the provisions of the clause, if so required or becomes necessary.

7.2 With effect from the Appointed Date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, privileges, powers, facilities, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Product Business Undertaking of



the Demerged Company, or to the benefit of which the Product Business Undertaking of Demerged Company may be eligible, or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against the Resulting Company, as the case may be, and may be enforced fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a beneficiary or obligee thereto.

7.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licences, permissions or approvals or consents required to hold, sell, or deal with in any manner, the Product Business Undertaking of the Demerged Company shall stand vested in to the Resulting Company without any further act or deed, and shall be appropriately mutated by the Demerged Company in favour of the Resulting Company. The benefit of all such statutory and regulatory permissions, licences, approvals and consents including statutory licences, approvals, permissions or approvals or consents required to hold, sell, deal with in any manner, and exercise any right as a holder of the Product Business Undertaking of the Demerged Company shall vest in and become available to the Resulting Company pursuant to the Scheme.

7.4 The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or writings to which the Demerged Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.

8. EMPLOYEES OF PRODUCT BUSINESS UNDERTAKING

8.1 Upon the Scheme becoming effective, all the employees in the service of the Product Business Undertaking of the Demerged Company as determined by the Board of Directors of the Demerged Company, immediately before the Effective Date, under this Scheme shall become the employees of the Resulting Company, on the basis that:



- a. their services shall have been continuous and shall not have been interrupted by reason of such demerger;
- b. the terms and conditions of service applicable to the said employees after such demerger shall not in any way be less favourable to them than those applicable to them immediately before the demerger;
- c. in the event of retrenchment of such employees, the Resulting Company shall be liable to pay compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such demerger; and
- d. in so far as the existing provident fund trusts, gratuity fund and pension and/or superannuation fund trusts created by the Demerged Company for its employees (including employees of the Product Business Undertaking) are concerned, the part of the funds referable to the employees who are being transferred shall be continued, for the benefit of the employees who are being transferred to the Resulting Company pursuant to this Scheme in the manner provided hereinafter. In the event that the Resulting Company have their own funds in respect of any of the funds referred to above, the amounts in such funds in respect of contributions pertaining to the employees of the Product Business Undertaking, subject to the necessary contributions pertaining to the employees of the Product Business Undertaking shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Resulting Company. In the event that the Resulting Company does not have its own fund, in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Product Business Undertaking to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the contributions pertaining to the employees of the Product Business Undertaking shall be transferred to the funds created by the Resulting Company.
- e. Any disciplinary action initiated by the Demerged Company against any employee of the Product Business Undertaking shall have full force, effect and



continuity as if it has been initiated by the Resulting Company instead of the Demerged Company.

- f. The Board of Directors of the Demerged Company and the Resulting Company may consider and approve policies for intercompany transfers within the Polaris Group of employees in the respective companies on such terms and conditions considered fit and appropriate, subject to applicable laws.

8.2 Stock Options:

- a. Upon the coming into effect of the Scheme, the Resulting Company shall take necessary steps to formulate stock option schemes by adopting the Existing Stock Option Schemes of the Demerged Company.
- b. With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company (irrespective of whether they continue to be employees of the Demerged Company or become employees of the Resulting Company pursuant to the Scheme) under the Existing Stock Option Schemes; and upon the Scheme becoming effective, the said employees shall be issued one stock option by the Resulting Company under the new scheme(s) for every stock option held in the Demerged Company, whether the same are vested or not on terms and conditions similar to the relevant Existing Stock Option Schemes.
- c. The stock options granted by the Demerged Company under the relevant Existing Stock Option Schemes would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or become employees of the Resulting Company). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the Existing Stock Option Schemes in a manner considered appropriate and in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company, subject to the approval of the Stock Exchanges and the relevant regulatory authorities, if any under applicable law.



- d. The existing exercise price of the stock options of the Demerged Company shall be modified consequent to which the exercise price of the stock options of the Demerged Company shall stand adjusted to 72% of the exercise price; and the balance of the exercise price shall become the exercise price of the stock options issued by the Resulting Company.
- e. While granting stock options, the Resulting Company shall take into account the period during which the employees held stock options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company, for determining the minimum vesting period required for stock options granted by the Resulting Company, subject to applicable laws.
- f. The Demerged Company as well as the Resulting Company shall reimburse each other for cost debited to the Profit & Loss account or any suspense/ subsidy account subsequent to the Appointed Date, in relation to stock options issued to employees of the other company.
- g. Approval granted to the Scheme by the shareholders shall also be deemed to be approval granted to any modifications made to the Existing Stock Option Schemes with respect to the period within which the employees transferred to the Resulting Company would be entitled to exercise their vested options.

9. CONSIDERATION FOR DEMERGER

- 9.1 Upon coming into effect of the Scheme and in consideration for the vesting of the Product Business Undertaking in the Resulting Company in terms of the Scheme, the Resulting Company shall, without any further application, act, instrument or deed, issue and allot equity shares credited as fully paid, to the extent indicated below, to each member of the Demerged Company whose name is recorded in the register of members and records of the depository as members of the Demerged Company on the First Record Date in the following manner:



1 (One) Equity share of the face value of Rs.5/- (Rupees Five only) each in the Resulting Company for every 1 (One) equity share of the face value of Rs.5/- (Rupees Five only) each held in the Demerged Company;

(The ratio referred to above in which the equity shares of the Resulting Company are to be allotted to the shareholders of the Demerged Company by the Resulting Company is hereinafter referred to as the “**Share Entitlement Ratio**”).

- 9.2 The said equity shares to be issued and allotted by the Resulting Company shall be subject to the Memorandum and Articles of Association of the Resulting Company and shall rank pari passu in all respects from the date of allotment in terms of this Scheme, with the existing equity shares of the Resulting Company, with all rights thereto, and shall be entitled to full dividend, if any, which may be declared by the Resulting Company after the Effective Date of the Scheme.
- 9.3 No equity shares shall be issued in respect of fractional entitlements, if any, by the Resulting Company, to the members of the Demerged Company at the time of issue and allotment of the equity Shares. In case any equity shareholder’s holding in the Demerged Company is such that the shareholder becomes entitled, pursuant to Clause 9.1 above, to a fraction of equity share of the Resulting Company, the Resulting Company shall round off the said entitlement to the nearest integer.
- 9.4 The equity shares to be issued by the Resulting Company pursuant to Clause 9.1 above shall be issued in dematerialized form, unless otherwise notified in writing by any shareholder of the Demerged Company on or before such date as may be determined by the Board of Directors of the Resulting Company or a Committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the shareholders of the Demerged Company as of the First Record Date, the equity shares shall be issued to such members in dematerialized form provided that such members shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has notified the Resulting Company as contemplated above that they desire to be issued shares in the physical form or if the details furnished by any member do not permit



electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue equity shares in physical form to such shareholders.

- 9.5 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any Committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the First Record Date or the Effective Date, as the case may be to effectuate such a transfer in the Resulting Company as if such changes in the registered holders were operative on the First Record Date, in order to remove any difficulties arising to the transfer of the share in the Resulting Company and in relation to any new shares, after the Scheme becomes effective. The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new members in the Resulting Company on account of the difficulties if any in the transition period.
- 9.6 Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to mean that the said shareholders have also accorded all relevant consents under Section 81(1A) of the Companies Act, 1956 and the other relevant and applicable provisions of the Act for the issue and allotment of Equity shares by the Resulting Company to a shareholder of the Demerged Company to the extent the same may be considered applicable.
- 9.7 Further, approval of this Scheme by the shareholders of the Resulting Company shall also be deemed to be the approval by the shareholders for enabling investment by foreign institutional investors (FIIs), under the Portfolio Investment Scheme up to 49.9%, of the paid up share capital of the Resulting Company. The Resulting Company shall, upon the coming into effect of the Scheme, intimate the Reserve Bank of India and comply with such other requirements as mandated by the extant foreign exchange regulations relating thereto, including passing of necessary resolutions by the board and/or shareholders in general meeting as may be required under applicable law.



9.8 For the purpose of issue of equity shares to any member of the Demerged Company as of the First Record Date, the Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals including approval of the Reserve Bank of India and other concerned regulatory authorities for the issue and allotment by the Resulting Company of such equity shares.

10. INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE RESULTING COMPANY

10.1 With effect from the Appointed Date and upon the Scheme becoming effective, the authorised share capital of the Resulting Company as detailed in Clause 3.2 of this Scheme shall be increased from the present authorised share capital of Rs. 5,00,000/- divided into 1,00,000 equity shares of Rs. 5/- each to Rs.55,00,00,000/- divided into 11,00,00,000 equity shares of Rs. 5/- each.

10.2 The Capital Clause V of the Memorandum of Association of the Resulting Company shall, with effect from the Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

“Authorised Share Capital of the Company is Rs. 55,00,00,000/- (Rupees Fifty Five Crores only) divided into 11,00,00,000 (Eleven Crores) equity shares of Rs.5/- (Rupees Five only) each with power to increase, reduce and subdivide the Share Capital of the Company and to divide the same into various classes of shares and attach thereto such preferential/deferred, special rights and privileges as may be determined by the company in accordance with the provisions of the Companies Act, 1956 (or any statutory enactments thereof).

10.3 Article 2 of the Articles of Association of the Resulting Company shall, with effect from the Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

“The Authorised Share Capital of the Company is Rs 55, 00,00,000/- (Rupees Fifty Five Crores only) divided into 11,00,00,000 (Eleven Crores) equity shares of Rs.5/- (Rupees Five only) equity shares of Rs.5/- (Rupees Five only) each.



- 10.4 The Resulting Company shall pay the requisite fees for registration of the increase in the authorised capital of the Resulting Company. The Resulting Company shall comply with the applicable provisions of the Act including without limitation, the provisions of Section 97 of the Companies Act, 1956 for the increase in authorised capital. The Resulting Company shall file requisite returns with the Registrar of Companies, Tamil Nadu at Chennai in relation to such increase in authorised capital.
- 10.5 The approval of this Scheme by the shareholders of the Resulting Company under Sections 391 and 394 of the Companies Act, 1956 whether at a meeting or otherwise, shall be deemed to be and have the approval under Sections 16, 31, 94 of the Companies Act, 1956 and other applicable provisions of the Act and any other consents and approvals required in this regard to give effect to the increase in authorized capital as contemplated in Clause 10.1.

11. ACCOUNTING TREATMENT

11.1 Treatment in the books of the Demerged Company

- i. The Demerged Company shall, upon the Scheme becoming effective, record the deletion of the assets and liabilities of the Product Business Undertaking vested in the Resulting Company pursuant to this Scheme at their respective Book Values.
- ii. The difference between the Book Value of the assets and Book Value of the liabilities of the Product Business Undertaking vested in the Resulting Company, shall be adjusted by transferring the entire Share Premium Account and the General Reserve Account. The remaining difference shall be adjusted by transferring the accumulated profit and loss account of the Demerged Company
- iii. Loans and advances and other dues outstanding as of the Appointed Date between the Demerged Company and the Resulting Company relating to the Product Business Undertaking will stand cancelled and there shall be no further obligation / outstanding in that behalf.



- iv. Investments in the form of equity share capital of the Resulting Company as on the Appointed Date will stand cancelled and be adjusted to the General Reserve Account.

11.2 Treatment in the books of the Resulting Company:

- i. The Resulting Company shall, upon the Scheme becoming effective, record the assets and liabilities of the Product Business Undertaking, vested in it pursuant to this Scheme, at their respective Book Values, if any, as appearing in the books of the Demerged Company as at the close of business day immediately preceding the Appointed Date.
- ii. Upon coming into effect of the Scheme , the shareholding of the shareholders (including the Demerged Company) of the Resulting Company pre-demerger shall be cancelled as specified in Clause 15.1 and amount of such share capital, as stands cancelled, be adjusted to the General Reserve Account .
- iii. Surplus arising out of the excess of net Assets Value of the Product Business Undertaking assigned from the Demerged Company and recorded by the Resulting Company in Clause 11.1 (ii) over the amount credited as Share Capital after making the adjustments referred to in Clause 11.1 (iii) above, shall be credited to the Share Premium Account , General Reserve Account and the Profit and Loss Account as the case may be, or deficit, if any, shall be debited to the General Reserve Account of the Resulting Company.
- iv. On NCDs being issued as per Clause 17.3 below to the Eligible Members of the Resulting Company, the excess of the face value of the NCDs over the face value of the equity shares shall be first be adjusted against the Share Premium Account and subsequently the balance, if any, to the General Reserve Account of the Resulting Company.

