

THE POWER OF CHANGE

Annual Report 2002 - 2003

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Registered Office:
POLARIS SOFTWARE LAB LIMITED
Polaris House, 244, Anna Salai, Chennai - 600 006. INDIA.
Ph: 91-44-2852 4154 Fax: 91-44-2852 3280 email: chennai@polaris.co.in

A complete version of this book is available at the site www.polaris.co.in

POLARIS

power of precision

Registered Office:

POLARIS SOFTWARE LAB LIMITED
Polaris House, 244, Anna Salai, Chennai - 600 006. INDIA.
Ph: 91-44-2852 4154 Fax: 91-44-2852 3280 email: chennai@polaris.co.in

INDIA

Corporate Headquarters:

POLARIS SOFTWARE LAB LTD.
"Foundation", 34, IT Highway, Chennai - 603 103. INDIA.
Ph: 91-4114-235 001 Fax: 91-4114-235 166
email: chennai@polaris.co.in

POLARIS SOFTWARE LAB LTD.
'Steeple Reach', 25, Cathedral Road, Chennai - 600 086.
Ph: 91-44-2811 1393 Fax: 91-44-2811 2217

POLARIS SOFTWARE LAB LTD.
71A, Spencer Plaza, 769, Anna Salai, Chennai - 600 002.
Ph: 91-44-2856 6444 Fax: 91-44-2841 1313

POLARIS SOFTWARE LAB LTD.
1st Floor, Tower III, Sakthi Towers,
766, Anna Salai, Chennai - 600 002.
Ph: 91-44-2858 6231

POLARIS SOFTWARE LAB LTD.
6-3-879/879-B, G Pulla Reddy Building, 2nd Floor,
Greenlands Road, Begumpet, Hyderabad - 500016.
Ph: 91-40-2340 7500 Fax: 91-40-2340 5273

POLARIS SOFTWARE LAB LTD.
133 / SDF 5, SEEPZ SEZ, Andheri East, Mumbai - 400 096.
Ph: 91-22-2829 0019/2829 2305 Fax: 91-22-2829 2930

POLARIS SOFTWARE LAB LTD.
Mahindra Towers, 'B' Wing, 1st Floor, G M Bhosale Marg,
Worli, Mumbai - 400 018. Ph: 91-22-5662 8383

POLARIS SOFTWARE LAB LTD.
Plot No.249, Udyog Vihar Phase IV
Gurgaon - 122 001.
Ph: 91-124-2639 9561/9551/9555 Fax : 91-124-2634 5090
email: gurgaon@polaris.co.in

USA

North American Headquarters:

POLARIS SOFTWARE LAB (INDIA) LTD.
Woodbridge Place, 517, Route 1 South,
Suite 2103, Iselin, NJ-08830, USA.
Ph: 732-404-1199 Fax: 732-404-1188
email: nj@polaris.co.in

POLARIS SOFTWARE LAB (INDIA) LTD.
38750, Paseo Padre Parkway
Suite #A7, Fremont, CA 94536 USA.
Ph: 510-745-9986 Fax: 510-745-9984
email: fremont@polaris.co.in

POLARIS SOFTWARE LAB (INDIA) LTD.
8313 Dunwoody Place, Atlanta 30350 GA, USA.
Ph: 1-770-650-2983/84 Fax: 1-770-650-9740
email: atlanta@polaris.co.in

POLARIS SOFTWARE LAB (INDIA) LTD.
3333, Warrenville Road, Suite 200, Lisle, IL 60532, USA.
Ph: 630-799-8125 Fax: 630-799-8126
email: chicago@polaris.co.in

SINGAPORE

Asia Pacific Headquarters:

POLARIS SOFTWARE LAB PTE LTD.
No.10, Ubi Crescent, #04-48, Lobby C
Ubi Techpark, Singapore - 408564.
Ph: 65-6333 1344 Fax: 65-6333 1431
email: singapore@polaris.co.in

AUSTRALIA

POLARIS SOFTWARE PTY LTD.
ABN 12 095 031 897, Level 10, 109 Pitt Street
Sydney, NSW 2000. Australia.
Ph: 61-2-9233-1377 Fax: 61-2-9233-1477
email: australia@polaris.co.in

JAPAN

Polaris Software Lab Japan K.K.
NH Toranomon Building, 4F, 2-6-10, Toranomon,
Minato-Ku, Tokyo 105-0001. Japan.
Ph: 81-3-3500 5878/5879 Fax: 81-3-3500 5877
email: subramanian.k@polaris.co.in
www.polarissoftware.co.jp

MIDDLE EAST

POLARIS SOFTWARE LAB LTD.
C/o. NAHIL COMPUTER COMPANY
P.O.Box 59205, Riyadh -11525
KINGDOM OF SAUDI ARABIA
Ph: 966-5-4445 306/966-1-4649750 Fax: 966-1-4645 365
email: riyadh@polaris.co.in www.polaris.com.sa

UK

POLARIS SOFTWARE LAB LTD.
6th Floor, 1, Harbour Exchange Square, London, E149GE
Ph: 0207-5377 340 Fax: 0207-5377 292
email: uk@polaris.co.in

