

COMPLEXITY

R E D U C T I O N

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www.polarisFT.com

Deep Abiding Purpose

By nurturing sharp, deep understanding of the lifecycle of money in the lives of individuals, communities, banks and financial institutions, we simplify and make technology work for business with a personal touch.

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Polaris presence through Partners

Nigeria • Ghana • Ivory Coast • Togo • Benin • Burkina Faso • Liberia • Kenya • Uganda • Tanzania • Ethiopia
• South Africa • Angola • DRC • Lesotho • Madagascar • Mauritius • Mozambique • Namibia • Seychelles
• Zambia • Malawi • Botswana • Mauritius • Egypt • Algeria • Sudan • Jordan • Lebanon • Cyprus • Iraq • Syria
• Palestine • Saudi Arabia • Turkey • Libya • Nepal • Bhutan • Bangladesh • Sri Lanka • Thailand • Philippines

**UNPRECEDENTED
OPERATIONAL
EFFICIENCY**

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Polaris in numbers

Total Revenue

Rs.2,049 Crores

Net Worth of the Company

Rs.1,215 Crores

Cash & Cash Equivalents

Rs.390 Crores

Earning Per Share (EPS)

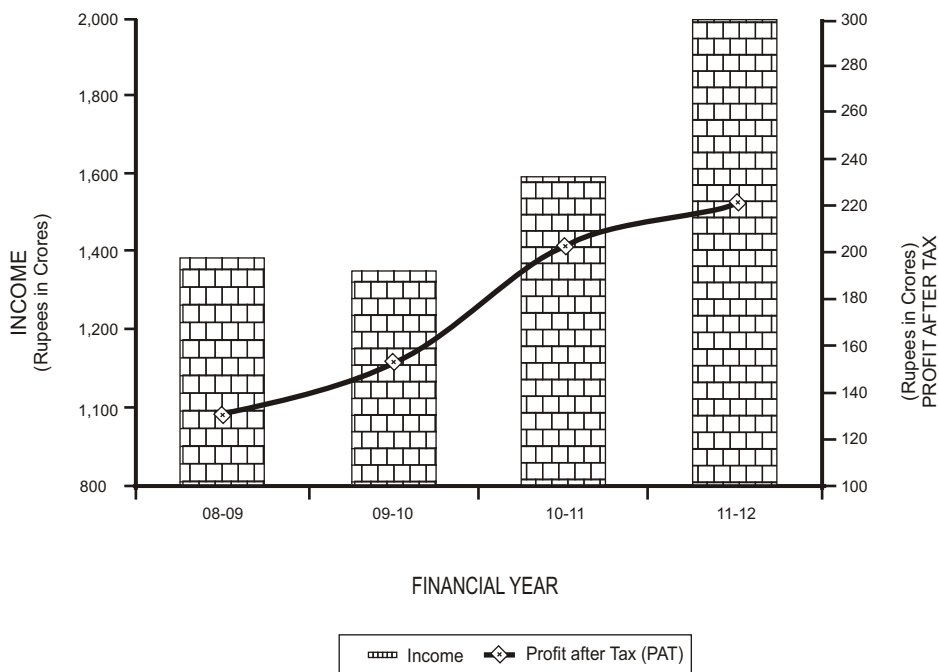
Rs.22.22

Total Employee Strength

12,886

Financial Highlights

as on March 31, 2012



Financial Highlights

Rupees in Crores except per share data

Financial year	08-09	09-10	10-11	11-12
Income (Excluding other income)	1,377.94	1,353.75	1,595.42	2,049.15
Profit after Tax (PAT)	130.71	152.84	202.46	220.70
At the Year End				
Fixed Assets	228.90	227.14	278.85	383.13
Cash and cash equivalents	340.04	504.22	514.06	390.23
Shareholders' Equity (Net worth)	772.66	872.46	1,032.54	1,215.31
Earnings Per Share - Basic	13.25	15.418	20.43	22.22
Dividend paid (%)	55%	70%	90%	100%



**OUR SINGLE PURPOSE IS TO
DELIVER UNPRECEDENTED
OPERATIONAL PRODUCTIVITY
IN THE FINANCIAL
TECHNOLOGY SPACE.**

We do this by enabling complexity reduction, in the increasingly complex world of finance. Weighed down by disparate legacy systems, overwhelmed with rampant product innovation, juggling global expansion strategies with business realities, financial institutions also have to contend with the quaveringly nervous state of the economy, and constantly evolving regulatory policy. In these uncertain times, financial technology can make a powerful and positive impact. Driving greater efficiency in banking and insurance, and ensuring year-on-year operational productivity.



Arun Jain
Chairman & CEO

Chairman's letter to shareholders

A CELEBRATION OF ACHIEVEMENTS.

The promise of even greater things to come!

Dear Shareholders,

This time of the year holds a special place in my heart. As I sit down to write a personal note to you I always look forward to this quiet time to reflect on the year that has gone by, document my learnings and share the plans for the coming year.

Let me step back a little and draw your attention to the agenda we set for ourselves in April 2009, when we launched Polaris 3.0. We identified four focus areas.

1. Repeatable Predictable Profitable Growth
2. Enhance our business model, from one Value Pyramid to two Value Pyramids
3. Expand strategic engagements in customer accounts
4. Expand in chosen geographies

So, where are we against the stated agenda of Polaris 3.0 ?

I am delighted to share that with immense contribution from our employees, we have doubled our Revenues and Profits (PBDT) in the last 4 years. Our revenues crossed the Rs 2000 crore mark and profits crossed the Rs 300 crore mark. From Rs 1090 crore revenue in FY '08, we have clocked Rs 2049 crore this year. Echoing a similar trend, from Rs 136 crore PBDT in FY '08, our profits stood at Rs 333 crore this year.

We are all aware, Numbers, however good they are, reflect only one half of the success story. In addition to the Services Value Pyramid, we enhanced our portfolio of offerings for the Financial industry with a comprehensive, truly next-generation product suite, Intellect. With a formidable & comprehensive combination of FT Sourcing business, FT Product, FT Practices, FT Consulting and FT Infra, Polaris is now known as the world's most FT- Rich business. This translates in to a mind-boggling 146 strong treasure-chest of critical solutions across 78 countries.