12. OTHER TERMS & CONDITIONS



- 12.1 Any issue as to whether any asset or liability pertains to the said Product Business Undertaking or not shall be decided by the Board of Directors of the Demerged Company and the Resulting Company either by themselves or through a committee appointed by them in this regard, on the basis of such evidence as they deem relevant (including the books and records of the Demerged Company).
- 12.2 Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/or indirect, payable by or on behalf of the Demerged Company from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with the Revenue Authorities and including the right to carry forward of accumulated losses, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims, accumulated losses and credits pertaining to indirect taxes such as Cenvat credit, VAT credit etc of the Resulting Company.
- 12.3 Upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all existing and future incentives, unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax, excise (including Modvat / Cenvat), customs, VAT, sales tax, service tax etc relating to the Product Business Undertaking to which Demerged Company is entitled to shall be available to and vest in the Resulting Company.
- 12.4 The Demerged Company and the Resulting Company are expressly permitted to make and/ or revise their income tax returns and related TDS certificates and the right to claim refund, advance tax credits, Fringe Tax Credits, etc. on the Scheme becoming effective as on the Appointed Date and their right to make such revisions in the Income Tax Returns and related Tax Deducted at Source Certificates and the right to claim refunds, advance tax credits, withholding tax credits, benefit of credit for minimum alternate tax and carry forward of accumulated losses etc., pursuant to the provisions of this Scheme and the Scheme becoming effective expressly granted.
- 12.5 In accordance with the Cenvat Credit Rules framed under the Central Excise Act, 1944 and the Service Tax Law as applicable and prevalent on the Effective Date, the unutilized credits relating to excise duties paid on inputs/ capital goods/ input services lying in the accounts of the Demerged Company relating to the Product



Business Undertaking shall be permitted to be assigned to the credit of the Resulting Company, as if all such unutilized credits were lying to the account of the Resulting Company. The Resulting Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.

- 12.6 In accordance with the legislations relating to value added tax as are prevalent on the Effective Date in respect of each state, the unutilized credits, benefits, exemptions, if any, relating to VAT paid on inputs, work in process, capital goods lying in the accounts of the Demerged Company relating to the Product Business Undertaking shall be permitted to be assigned to the credit of the Resulting Company, as if all such unutilized credits were lying to the account of the Resulting Company. The Resulting Company shall accordingly be entitled to set off all such unutilized credits against the VAT/ CST payable by it.
- 12.7 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, tax holidays, incentives, concessions and other authorizations in relation to the Product Business Undertaking of the Demerged Company, shall stand assigned by the order of the Court to the Resulting Company, the Resulting Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the Court.
- 12.8 For the purpose of giving effect to the vesting order passed under Section 391 to 394 of the Act in respect of this Scheme, the Resulting Company shall at any time pursuant to the orders on this Scheme be entitled to get the recording of change in the title and appurtenant legal right(s) upon the vesting of the Product Business Undertaking of the Demerged Company in the Resulting Company in accordance with the provisions of section 391 to 394 of the Companies Act, 1956. With effect from the Appointed Date and upon the Scheme becoming effective, the filing of the certified copies of the order of the Court sanctioning this Scheme shall constitute a creation / modification of charge in the name of the Resulting Company in accordance with the relevant provisions of the Act and satisfaction of charge in respect of the Demerged Company in accordance with the relevant provisions of the Act, if there are any existing charges attached to the Product Business Undertaking.



- 12.9 Upon the Scheme becoming Effective and the allotment of shares by the Resulting Company in favour of the shareholders of the Demerged Company in accordance with Clause 9.1 of the Scheme above, the Resulting Company shall be considered a part of the Polaris Group for all intents and purposes.
- 12.10 This Scheme has been drawn up to comply with the conditions to “Demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

13. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

- 13.1 With Effect from the Appointed Date and upto and including the Effective date:
- a. The Demerged Company shall carry on and be deemed to have carried on its business and activities relating to the Product Business Undertaking and shall stand possessed of all its assets and properties referred to above, in trust for the Resulting Company and shall account for the same to the Resulting Company. The Demerged Company shall hold the said assets with utmost prudence until the Effective Date.
 - b. All profits or income arising or accruing in favour of the Demerged Company in relation to the Product Business Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, dividend distribution tax, securities transaction tax, taxes withheld/paid in foreign country, etc.) or losses arising or incurred by the Demerged Company in relation to the Demerged Undertaking shall, for all purpose, be treated as and deemed to be the profits or income, taxes or losses, as the case may be of the Resulting Company.



- c. The Demerged Company shall carry on the activities of the Product Business Undertaking with reasonable diligence and business prudence and shall not, without prior written consent of the Resulting Company, alienate, charge or otherwise deal with or dispose off any of their business undertaking(s) or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Demerged Company prior to the Appointed Date).
- d. The Demerged Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees related to the Product Business Undertaking without the consent of the Board of Directors of the Resulting Company.
- e. The Resulting Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Resulting Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Resulting Company.

14. REMAINING BUSINESS:

- 14.1 The Demerged Company shall be entitled to and continue to carry on its Remaining Business other than the Product Business Undertaking vested in the Resulting Company, pursuant to this Scheme.
- 14.2 With effect from the Appointed Date:
 - a) The Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - b) All profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the



Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be of the Demerged Company; and

- c) All assets and properties acquired by the Demerged Company in relation to the Remaining Business on or after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.



PART C

CANCELLATION OF EXISTING EQUITY SHARE CAPITAL OF THE RESULTING COMPANY CONSEQUENT TO THE DEMERGER OF THE PRODUCT BUSINESS UNDERTAKING INTO THE RESULTING COMPANY

15. REDUCTION OF SHARE CAPITAL HELD BY THE PRE-DEMERGER SHAREHOLDERS IN THE RESULTING COMPANY

- 15.1 Upon coming into effect of the Scheme and post allotment of equity shares by the Resulting Company in terms of the ratio provided in Clause 9.1 above, the shareholding of the shareholders (including the Demerged Company) of the Resulting Company pre-demerger shall be cancelled in accordance with provisions of Sections 100 to 103 of the Companies Act, 1956 and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Companies Act, 1956 for the purpose of confirming the reduction. The cancellation of the pre-demerger share capital shall result in a mirror image of the shareholding pattern in the Resulting Company as it stands for the Demerged Company as of the First Record Date. No consideration shall be payable to such pre-demerger shareholders on account of such cancellation of their equity share capital pursuant to this Clause 15.
- 15.2 The pre-demerger shareholders whose equity shares were cancelled in accordance with Clause 15.1 above shall cease to be members in the Resulting Company in respect of the equity shares cancelled by the Company.
- 15.3 The Resulting Company shall rectify the Register of Members deleting the names as members of the Resulting Company in respect of the equity shares cancelled pursuant to Clauses 15.1 above.
- 15.4 Upon the Effective Date and upon the cancellation of the equity shares held by the pre-demerger shareholders of the Resulting Company as per Clause 15.1 above, the equity share capital of the Resulting Company shall stand reduced to the extent of the nominal value of the shares cancelled by the Resulting Company. The minute of



the resolution relating to the reduction of the equity share capital of the Resulting Company pursuant to this Scheme shall be registered with the Registrar of Companies, Tamil Nadu, Chennai under Section 103 of the Companies Act, 1956 in the following form:

“The issued, subscribed and paid up equity share capital of the Company stands reduced by the sum of Rs.5,00,000/- consisting of 1,00,000 equity shares of Rs. 5/- each consequent upon the reduction of share capital to that extent.”

- 15.5 Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add “And reduced” as a suffix to its name.
- 15.6 The Board of Directors of the Resulting Company are authorised to finalise the minute of the resolution as provided in Clause 15.4 above and register the same with the Registrar of Companies, Tamil Nadu, Chennai under Section 103 of the Companies Act, 1956. Upon registration of the Order sanctioning the Scheme and the minute set out above, by the Registrar of Companies, Tamil Nadu, Chennai pursuant to Section 103 of the Companies Act, 1956, the reduction shall be deemed to take effect from the Effective Date.

PART D

LISTING AND TRADING OF EQUITY SHARES OF THE RESULTING COMPANY

16. Upon the issuance and allotment of equity shares of the Resulting Company in terms of Clause 9.1 above, the Resulting Company will take the necessary steps including filing of applications with such of the recognized stock exchanges as the Board of Directors of the Resulting Company may deem fit, for the purpose of listing and trading of the remaining equity shares of the Resulting Company on the recognized stock exchanges, in accordance with applicable law.



PART E
ELECTION AND EXCHANGE PROCEDURE

17. ELECTION AND EXCHANGE PROCEDURE

17.1 Upon the equity shares of the Resulting Company being listed on the Stock Exchanges, the Resulting Company shall within a period of 15 (Fifteen) business days from the completion of the listing, determine the Second Record Date and the Resulting Company shall notify the Stock Exchange of the same and ascertain the Eligible Members. For the sake of clarity, while determining Eligible Members, those members belonging to the category of Promoters, Promoter Group, Persons acting in Concert with the Promoters and Promoter Group shall be specifically excluded.

17.2 Within 12 (Twelve) business days from the Second Record Date, or such other date as may be required by the Stock Exchanges, the Resulting Company shall dispatch a notice (the “**Election Notice**”) to each Eligible Member, providing such Eligible Member the option to elect to receive Non Convertible Debentures in the Resulting Company in the ratio set out in Clause 17.3 below within a period of 30 (thirty) business days of receipt from the Company of such Election Notice, in lieu of equity shares of the Resulting Company held by such Eligible Members

17.3 In the event an Eligible Member were to elect to receive NCDs, as consideration for the cancellation of the equity shares issued and allotted by the Resulting Company pursuant to Clause 9.1 above, the same shall be issued in the following ratio:

One Non-Convertible Debenture of Rs. 42/- each in the Resulting Company for 1 (one) equity share of Rs. 5 each/- being issued and allotted in the Resulting Company pursuant to Clause 9.1 above

17.4 The NCDs to be issued by the Resulting Company pursuant to Clause 17.3 above shall be issued in dematerialized form to those equity shareholders of the Resulting Company who have held their equity shares in dematerialized form, unless otherwise notified in writing by any shareholder of the Resulting Company on or before such date as may be determined by the Board of Directors of the Resulting



Company or a Committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the shareholders of the Resulting Company as of the Second Record Date, the NCDs shall be issued to such members in dematerialized form provided that such members shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has notified the Resulting Company as contemplated above that they desire to be issued NCDs in the physical form or if the details furnished by any member do not permit electronic credit of the NCDs of the Resulting Company, then the Resulting Company shall issue NCDs in physical form to such shareholders.

- 17.5 The maximum extent of the consideration payable in the form of NCDs pursuant to Clause 17.3 above shall be limited to an amount so as to ensure compliance with the applicable laws including the requirement to maintain the minimum level of public shareholding under the listing agreement proposed to be entered into with the Stock Exchanges with whom its shares are to be listed. To the extent that the election by the Eligible Members would result in the issuance of NCDs in excess of a value that would result in a fall in the minimum level of public shareholding required to be maintained as stated above, the entitlement to the Eligible Members to receive NCDs will be considered on a pro-rata basis so as to ensure that the minimum level of public shareholding as required under the listing agreement is maintained.
- 17.6 Each Eligible Member shall be required to submit the duly completed Election Notice, in the event they elect to receive the NCDs in terms of Clause 17.2 above, to the Demerged Company on or prior to the expiry of 30 (thirty) business days from the dispatch of the Election Notice, or such other date as may be required by the Stock Exchanges (the “**Election Period**”).
- 17.7 If any Eligible Member has not submitted the duly completed Election Notice to the Resulting Company prior to the expiry of the Election Period or has not provided requisite details as may be required for the purpose of exercise of such option or where such Election Notice has not been received by Resulting Company or its registrars or the ownership of the equity shares in the Resulting Company is in



dispute, then the default option shall be to retain the equity shares issued and allotted in the Resulting company (as consideration pursuant to Clause 9.1) and such Eligible Member shall be deemed to have elected to avail of such default option.

17.8 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any Committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Second Record Date or the Effective Date, as the case may be to effectuate such a transfer in the Resulting Company as if such changes in the registered holders were operative on the Second Record Date, in order to remove any difficulties arising to the transfer of the share in the Resulting Company and in relation to any new shares, after the Scheme becomes effective. The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new members in the Resulting Company on account of the difficulties if any in the transition period.

17.9 The Resulting Company shall complete verification of the Election Notice received from the Eligible Members within a period of 7 (Seven) business days from the end of the Election Period (“**Verification Period**”).

17.10 Upon the completion of the verification notice and determination of the number of NCDs issuable to each Eligible Member who has elected to receive the NCDs in accordance with this Clause 17, the Resulting Company shall cancel the equity shares issued and allotted to the Eligible Members electing to receive Non-Convertible Debentures , and in lieu thereof, issue and allot Non-Convertible Debentures in consideration of the cancellation of the equity shares in the ratio as stated in Clause 17.3 above to such Eligible Members within the time period stipulated in Clause 17.2 above.

18. REORGANIZATION OF EQUITY SHARE CAPITAL OF THE RESULTING COMPANY

18.1 The Eligible Members who elected to receive Non-Convertible Debentures in consideration for cancellation of their equity shares in the Resulting Company as



contemplated in Clause 17.3 above, shall cease to be members in the Resulting Company in respect of the equity shares allotted and cancelled by the Company on and from the date when the Non convertible Debentures are issued to such Eligible Members as consideration.