SWITZERLAND

POLARIS SOFTWARE LAB S.A
Beaux-Arts 8, Case Postale 2649, CH 2001 Neuchatel,
Switzerland. Ph: 41-(0) 32 724 - 9210 Fax: 41-(0) 721 - 2675
email: swiss@polaris.co.in

GERMANY

POLARIS SOFTWARE LAB GmbH
Kennedyalle 97a, 60596 Frankfurt am Main, Germany.
Ph: 49-69-69 86160 Fax: 49-69-69 861670
email: germany@polaris.co.in

IRELAND

POLARIS SOFTWARE LAB IRELAND LTD.
Unit 2A, Watson & Johnson Centre, Mill Road,
Greystones Co. Wicklow. Republic of Ireland.
Ph: 353 (1) 287 6745 Fax: 353 (1) 287 6893
email: ireland@polaris.co.in

www.polaris.co.in

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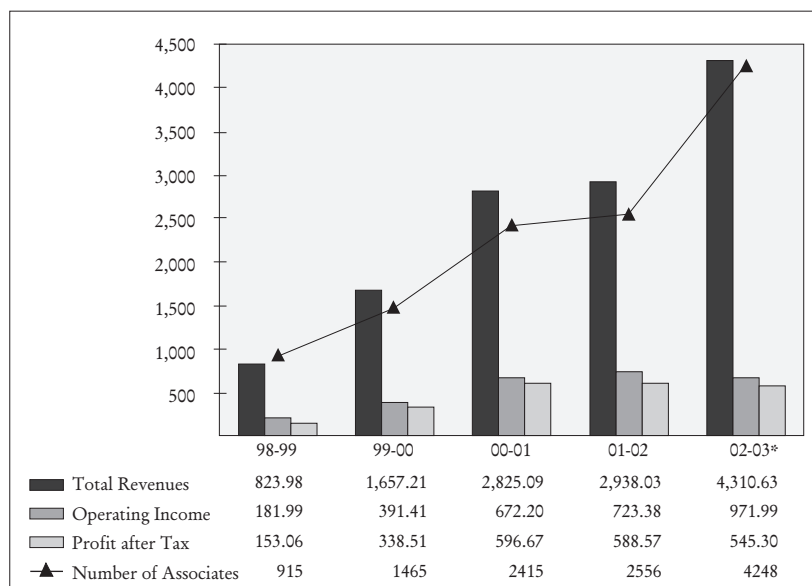
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Financial facts from India's
FASTEST GROWING
IT COMPANY.*

**Based on CAGR of the past 6 years.*

FINANCIAL HIGHLIGHTS



POLARIS SOFTWARE GROUP

FINANCIAL HIGHLIGHTS

	(in Rs. Million)				
For the Year	98-99	99-00	00-01	01-02	02-03*
Total Revenues	823.98	1,657.21	2,825.09	2,938.03	4,310.63
Operating Income	181.99	391.41	672.20	723.38	971.99
Profit after Tax	153.06	338.51	596.67	588.57	545.30
At the Year end					
Total Fixed Assets	112.82	276.88	555.78	876.35	1,713.30
Shareholder Equity	388.74	1,356.92	1,900.52	2,388.90	4,334.90
Number of Shares					
Outstanding of Rs. 5 each	27.1	34.12	34.12	51.19**	97.35
Earnings Per Share-Basic	5.65	9.92	17.49	11.50	7.76#
Dividend %	20%	30%	30%	35%	35%
Number of Associates***	915	1465	2415	2556	4248

* -Consolidated Polaris Software financials of 12 months and OrbiTech Solutions financials of 5 months (Merger effective Nov.1, 02)

** -Bonus Issue of 1:2

*** -Employees at Polaris are called Associates

-Computed on Weighted Average Capital of Polaris Consolidated

LETTER TO SHAREHOLDERS

Dear Shareholders,

The value migration in favour of Indian IT firms continued to gain strength in the year gone by. Protectionism notwithstanding, offshore outsourcing is a global mega trend that is here to stay and the reasons are not far to seek. Most industries are characterized by the quality - price divide: precision quality at a premium price and mass quality at a popular price. The Indian software industry is a rare exception. It offers world class quality at an unbeatable cost advantage, a value proposition rarely matched in any industry. When combined with the passion of our IT work force and the Indian entrepreneurial spirit, this translates to a globally competitive industry across the value chain.

We, at Polaris, are at the threshold of the next wave of opportunity. We are poised strategically to move up the value chain, by decisively breaking into the high-end of the market, both in products and solutions. We have consciously built up the domain knowledge and technological capabilities necessary to engineer such world class products and solutions. 2002 saw your company taking several initiatives in that direction. The merger of OrbiTech into Polaris was, of course, the biggest and boldest of them all. It helped us acquire 57 IPRs (Intellectual Property Rights) in the banking domain, all developed and honed in the fiercely innovative and competitive arena of global banking: retail, investment and wholesale.

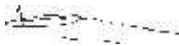
I am happy to announce to you the successful completion of the merger. As one would expect from a merger of this scale - the largest in the Indian IT industry to date, there were

numerous challenges but the people from both sides rose to the occasion as a team to pull it off.