The Power of having these two value pyramids is reflected in the way Polaris weathered the economic downturn and features amongst the elite group of Top 10 organisations in the Financial Technology world, that have doubled their revenues in this time frame.

Intellect Value Pyramid now contributes to 25% of Polaris Revenues. This year, revenues from Intellect crossed the significant Rs 500 crore mark. Intellect's positioning in Gartner's Magic Quadrant as Leader, is a validation of Intellect's phenomenal success in the global market place, with over 200 successful implementations.

Our Services Value Pyramid recorded 77% growth between FY '08 till date. This fiscal,

our services crossed the Rs 1500 crore mark, with an enviably balanced revenue distribution across the major geographies and a clearly identified Global Account strategy and organisation structure for sustained expansion in key accounts.

To fuel growth, Polaris entered specifically chosen growth markets such as Norway, Turkey, Africa, Malaysia, Thailand, Philippines, Manila, Srilanka and Bangladesh.

Here are some of the achievements of this year, that I am honoured to share with you.

1. Our Product business recorded 43% growth, highest in a single year. This year also saw Intellect's dominance in the global arena with 47 new wins.
2. Our Services Business grew 25%. A few strategic engagements for reference :
 - The leading Stock Exchange in the US signed Polaris to deploy its FT services.
 - A leading Insurance company in Asia chose Polaris' front-end systems for the APAC region.
 - A leading financial institution in the Middle East picked Polaris' consultancy services to build Testing Practice Center of Excellence.
3. FY '12 was also the year of not just large deals but long-term deals and global roll outs. The largeness of the deal or the tenure of the deal or the global nature of the deal reflect the maturity of our Product suite and the Trust placed by major financial institutions on Intellect. These include:
 - A unique opportunity to participate in building the infrastructure of our nation - through the Core Banking Replacement at the Reserve Bank of India
- A 15-year deal with a large Norwegian Bank
- Sonali Bank, the largest Bangladesh Bank, chose Intellect as the enabler for its transformation
- A multi-country roll out deal with a large bank in Asia Pacific
4. We were named in 50 reports from the world's leading Analysts such as Gartner, Forrester, Everest, Celent, IBS, Aite for our Product stream and Services stream, testimony to the depth and width of our solution offerings for the Financial technology world. To put this in perspective, our closest competition had 30 mentions in the Analyst world.
5. Polaris launched the world's largest FT Grid, its largest cloud offering that would enable us to offer our Financial technology infrastructure and banking products on a pay-per-use model.
6. Polaris launched Intellect CBX 3.0 at SIBOS, a widget-based technology, offering the most integrated, agile and informed decision making solution designed for the Next Era of banking.
7. Polaris launched Intellect FABX on iPad at the Harvard Club, a Financial Advisor workstation with a single point interface that increases Relationship Manager productivity by over 30%
8. Polaris launched first ever cloud-ready platform for the Insurance sector, offering over 70 business services to improve business agility as well as lower run & change costs, built on Polaris proprietary PCM architecture

9. The American Society for Training & Development certified Polaris as a "Champion of Learning" for the second consecutive year, for promoting Value of Learning among Employees.
10. The proof of any robust operational engine is the timeliness & quality of delivery. To drive genuine customer delight, we measure successful deliveries with a single Quality measure - have we delivered 3 days before schedule and in full (D-3 OTIF).
11. Solution business effectiveness is also dependent on our capability to engage with the ecosystem of Partners. HP has recognised Polaris as the Best global Partner for converged infrastructure. We are privileged to have been adjudged the best ISV by global giants such as Oracle & Red Hat.
12. Our Social initiative runs under the umbrella of Ullas Trust. The Trust focuses on shaping the thinking of young students from Grades 9 to 12, coming up from Municipal, Corporation and Government schools by conducting weekend enrichment programs. In addition to 6000 students in the metros who are covered by the Ullas programs, our Diary of Dreams workshop has reached 30000 students in the remote districts in India, with a reach of 60 districts and 284 schools. Ullas won Blue Dart's Global CSR Award this year, a lovely recognition for the dedicated work by Polaris volunteers.

13. Our EPS grew 9% to Rs 22.22.

Whether it is global recognition of our Financial technology solutions or our customer landscape, it stems from our deep-rooted focus in Financial technology. Indeed, you would agree we have literally earned our name change. From Polaris Software to Polaris Financial Technology (FT). Yes, we have truly established our position as an FT Powerhouse.

Once again, we are at an interesting stage in our growth journey. So, what is the next big thing for Polaris ? What can you expect from Polaris 4.0 ? Is the momentum of Outsourcing slowing down ? World over, Product business has exhibited the phenomenon of saturation. Why should it be any different for Polaris' Intellect? Valid questions.

Before I answer this, let's take a look at the world of opportunities in front of Polaris.

For World 1, comprising financial institutions in highly developed countries like the US, Western Europe, technology upgrade is key, as they were the pioneers and early adopters of technology in order to optimise financial operations. We have painstakingly created 5 offerings for this world. This includes Business Outcome outsourcing, revolutionary technologies such as the CBX and Hub to maximise operational productivity, sharp usage of iPad technology for leaner branches and most productive relationship management layer, Core Banking Replacements and Progressive Modernisation for the Insurance Majors.

For World 2, where financial institutions embarked on their technology journey in the '90's and have accelerated their technology adoption in the last decade, these institutions have a large appetite for new products that enable them to acquire new customers and increase their speed and scale of operations. For this world, we have product offerings for Global Transaction Banking, Treasury and Capital markets, HNI and Private Banking, Insurance (Underwriter work station, Claims and FNOL), products for the Central bank and Government-Citizen exchanges. These products come up with a phenomenal "customer experience" layer.

For World 3, comprising small banks in developed as well as emerging markets. to enable them build competitive advantage with the larger banks and help them leverage their deep customer relationships, we have Universal Banking solution, Lending, Credit Card, Mobile Banking and a Capital Market infrastructure solution.

Given this canvas of opportunities and our sharp offerings that are a perfect match, Polaris 4.0 will focus on doubling our current revenues in the next four years.