- 18.2 The Resulting Company shall rectify the Register of Members deleting the names as members of the Resulting Company in respect of the equity shares cancelled pursuant to Clause 17.
- 18.3 Upon the Effective date and upon the Eligible Members receiving Non-Convertible Debentures in consideration for the cancellation of the equity shares in the Resulting company as contemplated in Clause 17 above, and upon the consequent cancellation of shares of the existing shareholders of the Resulting Company, the equity share capital of the Resulting Company shall stand reduced to the extent of the nominal value of the shares allotted and cancelled by the Resulting Company. The minute of the resolution relating to the reduction of the equity share capital of the Resulting Company pursuant to this Scheme shall be registered with the Registrar of Companies, Tamil Nadu, Chennai under Section 103 of the Companies Act, 1956 in the following form:

“The issued, subscribed and paid up equity share capital of the Company stands reduced by the sum of Rs. _____/- consisting of _____ equity shares of Rs. 5/- each consequent upon the reduction of share capital to that extent.”

- 18.4 Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add “And reduced” as a suffix to its name.
- 18.5 The Board of Directors of the Resulting Company are authorised to finalise the minute of the resolution as provided in Clause 18.3 above and register the same with the Registrar of Companies, Tamil Nadu, Chennai under Section 103 of the Companies Act, 1956. The reduction shall be deemed to take effect from the date of registration of the order sanctioning the Scheme and the minute of the resolution as



provided in clause 18.3 above by the Registrar of Companies, Tamil Nadu, Chennai, pursuant to Section 103 of the Companies Act, 1956.



PART - F

GENERAL TERMS AND CONDITIONS THAT WILL BE APPLICABLE TO THE SCHEME

19. APPLICATION TO COURT

- 19.1 The Demerged Company and the Resulting Company shall obtain the requisite consents, approvals or permission of any authority as may be required or which by law may be necessary.
- 19.2 The Demerged Company and the Resulting Company shall, with reasonable dispatch, make respective applications to the Court under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions, if any of the Act, seeking necessary orders or directions for dispensing with or convening, holding and or conducting meeting of the classes of their respective shareholders of the Demerged Company and the Resulting Company for sanctioning this Scheme of arrangement with such modifications, as may be approved by the Court.
- 19.3 Upon this Scheme being approved by the requisite majority of the equity shareholders of the Demerged Company and the Resulting Company, the Companies shall, with all reasonable dispatch, file respective petitions before the High Court for sanction of the Scheme under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act, and for such other Order or Orders, as the Courts may deem fit for carrying the Scheme into effect. Upon this Scheme being approved by the requisite majority of the Shareholders of the Demerged Company and Resulting Company respectively, the Shareholders of these Companies shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in the Scheme.

20. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 20.1 The Demerged Company and the Resulting Company through their respective Board of Directors including any Committee of Directors or other persons, duly authorised by the respective Boards in this regard, may make, or assent to, any alteration or



modification to this Scheme or to any conditions or limitations, which the Court or any other Competent Authority may deem fit to direct, approve or impose and may give such directions as they may consider necessary, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this scheme into effect.

- 20.2 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Demerged Company and Resulting Company, affect the validity of implementation of the other parts and/or provisions of the Scheme. If any Part or provision of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part or provision.
- 20.3 For the purpose of giving effect to the Scheme after it is sanctioned by the Court, the Directors of the Demerged Company and the Resulting Company are authorized to identify/allocate/apportion the assets and liabilities covered under the Scheme.

21. CONDITIONALITY OF THE SCHEME

- 21.1 This Scheme is conditional upon and subject to –
- a) The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned, including the Securities and Exchange Board of India and Trade Mark Registry, as may be applicable, being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.



- b) The Scheme being agreed to by the respective requisite majorities of the members of the Demerged Company and the Resulting Company, if meetings of Equity Shareholders of the said companies are convened by the Court, and the sanction of the Court being accorded to the Scheme.
- c) The sanction by the Court under Sections 391 and 394 of the Companies Act, 1956 and other applicable provisions of the Act being obtained by the Demerged Company and the Resulting Company.
- d) The filing with the Registrar of Companies, Tamil Nadu at Chennai, of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Companies.

22. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

23. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges, levies, fees, duties and expenses of the Demerged Company and the Resulting Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme whether such costs are incurred prior to or after the Effective Date, shall be borne and paid by the Demerged Company.



24. CHANGE OF NAME OF THE DEMERGED COMPANY

Upon the Scheme becoming effective, without any further act or deed, the Demerged Company shall be renamed as “Polaris Consulting and Services Limited”. The approval and consent of the Scheme by the Shareholders of the Demerged Company shall be deemed to be the approval of shareholders by way of special resolution for change of name as contemplated herein under Section 21 of the Companies Act, 1956. The sanction of this Scheme by the High Court shall be deemed to be compliance of Sections 21, 23 of the Companies Act, 1956 and other applicable provisions of the Act.



SCHEDULE I

Immovable Properties owned by the Demerged Company to be transferred to Resulting Company being part of the Product Business Undertaking

NAME	DESCRIPTION OF THE PROPERTY	OFFICE SPACE
Nxt Level	Plot No (OLD No. G-3) NEW No-G-3, SIPCOT Information Technology park, SERUSERI, Survey NO. 111/1 PART, 130/ 1 PART, Egattur village AND 168/1 PART OF Navloor Village, SIRUSERI, Egattur Taluk, Kancheepuram	2,10,000 Sq. Ft.(SIPCOT 99 Years Lease land)
Anand Theatre	SEETHAKATHI BUSINESS CENTRE Door No. 684, 685,686,687,688,689,690 Anna Salai, Nungambakkam Village Division Block No-6, Egmore, Nungambakkam Taluk, Chennai District, 11th floor of the rear side of the building.	12,632 Sq.Ft (Owned)
Nalanda Training Centre	Karapakkam Village, Chinglepet Taluk, Kancheepuram District	10.58 Acres Land. (Owned)
Silver Metropolis	Land and IT Park, Commerical building in eighth, ninth & tenth Floor, named as Silver Metropolis, comprising Survey No:85, lying & being Goregaon abutting Western Express Highway, within the limits of Municipal Corporation of Greater Mumbai.	63,999 Sq. Ft (Owned)
Staff Quarters	Land & Multistoreyed residential apartments building - Whispering Palms, Wing A, Building No:4, Situated lying & being at Akurli Kandivli (East), Mumbai - 400101,	68,365 Sq. Ft (Owned)
The Capital - Adjacent land	Land and IT Park Commercial building - Serial No:203/part situated at Manikonda Jagir village, Manikonda Gram Panchayat, Rajendra Nagar, Mandal, Rangareddy District, Andhra Pradesh,	1.5 acres Land.(Owned)
Intellect Towers	Land and IT Park - Commercial building, comprised in Plot No:249, Phase IV, Situated at Udyog Vihar, Gurgaon	36,795.73 Sq. Ft (owned)



SCHEDULE II

Intellectual Properties owned by the Demerged Company which is going to be transferred to the Resulting Company as part of the Product Business Undertaking

SL. NO.	TITLE OF PATENT
1	ZOLOG
2	WALLET BANKING
3	CBX
4	Intellect Armor
5	Liquidity Management - Configurable Principal Formula definition
6	Liquidity Management - Capability to simulate liquidity structures for analysing benefits of different liquidity models
7	Liquidity Management – Ability to simulate multiple Liquidity models and generate recommendations for LM model based on goals selected by users
8	Liquidity Management – Sweeping and Pooling - Omnibus
9	A Retail Business Machine
10	Wallet Banking System
11	Zolog Human Interface
12	Liquidity Analytics
13	Liquidity Modelling
14	Sweeping and Pooling - Omnibus
15	Configurable Principal/Interest Formula
16	FT-BOT Design - Robin
17	FT-BOT Utility – Touring
18	FT-BOT Utility – Video Conferencing
19	FT-BOT Utility – Core Banking
20	FT-BOT Utility - Insurance
21	FT OS
22	FT App Store & FT Tunes
23	3rd Party App Interop
24	FT App Store Multi Level Distribution
25	Decomposition of Finite Func
26	Context Based Action
27	Design your canvas
28	CORA - Configure Once Run Anywhere
29	App Studio
30	Analytics to action (Decision Support System)
31	IADT (Information Analytics Decision and Transaction)
32	Third Party Integration with CAML
33	Advanced Custom Filtering-Reporting
34	Cash on Arrival ATMs
35	Seamless Billing Experience
36	RTFC
37	CFF – Risk
38	Sweeping Algorithms
39	Notional Pooling Algorithms
40	Multi-Card Emulation on Single Plastic



41	XAP - eXtreme Analytics Processing
42	FABX
43	IGTB
44	Intellect HUB
45	Intellect Canvas
46	Octopus

TRADEMARKS	
Sl. No.	DESCRIPTION OF MARK
1	Retail Excel
2	INTELLECT SUITE- <i>Enterprise Platform for Boundryless Banking</i>
3	Intellect Suite- Enterprise Platform for Boundaryless Banking-keep growing
4	intellect FRONT OFFICE Branch Banking is back
5	INSUREWARE
6	ORBI-BROKERAGE(word)
7	ORBITECH
8	ORBITECH (Logo)
9	ORBI - LENDING
10	ORBI - TRADE
11	ORBI - INVESTMENTS
12	ORBI - INTEGRATOR
13	ORBI - TREASURY
14	ORBI - CASH
15	ORBI - CARDS
16	ORBI - CORE
17	ORBI - INVEST
18	ORBI - ONE
19	ORBI
20	retail excel - power of simplicity
S. NO	DESCRIPTION OF MARK
1	Zolog
2	Zolog (Logo)
S. NO	NAME
1	CBX
2	Intellect
3	M180
4	FTGRID
5	IGTB
6	Intellect FABX
7	Intellect HUB
8	Intellect Canvas
9	Octopus



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Sl. No.	Description of Work
1	GUB M180 (L0, L1)
2	Global Insurance Level Zero(11331/2011-COL.)
3	IGTB
4	Intellect FABX
5	Intellect HUB
6	Intellect Canvas
7	Octopus



SCHEDULE III

Investments in Subsidiaries / Associate Companies which are going to be transferred to the Resulting Company as part of the Product Business Undertaking

WHOLLY OWNED FOREIGN SUBSIDIARIES		
Sl. No.	Name of the Subsidiary	Country
1.1	Polaris Software Lab S A	Switzerland
1.2	Polaris Software Lab FZ LLC	Dubai
1.3	Polaris Software Lab Vietnam Co. Ltd.	Vietnam

WHOLLY OWNED INDIAN SUBSIDIARIES		
S No	Name of the Subsidiary	Country
2.1	Laser Soft Infosystems Ltd.	India
2.2	Polaris Enterprise Solution Ltd.	India
2.3	Indigo Tx Software Pvt. Ltd.	India
2.4	SFL Properties Pvt. Ltd.	India

JOINT VENTURES- 51 % HOLDING		
S No	Name of the Subsidiary	Country
3.1	Sonali Polaris FT Ltd.	Bangladesh

EQUITY INVESTMENTS IN PRODUCT COMPANIES		
S No	Name of the Company	Country
4.1	NMS Works Software Private Limited	India
4.2	Adrenalin eSystems Limited	India

OVERSEAS SUBSIDIARIES TO BE DEMERGED		
S No	Name of the Subs	Country
5.1	Polaris Software Lab PTE Ltd. (60:40 Ratio for Services : Products)	Singapore
5.2	Polaris Software Lab Limited (60:40 Ratio for Services : Products)	UK



SCHEDULE IV

Terms And Conditions For The Issuance And Allotment Of 7.75% Non-Convertible Debentures By The Resulting Company

Issuer	Intellect Design Arena Limited
Instrument	Secured, non-convertible fully paid up Debentures
Coupon Rate	7.75% per annum payable on redemption
Tenure/Maturity	90 (Ninety) days from the date of allotment
Face Value	Rs.42/- (Rs. Rupees Forty Two Only) per Debenture
Market Lot	1 (One) Debenture or as may be required by the Stock Exchanges
Quantum	<p>The maximum extent of the NCDs shall be limited to an amount that will ensure compliance with the regulatory approvals obtained including the requirement to maintain the minimum level of public shareholding under the listing agreement proposed to be entered into with the Stock Exchanges with whom its shares are to be listed.</p> <p>To the extent that the election by the Eligible Members would result in the issuance of NCDs in excess of a value that would result in a fall in the minimum level of public shareholding required to be maintained as stated above, the entitlement to the Eligible Members to receive NCDs will be considered on a pro-rata basis so as to ensure that the minimum level of public shareholding as required under the listing agreement is maintained.</p>
Redemption	Redeemable at par in full at the end of 90 (Ninety) days the from date of allotment
Physical/Demat	The NCD's will be issued in Demat mode only
Security	Identified Immoveable property of the Resulting Company
Valuation	<p>NCD Valuation is based on relative valuation of the businesses of the Services and Products Business, taking into account business health of the respective businesses considering net assets employed by each business, revenues generated by each business and EBITDA margins of each business.</p> <p>The indicative figure for relative valuation is as per extant guidelines viz., using the higher of the past six month's average or past two week average share prices.</p>
Listing	Upon the issuance and allotment of NCDs of the Resulting Company in terms of Clause 17.3 above, the Resulting Company will take necessary steps including filing of applications with such of the recognized stock exchanges as the Board of Directors of the Resulting Company may deem



	fit, for the purpose of listing and trading of the NCDs of the Resulting Company on the said recognized stock exchanges, in accordance with applicable law
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Annexure II

Audit Committee Report

The Securities and Exchange Board of India vide its Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 ("Circular") has amongst other requirements, sought a report from the Audit Committee of the Listed Companies recommending the Draft Scheme of Arrangement ("Demerger") after taking into consideration, inter alia, the Share Entitlement Ratio Report.