As a 4000 plus strong organization, with 12 international offices and an enhanced sales force, your company looks optimistically to the next phase of growth. This phase will need substantial investments up-front in product engineering and marketing. For example, Polaris will continue to invest in Orbi One in the coming months. Your company, fortunately, has the financial strength and resources to make such investments, as well as the people power to make the investments work for you. In addition to new business, our existing relationships with clients such as Citigroup will continue to flourish.

I look forward to your continued support and patronage as we march forward on this promising journey.

With best regards



Arun Jain

CEO

Chairman & Managing Director

Chennai, 28 July, 2003.



PREFACE



Mr. Arun Jain, CEO with Mr. Ram Bhagwat, Executive Director, at the press conference announcing the merger of Polaris Software and OrbiTech Solutions Ltd.

Each year Polaris has crossed important milestones. But 2002 was perhaps the most significant year in the history of Polaris. It was a year of mega changes driven by the historic merger of OrbiTech, a Citigroup subsidiary, into Polaris. The merger was unprecedented as this was the first time an Indian company was taking a foreign holding in the IT industry. This was also the largest ever merger in the Indian IT space resulting in an overwhelming magnitude of change for Polaris.

The spirit of the merger can best be understood through the sequence of events that led to its taking shape. Mr. Arun Jain, CEO of Polaris Software and Mr. Ram Bhagwat, the then Managing Director of OrbiTech, while separately discussing future business plans for their respective companies, discovered an ideal solution, which could help them grow at a faster pace and counter the uncertainties of the global slowdown. The seemingly simple solution was a merger of the two companies. While OrbiTech had a suite of products and components ideal for the high-end of the Banking, Financial Services and Insurance (BFSI) segment, Polaris had deep experience in delivering services and solutions to the same segment.

Thus was born the new Polaris - a world scale organization with tremendous depth of experience in the global BFSI industry.

This Annual Report attempts to record the rationale behind the merger, an outline of the events and how the change was managed.

Chapter 1 looks at the challenges faced during the OrbiTech merger into Polaris and how they were managed.

Chapter 2 explores the people dimension and how their confidence was built in the new organization.

Chapter 3 is an overview of the changes sweeping the world of Banking, Financial Services and Insurance and how the products, solutions and services from Polaris can help empower competitive institutions in this segment.

Chapter 4 outlines the ever-increasing customer needs and how the new Polaris is geared to meet them. A couple of case studies highlight how clients have benefited from Polaris' products, solutions and services.

Chapter 5 gives an overview of Polaris' products, solutions and services spread. It shows how these deliver valuable benefits to financial institutions looking for cutting-edge technology solutions.

Chapter 6 captures the optimism in the new organization and the new found confidence of a leader poised to win over valuable market share in the BFSI technology segment.

Chapter 7 focuses on the one area Polaris would never like to change - its commitment to social responsibility. It describes the activities of Ullas Trust over the last year and throws light on future plans.

The merger is just the beginning of a long journey - the blooming of a new promise that is waiting to bear fruit.

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Chapter 1



MERGER

A peek behind the scenes

Chennai - India, Oct 26, 2002 OrbiTech merges with Polaris with 42.65 : 100 as new swap ratio

At Polaris, we believe that change is to be anticipated and managed. We understood that the key is to be proactive and people sensitive. To effectively manage the changes necessitated by the OrbiTech merger into Polaris, we knew that we could bring to bear our process capability and maturity.

What have been the key challenges? How were these challenges met? How was the transition managed? Finally, what will be the enduring benefits of this merger?

Let's peek behind the scenes to see how the change into a new organization was managed.

The starting point was a shared vision. In June 2002, 60 senior managers of Polaris and OrbiTech got together soon after the merger announcement. The mission was clearly spelt out - to prepare a common vision for the future, charter a 100-day Integration Plan to leverage on the strengths



This merger gives us banking products and product components on next generation technology. Polaris is now rightly poised to offer the entire spectrum of products, solutions, services and processing for global majors in the financial services industry.

- Arun Jain, CEO



The new Polaris, with the best of resources and facilities, has strengthened its equation with the global BFSI segment in one leap.

Prof. Ashok Korwar, Strategic Advisor

of the combined entity and draw a roadmap for exploring new opportunities.

20 Integration teams were formed with the purpose of streamlining and integrating Key Business Processes for the merged entity. Led by experienced operational managers, these teams ensured that the challenges of integrating these key business processes were managed and results achieved with absolute dedication and focus.

Identified in the Integration Plan were 3 critical areas to manage this merger successfully:



- ✓ Aligning the Business Processes of Polaris and OrbiTech
- ✓ Managing the People Dimension of the merger
- ✓ Ensuring Customer Delight at all times by continuously creating magic for the customer

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Chapter 2



THE People Dimension

The most important dimension critical to the success of any merger is the people dimension. Roles get merged, jobs disappear and re-assignments are the order of the day. Fear, uncertainty and doubt weigh heavy on everyone's minds. Handling people issues sensitively, often at the individual level, directly by senior management, goes a long way to reassure and motivate people to adapt to the rapid changes taking place in front of their own eyes.

We, at Polaris, understood that a merger is not between two abstract entities. We understood that finally it boils down to the 'fit' between the two organizations at the individual level. We knew that surely, the coming together of these two entities was a cause for celebration for all associates of the merged entity. A very important beginning was an event to remember. Huge drawing canvases were put up in each facility of Polaris. Every associate was then asked to 'own' the new company and express himself/herself on the canvas. The result was a sparkling hue of colors. And that was just the beginning...