Value Pyramid 1 - FT Services

The outsourcing momentum may be temporarily slowing down. Yes. But in the medium term it is only players like Polaris that can provide sustained cost rationalisation to large Financial Institutions, with our unique value differentiators - be it FT Services or FT products or FT technologies. This is where our passionate efforts and investment into FT Research is expected to yield business results. Our

next-generation technologies such as the CBX technology and the Hub technology is grabbing the attention of customers with their "Ease of use" in driving operational productivity.

In order to make sure our execution is impeccable and the customer is always at the core of our model, we have created a customer-focused structure rather than a mere geography-focused structure.

And because it is vital to deepen such strategic engagements by consistently moving up the value chain, we have a proven strategy for Level 5 Value creation, from infrastructure, to technology to operations to business solutions to entire transformation.

These three levers i.e. Productivity technologies, customer centric governance model and the Level 5 value creation strategy for chosen accounts will drive the FT Services strategy.

Value Pyramid 2 - FT Products

Coming to FT Products and the concern on business 'saturation'. Yes it is true that this saturation phenomenon is common to single product line organisations. Which is why, your company chose the multi-product stream and invested significantly in building a future-proof model.

We have 22 product streams under the Intellect umbrella. True, they are in different stages of evolution. Our mature products like Core or Cash & Liquidity are in the Rs 100 crore bracket. We have a Wealth, Asset Management or Treasury in the Rs 10 to Rs 50 crore bracket. Every year, we add 2-4 products to our Go-To-Market.

Currently it takes about 7 years to build a single product line into a Rs 100 crore business. Our focus would be to reduce this cycle time to less than 5 years. We do have a silver bullet in the form of our unmatched agility for global roll outs.

Besides our robust Products and Services Value Pyramids, we would continue to invest in two major areas.

1. We have tremendous traction in the market place with our rich offerings. The Sales funnel for the organisation is over \$800 million. To leverage the full benefit of this traction, we would need to make the right investments into Sales and Marketing. At this point of time, we will be investing an additional Rs 50 - 60 crore in Sales and Marketing.
2. Our differentiator is our FT Richness - in our people and our service and product offerings. The kind of talent required to service Global FT customers is not easily available in the market. Therefore we have stepped up our efforts to nurture in-house talent in Financial Technology. Rather than looking at business and technology disparately, our learning programs delve deep into the "connects" between business and technology. Where this level of domain and technology cohabit, your company can drive greater efficiency in Banking and Insurance.

Your company has been carefully building the infrastructure to remain rich and relevant to the entire customer life cycle. In building high performance technologies, we have been carefully straddling the aspect of technology cost reduction whilst enabling superior technology value. Your company

has been the Trusted choice of Banks that measure technology effectiveness by way of number of employees required to service per branch or per million customers.

So, what would be our single objective in all that we do ? Continued investments being made by the Financial Institutions in keeping legacy architecture up and running have significantly increased inefficiency, what we call sticky tape technologies. Rampant innovation, without tight roadmaps have increased complexity in the Banking world. This is exactly the sweet spot for your company to make a profound impact on business efficiency. Therefore the single mantra that you would hear from us is COMPLEXITY REDUCTION. There is a huge opportunity available in the market to simplify complex systems and drive unmatched operational productivity, by deploying technologies carved by Polaris FT Research.

As we commence the Polaris 4.0 journey, my leadership team and I gratefully acknowledge your inputs and support.

Arun Jain
Chairman & CEO

CENTRAL BANK TRANSFORMATION

LIKE NEVER BEFORE

The RBI Story

The Reserve Bank of India (RBI) manages public debt, collections and payments of a Central Government, 29 state governments and union territories, and seven very large customers including the Ministries of Finance, Railways, Post & Telegraph, Telecom, Defence, CBTT, and other ministries.

In a far sighted and progressive move, decision makers at the RBI focused on system design, its extendibility, and its potential to improve business performance. When the RBI spoke to us, they did not have a centralized system for the management of their formidable USD 690 billion (2010-11) balance sheet.

The transaction mix for Central Banks is distinctly different from commercial banks. The accounts are fewer and the number of transactions per day per account are of staggering volumes. System design architecture must necessarily be fundamentally different to overcome the 100 million and over transactions per day-driven bottlenecks.

The RBI had to contend with several disparate legacy systems. They wanted an integrated solution - a real-time GL. And to use Financial Technology aggressively to drive financial efficiency for the country.

The more they engaged with us as they made up their minds on whom to entrust with this transformation initiative of staggering proportions, the clearer they became that Polaris is the only enterprise in

the world with a solution specially engineered for a Central Bank! That being established, it was all about implementing the Intellect™ Quantum Core Banking Solution at RBI. And living up to the trust reposed in us by the Reserve Bank of India.

The Intellect™ Quantum Core Banking Solution is specifically engineered for Central Bank requirements. 100 million transactions/day, scalable to 50 – 60 million transactions/day within 6 months.

There is a formidable array of the proverbial bleeding edge technology frameworks including XAP technology, Run Time Re-Use (RTRU) technology and Look Ahead Processing (LAP) technology. And that's to name just three of the IP packed Intellect™ Core Banking solution technology frameworks.

What we wanted was a small hardware footprint. Our solutions do not need mainframes excesses. We saw no need for the RBI to suffer huge upfront and maintenance costs for hardware, compounded with limited scalability potential. This is what we delivered.

The RBI Core Banking transformation initiative has generated an embarrassment of riches in terms of demonstrated outcomes. In the short time of our engagement since April 2011 when the contract was signed, there are clear customer benefits that are generating enormous interest in the community of Central Banks across the world.

Multiple Hops Vs. Single Transaction

In a Central Bank's ecosystem, there is the banking finance universe and the government organization universe. There is an enormous flow of financial dealings, but the two universes are alarmingly disconnected. Polaris' solution has significantly enhanced efficiency by enabling single transaction functionality.

Integrated Vs. Distinct Roles

A 1000-page Blue Book we developed during the BPR stage, provides for distinct roles for participants and services providers across clearing, payments, loans, and so on. The integration of bank and government

The RBI Balance Sheet (called the Weekly Statement of Affairs) was traditionally prepared on Friday for submission to the Parliament the following Wednesday. In the new model, we now have an active Balance Sheet, based on real-time enterprise General Ledger that allows drill down to the last transaction. No more recon between multiple systems. We have enabled a single source of truth!