The Audit Committee of Polaris Financial Technology Limited at its meeting held on March 18, 2014 examined the draft Scheme of Arrangement ("Scheme"), as recommended by the Special Committee, providing for demerger of Products Business Undertaking of Polaris Financial Technology Limited ("Demerged Company") into Intellect Design Arena Limited ("Resulting Company") with effect from the "Appointed Date" as defined in the Scheme viz. 1st April 2014.

The Audit Committee inter-alia has taken into consideration, a Share Entitlement Ratio Report dated March 17, 2014 issued by M/s.Price Water House & Co, Chartered Accountants recommending the Share Entitlement Ratio for the demerger of Products Business Undertaking of the Demerged Company into Resulting Company and the Fairness Opinion dated March 18, 2014 issued by M/s Spark Capital Advisors (India) Pvt. Ltd, Chennai, certifying the Share entitlement ratio.

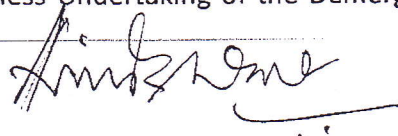
In our opinion, the above Share Entitlement Ratio is fair and reasonable.

The Audit Committee has also taken note of the recommendation of the Special Committee to provide a "special option" to the shareholders of the Resulting Company and the Non-Convertible Debenture Valuation Report dated March 18, 2014 issued by M/s.Sivasubramanian & Rao, Chartered Accountants, Chennai.

The Audit Committee based on the information given below, its observation and the discussion do hereby unanimously recommend the Draft Scheme for favourable consideration by the Board of Directors, Stock Exchange(s) and Securities Exchange Board of India

- Scheme of Arrangement ("Demerger")
- Certificate of M/s.S.R.Batliloi LLP, Statutory Auditors of the Company regarding the accounting treatment as specified in Clause 24(i) of the Listing Agreement.
- Report from M/s.Sivasubramanian & Rao, Independent Chartered Accountant pursuant to SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Para 4.2 of the SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013.
- Share Entitlement Ratio Report dated March 17, 2014 issued by M/s.Price Water House & Co, Chartered Accountants recommending the Share Entitlement Ratio for the demerger of Products Business Undertaking of the Demerged Company into Resulting Company

(X)

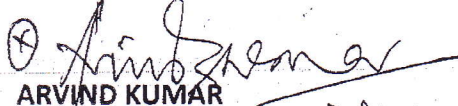


Polaris Financial Technology Limited, Regd. Office: 'Polaris House', 244, Anna Salai, Chennai - 600 006. India. Tel: +91-44-3987 4000, Fax: +91-44-2852 3280
Corporate Headquarters: 'Foundation', 34, IT High way, Chennai - 603 103. India. Tel: +91-44-2743 5001 /+91-44-3987 3000, Fax: +91-44-2743 5166

India: Bangalore, Chennai, Hyderabad, Mangalore, Mumbai, New Delhi, Pune, Thane | Australia: Melbourne, Sydney | Canada: Mississauga, Toronto
Chile: Santiago | China: Guangzhou, Shanghai | France: Paris | Germany: Frankfurt | Hong Kong | Indonesia: Jakarta | Ireland: Wicklow | Japan: Tokyo
Kenya: Nairobi | Malaysia: Kuala Lumpur | Netherlands: Utrecht | New Zealand: Wellington | Philippines: Pasing city | Saudi Arabia: Riyadh | Singapore
South Africa: Mondeo | Spain: Madrid | Switzerland: Neuchate | Thailand: Bangkok | UAE: Dubai | United Kingdom: Belfast, London
USA: Chicago, New Jersey, Pittsburgh, Tampa | Vietnam: Ho Chi Minh City

- Fairness Opinion dated March 18, 2014 issued by M/s Spark Capital Advisors (India) Pvt. Ltd, Chennai, certifying the Share entitlement ratio.
- Non-Convertible Debenture Valuation Report dated March 18, 2014 issued by M/s.Sivasubramanian & Rao, Chartered Accountants, Chennai.

For and on behalf of the Audit Committee of Polaris Financial Technology Limited


ARVIND KUMAR
Chairperson

Date : 18th March 2014
Place : Chennai



Annexure III

Share Entitlement Ratio

Price Waterhouse & Co.

Chartered Accountants

Private and Confidential

17 March 2014

Special Committee of the Board of Directors
Polaris Financial Technology Limited,
Polaris House, 244, Anna Salai,
Chennai – 600006
India

Dear Sirs

Opinion on Share entitlement ratio for the proposed demerger of Product business segment of Polaris Financial Technology Limited

1 CONTEXT AND PURPOSE

- 1.1 We refer to the engagement letter dated 29 November 2013 (and attached terms and conditions) and an addendum (dated 04 March 2014) to our engagement letter, wherein you requested Price Waterhouse & Co. ("PW & Co." / "us") to opine on the reasonableness of the Share Entitlement Ratio proposed by the management ("Management") of Polaris Financial Technology Limited ("Polaris" / "Company"), in connection with the proposed demerger of the Product business segment (also referred to as "Specified segment") of Polaris into Intellect Design Arena Limited (the "resulting company" / "Intellect"), with 01 April 2014 as the Appointed Date.
- 1.2 Share Entitlement Ratio is defined as the number of equity shares of Intellect to which a shareholder of Polaris would be entitled to in proportion to his/hers/its existing shareholding in Polaris.

2 BACKGROUND

- 2.1 Polaris, a public listed company, incorporated in 1993 with its headquarters in Chennai, is an information technology company providing IT services and product solutions, primarily to companies in the BFSI industry, with focus on the Core Banking, Corporate Banking, Wealth & Asset Management and Insurance domains.
- 2.2 We understand from Management that the operations of Polaris are organized into two business segments:
- *Services segment*, which is the larger segment for Polaris, accounting for ~77% of consolidated revenues in FY13; and
 - *Products segment*, which accounted for ~23% of Polaris' consolidated revenues in FY13.

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Chartered Accountants

- 2.3 As per the Management, Polaris had a total headcount of 13,076 as at 31 March 2013. Further, the headcount break-up for Services Segment, Products Segment and Support group was 9,005, 2,827 and 1,244 employees respectively as at 31 March 2013.
- 2.4 We understand that the total number of shares in Polaris, as at 31 December 2013, is ~99.55 million¹. The shareholding of Polaris, as at 31 December 2013¹, is summarised below:
- Promoters -29.1%
 - Foreign institutional investors - 25.9%
 - Domestic institutional investors - 5.3%
 - Non-institutional investors - 39.7%²
- 2.5 As per the draft scheme of arrangement provided to us ("draft scheme")³, Intellect Design Arena Limited was incorporated on 18th April 2011 under the name "Fin Tech Grid Limited". Subsequently the name of the company was changed to its current name as "Intellect Design Arena Limited" on 6th January 2014. As per the audited financial statements of Fin Tech Grid Limited as at 31 March 2013, provided to us by the Management, 99.88% share holding of Intellect is held by Polaris⁴. Further, Management has indicated that the balance 0.12% shareholding is held by members of the Management of Polaris⁵. We have been informed by Management that Intellect does not have any operations as on date.
- 2.6 As per the draft scheme, the Product business segment of Polaris is proposed to be demerged into Intellect, with 01 April 2014 as the Appointed Date.
- 2.7 As per the Management and the draft scheme, the primary objectives for the proposed demerger include:
- Increased focus by Polaris and Intellect on their respective business segments; and
 - Unlocking of value for both the business segments
- 2.8 As per the draft scheme provided to us and discussions with Management, we understand that upon demerger, transfer and vesting of the Products business segment into Intellect, shares in Intellect will be issued to shareholders of Polaris such that Intellect and Polaris will have mirror shareholding upon such issue of shares⁶. Further, as per the draft scheme provided to us, Management intends to also offer shareholders an option to either retain new shares issued in Intellect or receive Non convertible debentures ("NCDs") in Intellect in consideration of the cancellation of equity shares issued. We also understand that besides NCDs, the Management is evaluating other forms of consideration⁷ that may be offered to shareholders, and a decision on the same is yet to be taken.

¹ Source: Bombay Stock Exchange website

² We understand that ~1.54% is held by the employee stock option trust

³ Provided to us via email dated 19 February 2014; we have not been provided with any subsequent draft

⁴ As per Management, Intellect has 100,000 fully-paid up equity shares of face value INR 5 each as on date

⁵ Details of these shareholders not provided to us (request Management to provide this to us)

⁶ As per the draft scheme provided to us, post allotment of shares in Intellect to the shareholders of Polaris, the existing shares in Intellect (including those held by Polaris) shall be cancelled

⁷ Details/ terms of the NCDs or the other forms of consideration being evaluated by Management have not been provided to us



Price Waterhouse & Co.

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3 PROCEDURES

The procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Perusal of the statement of assets and liabilities of Polaris and Intellect⁸ as at 31 March 2013, based on the respective audited financial statements for the year ended 31 March 2013⁹;
- Consideration of Management's inputs and representations relating to the Share Entitlement Ratio;
- Consideration of the existing shareholding pattern of Polaris and Intellect;
- Discussions with the Management; and
- Such other analysis, reviews and inquiries, as we considered necessary.

4 CAVEATS

- 4.1 We have relied upon the information, data and explanations detailed in paragraphs 2 and 3 above, for the purpose of opining on the Share Entitlement Ratio of the equity shares of Intellect to be issued to the shareholders of Polaris in connection with the proposed demerger.
- 4.2 For the purpose of opining on the Share Entitlement Ratio we have made no investigation of, and assume no responsibility for the title to, or liabilities against, the equity of Polaris and Intellect. Our conclusion assumes that the assets and liabilities of Polaris and the Specified Business reflected in their respective latest balance sheets, as provided to us, remain intact as of the report date.
- 4.3 For the purpose of opining on the Share Entitlement Ratio we have used financial and other information provided by the Management, which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the Management. We have, therefore, not carried out any due diligence review, independent audit or other test or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements referred to above or of the information, explanations and representations provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.
- 4.4 Since the Share Entitlement Ratio is essentially based on the information provided, for which Polaris accepts full and sole responsibility, and our review and analysis have been limited to the above mentioned procedures, our analysis is subject to this limitation. Our reliance and use of this information should not be considered as an expression of our

⁸ The audited financial statements for FY13 provided to us by Management are for Fin Tech Grid Limited; as set out earlier, we understand from Management as well as from the draft scheme provided to us that Fin Tech Grid Limited's name was changed to "Intellect Design Arena Limited" on 6th January 2014.

⁹ The latest audited balance sheets of Polaris and Intellect made available to us are as at 31 March 2013 (refer Annexure for balance sheet summaries).



Price Waterhouse & Co.

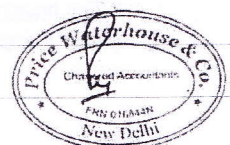
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opinion on it, and we do not and will not accept any responsibility or liability for the impact of any inaccuracies in it.

- 4.5 Our scope of work expressly excluded review, analysis and/or opinion on the pricing/valuation and other terms of the NCDs or any other form of consideration that the Management may decide to offer to the shareholders. Hence, the value and form of any such consideration would be based on Management's own assessment and all parties are advised to carry out their own independent assessment or obtain professional advice before taking relevant decisions on possible options which may be offered.
- 4.6 The exercise for determination of Share Entitlement Ratio is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single ratio. While we have provided our opinion on the ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the ratio in which the equity shares of Intellect should be allotted to the shareholders of Polaris on the demerger of Polaris' Specified Business into Intellect.
- 4.7 Our scope of work involves opining on the reasonableness of the Share Entitlement Ratio; however the decision to proceed with the demerger as well as the acceptance of the final ratio depends on the Special Committee of the Board of Directors, which will be responsible for the decisions associated with the determination of the Share Entitlement Ratio and factors other than PW&Co's work will need to be taken into account in determining the same; these will include your own assessment and may include the input of other professional advisors.

5 SHARE ENTITLEMENT RATIO

- 5.1 We understand that in consideration of the demerger of the Specified segment of Polaris, the Management of Polaris proposes to issue to the shareholders of Polaris 1 (One) equity share of INR 5 each as fully paid up in Intellect for every 1 (One) equity share of INR 5 each in Polaris.
- 5.2 The Management has further represented that upon allotment of shares by the resulting company as above in the proposed ratio, the beneficial / economic interest of the shareholders of Polaris in the resulting company will be in the same ratio inter se as it is in the equity of Polaris.
- 5.3 We believe that the above ratio is fair considering that all the shareholders of Polaris are and will, upon demerger, be the ultimate beneficial owners of the resulting company and in the same ratio (inter se) as they hold shares in Polaris, as on the record date to be decided by Management.
- 5.4 As discussed earlier, we understand that the Management is evaluating other forms of consideration that may be offered to the shareholders as an alternative(s) to the allotted equity shares of Intellect. Accordingly clauses 5.2 and 5.3 are prior to the shareholders accepting such other option(s).