A dedicated project was set up to ensure an effective program that will help recognize the best talents from the old entities and transition them into the new Polaris. The project's goal was clearly to



A Talent Appreciation Programme had been rolled out, in record time, to great effect.

define and specify the “talent” required for critical job roles in the merged entity and to finalize a clear process, pilot the same across geographies and consolidate the business gains out of its implementation. A Talent Appreciation Programme had been rolled out, in record time, to great effect.

We believe that today, we have an enormous pool of motivated associates who strongly believe in our shared vision and who will create that magic for our customers - people who give tremendous depth of knowledge and expertise in our chosen areas of business.



The drive of both organizations involved in the merger, has led to the creation of a large, people-driven, purposeful organization.

R. Shekar, Sr. Vice President

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Chapter 3



CHANGING Times

Polaris has long understood the need for recognizing and identifying customer needs and tailoring products and services to satisfy them.

Insights into the customer

The digital economy is catalyzing activities in the retail and wholesale banking space. The first generation core-banking back-office solutions based on proprietary technology are increasingly being replaced by cutting-edge solutions on open architecture. With the benefits of centralized processing becoming obvious, some major rollouts are taking place world over.

Yet, maintaining global competitiveness is no cakewalk. Every major financial institution is faced with the hurdle of long gestation times for such projects. It takes the bank at least six months to decide which system to go for, a year or more for implementation, another year before it stabilizes well and everyone is using it. The result is a long three years before an innovation is introduced. The winners will be those firms with a wider view, who can see technology trends two years in advance.



We should look at our customers' customer and explore how best we can use technology to help our customers delight their customers.

- V. Balaraman, Director



If the needs of the customer are met, the simplest solutions gain the significance of a big idea.

- K. R. Chandrasekaran, Sr. Vice President

Only those with an integrated approach will be able to respond faster as they will be well prepared for a variety of future outcomes.

Financial products come of age

Products in this space are gaining more credibility now as they have evolved into a more reliable, superior form. Experienced product companies are being perceived by financial institutions as quality domain experts too. The main requirements are multi-channel integrated software on the retail front and trade and treasury management software on the corporate side.



Quality becomes a critical parameter when outsourcing implementation projects of such a large scale.

Demand for outsourcing continues to increase

IT services will see 10% CAGR through 2007, starting with demand for applications outsourcing and strategy work. After two years of decreases, spending on IT services has stabilized. In 2003, almost 80% of firms will maintain or increase their outlays on IT consulting, integration and outsourcing, compared with 2002.

Tapping into global opportunities

Leading banks in the U.S. are beginning to overcome the time gap between decision-making and final implementation of banking software, by investing in the future. U.S. is the most mature market when it comes to realizing the benefits from outsourcing IT services. In spite of the sluggish markets, IT spending is increasing. U.S. financial services organizations will spend a total of \$ 48 billion in the coming year on IT services.

Institutions worldwide spent \$192.7 billion last year in retail and wholesale banking systems. Retail bank spending accounts for 60% of the total spend. In the U.S., banks will spend \$22 billion on banking products in the year 2003-2004. The largest banks spend 20% of non-interest expense on IT. About 47% of IT spending will be through third-party providers and not through internal projects.

Europe is gradually moving away from proprietary development of applications to investing in products or outsourcing. European banks are now developing better skills in vendor selection and creating IT architectures that allow external software to be integrated more readily. Their IT budgets are steadily growing despite difficult market conditions.

The focus is on the T + 1 and STP requirements with renewed gusto, considering that the European Union is now stabilized. Integration and consulting needs are very

80% *In 2003, almost 80% of firms will maintain or increase their outlays on IT consulting, integration and outsourcing, compared with 2002, according to published research.*

The winners will be firms with a wider view, who can see technology trends two years in advance.

high amongst the economic leaders of this region. The financial services corporations will spend close to \$ 32 billion on systems integration and outsourcing. The eastern European companies are beginning to realize the value of IT services and outsourcing and they too should be large spenders on IT in the coming years.

By 2006, the European IT spending on financial services software will be nearly as large as the U.S. Europe will grow to \$ 98 billion by 2007, which will constitute more than 37% of worldwide spending for IT in financial institutions.

Japan and the Asia-Pacific region continue to maintain a serious focus on technology. The banking sector in Asia is in the consolidation phase, with the large banks and financial institutions merging with or acquiring smaller niche/specialist players. They want to leverage on IT as much as possible to gain a competitive edge and are looking at the cost involved as a strategic investment. Being smaller banks, they focus on products, which are in a ready-to-deploy state. Their IT services needs are mainly in the areas of Systems Integration and IT Consulting. They will spend close to \$ 20 - 23 billion on IT services.



While our technical competence is rich enough to be sold world over, the merger will help reach our products outside the Citigroup.

- Ram S. Bhagwat, Executive Director

Japanese banks will spend \$11.9 billion on technology in the current fiscal year. There are many expected mergers among regional banks that will give rise to a new wave of spending on systems consolidation. Further, Asia's banks recognize the promise of strategic technology in increasing efficiencies and enabling innovativeness in their race to stay ahead.

