

POLARIS

POLARIS SOFTWARE LAB LIMITED

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

Tel No.91-44 3987 4000 Fax: 91-44 2852 3280

NOTICE

Notice is hereby given that an Extraordinary General Meeting of the Company will be held on Friday, the 28th October 2011 at 11.30 A.M. at Chinmaya Heritage Centre, No.2, 13th Avenue, Harrington Road, Chetpet, Chennai-600 031 to transact the following businesses as SPECIAL BUSINESS.

1. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

Resolved that the Employees Stock Option Scheme of the Company namely Associate Stock Option Plan-2011 ('ASOP-2011') (as defined under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and as amended from time to time) as approved and recommended by the Board of Directors be and is hereby approved and the benefits of the Scheme shall be extended as per the scheme to eligible Associates (employees) of the Company, its subsidiary(ies) and / or its holding Company(ies) provided that the number of options that can be granted shall not exceed 49,60,000 (Forty nine Lacs and sixty thousand only) convertible into equivalent number of equity shares of Rs.5/- (Rupees Five) each, including 2,00,000 (two Lacs) options allocated to the non executive directors of the Company and also subject to any increase or decrease in the number of options of ASOP-2011 due to any corporate action(s) such as issue of Bonus Shares, Split or Consolidation of shares of the Company.

Resolved further that the Board of Directors be and is hereby empowered to formulate such terms and conditions if any additionally required, procedures for grant or vesting of share(s) / option(s) under ASOP-2011 and to administer, supervise and implement, alter, modify the terms and conditions of the ASOP-2011 which shall not be detrimental to the interests of the then-existing option holders.

Resolved further that the Board of Directors be and is hereby authorised to withdraw, recall, accept, surrender or cancel options already issued / to be issued pursuant to this resolution or any other resolution passed by the members and to reissue the options withdrawn, recalled, surrendered or cancelled, to issue fresh options in-lieu thereof at such price, in such manner during such period in one or more tranches and on such terms and conditions as it may deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s), including power to amend, vary or modify any of the terms and conditions of the scheme, the grant of options, issue or allotment of equity shares pursuant to the options granted; without being required to seek any further consent or approval from the members of the Company as it may deem fit in the best interests of the Company and its employees.

2. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

Resolved that the Employees Stock Option Scheme of the Company namely Associate Stock Option Plan Trust-2011 ('ASOPT-2011') (as defined under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and as amended from time to time) as approved and recommended by the Board of Directors be and is hereby approved and the benefits of the Scheme shall be extended as per the scheme to eligible Associates (employees) of the Company, its subsidiary(ies) and / or its holding Company(ies) provided that the number of options that can be granted shall not exceed 19,84,000 (Nineteen Lacs and eighty four thousand only) options convertible into equivalent number of equity shares of Rs.5/- (Rupees Five) each and also subject to any increase or decrease in the number of options of ASOPT-2011 due to any corporate action(s) such as issue of Bonus Shares, Split or Consolidation of shares of the Company.

Resolved further that the Board of Directors be and is hereby empowered to formulate terms and conditions if any additionally required, procedures for grant or vesting of share(s) / option(s) under ASOPT-2011 and to administer, supervise and implement, alter, modify the terms and conditions of the ASOPT-2011 which shall not be detrimental to the interests of the then existing option holders.

Resolved further that the Board be and is hereby authorised to withdraw, recall, accept, surrender or cancel options already issued / to be issued pursuant to this resolution or any other resolution passed by the members and to reissue the options/warrants withdrawn, recalled, surrendered or cancelled, to issue fresh options in-lieu thereof at such price, in such manner during such period in one or more tranches and on such terms and conditions as the Board may deem fit in the best interests of the Company and its employees.