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6 CONCLUSION

Based on the aforementioned, in particular read with paragraphs 2 - 5 above and the information, explanations and representations provided to us, in our opinion, the Share Entitlement Ratio of 1 (One) equity share of INR 5 each of Intellect for every 1 (One) equity share of INR 5 each in Polaris, proposed by the Management and mentioned in para 5 above, is fair.

7 LIMITATION OF LIABILITY

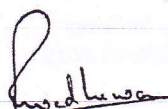
- 7.1 In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or willful default on the part of Polaris/Intellect, their Directors, employees or agents.
- 7.2 In no circumstances shall the liability of PW & Co., its partners or employees, relating to services provided in connection with the engagement set out in this report exceed the amount paid to us in respect of the fees, if any, charged for these services.

8 DISTRIBUTION OF OUR REPORT

This letter report is prepared for the Special Committee of the Board of Directors of Polaris, and may be produced before the shareholders, stock exchanges, Securities and Exchange Board of India ("SEBI"), Registrar of Companies, High Court and any other government authorities in connection with the purpose outlined above. It is not to be used, referred to or distributed for any other purpose or to any other person without our written permission.

We would like to record our appreciation for the courtesy and co-operation received by us during the course of our work and look forward to continuing our professional association.

Yours faithfully



Rajan Wadhawan
Partner
Membership No. 090172
For and on behalf of
Price Waterhouse & Co.
Firm Registration No. 016844N



Price Waterhouse & Co.

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Annexure I – Consolidated audited balance sheet of Polaris Financial Technology Limited as at 31 March 2013 and unaudited segmented balance sheets as at 31 March 2013

Particulars	Products	Services	Polaris
Balance Sheet as at March 31, 2013	(INR Million)		
Shareholders Fund	7,894	5,533	13,427
Borrowings	70	1,086	1,155
Deferred Tax Liabilities	1	78	79
Provisions	110	1,513	1,623
Trade Payables	630	1,432	2,063
Other Current Liabilities	1,217	631	1,848
Total Equity and Liabilities	9,923	10,273	20,196
Fixed Assets	2,066	1,941	4,007
Goodwill on Consolidation	2,125	-	2,125
Investments	2,189	822	3,011
Deferred Tax Assets	50	10	60
Loans and Advances	458	1,319	1,777
Trade Receivables	1,764	2,311	4,075
Cash and Bank Balance	468	1,588	2,057
Other Current Assets	801	2,283	3,084
Total Assets	9,923	10,273	20,196

Source: Unaudited carved-out financial statements (for the Products and Services business segments) as provided by the Management; Annual report for the year ended 31 March 2013



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Annexure II – Audited balance sheet of Fin Tech Grid Limited (currently known as Intellect design Arena Limited) as at 31 March 2013

Particulars	
Balance Sheet as at March 31, 2013	
	(INR Thousands)
Share Capital	500
Trade Payables	20
Other Current Liabilities	44
Total Equity and Liabilities	564
Cash and Bank Balance	500
Other Current Assets	64
Total Assets	564

Source: Audited financial statements for the year ended 31 March 2013, provided by the Management



Annexure IV
Fairness Opinion
by Merchant Banker

18th March 2014

Board of Directors,
Polaris Financial Technology Ltd,
Polaris House, 244, Anna Salai,
Chennai - 600006, India.

Subject: Regarding Fairness Opinion ("Opinion") on the share entitlement ratio as provided in the entitlement ratio report ("Entitlement Ratio Report") issued by Price Waterhouse & Co dated 17th March 2014

We refer to the Request Letter ("Letter") dated 17th March 2014 requesting us to issue an Opinion on entitlement ratio as provided in the Entitlement Ratio Report as issued by Price Waterhouse & Co in respect of the proposed Scheme of Arrangement (the "Scheme") between Polaris Financial Technology Ltd ("Polaris"/ "Demerged Company"), Intellect Design Arena Limited ("Intellect/ Resulting Company") and their respective Shareholders.

Polaris, registered under the Companies Act, 1956 having its registered office at Chennai, in the state of Tamilnadu, India is a listed entity whose equity shares are listed on Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd (NSE) and Madras Stock Exchange Ltd (MSE). Polaris is primarily engaged in the business of developing software products and rendering software services for financial institutions. Polaris mainly has two undertakings, namely, Products Business Undertaking and Services Business Undertaking.

Intellect, registered under the Companies Act, 1956 having its registered office at Chennai, in the state of Tamilnadu, has been incorporated inter-alia to engage in the business of developing software products. The Scheme, inter alia, provides for the demerger of Products Business from Polaris to the Resulting Company ("Demerger").

We understand that the Board of Directors of Polaris have proposed that:

1. The Resulting Company shall issue and allot shares to the members of the Demerged Company in the ratio specified below upon the Scheme coming into effect.

1 equity share of the face value of Rs.5/- (Rupees Five only) each in the Resulting Company for every 1 equity share of the face value of Rs.5/- (Rupees 5 only) each held in the Demerged Company ("Share Entitlement Ratio")

2. The Resulting Company will be listed on BSE, NSE and MSE after obtaining necessary approvals

Further members of the Resulting Company will have the option to:

- i) Retain the equity shares of the Resulting Company issued and allotted to them OR
- ii) Receive 1 Non-Convertible Debenture in the Resulting Company in consideration of cancellation of 1 equity share of Rs. 5 each/- which will be issued and allotted in the Resulting Company as envisaged in the Scheme

The terms and conditions of the Demerger are more fully described in the Scheme, and the above summary of the Demerger is qualified in its entirety by reference to the terms of the Scheme.

We understand that the appointed date for the Demerger is the opening of business hours on 1st April 2014. In connection with the Demerger, you have requested us to examine the Entitlement Ratio Report dated 17th March 2014 of Price Waterhouse & Co as also the information provided by Polaris, the Resulting Company & the Scheme and issue our Opinion on the "Share Entitlement Ratio" for the purpose of the Demerger.

The Opinion requested from us is to be provided in our capacity as Category I Merchant Banker (Registration code - MB/INM000011138) and is required to be submitted to the stock exchanges as required under clause 24(h) of listing agreement (SEBI Amendment SEBI/CFD/DIL/LA/ 5/2008/4/09 dated 4th September 2008).

For the said examination and for arriving at the Opinion set forth below, we have reviewed the following documents provided to us by Polaris

- Letter issued to Spark Capital
- Draft Scheme of Arrangement
- Entitlement Ratio Report issued by the Price Waterhouse & Co
- FY13 annual report and proforma YTD financials of Polaris
- FY13 annual report of Intellect Design Arena Limited
- MoA and AoA of Polaris and Intellect Design Arena Limited

Further we have also discussed and participated in certain discussions with the Company including:

- The operations and financial conditions of Services Business Undertaking and Products Business Undertaking with the representatives of Polaris; and
- Participating in certain discussions among representatives of Polaris in connection with the transactions contemplated by the Scheme

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information including segmental financial data and analyses that was provided or otherwise made available to us by Polaris for the purposes of this Opinion. We have not conducted any due diligence and express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not reviewed any books and records of Demerged/ Resulting Company (other than those provided/made available). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of Demerged Company/Resulting Company and neither express any opinion with respect thereto nor accept any responsibility thereof. We have not made any independent valuation or appraisal of the assets or liabilities of Demerged Company/Resulting Company nor have we been furnished with any such appraisals. With respect to financial and other information and data relating to Demerged Company and the Resulting Company provided to or otherwise reviewed by or discussed with us, we have been advised by the management of Polaris that such information and data were reasonably prepared on bases reflecting the best currently available data and judgments of the management of Polaris. We have relied on the information provided by the management of Polaris, and do not provide any opinion on the allocation of specific assets and liabilities across the various businesses. We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have relied upon information that was provided or otherwise made available to us by Polaris for the purposes of this Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims. In addition, we have assumed that the Scheme will be approved by regulatory authorities including the Honourable High Court of Judicature at Madras and that the Demerger will be consummated in accordance with the terms set forth in the Scheme. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of Demerged Company/Resulting Company other than those disclosed in the information provided. We have assumed that the Resulting Company does not have any material assets or liabilities prior to the Demerger, and accordingly have not attributed any value to the Resulting Company prior to the Demerger, for the purposes of determining the Share Entitlement Ratio.

We understand that the management of Polaris, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and Opinion. To avoid factual inaccuracies in our report, as a part of our standard practice, Polaris has been provided an opportunity to review the Opinion (without fairness opinion).

We have relied upon and assumed without independent verification, with the consent of Board of Directors of Polaris, that the Demerger will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals (including approvals of all classes of shareholders of Polaris), consents and releases for the Demerger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Polaris and the Resulting Company or the contemplated benefits of the Demerger. We have further assumed that such approvals, consents and releases will be duly obtained, as required, pursuant to applicable laws and contractual obligations, without any delays. Representatives of Polaris have advised us, and we further have assumed, that the final terms of the Scheme will not vary from those set forth in the draft reviewed by us. Further, we have assumed that there will not be any adverse rulings or proceedings whatsoever



(whether of any court, regulatory body or otherwise) arising out of or in relation to the Demerger as contemplated.

We have not provided any opinion on the fair value of the Non-Convertible Debentures, the equity value of the Services Business Undertaking and the Products Business Undertaking and the tax implications of the Demerger on the shareholders of Polaris, and any resulting impact on a shareholder's decision to choose between the alternate forms of consideration.

Our Opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this Opinion, we do not have an obligation to update, revise or reaffirm this Opinion. Spark Capital Advisors (India) Private Limited ("Spark Capital", which term shall mean to include its subsidiaries) is providing an Opinion on the Entitlement Ratio Report issued by Price Waterhouse and Co and will receive a fee for our services. Spark Capital is also acting as a financial advisor to the corporate restructuring undertaken by Polaris by way of this Demerger. In the past, Spark Capital has provided financial advisory services to Polaris and have received fees for the rendering of these services.

In the ordinary course of business, Spark Capital is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the Spark Capital may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction subject to applicable law.

It is understood that this letter is issued to the Board of Directors of Polaris in connection with the Demerger and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent except that a copy of this opinion may be included in its entirety in any filing Polaris is required to make with the Securities and Exchange Board of India (SEBI) or with or to any Indian Stock Exchange in connection with this transaction if such inclusion is required by applicable law.

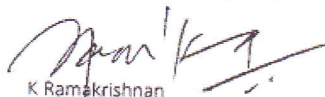
We express no opinion whatever and make no recommendation at all as to Polaris or the Resulting Company's underlying decision to effect the Demerger or as to how the holders of equity shares of Polaris or the Resulting Company should vote at their respective meetings to be held in connection with the Demerger or as to how they may choose to exercise their options permitted under the Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Demerger including the terms of the Non-Convertible Debentures like coupon rate, tenor and redemption value. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of Polaris/Resulting Company will trade following the announcement of the Demerger or as to the financial performance of Polaris or the Resulting Company following the consummation of the Demerger.

In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or wilful default on the part of Polaris/Intellect, their Directors, employees or agents. In no circumstances shall the liability of Spark Capital, its partners or employees, relating to services provided in connection with the Opinion exceed the amount paid to us in respect of the fees, if any, charged for these services.

Based on our examination of the Entitlement Ratio Report and subject to the foregoing, we are of the opinion that the Share Entitlement Ratio as provided in the Entitlement Ratio Report is fair to the equity shareholders of Polaris.