New thinking for new age banking

These insights point to the huge opportunity for the success of solutions, products and services that are highly evolved to fit the specific requirements of the various segments in the financial services industry. That, is what the merger has brought to Polaris. With 57 IPRs across the banking spectrum and deep experience in providing IT services, the new Polaris has moved into a new orbit where it is all set to create magic for its focused customer segment.



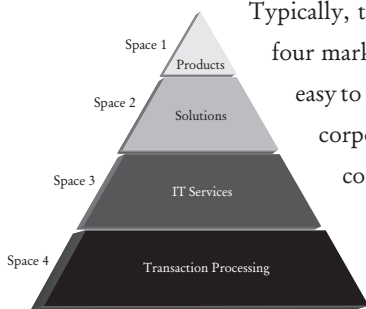
Opportunities are opening up in US, Europe, Japan and Asia Pacific and Polaris is ready to tap them.

Chapter 4



A SUPER MALL for BFSI Solutions

In line with its ambitions, Polaris is committed to creating a world scale organization with tremendous depth of domain knowledge and expertise in the BFSI segment. The merger has helped create a super mall for BSFI solutions by reinforcing Polaris' strength in the products, solutions, IT services and transaction processing space.



Typically, the market pyramid for enterprise IT solutions has four market spaces. At the top are software products that are easy to deploy and maintain. But, in financial services, global corporations prefer custom solutions to give them a competitive advantage with their customers. These solutions are often built around reusable components that remain the IPR of the software vendor. In case of Polaris, we have 57 IPRs that translate into components. IT services, largely custom application development, maintenance and support, make up the third market space while transaction processing comes at the bottom of the pyramid. The traditional business model, for an IT company, is to be present in one or two of these market spaces (mostly the bottom two) but addressing several user industries (horizontal model).



Through continuous market study and forecasting, the technology at Polaris is primed to keep up with the changing demands of the market.

- V. Balakrishnan, Sr. Vice President

Polaris' business model is distinct and unique in the sense that, today, it is present in all the four market spaces but focused on the BFSI sector (i.e. One vertical). The merits of this business model are obvious: it gives the customer the best of domain expertise and technology with the flexibility to choose the best configuration that will fit the customer's business requirements. As the outsourcing mega trend gathers momentum, this will be a distinct competitive advantage for Polaris, as customers would prefer to outsource their IT and business processes to a specialist with a full menu, rather than a limited generalist.

The new Polaris organization has been structured to align our customer requirements to our internal capabilities and competencies.

The Software Engineering Centers (SECs) form the core of our Solutions and Service delivery. At present, Polaris is structured around six SECs at Chennai, Hyderabad, Mumbai and Delhi, each headed by a very senior and seasoned industry veteran. Each SEC, in turn, is a cluster of several Strategic Relationship Development Units (SRDUs) and Strategic Practice Units (SPUs). Each SPU typically nurtures a Center of Excellence (CoE), providing best of domain solutions in their chosen area.

SEC1, SEC2 and SEC3 are located at Chennai. While SEC1 counts CRM, Business Intelligence (BI) and Lending & Mortgage among its Centers of Excellence, SEC2 specializes on the Japanese market; its talent pool includes not only experts with deep knowledge of the Japanese banking system but language experts as well! It also nurtures the CoE in Retail Banking. SEC3 focuses on Insurance and Testing (Application Certification). SEC4 at Hyderabad has dedicated CoEs in Treasury, Wealth Management and Securities while SEC5 at Mumbai specializes in Wholesale Banking. SEC6 at Delhi focuses on Investment Banking and Mainframes Centers of Excellence.

The product business of Polaris is spearheaded by a synergistic product organization comprising a Product Engineering Group (PEG), a Product Management Group (PMG) and a Product Rollout Group (PRG). The PEG builds the product to

Software Engineering Centers

SEC1-Chennai



N. T. Arun Kumar
N. Bharath
D. Segar
Varman

Centers of Excellence
CRM
Business Intelligence
Lending & Mortgage

SEC2-Chennai



V. Mahadevan
Manoj Kumar
M. R. Ravichandran

Center of Excellence
Retail Banking

SEC3-Chennai



Mallik Rachakonda
T. M. Natrajan
Prem Tilak Iyer
K. S. Subramaniam
V. Lalitha

Center of Excellence
Insurance-Life & Non-life

SEC4-Hyderabad



Kedarnath Udiyavar
Sunil Vasant Rao
Uday Reddy

Centers of Excellence
Treasury
Wealth Management
Securities

SEC5-Mumbai



Aruna Rao
Manoj Saxena
Mahendra Negi
Sanjay Sarkar
S. Venkatesh

Center of Excellence
Wholesale Banking

SEC6-Delhi



Aruna Kashinath
Rajeev K. Arora
Vikas Misra
Hitesh Arora

Centers of Excellence
Investment Banking
Mainframes

globally benchmarked specifications spelt out by the PMG, which also sets the future roadmap of the various products. The PRG, being responsible for the roll out and implementation of a product post purchase, is typically a part of the SEC organization.