B.Suresh Kamath
Technology Advisor



operations and the provision of distinct roles for service providers is best banking practice. It reduces risk and provides for future hiving off, as and when relevant.

Single Day User Adoption

In keeping with our belief in the merits of Complexity Reduction, the Polaris solution has significantly simplified complex operations. Users across RBI offices have been able to adopt and adapt to the new processes within a single day. The use of extensive predictive automation with user interaction only where required has accelerated this process.

Passive Vs. Active Balance Sheet

The RBI Balance Sheet (called the Weekly Statement of Affairs) was traditionally prepared on Friday for submission to the Parliament the following Wednesday. In the new model, we now have an active Balance Sheet, based on real-time enterprise General Ledger that allows drill down to the last transaction. No more recon between multiple systems. We have enabled a single source of truth!

EOD Under 5 Minutes

From the current scoping of 100 million transactions/days to the anticipated 50 – 60 million transactions/day within 6 months, we're looking at EOD under 5 minutes.

Real-Time Investment Decisions

Surplus funds in a particular state can now be invested during the day, saving interest costs, and no longer restrained by EOD limitations. In addition to direct collections,

the RBI now offers agency banks as another collection point option for citizens. Same day movement allows rapid movement of money from the tax payer to the Government account as against an earlier 3–4 day lag.

Integrated Money & Securities

No other Central Bank has the facility of integrated single-shot money and securities. Doing away with the typical risks involved and endured by other Central Banks, the RBI now effects transactions only where the money and securities exist. The netted batches are uniquely handled in a single transaction. While every country has this sort of Delivery versus Payments Settlement Protocol on their road maps, it's already up and running at the RBI!

Treasury Single Account

A Central Bank manages the finances of governments and government organizations. It collects taxes, manages expenditure and subsidies. Its borrowings constitute public debt. At any given point in time, a Central Bank should have an accurate read on the deficit. A single click treasury account is on the road map of major Central Banks – and we have it up and running at the RBI!

GEPG Enabled Accountable Financial Chain

Subsidies pumped through the pipe slow down to a trickle by the time they reach the common man. Polaris' solution at RBI has enabled greater efficiency in the financial

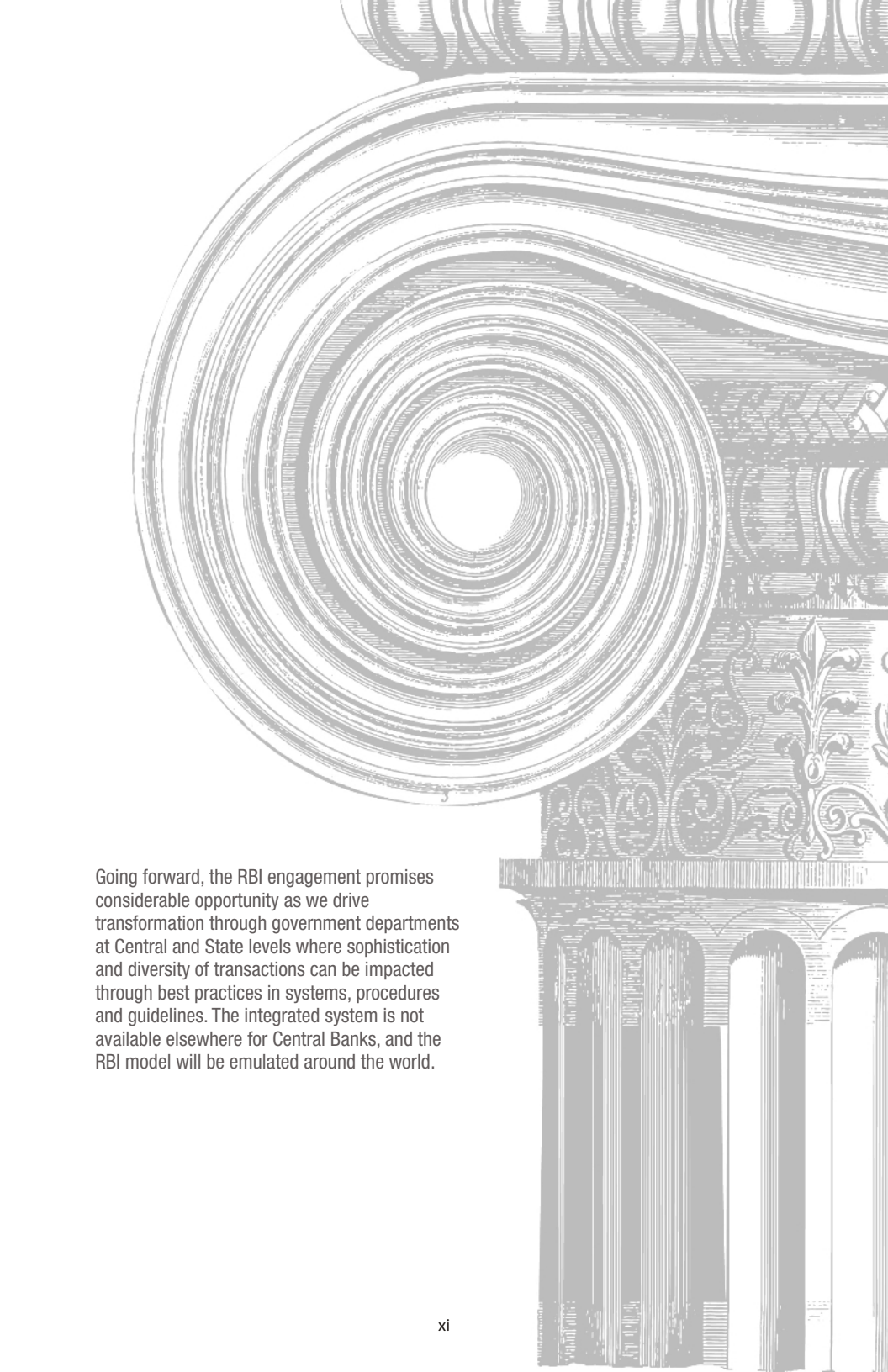
plumbing through the Government Electronic Payment Gateway (GEPG), wiring the Payment Banking infrastructure in India from the government through the Central Bank into the cities, villages and finally to the common man. An accountable secure financial pipe is no longer a pipe dream!