Resolved further that the Board Directors of the Company be and is hereby authorised to grant an interest free, refundable loan amount not exceeding Rs.35 Crores (Rupees thirty five Crores only) on such terms and conditions as may be decided by the Board to a Trust to be formed and duly constituted namely Polaris Associate Stock Option Plan Trust-2011, in one or more tranches for purchase of the equity shares of the Company from the secondary capital market in the name of the Trust (Polaris Associate Stock Option Plan Trust-2011) on such terms as it may deem fit in the best interests of the Company and its employees.

Resolved further that for the purpose of giving effect to any offer or grant of options under ASOPT-2011 or issue or allotment of equity shares pursuant to the options granted, or securities or instruments representing the same as described above, under ASOPT-2011 the Board be and is hereby authorised on behalf of the Company to do all or any such acts, deeds, matters and things as may be required and / or under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 any Regulations thereof, the Companies Act, 1956 or other Acts / Regulations as applicable or in its absolute discretion, for obtaining in principle approval from the Stock Exchange(s) as it may deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s), including power to amend, vary or modify any of the terms and conditions of the scheme, the grant of options, issue or allotment of equity shares pursuant to the options granted; without being required to seek any further consent or approval from the members of the Company as it may deem fit.

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

Resolved that in terms of Section 81(A) and other applicable provisions if any, of the Companies Act, 1956 and in accordance with the provisions of Articles of Association of the Company and subject to the consent of the Securities and Exchange Board of India (SEBI) and all other concerned Authorities, if and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as "The Board" which term shall be deemed to include any Committee of the Board), at its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer and issue such number of equity shares of the Company of face value of Rs.5/- each not exceeding 49,60,000 number of options under Associate Stock Option Plan-2011 ('ASOP-2011') to such Associates (employees) for the benefit of eligible Associates who are in permanent employment of the Company, its subsidiary(ies) and / or its holding Company(ies) and consequently create, issue, offer, options and allot from time to time, equity shares at such price, in such manner during such period, in one or more tranches and on such other terms and conditions as the Board may decide under the terms and conditions as stipulated by the "ASOP-2011".

Resolved further that for the purpose of giving effect to any offer or grant of options under ASOP-2011 issue or allotment of equity shares pursuant to the options granted, or securities or instruments representing the same as described above, under ASOP-2011 the Board be and is hereby authorised on behalf of the Company to do all or any such acts, deeds, matters and things as may be required and / or under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 any Regulations thereof, the Companies Act, 1956 or other Acts / Regulations as applicable or in its absolute discretion, for obtaining in principle approval and listing of the shares allotted upon exercise of options from the stock exchange(s), as it may deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s), including power to amend, vary or modify any of the terms and conditions of the scheme, the grant of options, issue or allotment of equity shares pursuant to the options granted; without being required to seek any further consent or approval from the members of the Company as it may deem fit.

Resolved further that subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid resolution shall in all respect rank pari passu inter-se, as also with the then existing equity shares of the Company.

Resolved further that the Board be and is hereby authorised to delegate all or any of its powers herein conferred to any Committee constituted thereof by the Board for the said purpose.

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION.

Resolved that approval of the members of the Company be and is hereby accorded to change the name of the Company from "**Polaris Software Lab Ltd**" to "**Polaris Financial Technology Limited**" subject to the approval of Registrar of Companies, Chennai, Ministry of Corporate Affairs, Government of India pursuant to Section 21 and other applicable provisions of the Companies Act, 1956 and that the name of Polaris Software Lab Limited wherever it appears in Memorandum of Association, Articles of Association and any such other documents, contracts be substituted with the new name "**Polaris Financial Technology Limited**".

Resolved further that the change of name of the Company shall not affect any right or obligations of the Company, or render defective any legal proceedings by or against it and any legal proceedings which might have been continued or commenced by or against the Company by its former name "**Polaris Software Lab Limited**" shall be continued by or against the Company by its new name, "**Polaris Financial Technology Limited**".

Resolved further that the Board of Directors be and is hereby authorised to appoint any of the Directors or any other person to do all such acts, deeds, things, matters and to file / submit application, letters, documents with the Registrar of Companies, Chennai, Ministry of Corporate Affairs, Government of India as may be necessary / required to give effect to the change of name of the Company from "**Polaris Software Lab Limited**" to "**Polaris Financial Technology Limited**".