A key feature of the new Polaris Organization is the strengthening of the front-end organization that is responsible for customer acquisition. Polaris America and Polaris Europe have become broad based and have expanded with the induction of senior account managers.

Optimus, Polaris' BPO subsidiary, completes Polaris' menu by offering transaction and other business process outsourcing services to customers in the BFSI sector.

Quality driven processes and products

As the world's first SEI-CMMi Level 5 certified company, Polaris continues to reaffirm that it is a pioneer of sorts in the area of quality management. Our processes are optimized and our products have been designed keeping in mind the need of the technologically advanced financial services companies and strengthened through implementation in different locations around the world. The new Polaris has capabilities that few can match in the global BFSI solutions space.



Rajiv Malhotra
*Product Management
Group*



Tarachand Deth
*Product Engineering
Group*



N. Suriya Narayanan
*Architecture & Design
Group*



P. T. Subramanian
*Product Engineering Group
Retail Banking*



Prem Tilak Iyer
*Product Rollout Group
Retail Banking*



Sanjiv Singhal
*Product Management
Group*



Sanjay Sarkar
*Product Rollout Group
Corporate Banking*

Proven Track Record with Fortune 500 Companies

CASE STUDY ¹ *Fortune 500 Bank in Belgium launches multi-channel retail initiative with Orbi One Invest*

Maximum Speed, Minimum Spends

To focus on the growing Belgian funds market in 2001, the client wished to launch a new initiative to retail mutual funds to customers in Belgium. This initiative was critical to the bank's strategy, because successful implementation at the planned speed would enable it to be rolled out at several other locations across Europe.

After an evaluation of several vendors, the bank selected Polaris as the ideal technology solution provider for the initiative. The Orbi One Invest solution was clearly ahead of competition - it was a proven solution, implemented in several countries in Europe, including Belgium.

The Challenge

Launching a new self-service retail initiative at accelerated speed, providing extensive services across channels while keeping operational and back-office costs low.

The Solution

Orbi One Invest implementation, which delivered a multi-channel, multi-lingual solution in 20 weeks helped the bank to leverage on the retail business for mutual funds in Belgium.

Key Business Benefits

Low cost multi-channel solution implemented in record time of 20 weeks that enabled the bank to achieve very high speed to market and automated operations while keeping costs at a minimum.

Proven Track Record with Fortune 500 Companies

CASE STUDY *2* *Banking Product for a worldwide leader in high-end technology*

Building a World-class Core Banking Product

The client is a worldwide leader in high-end technology, offering a full spectrum of products and systems ranging from semi-conductors to software. As a part of its major initiative targeting Japanese banks, the client wanted to build a Global Banking System to move legacy systems in Japan to open systems. Polaris was chosen as a premium partner to work on this initiative dubbed Banking Web 21.

The Challenge

The task was to build a world class-banking product that addresses all the advanced and basic requirements of New Generation banks using Object Oriented Technology. This architecture was designed keeping in mind the requirements of cost reduction, financial applications integration, risk management, growing delivery channels and a shift from legacy systems to contemporary technologies. The development approach was to be tool-based wherein more than 60% of the code is automatically generated to enhance consistency and speedy development.

Polaris' Contribution

In a multi-location, multi-vendor development environment, involving premium vendors from USA, Japan, China and India, Polaris developed over 67% of the banking product with extensive use of automation tools including Rational Rose and Rational Clear Quest. The Polaris team proposed the Design Partitioning concept for executing the project, which is now followed by the client as the standard architecture for the product.

In developing this product, Polaris deployed over 500 person years of effort spanning 4 years and generated over 6.5 million Lines of Code, thereby enriching Polaris' Japanese Core Banking expertise. Close to 95% of the effort deployed by Polaris was offshore and the overall project met the client's stringent norms of defects and schedule variance.

Polaris also initiated, implemented and stabilized Unified Change Management Workflow for this project and worked closely with the client in understanding the Japanese banking domain. As a vote of confidence, the client has retained Polaris' services to implement the product in various Japanese banks and the first installation has already gone live in a large sized Japanese bank in 2003.

Key Business Benefits

Moving a large part of development effort offshore to India has resulted in significant savings in development costs for the client. Further, the process maturity and innovative design concepts of Polaris helped in delivering a very high quality product for a complex banking system. The client is estimated to have saved over USD 50 million over 4 years through this relationship.

Chapter 5

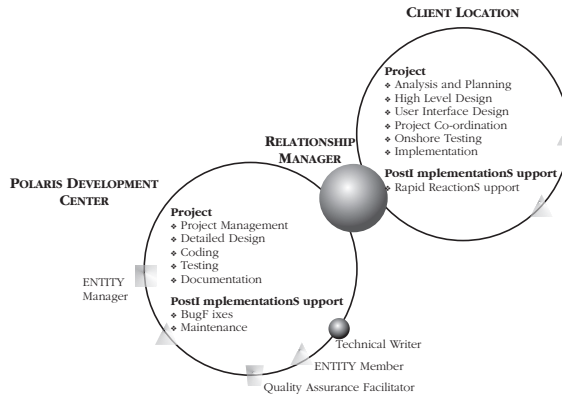


WORLD CLASS Spread of Solutions and Products

Solutions and Services

Polaris is strongly focused in providing services and solutions to the BFSI segment. Polaris' experience in this segment spans across 2,000+ projects delivered in more than 100 countries worldwide with more than 20,000 person years of effort. The extensive experience in financial services solutions coupled with Polaris' commitment to long-term relationships has been the cornerstone of our successful global delivery model, ENTITY.