These are a few of several resounding and emphatic outcomes. The Target 2 System the European Central Bank began in 2008 and is estimated to go live in 2017. Central Banks in the western world are grappling with 20 – 25 disparate systems and are arguably 5 – 6 years behind the RBI.

Through our engagement with the RBI, the spontaneous response to our solution and its outcomes has been heartwarming. The association is an honor. The mutual warmth and regard makes each new challenge a shared journey, where the outcomes are being actively examined and discussed with other Central Banks.

Our corporate baseline reads 'Live Your Dream', and has set the tone for a company forged just over two decades ago. It spurred a small team of passionate people to punch well above their weight, and constantly challenge limiting beliefs. The spirit runs as strongly through the organization decades later.

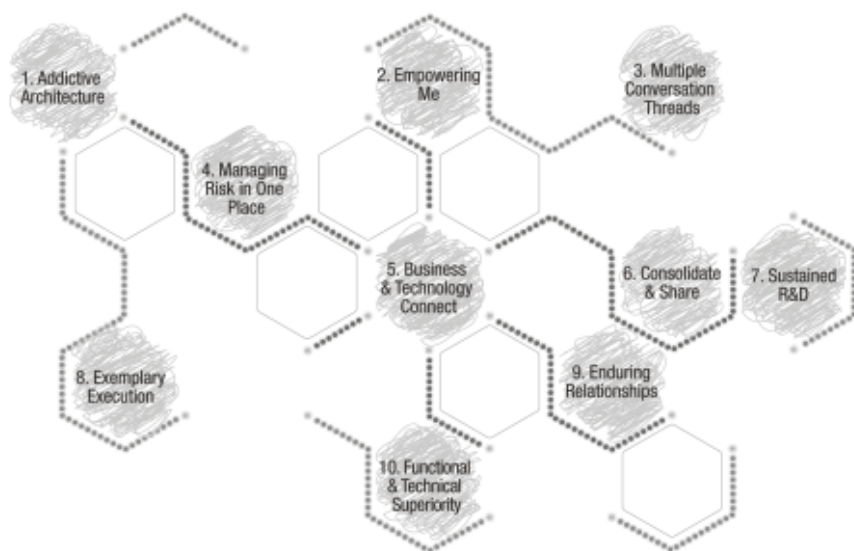
To hear a senior RBI team member say, "Whatever we were dreaming has become a reality in your system", restated our 'Live Your Dream' promise, first intended as an internal message. We're now helping our customers live theirs!



Going forward, the RBI engagement promises considerable opportunity as we drive transformation through government departments at Central and State levels where sophistication and diversity of transactions can be impacted through best practices in systems, procedures and guidelines. The integrated system is not available elsewhere for Central Banks, and the RBI model will be emulated around the world.

EXPLORING THE HONEYCOMB

The DNA of FT Leadership



The Polaris honeycomb has 10 cells - each of which has a powerful story to tell. To know the honeycomb is to know why we are uniquely able to claim global Financial Technology leadership.

1. Addictive technologies that lead to an addictive experience!

Superior Financial Technology is built on Addictive Architecture. This focuses on delivering an experience as against easily replicable functionality. The challenge we pose to our customers: what does your financial technology focus on?

2. 'The customer comes first' is a more than a polite cliché. It's the essence of our future-ready CBX technology!

Polaris recognizes that driven by customer choices and needs, financial institutions are evolving into Customer driven Business Exchanges (CBXs). This customer-empowered infrastructure will pose significant challenges, and will require a very different architecture, to manage smooth and risk-free operations. We drive efficiency through role-based personal work canvases!

3. The fine art of conversation has enormous implications for Financial Technology

Industry evolution from one time event-based transactions to 'integrated conversations', has made HUB technology a critical part of the business change process. Our Financial Technology leverages highly configurable and controlled Centralized Business Rule Hubs!

4. The secret to managing risk, lies in a meticulously crafted weave!

Imagine connecting the origin of any transaction, through to its end recipient, on a single woven fabric, whose threads reveal every complexity and nuance between the two ends! Providing a single point experience to the customer at one end, while aggregating all risks in one place, at the other end – reducing operational risks by 90%!

Managing risk, demands an intuitive understanding of the unstated business requirements of technology! Polaris manages all risk, across all conversations, spanning nine key areas of integration. All in one place through a common highly configurable and controlled integration Hub, with powerful in-built diagnostic capabilities.

5. The simplification of complex business processes is the first step towards business transformation!

Polaris is uniquely able to simplify complex business functions, through the decomposition of products, processes, and unique services, connecting business and technology and by deploying proprietary frameworks such as Master Process Exchange (MPX) and the L0 – L2 method of de-construction of products and processes.

The complexity of millions upon millions of lines of code are reduced to a few hundred widgets - and these widgets are aligned to roles. Polaris is heralding an era of unprecedented productivity, customer service efficiency, and production cost savings. Business and Technology are finally on the same side of the table!

Leading financial institutions from around the world turn to Polaris for financial technology solutions that enable successful implementation of their business strategies. To make this a sustainable proposition, we are committed to outcome driven consulting, continuous innovation, and exemplary execution.

Govind Singhal
Chief Operating Officer



6. Silos are out! Consolidation and sharing is in!

The industry imperative is to consolidate products around services through the consolidation of applications, competencies and infrastructure. With six well established Centers of Excellence (COEs) and deployments orchestrated through the FT Grid, Polaris does this best! Banks and insurance companies around the world need to ask a hard question of themselves – Is my Financial Technology up to speed?

The six Centers of Excellence include Data COE, Content COE, Channel COE, Testing COE, Infrastructure Management COE and Production Support COE.