Resolved further that a certified copy of the extract of the resolution as may be required by any authority(s) be issued by Mr.K.C.Raman, Assistant Vice President – Secretarial of the Company.

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION.

Resolved that pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable Rules, Regulations, Guidelines and Laws (including any Statutory modification or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded for increasing the limit of investments by Foreign Institutional Investors (hereinafter referred to as 'FIIs') including their sub-accounts in the shares of the Company, by purchase and or acquisition from the secondary capital market under the Portfolio Investment Scheme, upto 49.90% of the paid-up equity share capital of the Company respectively.

Resolved further that Board be and is hereby authorised to do all such other acts / delegate such powers, to any official(s) of the Company or consultant(s), as may necessary / required to obtain requisite approval from any authorities, to increase the limit of investments by Foreign Institutional Investors (hereinafter referred to as 'FIIs') including their sub-accounts in the shares of the Company, by purchase and or acquisition from the secondary capital market under the Portfolio Investment Scheme upto 49.90% of the paid-up equity share capital of the Company.

By order of the Board,
for **Polaris Software Lab Ltd**

Place : Chennai
Date : October 1, 2011

B.Muthusubramanian
Senior Vice President (Finance & Secretary)

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs.50,000/-. A proxy shall not vote except on a poll. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting. Shareholders holding requisite number of shares/voting power and who wish to demand a poll are requested to inform the Company of their intention to do so, to enable the Company to make appropriate arrangements for the conduct of poll. Member/Proxy holder must bring the attendance slip to the meeting and hand it over at the entrance duly signed.
2. Members are requested to quote their Registered Folio Number or Demat Account number & Depository Participant (DP) ID number on all correspondences with the Company. The transfer deeds, communication for change of address, bank details, ECS details, mandates (if any), should be lodged with Registrar & Share Transfer Agents (RTA) of the Company, M/s.Karvy Computershare Private Limited, Hyderabad. Members whose shares are held in the electronic mode are requested to intimate the same to their respective Depository Participants.
3. Members who are holding physical shares in more than one folio are requested to intimate to the Company / RTA, the details of all their folio numbers for consolidation into a single folio.
4. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 (the Act) setting out the material facts and reasons for the business as set out supra is annexed hereto.

Annexure to the Notice - Explanatory Statement under Section 173(2) of the Companies Act, 1956 (Act).

Item No.1 - 3

The primary objective of the Company Polaris has always been to create high performance communities that create significant value for all stakeholders. The Company already has two Associate Stock Option Schemes namely ASOP 2003 & ASOP 2004 currently in force, the Schemes are not attractive to the Associates as the options are granted based on then prevailing market prices.

The existing schemes ASOP 2003 & ASOP 2004; shall continue until the options already granted to the Associates of the Company are exercised / lapsed / surrendered / cancelled. The details of the two existing schemes are

S.No.	Total No. of options approved by the shareholders	Options Exercised till September 2011
ASOP 2003	38,95,500	8,44,450
ASOP 2004	10,84,745	1,74,600

The Company has therefore, decided to introduce new Associate Stock Option Plans, namely ASOP-2011 and ASOP Trust-2011. The Management opined that these new schemes would encourage and reward eligible associates for their performance, commitment and support for the growth of POLARIS and to provide an incentive to continue contributing to the success of the Company. It is envisaged that the ASOP-2011 Schemes will enable POLARIS to attract and retain the best available talents by making them partners in business and its growth.