ENTITY (ExtENded Technology FaciLITY)



The combination of deep industry knowledge, robust delivery capability and a comprehensive menu of offerings make Polaris the ideal technology partner for global banking and financial services firms.

- Govind Singhal, Executive Director

"Polaris Software has established its credentials as a partner that is capable in the banking domain and responsive to the client's needs. It will be a pleasure for us to continue this association in the years to come."

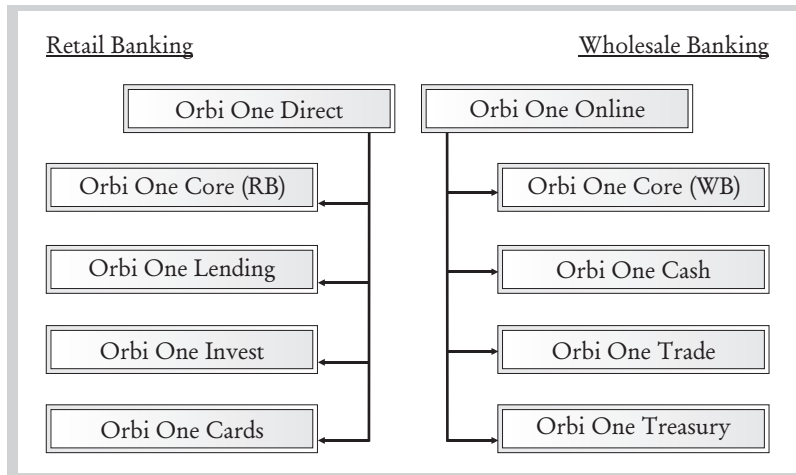
- *Murao San, Executive General Manager, NEC, Japan*

The solution capabilities of the new Polaris have been greatly strengthened with the merger. The merger has brought with it vast domain expertise in the form of experienced Citibankers and the 57 IPR's that will together provide Polaris with that extra edge in the hugely competitive solutions space. It will also streamline the project management methodology and with a spectrum of tools and components, enable the services business to deliver faster time-to-market solutions to our clients.

Our commitment to continuously delight customers is further reinforced by the setting up of dedicated Centers of Excellence. Staffed with domain experts drawn from some of the world's most admired companies, these Centers of Excellence play a key role in customer acquisition in their respective areas.

Products: Orbi One, Financial Services Enterprise Solution

The Orbi One suite of financial products covers the entire spectrum of financial services, retail and corporate. It is a robust suite updated constantly over the past 10 years, tried and proven in several Citigroup locations around the globe. The suite is ideal to meet the fast evolving needs of the financial services industry. The award winning products are the result of deep domain knowledge and technology expertise exhibited by the new Polaris' highly skilled team of bankers, architects, designers, project managers and developers.



- ✓ Orbi One Core (Retail Banking) - Front and back-end banking functionality for retail banking
- ✓ Orbi One Direct - Banks can deliver consistent brand and service experience to customers across all channels such as the Internet, IVR, Mobile, ATM and Call centers
- ✓ Orbi One Invest - Solution for mutual funds, equity and bond markets
- ✓ Orbi One Lending - A web-based solution for loans, leasing, hire-purchase, portfolio purchase and mortgage system
- ✓ Orbi One Cards - A complete solution for credit card management
- ✓ Orbi One Core (Wholesale Banking) - Core banking functionality for wholesale banking
- ✓ Orbi One Online - An integrated online solution supporting the needs of corporate banking customers
- ✓ Orbi One Cash - End-to-end cash management system
- ✓ Orbi One Treasury - An integrated solution for end-to-end automation of treasury functions
- ✓ Orbi One Trade - A suite of three products offering solutions for LC, Bills and Guarantees

At Polaris, the customer-centric approach comes from a synergy of our financial experience, our organization structure oriented towards “building relationships” and the domain and technology expertise achieved across a wide spectrum of services, solutions and products space. With its international roadmap and business strategy clearly laid out, Polaris is now ideally positioned amongst the world's leading financial services solution providers.



Product Engineering Group, Chennai.



Team - Polaris America



“This product (Orbi One Direct) offers a truly multichannel, multilingual integration platform, enabling banks to deliver a rich and consistent customer experience. This is extremely important as customers continue to use a combination of channels and expect consistency of information”

-The Bankers Technology Award 2003

“ABN AMRO wish to thank Polaris for enabling the launch of DirectInvest a full multi-channel investment bank in only 20 weeks time. Polaris demonstrated not only a suite of state-of-the-art IT investment products but also a profound understanding of the banking business.”