7. Continuous Financial Technology innovation investment is critical to address our customers' endeavour!

Technology innovation is hardwired into the Polaris work culture. Our solutions and products stand testimony to technical and functional superiority and provide lifecycle technology assurance to customers. Intellect™ GUB M180 for enterprise banking solutions and the revolutionary seven-layer Intellect™ SEEC Insurance solution stack for real-time enterprise have been readily acknowledged by customers and analysts alike for their clearly differentiated and outcome-based capabilities. In an year when some of the largest ITES brands have shown negative growth and have stopped investment in R&D, we are moving from customer pain point through industrialized offering at a pace faster than ever before!

8. On time in full delivery! The importance of doing what we say we will!

At Polaris, exemplary execution is everything! We aggressively adopt accountable relationship models, proprietary innovation and application efficiency protocols, extreme execution delivery processes, and agile methodologies. D-3 OTIF, COPARIS and other Polaris vocabulary now in an easily browse-able Language Book will increase your fluency in understanding how we meet business transformation objectives! This seemingly obvious business reality is where some of the most reputed ITES brands have repeatedly fumbled over the year. With established delivery failures and project cancellations they took up!

9. What's your measure of a successful business relationship? Duration? Satisfaction levels? Growing commitment?

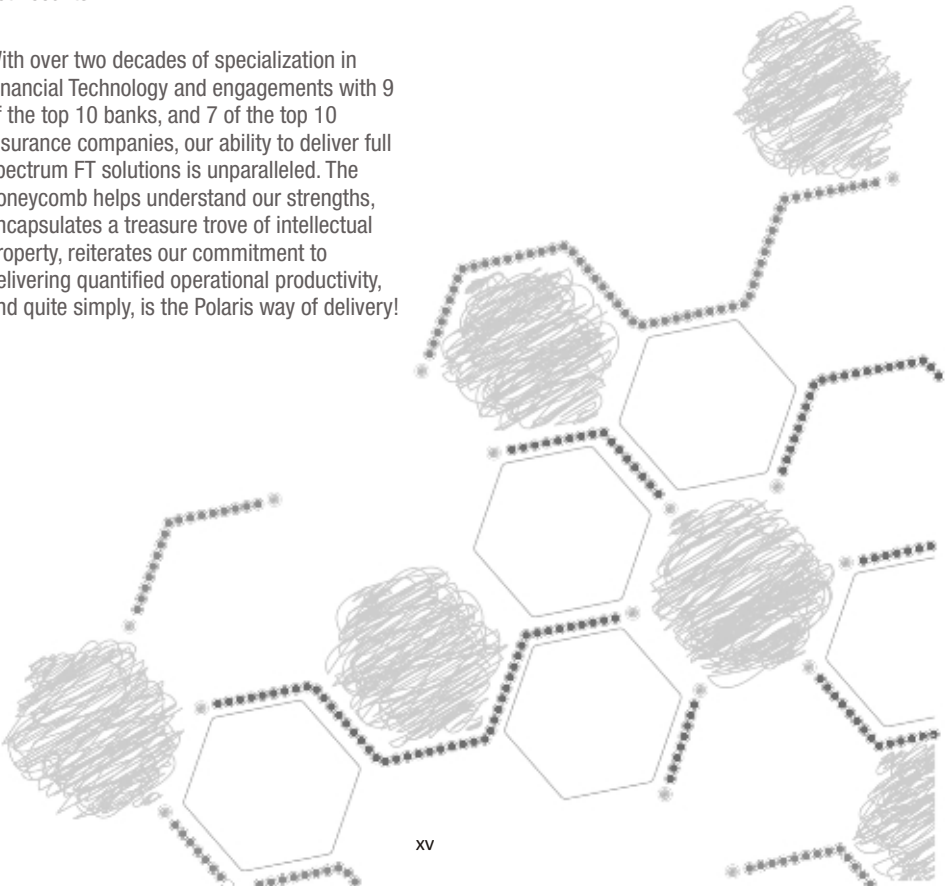
Polaris builds strong customer relationships based on committed engagement models, association tenure and solution spectrum growth that demonstrate enduring commitment. The highest customer satisfaction ratings in the industry! The longest relationships and shared purpose!

10. We design and deliver better solutions for financial services!

Functional and technical superiority translates into solutions that are more complete, built with future-proof technologies and are extendable. These result in exponentially higher operational productivity. Effective measures of superiority during solution

development lifecycle are the lowest levels of change requests and lowest UAT defects. Post solution measures include the operational productivity the solution is able to deliver and its adoption across user groups. An unforgiving measure of operational productivity is the number of employees required to serve 10,000 customers of a retail bank and the number of employees required to service 1 million transactions. Polaris delivers unprecedented operational productivity on both counts!

With over two decades of specialization in Financial Technology and engagements with 9 of the top 10 banks, and 7 of the top 10 insurance companies, our ability to deliver full spectrum FT solutions is unparalleled. The honeycomb helps understand our strengths, encapsulates a treasure trove of intellectual property, reiterates our commitment to delivering quantified operational productivity, and quite simply, is the Polaris way of delivery!



TESTING TIMES

General Practitioner Or Specialist

Over the past few years, global Capital Markets have experienced severe turbulence due to many reasons that were earlier considered inconceivable. For instance, the crash of the real-estate market in the developed world, its far-reaching global impact on Liquidity and Credit, the hitherto unimaginable prospect of failing banks and sovereign default, the threat to the unquestioned pre-eminence of the developed economies and their currencies, nagging questions around Capital adequacy, and so on, were not thought probable.

Broadly speaking, the Capital Markets comprise of Flow and Structured businesses. The Flow business, which involves trading in vanilla Equities, Bonds, Currencies and Commodities, is characterized by the need for straight-through processing with no tolerance for outages or errors for whatsoever reason. The Flow business derives success from its ability to unerringly and consistently process billions of transactions a day within very short time-windows with pin-point accuracy and

lowest unit transaction cost by accessing markets across the world. On the other hand, the Structured business, which comprises of trading in synthetic structures, exotic derivatives, and so on, stands out due to the uniqueness and complexity of instruments, structures and workflows. The success of the Structured business is a function of innovation in addressing the unique needs of specific client segments and an intimate understanding of the nuances of market operations and the delicate inter-play between risk and return.