A. Salient features of ASOP-2011 Scheme

The Associate Stock Option Plans - 2011 policies were drafted in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

- (a) Total number of options are to be granted : Associate Stock Option Plan -2011 = 49,60,000
- (i) Swarnam 11 - 19,84,000 [Senior & Key Executives excluding non-executive Directors]
- (ii) Swarnam 21 - 17,36,000 [Members of Business Leadership Team or equivalent thereof]
- (iii) Swarnam 31 - 10,40,000 [Associates in the grade of Executive Vice President & above]
- (iv) Swarnam 41 - 2,00,000 [Non Executive Directors]
- (b) Pricing of options - The Grant Price per option shall be at the discount on Market price as detailed below:

Discount per Option (% on Market price)				
Price band	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
A Market price upto Rs.175/-	Grant at market price	Grant at market price	Grant at market price	Grant at market price
B Market price between Rs.176 to Rs.500/-	15%	30%	50%	Grant at market price
C Market price greater than Rs.500/-	10%	20%	50%	Grant at market price

- In case of 'B' above, Grant Price (after discount) shall not be lower than the floor price. The Price Band shall be adjusted for corporate actions, if any.

- (c) Associate Stock Option(s) are offered to all eligible associates (employees) of the Company and its subsidiary / holding Companies as per ASOP – 2011 scheme. The continuation of the option grantee in the service of the company or its subsidiaries shall be a primary requirement of the vesting.
- (d) The vesting period shall be as follows-

	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Vesting schedule (from the date of grant)	As a % on options granted			
At the end of year 1	10%	0%	0%	20%
At the end of year 2	15%	0%	0%	20%
At the end of year 3	20%	33%	33%	20%
At the end of year 4	25%	33%	33%	20%
At the end of year 5	30%	34%	34%	20%

- (i) Additional Conditions:

- If the performance rating of an associate during a year, as per the policies of the company is 'P-' or any equivalent thereof or where any disciplinary action is initiated in any of the year during the vesting period, then 20% of the options granted shall stand cancelled for each of the respective year(s).

- Those cancelled options shall be reduced from the options vesting immediately after the performance ratings are announced or disciplinary action is initiated. If there is any shortfall, then the balance shall be adjusted from subsequent vesting.

- (ii) Additional conditions for acceleration (applicable for Swarnam 11 & 21)

In addition to the scheduled vesting, an option grantee is in service for not less than nine months during any financial year, vesting of balance unvested options under each type shall be accelerated in the event of the percentage of growth in Earning per share (EPS) of the Company for that financial year over the immediate previous financial year as indicated below:

1. EPS growth of 25% leads to accelerated vesting of 5% of the total options granted.
2. EPS growth of 40% leads to accelerated vesting of 10% of the total options granted

The accelerated options shall be reduced from the options due for vesting in the immediate succeeding year. The accelerated vesting referred to above shall vest on the option grantee on the relevant vesting date or the date of Consolidated Audited financial statements of the group for the financial year for which the EPS growth relates to, whichever is later.

- (e) In case the option grantee goes on a continuous unpaid leave of 30 days or more during the vesting period, the vesting period shall be automatically extended by such period of leave in excess of 30 days.
- (f) The exercise period shall commence from the date of vesting and expire not later than 60 (sixty) calendar months from the relevant vesting date. Options vested and not exercised by the option grantee before the exercise period of the said options, shall lapse.
- (g) The maximum number of options granted to any one associate over the life of the scheme shall not be more than 1% of issued equity share capital of the Company.
- (h) The Company shall conform to the accounting policies specified in Clause 13.1 of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
- (i) The Company shall follow the intrinsic method for valuation of options and the difference between the intrinsic and fair value of the shares will be disclosed in the Directors' Report with the impact of the difference on profits and EPS.