For and on behalf of:

Spark Capital Advisors (India) Private Limited



K Ramekrishnan
Executive Director and Head, Investment Banking
Chennai
18th March 2014

Annexure V

Shareholding Pattern

(1)(a) STATEMENT SHOWING SHAREHOLDING PATTERN IN CLAUSE-35
NAME OF THE COMPANY: POLARIS FINANCIAL TECHNOLOGY LIMITED
SCRIP CODE: 532254

PRE- SCHEME OF ARRANGEMENT

Name of the Scrip: Polaris
Quarter Ended: 31/12/2013

Class of Security: Equity

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHARE HOLDERS	TOTAL No. OF SHARES	NO OF SHARES HELD IN DEMAT FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a % of (A+B)	As a % of (A+B+C)	No. OF SHARES	AS a % (IX)=(VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	PROMOTER AND PROMOTER GROUP							
(1)	INDIAN							
(a)	Individual /HUF	16	28,995,760	28,995,759	29.13	29.13	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(1) :	16	28,995,760	28,995,759	29.13	29.13		
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(2) :	-	-	-	-	-		
	Total A=A(1)+A(2)	16	28,995,760	28,995,759	29.13	29.13		
(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	18	4,758,409	4,758,409	4.78	4.78	-	-
(b)	Financial Institutions /Banks	6	482,991	482,991	0.49	0.49	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	80	25,795,161	25,795,011	25.91	25.91	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-
	Sub-Total B(1) :	104	31,036,561	31,036,411	31.18	31.18		
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	886	2,767,403	2,766,153	2.78	2.78	-	-
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	43,318	9,232,856	9,033,046	9.27	9.27	-	-
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	48	4,012,916	4,012,916	4.03	4.03	-	-
(c)	Others							
	BUSINESS ASSOCIATES	2	19,575,092	19,575,092	19.66	19.66	-	-
	NON RESIDENT INDIANS	638	430,914	427,064	0.43	0.43	-	-
	OVERSEAS CORPORATE BODIES	2	300	250	0.00	0.00	-	-
	CLEARING MEMBERS	146	283,820	283,820	0.29	0.29	-	-
	TRUSTS	8	3,210,552	3,190,452	3.23	3.23	-	-
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	-	-
	Sub-Total B(2) :	45,048	39,513,853	39,288,793	39.69	39.69		
	Total B=B(1)+B(2) :	45,152	70,550,414	70,325,204	70.87	70.87		
	Total (A+B) :	45,168	99,546,174	99,320,963	100.00	100.00		
(C)	Shares held by custodians, against which Depository Receipts have been issued							
(1)	Promoter and Promoter Group							
(2)	Public	0	0	0	0.00	0.00	-	-
	GRAND TOTAL (A+B+C) :	45,168	99,546,174	99,320,963	100.00	0.00		

For Polaris Financial Technology Limited

V V Naresh
Vice President & Company Secretary

Chennai
March 24, 2014



(1)(a) STATEMENT SHOWING SHAREHOLDING PATTERN IN CLAUSE-35
NAME OF THE COMPANY: POLARIS FINANCIAL TECHNOLOGY LIMITED
SCRIP CODE: 532254
Class of Security: Equity

POST- SCHEME OF ARRANGEMENT

Name of the Scrip: Polaris
Quarter Ended: 31/12/2013

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHARE HOLDERS	TOTAL No. OF SHARES	NO OF SHARES HELD IN DEMAT FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a % of (A+B)	As a % of (A+B+C)	No. OF SHARES	AS a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	PROMOTER AND PROMOTER GROUP							
(1)	INDIAN							
(a)	Individual /HUF	16	28,995,760	28,995,759	29.13	29.13	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(1) :	16	28,995,760	28,995,759	29.13	29.13		
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(2) :	-	-	-	-	-		
	Total A=A(1)+A(2)	16	28,995,760	28,995,759	29.13	29.13		
(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	18	4,758,409	4,758,409	4.78	4.78	-	-
(b)	Financial Institutions /Banks	6	482,991	482,991	0.49	0.49	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	80	25,795,161	25,795,011	25.91	25.91	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-
	Sub-Total B(1) :	104	31,036,561	31,036,411	31.18	31.18		
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	886	2,767,403	2,766,153	2.78	2.78	-	-
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	43,318	9,232,856	9,033,046	9.27	9.27	-	-
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	48	4,012,916	4,012,916	4.03	4.03	-	-
(c)	Others							
	BUSINESS ASSOCIATES	2	19,575,092	19,575,092	19.66	19.66	-	-
	NON RESIDENT INDIANS	638	430,914	427,064	0.43	0.43	-	-
	OVERSEAS CORPORATE BODIES	2	300	250	0.00	0.00	-	-
	CLEARING MEMBERS	146	283,820	283,820	0.29	0.29	-	-
	TRUSTS	8	3,210,552	3,190,452	3.23	3.23	-	-
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	-	-
	Sub-Total B(2) :	45,048	39,513,853	39,288,793	39.69	39.69		
	Total B=B(1)+B(2) :	45,152	70,550,414	70,325,204	70.87	70.87		
	Total (A+B) :	45,168	99,546,174	99,320,963	100.00	100.00		
(C)	Shares held by custodians, against which Depository Receipts have been issued							
(1)	Promoter and Promoter Group							
(2)	Public	0	0	0	0.00	0.00	-	-
	GRAND TOTAL (A+B+C) :	45,168	99,546,174	99,320,963	100.00	0.00		

For Polaris Financial Technology Limited

V V Natesh
Vice President and Company Secretary

Chennai
March 24, 2014



(1)(a) STATEMENT SHOWING SHAREHOLDING PATTERN IN CLAUSE-35

NAME OF THE COMPANY: INTELLECT DESIGN ARENA LIMITED

SCRIP CODE: 532254

Class of Security: Equity

POST- SCHEME OF ARRANGEMENT

Name of the Scrip: Polaris
Quarter Ended: 31/12/2013

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHARE HOLDERS	TOTAL No. OF SHARES	NO OF SHARES HELD IN DEMAT FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a % of (A+B)	As a % of (A+B+C)	No. OF SHARES	AS a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	PROMOTER AND PROMOTER GROUP							
(1)	INDIAN							
(a)	Individual /HUF	16	28,995,760	28,995,759	29.13	29.13	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(1) :	16	28,995,760	28,995,759	29.13	29.13		
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(2) :	-	-	-	-	-		
	Total A=A(1)+A(2)	16	28,995,760	28,995,759	29.13	29.13		
(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	18	4,758,409	4,758,409	4.78	4.78	-	-
(b)	Financial Institutions /Banks	6	482,991	482,991	0.49	0.49	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	80	25,795,161	25,795,011	25.91	25.91	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-
	Sub-Total B(1) :	104	31,036,561	31,036,411	31.18	31.18		
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	886	2,767,403	2,766,153	2.78	2.78	-	-
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	43,318	9,232,856	9,033,046	9.27	9.27	-	-
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	48	4,012,916	4,012,916	4.03	4.03	-	-
(c)	Others							
	BUSINESS ASSOCIATES	2	19,575,092	19,575,092	19.66	19.66	-	-
	NON RESIDENT INDIANS	638	430,914	427,064	0.43	0.43	-	-
	OVERSEAS CORPORATE BODIES	2	300	250	0.00	0.00	-	-
	CLEARING MEMBERS	146	283,820	283,820	0.29	0.29	-	-
	TRUSTS	8	3,210,552	3,190,452	3.23	3.23	-	-
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	-	-
	Sub-Total B(2) :	45,048	39,513,853	39,288,793	39.69	39.69		
	Total B=B(1)+B(2) :	45,152	70,550,414	70,325,204	70.87	70.87		
	Total (A+B) :	45,168	99,546,174	99,320,963	100.00	100.00		
(C)	Shares held by custodians, against which Depository Receipts have been issued							
(1)	Promoter and Promoter Group							
(2)	Public	0	0	0	0.00	0.00	-	-
	GRAND TOTAL (A+B+C) :	45,168	99,546,174	99,320,963	100.00	0.00		

For Intellect Design Arena Limited



V V Narash
Authorised Signatory

Chennai
March 24, 2014

Annexure VI

Financial Statements

The financial details of the transferor company for the previous 3 years as per the audited statement of Accounts:

Name of the Company: **POLARIS FINANCIAL TECHNOLOGY LIMITED**

(Rs. in Lakhs)

	Period ended December 31,2013 (9 months)	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	2013-14	2012-13	2011-12	2010-11
Equity Paid up Capital	4,977.31	4,975.30	4,972.10	4,959.78
Reserves and surplus	109,546.23	103,789.14	97,919.55	86,751.02
Carry forward losses	-	-	-	-
Net Worth	114,523.54	108,764.44	102,891.65	91,710.80
Miscellaneous Expenditure	-	-	-	-
Secured Loans	-	-	-	-
Unsecured Loans	5,562.90	10,858.00	10,181.09	-
Fixed Assets	33,491.04	34,960.83	33,631.47	23,453.43
Income from Operations	148,669.54	185,399.18	176,209.31	138,505.92
Total Income	151,754.12	189,052.02	179,748.90	143,863.61
Total Expenditure	140,290.98	168,677.09	156,100.64	122,245.83
Profit before Tax (excluding exceptional items)	11,463.14	20,374.93	23,648.26	21,617.78
Profit after Tax	6,166.36	16,705.70	18,851.43	18,702.80
Cash profit	9,777.40	21,340.05	22,784.26	21,346.45
EPS(Rs.)	6.20	16.79	18.98	18.87
Book value (Rs.)	115.05	109.30	103.47	92.45



Polaris Financial Technology Limited, Regd. Office: 'Polaris House', 244, Anna Salai, Chennai - 600 006. India. Tel: +91-44-3987 4000, Fax: +91-44-2852 3280
Corporate Headquarters: 'Foundation', 34, IT High way, Chennai - 603 103. India. Tel: +91-44-2743 5001 /+91-44-3987 3000, Fax: +91-44-2743 5166

India: Bangalore, Chennai, Hyderabad, Mangalore, Mumbai, New Delhi, Pune, Thane | **Australia:** Melbourne, Sydney | **Canada:** Mississauga, Toronto
Chile: Santiago | **China:** Guangzhou, Shanghai | **France:** Paris | **Germany:** Frankfurt | **Hong Kong** | **Indonesia:** Jakarta | **Ireland:** Wicklow | **Japan:** Tokyo
Kenya: Nairobi | **Malaysia:** Kuala Lumpur | **Netherlands:** Utrecht | **New Zealand:** Wellington | **Philippines:** Pasing city | **Saudi Arabia:** Riyadh | **Singapore**
South Africa: Mondeor | **Spain:** Madrid | **Switzerland:** Neuchate | **Thailand:** Bangkok | **UAE:** Dubai | **United Kingdom:** Belfast, London
USA: Chicago, New Jersey, Pittsburgh, Tampa | **Vietnam:** Ho Chi Minh City

The financial details of the transferee company for the previous 3 years as per the audited statement of Accounts:

Name of the Company: **INTELLECT DESIGN ARENA LIMITED** (formerly known as Fin Tech Grid Limited)

(Rs. in Lakhs)

	Period ended December 31, 2013 (9 months)	As per last Audited Financial Year	1 year prior to the last Audited Financial Year*
	2013-14	2012-13	2011-12
Equity Paid up Capital	5.00	5.00	5.00
Reserves and surplus	-	-	-
Carry forward losses	-	-	-
Miscellaneous Expenditure	0.90	0.64	0.54
Net Worth	4.10	4.36	4.46
Secured Loans	-	-	-
Unsecured Loans	-	-	-
Fixed Assets	-	-	-
Income from Operations	-	-	-
Total Income	-	-	-
Total Expenditure	-	-	-
Profit before Tax	-	-	-
Profit after Tax	-	-	-
Cash profit	-	-	-
EPS (Rs.)	-	-	-
Book value (Rs.)	8.20	8.72	8.92

* April, 01 2011 to June,30 2012- 15 months being the first year of Incorporation



Annexure VII

Auditor's Certificate

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

6th & 7th Floor- "A" Block
Tidel Park, (Module 601, 701 & 702)
No. 4, Rajiv Gandhi Salai, Taramani
Chennai-600 113, India
Tel : +91 44 6654 8100
Fax : +91 44 2254 0120

Format for Auditor's Certificate required under Clause 24(i) of Equity Listing Agreement

To,
The Board of Directors
Polaris Financial Technology Limited
Polaris House,
244, Anna salai,
Chennai 600 006

We, the statutory auditors of Polaris Financial Technology Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in clause 11 of the Draft Scheme of arrangement cum demerger (attached and sealed for identification purposes), between Polaris Financial Technology Limited ('Demerged Company') and Intellect Design Arena Limited ('Resulting Company') and their respective shareholders, in terms of the provisions of sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956, with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013 and Other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is only to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this certificate, nor anything said or done in the course of, or in connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with Clause 24(i) of the Listing Agreement and all the applicable Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

This certificate is issued at the request of the Company pursuant to the requirements of clause 24(i) of the Listing Agreement for onward submission to National Stock Exchange / Bombay Stock Exchange / Madras Stock Exchange. This certificate should not be used for any other purpose without our prior written consent.

For S. R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration no.: 101049W



per **Subramanian Suresh**

Partner

Membership No.: 083673



Place: Chennai

Date: March 26, 2014



Annexure VIII

Networth Certificate



SIVASUBRAMANIAN & RAO
Chartered Accountants

Flat D-2, 3rd Floor, B-Block,
Parsn Paradise, No.46,
G.N. Chetty Rd, T.Nagar, Chennai-17.
Phone: 044-4260 5611 / 4260 5612
E-mail : auditcas@bsnl.in

To,
The Board of Directors
Polaris Financial Technology Limited
244, Anna Salai,
Chennai 600 002

AUDITORS' CERTIFICATE

1. We, Sivasubramanian & Rao, Chartered Accountants (Firm Registration No:003904S) have examined the proposed " Scheme of Arrangement between Polaris Financial Technology Limited ("Polaris" or the "Company") and Intellect Design Arena Limited (Formerly known as Fin Tech Grid Limited) ("Intellect") and their respective Shareholders and Creditors under sections 391 to 394 and other applicable provisions of the Companies Act, 1956 ("the Proposed Scheme") for demerger of Products Business of Polaris with Intellect having the ' appointed date' as the 1st April, 2014. We have also examined the annexed "Statement of Computation of Provisional Pre-demerger & Post-demerger Net Worth of Polaris Financial Technology Limited"("the Statement") as Certified by the Company.
2. The Management of the Company is responsible for the maintenance of proper books of account and such other relevant records as prescribed by applicable laws, which includes collecting, collating and validating data and designing, implementing and monitoring of internal controls relevant for the preparation of the Statement and drawing up the Audited Financial Statements of the Company for the period ended 31st December 2013.
3. Our responsibility, for the purpose of this Certificate, is limited to certifying the particulars contained in the Statement on the basis of the Audited Financial Statements of the Company, the Proposed Scheme and other relevant records and documents maintained by the Company and did not include the evaluation of the adherence by the Company with all the applicable guidelines. We conducted our verification in accordance with Guidance Note on Audit Reports and Certificates for Special Purposes and Standards on Auditing Issued by the Institute of Chartered Accountants of India.
4. On the basis of our verification and examination of the Proposed Scheme and according to the information and explanations provided to us by the Management of the Company, we state that we have examined the annexed Statement as prepared by the Company with:





SIVASUBRAMANIAN & RAO
Chartered Accountants

Flat D-2, 3rd Floor, B-Block,
Parsn Paradise, No.46,
G.N. Chetty Rd, T.Nagar, Chennai-17.
Phone: 044-4260 5611 / 4260 5612
E-mail : auditcas@bsnl.in

- The Audited Financial Statements of Polaris for the period ended 31st December 2013 as Certified by the Management of Polaris;
- The Audited Financial Statements of Intellect for the period ended 31st December 2013 as Certified by the Management of Intellect;
- A Certified copy of the Proposed Scheme as approved by the Board of Directors of the Company at its meeting held on 18th March , 2014;
- The information and explanations given to us;

And, found the Statement in accordance therewith.