Globalization of the Capital Markets has had several implications for the business, such as:

- **Intense competition:** Businesses operate in an environment where pressure on prices and profit margins can test the organizational and risk management controls of the best of firms.
- **Pressure to differentiate:** The growing need to customize offerings and personalize experience is encouraging experimentation with new technologies, exposing firms to technology risk.
- **Challenge in capacity planning:** The Capital Markets are influenced by economic policy and data (GDP, industrial output, housing, unemployment, price indices, etc.) as well as corporate performance, prices, rates, etc. from markets across the globe. Announcements and events, even in distant markets, can cause sudden and dramatic surges in transaction volumes, thereby testing the robustness of real-time risk management processes as well as the scalability and resilience of technological infrastructure.

Kedarnath Udiyavar
Head - Strategic Relationships



- **Non-stop operations:** With markets having opened up, an increasing number of customers, with the appetite to trade across geographical boundaries while continuing to comply with local regulations, are demanding support any time and from anywhere, leaving little time for house-keeping operations.
- **Shortened response time:** The time available to respond to events, even in remote corners of the globe, has shrunk dramatically, ushering in more automated responses and heightening the urgency to address critical aspects such as service recovery, security, integration, disaster recovery, etc.
- **Fast-changing requirements:** Marketplace dynamics demand that solution providers make frequent software releases to stay competitive as well as comply with progressively tightening regulation.
- **Brand equity preservation:** While a firm's reputation and trust-worthiness were always key factors in the world of banking, the risks and stakes in the Capital Markets are higher by orders of magnitude.

Before arming Capital Markets businesses with technology solutions to soar into uncharted skies, there is a need to comprehensively test the solutions in the unique business contexts of specific clients and in a manner of speaking, certify their air worthiness. The testing solutions themselves also have to be faster, more effective and cost-efficient so that businesses can keep pace with the markets,

competition, risk and regulation. Some of the key challenges associated with Capital Markets testing are:

- The complexity associated with simulating simultaneous integration with a multitude of real-time systems (front office, external messaging, etc.) and replicating exhaustive or truly representative reference data (rates, prices, etc.) from multiple global sources in a test environment characterized by a multitude of test scenarios, thereby opening up possibilities of some scenarios remaining untested.
- The difficulty in conceptualizing 'Black Swan' scenarios, such as the 2010 'Flash Crash', triggered by a cascade of large buy or sell orders originating from algorithmic or high-frequency trading desks, non-settlement of a large trade by an aggregator, etc., and investing in market simulation tools to be able to recreate their impact while testing software applications and infrastructure.
- Pressure to complete testing in the shortest possible time, thereby increasing the risk of subtle nuances being overlooked and quality being inadvertently compromised.

- Inability to ensure participation of senior business and operations staff in evaluating the testing scope, test design, impact of issues raised, etc. due to extreme time pressure in their 'day jobs'.

Testing - The Polaris Way

As a leader in Financial Technology (FT), Polaris understands that quality has to be managed and not just controlled or assured.

Consequently, rather than seeking direction from clients at every step, Polaris has adopted a consultative, quantum improvement centric, problem-solving approach to testing, which is focused on creating value for clients through the following means.

Focus on business outcomes: Business outcomes, desired by clients, form the core of our approach. These could be about improved business efficiency through uninterrupted operation of infrastructure and applications, uncompromising security, ability to withstand massive surges in transaction volumes, robust disaster recovery, additive user experience, responding to business and regulatory needs through more frequent and error-free deployment of releases, etc.

Managed Service: Polaris, through its robust Testing Center of Excellence (TCoE) solution, advocates end-to-end responsibility for testing services across the application life-cycle rather than supporting test execution through time and material arrangements. However, in the event that a client prefers the latter model, Polaris offers to commit to productivity levels

with associated incentives and penalties. The TCoE model encapsulates the best that Polaris has to offer by way of methodologies, tools, governance and execution rigor, thereby ensuring that clients unlock the capacity potential and achieve increased throughput and enhanced maturity, leading to service / cost optimization.

Use of methodologies, frameworks and tools: Polaris drives realization of business outcomes through the extensive use of standard as well as proprietary methodologies, frameworks and tools. Besides the Global Universal Banking (GUB) Chart and Master Process Exchange (MPX), which encapsulate our functional expertise and help to ensure completeness of functional coverage, the COPARIS framework for application efficiency assurance, the exhaustive repository of GUB brick-level business scenarios and test cases to jump-start testing as well as eliminate accidental oversight, the Case Director tool for GUI testing, the automated test data creation and masking tool, the integrated tool for defect capture and the D-RULE framework for comprehensive root cause analysis, and a complete suite of other home-grown tools ensure end-to-end automation, higher cost efficiency through reuse, strong program management, robust governance and timely escalation of issues to key stake-holders.

FT-Research teams at Polaris continually study emerging rules, regulations and laws relating to the businesses of our clients, thereby making us a partner of choice for regulatory compliance testing.

Polaris has also leveraged its expertise around industry-leading third-party packages to build test frameworks that accelerate implementations and upgrades. Additionally, in the course of testing, Polaris builds tools, such as test harnesses, to guarantee long-term testing efficiency.

Metrics-centered governance: Being the world's first CMMi Level-5 company, Polaris uses a metrics-centered program management and governance model that ensures continuous improvement against defined quality and productivity metrics such as residual defect density, defect leakage, test coverage adequacy, defect injection rate, test cycle time reduction, cost of quality, cost of poor quality, etc.

Consulting approach: Polaris trains and enables its teams to adopt a consulting approach to test management that pays adequate attention to every element of the testing life-cycle, including ones that are often treated as peripheral and overlooked, such as configuration management, release management, test environment management, monitoring, performance engineering and end-to-end integration and automation using appropriate homegrown or commercially available tools.

Personal initiative and precision: Polaris encourages, and prides itself on, the client centricity of its associates, which is demonstrated through their personal pro-activeness and attention to detail as well as their strong capability and urge to go the extra mile for clients.

Execution rigor: In addition to all the levers mentioned above, Polaris' focus on fundamental quality principles, such as functionality, reliability, usability, maintainability and efficiency, and the impassioned rigor of execution uniquely differentiate us and make us stand out as a true specialist among general practitioners – the perfect strategic testing partner for the testing times that we live in.

“

The Polaris testing team is the only one that came up and presented joint / common goals for improvement without being asked for. I really like that and I certainly love to work with such vendor teams and team managers.