B. Salient features of ASOP (Trust)-2011 Scheme

The Associate Stock Option Plan (Trust)-2011 policies were drafted in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

- (a) Total number of options are to be granted under this scheme - 19,84,000
- (b) Pricing of options
- If the market price is below Rs.175/- options will be granted at Market price.
 - If the market price is Rs.175/- or above, options will be granted at a discount of 10% on the market price. However the Grant Price (after discount) shall not be lower than the floor price.
- (c) Associate Stock Option(s) are offered to all eligible associates (employees) of the Company and its subsidiary / holding Companies as defined under the Scheme.
- (d) Under ASOP (Trust) – 2011, a Trust shall be constituted by the Board of Directors of the Company to administer the scheme, to acquire Polaris equity shares from the Secondary capital market and to hold, distribute the said shares to the eligible associates as per the terms and conditions of the ASOP (Trust) – 2011 at such price, from time to time.
- (e) The continuation of the option grantee in the service of the company or its subsidiaries shall be a primary requirement of the vesting.
- (f) The vesting period shall be as follows-

Vesting schedule (from the date of grant)	As a % on options granted
At the end of year 1	20%
At the end of year 2	20%
At the end of year 3	20%
At the end of year 4	20%
At the end of year 5	20%

- (g) In case the option grantee goes on a continuous unpaid leave of 30 days or more during the vesting period, the vesting period shall be automatically extended by such period of leave in excess of 30 days.
- (h) The exercise period shall commence from the date of vesting and expire not later than 60 (sixty) calendar months from the relevant vesting date. Options vested and not exercised by the option grantee before the exercise period of the said options, shall lapse.
- (i) The maximum number of options granted to any one associate over the life of the scheme(s) shall not be more than 1% of issued equity share capital of the Company.
- (j) The Company shall conform to the accounting policies specified in Clause 13.1 of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The Scheme empowers the Board of Directors and or any Committee thereof constituted by the Board of Directors to amend, vary or modify the terms and conditions pertaining to the grant of options, pricing of options, issue and or allot and or transfer of equity shares or warrants pursuant to the options, to make suitable adjustments as may be required and to the extent permissible in law for Bonus shares, split or consolidation of shares and other rights that may accrue in respect of the options granted.

The Directors of the Company are interested to the extent of their shareholding in the Company and to the extent they may be covered by the Schemes. Accordingly your Directors recommend the special resolutions in the best interests of the Company.

The draft copies of the Schemes are made available at the Registered Office of the Company for inspection.

Item No.4

Your Company is engaged in Financial Technology business for the past 18 years and its products; technologically

supporting financial industry, hence the Directors of the Company are of the view that to represent the present business it is proposed to change the name of the Company from "Polaris Software Lab Ltd" to "**Polaris Financial Technology Limited**".

Accordingly the Board of Directors of the Company decided to change the name of the Company from "Polaris Software Lab Limited" to "**Polaris Financial Technology Limited**" at its meeting held on July 20, 2011.

Subsequently the Company has obtained the name availability approval from the Registrar of Companies, Chennai, Ministry of Corporate Affairs, Government of India vide letter dated July 22, 2011 (SRN B16634685). Pursuant to Section 21 of the Companies Act, 1956 the change of name of Company as "**Polaris Financial Technology Limited**" has to be approved by the members of Company by passing a Special Resolution subject to the approval from the Ministry of Corporate Affairs.

Accordingly your Directors recommend the resolution in the best interests of the Company. None of the Directors of the Company are in any way, concerned or interested in the proposed Special Resolution.

Item No.5

Under the Portfolio Investment scheme, the overall investment limit for Foreign Institutional Investors (FIIs) is 24% and NRI/PIOs is 10% of the paid-up equity share capital of Indian Company. It has come to the notice that the above threshold limit is about to exceed, as per the shareholding pattern as on September 23, 2011, the FIIs investment was 23.59% of the paid-up equity share capital of the Company. Pursuant to the directions of the Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999 (FEMA) that the Company may increase the limit of 24% for FIIs investment to such other higher percentage subject to approval of Shareholders of the Company.

The Board of Directors recommends this resolution for increasing the FIIs investment ceiling limit on the shareholding of the Company from 24% to 49.90% and none of the Directors is concerned or interested in the said resolution.

By order of the Board,
for **Polaris Software Lab Ltd**

Place : Chennai
Date : October 1, 2011

B.Muthusubramanian
Senior Vice President (Finance & Secretary)