5. This Certificate is issued solely as per the requirements of the Stock Exchange for filing along with the Proposed Scheme having the 'appointed date' of 1st April, 2014, which has been approved by the Board of Directors of Polaris Financial Technology Limited on 18th March, 2014 and should not be considered for any other purpose without our prior written consent.

For **Sivasubramanian & Rao**
Chartered Accountants
Firm Registration No.003904S

S. Viswanathan
Partner
Membership No. 20572
Chennai, March 18, 2014.



ANNEXURE

Statement of Computation of Provisional Pre-demerger and Post-demerger Net worth of Polaris Financial Technology Limited as on December 31,2013			
			Rs.in Lakhs
Particulars		Prior to giving effect to the Proposed Scheme (Pre-demerger)	After giving effect to the Proposed Scheme as on 31st December 2013 (Post-demerger)
Share Capital:			
Equity - Issued & Paid up	A	4,977.31	4,977.31
Reserves & Surplus:			
Securities Premium Account		19,144.77	-
General Reserve		19,333.03	-
Hedge Reserve		(2,619.30)	(2,619.30)
Foreign currency monetary item traslation difference		2,536.28	2,536.28
Surplus in Statement of Profit and Loss		71,151.45	48,643.08
Total Reserves & Surplus	B	109,546.23	48,560.06
Less: Revaluation Reserve	C	-	-
Reserves & Surplus (Excluding revaluation reserve)	D= B+C	109,546.23	48,560.06
Networth (Excluding revaluation reserve)	E= A+D	114,523.54	53,537.37

Notes:

1. The aforesaid computation has been made solely as per the requirements of the Stock Exchange for filing along with the Proposed 'Scheme of Arrangement between Polaris Financial Technology Limited ('Polaris') and Intellect Design Arena Limited ('Intellect') and their respective Shareholders and Creditors ('Proposed Scheme') having the 'appointed date' of 1st April, 2014 which has been approved by the Board of Directors of Polaris on 18th March, 2014 and is not to be considered for any other purpose. The Proposed Scheme is pending other statutory approvals.

Polaris Financial Technology Limited, Regd. Office: 'Polaris House', 244, Anna Salai, Chennai - 600 006. India. Tel: +91-44-3987 4000, Fax: +91-44-2852 3280
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2. The figures stated above have been arrived at on the basis of figures extracted from the Audited Financial Statements of Polaris as at 31st December 2013, as Certified by the Management of Polaris.
3. No adjustments for any events after 31st December, 2013, that may affect the Net Worth of Polaris as on that date, has been considered.

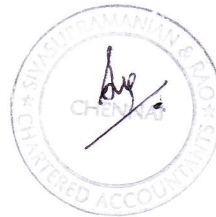
For Polaris Financial Technology Limited



S. Swaminathan

Chief Financial Officer

Chennai, March 18, 2014



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Annexure IX

Turnover & Profitability Certificate



CERTIFICATE OF PERCENTAGE TURNOVER & PROFITABILITY

1. We have verified the documents and information relating to Polaris Financial Technology Limited ('Polaris' or the 'Company') with a view to certify the percentage turnover and profitability of the division being demerged i.e. "Products Division" vis-à-vis the other division of the Company.

In this regard, we have relied upon the Audited Financial Statements of Polaris as on 31st December 2013, the Scheme of Arrangement (the 'Scheme') between Polaris Financial Technology Limited and Intellect Design Arena Limited and their respective Shareholders and Creditors.

2. On the basis of such verification, information and explanations given to us, we certify the percentage of turnover and profitability of the Product Division vis-à-vis the other division of the Company for the period ended 31st December 2013 as set out in the following table:

(Rs. In Lakhs)

Particulars	Turnover (Revenue)	% to total	Profit before tax *	% to total
Products division	28,799.01	19.37	(2,181.86)	(25.74)
Other division	119,870.53	80.63	10,657.01	125.74
Total	148,669.54	100.00	8,475.15	100.00

* Excludes Finance cost, Un-allocable income & expenses and exceptional items which cannot be allocated to any specific segment.

Notes:

1. The aforesaid computation has been made solely as per the requirements of stock exchange for filing in connection with obtaining its "No Objection Certificate" to the proposed Scheme of Arrangement between Polaris Financial Technology Limited & Intellect Design Arena Limited and their respective Shareholders and Creditors and is not to be used for any other purposes.





SIVASUBRAMANIAN & RAO
Chartered Accountants

Flat D-2, 3rd Floor, B-Block,
Parsn Paradise, No.46,
G.N. Chetty Rd, T.Nagar, Chennai-17.
Phone : 044-4260 5611 / 4260 5612
E-mail : auditcas@bsnl.in

2. Compliance with the requirements of the stock exchanges of India is the responsibility of the Company's Management. Our responsibility is to verify the factual accuracy stated in the Certificate. For the purpose of this Certificate, we conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India.

For **Sivasubramanian & Rao**
Chartered Accountants
Firm Registration No.003904S



S. Viswanathan
Partner
Membership No. 20572
Chennai, March 18, 2014

Annexure X

Polaris Board Resolution

EXTRACT FROM THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF POLARIS FINANCIAL TECHNOLOGY LIMITED HELD ON TUESDAY, THE MARCH 18, 2014 AT 02 30 P.M. AT "POLARIS HOUSE", 244 ANNA SALAI, CHENNAI-600 006 & REGUS, CENTRE NO. 1863, 5TH FLOOR, SB TOWER, SECTOR 16A, NOIDA.

"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956, Clause 19 of Part (B) of the Objects Clause of the Memorandum of Association and Clause 10.26 (a) of the Articles of Association of Polaris Financial Technology Limited ("**the Company**" or "**PFTL**") and subject to the requisite sanction of the High Court of Judicature at Madras or the National company Law Tribunal (NCLT), as the case may be, and such other statutory/regulatory authority(ies), as may be applicable, the Scheme of Arrangement ("**the Scheme**") between the Company and Intellect Design Arena Limited ("**IDAL**"), formerly known as Fin Tech Grid Limited and their Respective Shareholders and Creditors providing for the demerger of the Products Business Division of the Company to IDAL with effect from 1st April 2014 ("**Appointed Date**"), as per the terms and conditions mentioned in the draft Scheme submitted to the Board and initialed by the Chairman for the purposes of identification, be and is hereby approved."

"RESOLVED FURTHER THAT, the Share Entitlement Ratio Report submitted by the independent valuation firm M/s.Price Waterhouse Coopers, Chartered Accountants, Bangalore, on the Share Entitlement Ratio as set out in the Scheme, placed before the Board, be and is hereby approved and adopted."

"RESOLVED FURTHER THAT, the Fairness Opinion dated March 18, 2014 of M/s.Spark Capital Advisors (India) Private Limited, Chennai, an independent merchant banker, certifying the Share Entitlement Ratio Report as placed before the Board, be and is hereby taken on record and approved for the purpose of the Scheme;

RESOLVED FURTHER THAT, the report from the Audit Committee dated March 18, 2014 recommending the draft Scheme, taking into consideration, inter-alia the Share Entitlement Ratio Report as placed before the Board, be and is hereby accepted and approved;

"RESOLVED FURTHER THAT, the Share Exchange Ratio of one equity share of Rs 5/- each of IDAL, to be issued and allotted to the equity shareholders of the Company, for every one equity share of Rs. 5/- each held by them in the Company, as set out in the Scheme, be and is hereby approved."

"RESOLVED FURTHER THAT a Committee comprising of Mr. Arun Jain, Chairman and Managing Director, Mr.S.Swaminathan, Chief Financial Officer, Mr.A.V.Ravi Shankar, Senior Vice President-Legal, Mr.T.V.Sinha, Chief Risk Officer, Mr.V.V.Naresh, Vice President and Company Secretary ("**the Committee**") be set up to give effect to the Scheme and to do such acts, deeds, matters and things as also to execute such documents, writings as may be necessary and to settle any questions or difficulties which may arise and give any directions necessary for obtaining approval of and giving effect to the Scheme, as and when required".

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“RESOLVED FURTHER THAT the Committee be and is hereby authorised to take all necessary steps:

- a. To file the Scheme and/or any other information/details with the regulatory authorities concerned or any other agency to obtain approval or sanction to any of the provisions of the Scheme or for giving effect thereto;
- b. To sign and file applications to the High Court of Judicature at Madras or the NCLT, as the case may be, seeking directions as to convening/ dispensing with the meeting of the shareholders/creditors of the Company and where necessary to take steps to convene and hold such meetings as per the directions of the Court;
- c. To sign and file affidavits, petitions, pleadings, applications, statements, memos and to engage Counsels, Advocates, Chartered Accountants and other professionals and to do all acts, deeds, matters and things as may be necessary or required under or pursuant to the applicable provisions of the Companies Act, 1956 and the Companies (Court) Rules, 1959 for or in connection with obtaining the sanction of the Hon’ble High Court of Judicature at Madras or the NCLT to the Scheme;
- d. To sign and issue public advertisements and to issue notices to the members or any other class of persons, as per directions of the Hon’ble High Court of Judicature at Madras, or the NCLT, as the case may be;
- e. To make or assent to any alteration or modification to the Scheme or to any condition or limitation which the Hon’ble High Court of Madras or NCLT, as the case may be, may deem fit to approve or impose and may give such directions, as they may consider necessary and to settle any doubt, question or difficulty arising under the Scheme or in regard to its implementation or in any manner connected therewith and to do all such acts, deeds, matters and things for putting the Scheme into effect;
- f. Obtaining approval from such other authorities and parties including the shareholders, creditors, lenders as may be considered necessary, to the said Scheme;
- g. To settle any question or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution; and
- h. To communicate and correspond with stock exchanges, banks, institutions, investors, government authorities, local authorities and others where required about the scheme and do all such acts, deeds, matters and things as may be at their discretion deem necessary or desirable for such purpose and with power of the Company to settle any queries, difficulties or doubts that may arise in this regard as they may in their absolute discretion, deem fit and proper for the purpose of giving effect to the above resolutions;
- i. To obtain Order of the Hon’ble High Court of Judicature at Madras or NCLT, as the case may be, approving the Scheme and file the same with the Registrar of Companies, Tamil Nadu, Chennai, so as to make the sanctioned Scheme effective;

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- j. To do all further acts, deeds, matters and things as may be necessary, proper or expedient to give effect to the Scheme and for matters connected therewith or incidental thereto.
- k. To file a copy of the resolution duly certified and forward to concerned authorities including Hon'ble High Court of Judicature at Madras or NCLT, as the case may be, for record.

RESOLVED FURTHER THAT Mr.V.V.Naresh, Vice President and Company Secretary and/or Mr.A.V.Ravi Shankar, Senior Vice President-Legal and/or Mr.S.Swaminathan, Chief Financial Officer be and are hereby authorized severally to sign the certified true copy of the Resolution and furnish the same to whomsoever concerned."

// CERTIFIED TRUE COPY //

For Polaris Financial Technology Limited

V.V.Naresh
Vice President and Company Secretary

March 21, 2014

Polaris Financial Technology Limited, Regd. Office: 'Polaris House', 244, Anna Salai, Chennai - 600 006. India. Tel: +91-44-3987 4000, Fax: +91-44-2852 3280
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Annexure X

Intellect Board Resolution

Intellect Design Arena Limited

Registered Office: No.244, Anna Salai, Chennai - 600 006

EXTRACT FROM THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF INTELLECT DESIGN ARENA LIMITED HELD ON TUESDAY, THE MARCH 18, 2014 AT 03 00 P.M. AT "POLARIS HOUSE", 244 ANNA SALAI, CHENNAI-600 006.

"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956, Clause 4 of Part (B) of the Objects Clause of the Memorandum of Association of Intellect Design Arena Limited ("the Company" or "IDAL") and subject to the requisite sanction of the High Court of Judicature at Madras or the National Company Law Tribunal("NCLT"),as the case may be, and such other statutory / regulatory authority(ies), as may be applicable, the Scheme of Arrangement between the Company and Polaris Financial Technology Limited ("PFTL"), and their Respective Shareholders and Creditors("the Scheme") providing for the demerger of the Products Business Division of PFTL to the Company with effect from 1st April 2014 ("Appointed Date"), as per the terms and conditions mentioned in the draft Scheme submitted to the Board and initialed by the Chairman for the purposes of identification, be and is hereby approved."