- Joseph Samuel, Vice President, New Growth Markets

Corporate Support Group



N. Vaidyanathan
*Sr. Vice President &
Chief Finance Officer*



K. Govindarajan
Sr. Vice President



Chandra Mouleswaran
Corporate IT



Raghuram Balakrishnan
Corporate Communication



Raymond Arogyaswamy
Polaris Singapore



Vinay Garg
Polaris America



Pawan Prasad
Polaris UK

Jewels in the crown

- ✓ Polaris received The Banker Technology Award 2003 in Multi-Channel Integration for its Orbi One Direct product, a channel delivery solution for banks that helps deliver consistent services at the customer relationship level through multiple channels such as the Internet, IVR, Mobile, ATM and Call centers.
- ✓ The Asian Bankers Gilboa Report 2002 ranked a customer's website running on Orbi One Direct as No.1 for its robustness
- ✓ Polaris is among the Forbes Global list of "Forbes 200 - Best under a Billion" in the world, and has been conferred the Award for Managerial Excellence in the Services Sector by the Madras Management Association (MMA).
- ✓ A recent joint survey conducted by Hewitt Associates and Business Today, India's premium business magazine, voted the company amongst the Top 25 Best Employers in India.
- ✓ Polaris is also the world's first CMMi (Capability Maturity Model Integrated) Level 5 Company, the latest global quality rating certification from the Software Engineering Institute (SEI).

Polaris Sales Team



Ashish Sinha
Polaris America



K. Srinivasan
Polaris America



Sanjeev Gulati
Polaris America



Rahul Petkar
Polaris America



Pramod Achanta
Polaris America



Vijay R. Narasimhan
Polaris Europe



Kartik Kaushik
Polaris Europe



Michael Borst
Polaris Europe



Scott Paul
Polaris Europe



Prashant Jajodia
Polaris Europe



Anil Verma
Polaris Australia



K. Subramanian
Polaris Japan



Sunil Kumar
Polaris Singapore



T. Natraj
Polaris Saudi Arabia

Chapter 6



GOING
Forward

Today, Polaris is stronger than it was a year ago. The gains from the merger are enormous in terms of capability and sheer size. Now Polaris has double the power - the advantage of highly acclaimed domain skills with offshore execution capabilities. The new “us” has sixteen years of solid experience in designing exclusive software for the BFSI segment and the expertise of handling 10 million customers in over 100 countries.

Strengthened with more than 4000 highly specialized associates, Polaris is truly committed to make every customer engagement a delightful experience. We continue to focus on building competencies through the best people, the best processes and the best infrastructure to support total customer commitment.

It is our endeavor to take this march forward with the combined strength of the merged entities to continuously grow our earnings and revenue performance. Today, we are confident that the new Polaris has a solid foundation and the power to reach ever-greater heights in the BFSI technology space.



Mainframes are here to stay. And our reinforced strength in the field gives us a competitive edge in the BFSI space.

- Rajeev K. Arora, Sr. Vice President

Chapter 7



OUR
Social Commitment - No Change Here!

Even though the merger hogged the spotlight in the past year, one aspect that has not changed in the changed scenario is Polaris' commitment to its social responsibilities. In fact, with the organization getting bigger the number of people supporting the causes dear to Polaris has swelled.

As always, we continue to create opportunities to foster relationships between the larger community and our associates. The objective remains to give both time and financial support to develop lasting partnerships that will positively impact our society.

Ullas Trust

The Corporate Social Responsibility (CSR) that started as a small ripple over five years ago has been creating waves since then. The Trust this year supports the education of 2000 achievers from economically challenged sections of our society.

Polaris, together with its associates, is proud to have supported the education of almost 7000 children from Corporation Schools through the years. That six of Ullas scholarship holders were in the roll call of the state/school rank toppers is just the icing on the cake.



For the first time a rolling trophy - Triple E Award, was instituted for the school that performed best in encouraging its young achievers to reach for laurels. This year the award went to Sree Ahobila Mutt Oriental HSS, West Mambalam.



Dreamers meet Achievers

“You too can do it” is the annual culmination of a year long mentoring by Polaris Software Lab associates. This mentoring exercise helps Associates at Polaris contribute to the cause rather than

just be spectators to a philanthropic activity.

The whole event stresses that the attitude of an individual drives success rather than his or her background and upbringing. The beneficiaries of the trust are supported reasonably well in terms of academics. But it was found that they lacked motivation. To inspire these young minds, it was decided to expose them to motivating talks from achievers who have made it big in spite of adverse circumstances. It's not about glossy film stars or larger-than-life heroes but people from the real world who know what it takes to believe in a dream and follow it.

The children also participate in small activities with each speaker. The events serve their purpose to educate, inform and inspire and are not lecture sessions alone.



Irrespective of the dynamic changes on the business front, Polaris' commitment to its social responsibilities remains unchanged.

- G. N. Mathur, Executive Director

Future Plans

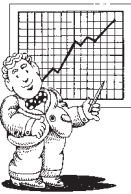
The forthcoming initiatives include five scholarship awards to Ullas Achievers to continue their college education. Ullas Trust is also gearing up to conduct core sessions by the Associates. The sessions will span computer awareness and personality development. Counseling sessions on the scope for future growth and career development programs will also be held.

Also on the anvil are plans for a process training workshop for heads of schools to enhance administration and teaching levels. The Trust would also like to expand the existing scheme of scholarships to students all over Tamil Nadu to achieve higher levels of excellence.

“You Can Do It”



is a motto as much for each one of us as for Ullas achievers. To keep in mind that we can change our environment into what we would like it to be.



FINANCIAL
Report