"RESOLVED FURTHER THAT in the opinion of the Board, the demerger of Products Division of PFTL to IDAL would be advantageous and beneficial to IDAL and all the shareholders and that the terms thereof being fair and reasonable be and is hereby approved."

"RESOLVED FURTHER THAT pursuant to the sanction of the Scheme, by the Hon'ble High Court of Judicature at Madras or the NCLT, the equity shares or any other Securities of IDAL will be listed and / or admitted to trading on the National Stock Exchange, Bombay Stock Exchange and the Madras Stock Exchange, as per the terms of sub rule 7 of Rule 19 of the Securities Contracts (Regulation) Rules, 1957."

"RESOLVED FURTHER THAT a Committee comprising of Mr.K.Govindarajan, Mr.Govind Singhal, Mr.S.Swaminathan, Directors of the Company,Mr.Arun Jain, Mr.A.V.Ravi Shankar, Mr.T.V.Sinha, Mr.V.V.Naresh, Authorised Signatories of the Company("the Committee") be set up to give effect to the Scheme and to do such acts, deeds, matters and things as also to execute such documents, writings as may be necessary and to settle any questions or difficulties which may arise and give any directions necessary for obtaining approval of and giving effect to the Scheme, as and when required".

"RESOLVED FURTHER THAT the Committee be and is hereby authorised to take all necessary steps:



For Intellect Design Arena Limited


Director

Intellect Design Arena Limited

Registered Office: No.244, Anna Salai, Chennai - 600 006

1. To file, if necessary, the Scheme and / or any other application / information / details with the concerned Stock Exchanges or any other regulatory authority or agency to obtain approval for the listing of the shares of the Company on the National Stock Exchange, Bombay Stock Exchange and the Madras Stock Exchange, or for giving effect thereto;
2. To file, if necessary, the Scheme and / or any other information / details with the concerned authorities or any other agency to obtain approval or sanction to any of the provisions of the Scheme or for giving effect thereto;
3. To sign and file, if necessary, applications to the High Court of Judicature at Madras or the NCLT , as the case may be seeking directions as to convening / dispensing with the meeting of the shareholders / creditors of the Company and where necessary to take steps to convene and hold such meetings as per the directions of the Court;
4. To sign and file, if necessary petitions for confirmation of the Scheme by the High Court of Judicature at Madras or the NCLT;
5. To file affidavits, petitions, pleadings, applications or any other proceedings incidental or deemed necessary or useful in connection with the above proceedings and to engage Counsels, Advocates, Solicitors, Chartered Accountants and other professionals and to sign and execute vakalatnama wherever necessary, and sign and issue public advertisements and notices ;
6. Obtaining approval from such other authorities and parties including the shareholders, creditors, lenders as may be considered necessary, to the said Scheme;
7. To settle any question or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution;



For Intellect Design Arena Limited

Director

Intellect Design Arena Limited


Registered Office: No.244, Anna Salai, Chennai - 600 006

8. To make any alterations/ changes to the Scheme as may be expedient or necessary which does not materially change the substance of the Scheme; particularly for satisfying the requirements or conditions imposed by the Central Government or the Court of competent jurisdiction or by the Stock Exchanges where the shares of PFTL are listed or any other authority;
9. To sign, if necessary, all applications, petitions, documents, relating to the Scheme or delegate such authority to another person by a valid Power of Attorney; and
10. To do all further acts, deeds, matters and things as may be necessary, proper or expedient to give effect to the Scheme and for matters connected therewith or incidental thereto."

"RESOLVED FURTHER THAT the members of the Committee be and are hereby authorized severally to sign any copy of this resolution as a certified true copy thereof and furnish the same to whomsoever concerned."

// CERTIFIED TRUE COPY //

For Intellect Design Arena Limited


S.Swaminathan
Director



March 18, 2014

Annexure XI

Confirmations

The National Stock Exchange of India Ltd.,

Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051.

Kind Attn : Ms.Rehana D'Souza, Assistant Vice President (Listing), Listing Department

Dear Sir,

Sub : ***Application under Clause 24(f) of the listing agreement for the proposed Scheme of Arrangement ("Demerger") of Products Business Undertaking of the Company***

In connection with the above application, we hereby confirm that :

- a) The proposed Scheme of Arrangement ("Demerger") to be presented to the Court or Tribunal does not in any way violate, override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions as explained in clause 24(g) of the Listing Agreement or the Stock Exchange requirements.
- b) The Company is in Compliance with Clause 49 of the Listing Agreement and Quarterly Compliance Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement as on 31st December 2013 is attached herewith.
- c) **Rationale behind the scheme of arrangement:**

At the time of this Scheme, the Software products business of Polaris has reached critical size in terms of revenue and customer base. More than 150 Banks in the world are using the Software Products. Last year alone, Intellect has been acclaimed by more than 20 Global analysts report in leadership category.

After intensive internal deliberations amongst the Board members of Polaris; and upon engaging external consultants, it was decided that this is a right time to hive it off the products business as a business separate from the services business.

Product business is based on intellectual properties in technology space. This business has higher gross margins compared to the services business because of License revenues and higher billing rates. On the other hand, like any Silicon Valley companies, it has inherent risks. It requires continuous R&D investments to keep pace with the technologies. Further, the products business also require higher investments in creating Global brand and substantial higher marketing and sales investments to cash in on the opportunities the market offers.

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The Services business which has reached over Rs 2000 Crores business has very rich client base and trusted customer relationships. This business works on the principle of outsourcing technology services to India; and provides Application Development and Maintenance services, Infrastructure Management Services, High Performance Testing Services, Data Management Services, Portal, Channel and CRM solutions to the customers in retail banking, Capital markets, Insurance and Corporate banking customers. This business runs on operational efficiency and driven by helping clients to meet their agenda. The talent required for building and growing this business, as well as the talent management processes, is substantially different from the Products business.

It was, therefore, decided that the Products business should be demerged into an independent company whose shares would also be listed. Upon such demerger, the Demerged Company as well the Resulting Company would have its own management teams, Boards, who can chart out their own independent strategies to maximize value creation for their respective stakeholders.

The demerger will permit increased focus by the Demerged Company and the Resulting Company on their respective businesses in order to better meet their respective customers' needs and priorities eliminating thereby any perceived conflict of interest among customers, develop their own network of alliances and talent models that are critical to their own success.

Taking the above background into consideration, the Board recommended a Scheme of Arrangement cum Demerger comprising the following:

1. The business of the Demerged Company should be demerged into two businesses consequent to which the Demerged Company would continue to run Services businesses, while the Products business will be demerged into the Resulting Company Intellect Design Arena Ltd as a going concern with effect from the Appointed Date.
2. The proposed Scheme will involve the issuance to every shareholder of the Demerged Company, one new share in the Resulting Company Intellect Design Arena Limited for every one share held in the Demerged Company.
3. As stated in the nature of the two businesses, Intellect is inherently a very high risk business (similar to the risks associated with molecule development business in the pharmaceutical industry), have a different investor profile compared to services business. Though Indian Software outsourcing industry has taken leadership globally, software product companies are still young. Against this background, independent Directors of the Board highlighted the need for providing choice to the shareholders of the Resulting Company to evaluate whether they have the right appetite for the risks associated with the business. Thus, the Demerged Company has decided to provide special option to the shareholders of the Resulting company upon listing of the shares of the Resulting Company pursuant to this Scheme to exit as a shareholder by opting to receive a non-convertible debenture and thus providing a firm return to such shareholders for the duration of the said



instrument, the terms of which are part of the Scheme. The Scheme provides for an option to each shareholder of the Resulting Company to elect to receive fully secured non convertible debentures in lieu of the equity shares held by them, in the manner set out in the Scheme.

d) **Brief details about the business of the Companies :**

ABOUT POLARIS FINANCIAL TECHNOLOGY LIMITED (“Demerged Company”):

Polaris Financial Technology Limited was incorporated on 5th January 1993 under the Companies Act, 1956 in the State of Tamil Nadu. The Corporate Identity Number of Polaris Financial Technology Limited is L65993TN1993PLC024142. Polaris Financial Technology Limited is primarily engaged in the business of developing Software products and rendering software services for financial institutions. The Registered Office of Polaris Financial Technology Limited is situated at Polaris House, 244, Anna Salai, Chennai – 600006, India

Polaris Financial Technology Limited mainly has two undertakings, namely, Products Business undertaking and Services Business Undertaking.

e) **ABOUT INTELLECT DESIGN ARENA LIMITED (“Resulting Company”):**

Intellect Design Arena Limited was incorporated on 18th April 2011 under the Companies Act, 1956 in the State of Tamil Nadu under the name “Fin Tech Grid Limited”. Subsequently the name of the Company was changed to its current name as “Intellect Design Arena Limited” on 3rd February 2014. The Corporate Identity Number of Intellect Design Arena Limited is U72900TN2011PLC080183. Intellect Design Arena Limited has been incorporated inter-alia to engage in the business of developing and selling of software products. The Registered Office of Intellect Design Arena Limited is situated at 244, Anna Salai, Chennai 600006, Tamil Nadu, India.

- f) The proposed Scheme of Arrangement (“Demerger”) together with all documents mentioned in amended SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 will be disseminated on Company’s website www.polarisft.com and website link is <http://www.polarisft.com/investor/investor-home.asp>.
- g) The Company will disclose the observation letter of the stock exchange on its website within 24 hours of receiving the same.
- h) The documents filed by the Company with the Exchange are same / similar / identical in all respect, with that filed by the Company with the Registrar of Companies / SEBI wherever applicable.

Thanking you,

For Polaris Financial Technology Limited


V.V.Naresh
Vice President and Company Secretary

Encl : as above.



**Quarterly Compliance Report on Corporate Governance
pursuant to Clause 49 of the Listing Agreement**

Name of the Company **POLARIS FINANCIAL TECHNOLOGY LIMITED**
Scrip Code / Name **NSE : POLARIS BSE : 532254**
Quarter Ending on **December 31, 2013**

Particular	Clause of Listing agreement	Compliance Status Yes / No	Remarks
I Board of Directors			
(A) Composition of Board	49 (IA)	Yes	
(B) Non-executive Directors' Compensation & disclosures	49 (IB)	Yes	
© Other provisions as to Board and Committees	49(IC)	Yes	
(D) Code of Conduct	49(ID)	Yes	
II. Audit Committee			
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
© Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 (IID)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	
III. Subsidiary Companies			
IV. Disclosures			
(A) Basis of related party transactions	49 (IV A)	Yes	
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes	
© Board of Disclosures	49 (IV C)	Yes	
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	NA	
(E) Remuneration of Directors	49 (IV E)	Yes	
(F) Management	49 (IV F)	Yes	
(G) Shareholders	49 (IV G)	Yes	
V. CEO / CFO Certification	49 (V)	Yes	A Report on Corporate Governance together with the report from CEO & CFO shall be enclosed in the Annual Report for the Financial year 2013 – 14.
VI. Report on Corporate Governance	49 (VI)	Yes	
VII. Compliance	49 (VII)	Yes	

Note: Items requiring disclosures in the Annual Report shall be dealt with in the Annual Report to be approved for the Financial year 2013 – 14.

For Polaris Financial Technology Limited


V.V.Naresh
Vice President and Company Secretary

Polaris Financial Technology Limited, Regd. Office: 'Polaris House', 244, Anna Salai, Chennai - 600 006. India. Tel: +91-44-3987 4000, Fax: +91-44-2852 3280
Corporate Headquarters: 'Foundation', 34, IT High way, Chennai - 603 103. India. Tel: +91-44-2743 5001 /+91-44-3987 3000, Fax: +91-44-2743 5166

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Annexure XII
Designated Stock
Exchange Resolution

EXTRACT FROM THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF POLARIS FINANCIAL TECHNOLOGY LIMITED HELD ON TUESDAY, THE MARCH 18, 2014 AT 02 30 P.M. AT "POLARIS HOUSE", 244 ANNA SALAI, CHENNAI-600 006 & REGUS, CENTRE NO. 1863, 5TH FLOOR, SB TOWER, SECTOR 16A, NOIDA.

RESOLVED THAT the Board be and hereby approves National Stock Exchange Of India Ltd ("NSE") as the Designated Stock Exchange for the purpose of coordinating with SEBI for the proposed Demerger.

RESOLVED FURTHER THAT Mr.S.Swaminathan, Chief Financial Officer, Mr.T.V.Sinha, Chief Risk Officer, Mr.A.V.Ravi Shankar, Senior Vice President-Legal and Mr.V.V.Naresh, Vice President and Company Secretary of the Company be and are hereby severally authorised to do all such acts and deeds as may be required to sign all such papers and documents as may be necessary in this regard.

RESOLVED FURTHER THAT Mr.V.V.Naresh, Vice President and Company Secretary be and is hereby authorized to signed the certified true copy of the Resolution furnish the same to whomsoever concerned."

// CERTIFIED TRUE COPY //

For Polaris Financial Technology Limited


V.V.Naresh
Vice President and Company Secretary

March 18, 2014

End of Document