The Polaris testing team 'forward looking' conducts dialog. The subject is contained within 'now' and 'going forward'. And they are very specific... with individual names, specific dates, result driven and not action driven. I feel the Polaris testing team is addressing and meeting our organization's needs as well as our managers' specific needs. In short, I wish all of my engagement, internally within our organization or externally with vendors, would operate this way.

Eiichi Katakawa (Program Manager, Client Service Platform, Citi Private Bank, EMEA)

SAFE HANDS. DEEP KNOWLEDGE. PROVEN EXPERTISE.

Key Solutions To Help Drive Performance!



Market pressures in the forms of increased regulations, growing customer demands and the need for operational excellence are leading to a volatile and extremely competitive environment for Insurers across the world. Insurers need to innovate, simplify products and build trust amongst customers through tailored products, effective distribution, better underwriting and claims management and thus, enhance customer experience. To address such market induced needs, businesses are constantly spelling out their imperatives and needs from IT. However, IT departments of many, if not most, carriers need to deal with disparate systems and inflexible legacy infrastructure that hinders competitiveness in today's dynamic business environment.

With focus on complexity reduction, Polaris provides strategic consulting and manages multiple critical projects for Insurers across the globe. The experiences of extreme execution over the last decade in Insurance has helped Polaris build unique frameworks, methodologies and tools that provide unparalleled efficiency, assured program acceleration, de-risking and cost reduction to our clients.

In this era of transformation, Polaris is a reliable solution partner with safe hands, deep knowledge, and proven expertise.

Key Solutions That Help Drive Performance

Faster and Effective Claims Management

Claims Management is critical to a carrier's success. Despite its critical nature to the business, claims processing is quite complex

due to reasons such as product variations, regulatory requirements, dealing with catastrophes and managing third-party suppliers.

Insurers worldwide are looking for automation and efficiency in the various aspects of claims processing starting with case management, assessment, investigation, settlement to payout. The ability to process claims quickly and accurately will reduce costs and improve overall customer experience. The other dimension Insurers are looking for is agility and ease of change as they introduce new products to retain and grow business.

Polaris has applied its technological innovations in SOA, workflow and rich user interfaces to bring a powerful solution to the market – Intellect Claims. Using our proven Progressive Modernization method, Intellect Claims can be rolled out incrementally and can integrate with existing administration systems without disrupting business operations. Intellect Claims provides improved case management and reduces claims leakage with precise payout management. It has been tested at some of the largest carriers and has been honed to meet diverse market needs.

Accelerated and Automated Underwriting

Today Insurers are grappling with driving efficiencies in product innovation and customer centricity, and are finding it increasingly difficult to attract and retain potential customers. For many insurers, this impacts both profitability as well as customer satisfaction.

Reports suggest that more than 50% of underwriters' time is spent on activities that add little value and are key reasons for operational inefficiency. Insurers are trying to

streamline the underwriting process and, thereby, achieve a competitive advantage in this increasingly commoditized market.

As such improving the effectiveness and efficiency of underwriting is critical to improve business growth. Polaris Underwriting Workstation is a faster, scalable and integrated solution that transforms the traditional underwriting process. It has the ability to perform financial need analysis, generate illustration, and perform electronic application submission, automated underwriting and policy issuance. It helps achieve higher performance with role-based workstation, intuitive dashboards, work load balancing, straight through processing and real-time decisioning.

Demystifying Legacy

Almost all Insurers have significant investment of the order of millions of dollars and decades of development effort sunk in legacy systems. The business relies on these legacy systems as they are usually stable and reliable for basic transaction processing, but are difficult to maintain and meet diverse and changing business needs. Organizations cannot do away with them as they are business critical and have significant knowledge buried in them.

Polaris helps Insurers take stock of IT assets by decoding legacy with its proven cost effective, accelerated, SOA based legacy modernization framework. Polaris' Legacy Modernization solution provides Insurers with knowledge infrastructure and helps make the critical decision – Retain and optimize the current legacy or Retire the existing legacy and effectively transform to a new solution.

Our methodology for faster and non-disruptive, yet, transformational, change has been tried and tested by the largest global carriers.

Tapping Emerging Technologies and Channels

In the increasingly commoditized Insurance market, the ways in which customers prefer to interact with insurers have been completely transformed by innovations in mobile technologies. Polaris is continuously making investments in holistic user experience and mobile capabilities to enhance the effectiveness of customer-facing functions. It is important for insurers to understand how mobile technology can be used not only to engage with customers in different ways, but also to be used as an effective tool for agents. Having a clearly defined mobile strategy requires a special blend of business insight, deep domain expertise and strong technical knowledge. Polaris helps Insurers create mobility roadmap and roll out effective solutions driving business growth and creating market place differentiation.

Seven Insurance Centers of Excellence and four rich functionality products have found resonance with leading Insurance carriers looking for transformation and point solutions.

Pranav Pasricha
Global Head
Insurance Business



ROLE-BASED SMART CBX TECHNOLOGIES

Information, analysis, decision metrics and transactions on the same work canvas

Portals - Trends and Customer Needs

As an enterprise architect earlier and as the platform head of Customer Business eXchange (CBX) now, I have often met people who live and breathe Banking. It is fascinating to know that the essence of problems Bankers face and how they attempt to resolve them remains the same across the globe, be it a mid-sized Bank in Vietnam or a global giant in North America with assets worth over few trillion dollars. Technological advances, social media and 'proximity' driven choices of life have contributed to the very way Banking is done.

CBX technologies herald fundamental change. Financial institutions began with process automation. Then product proliferation followed. Role holder requirements were neglected. The integration made possible by Polaris CBX technology drastically crunches cycle time, directly enhancing operational productivity.

S. Mahendran
Senior Vice President
(CBX Technology)



Banking Portal solutions have come a long way from focusing on content and personalization to analytics, optimization and convergence centrality. Portal Server vendors have long tried to influence this space through technology-based advancements. However, the growing users of Banking and Financial services are driving the industry towards a different direction – domain and customer centrality! In other words, there is a need for a solution that meets customer expectation with least cost and complexity and maximum benefits and productivity. CBX is our answer to such a demand.

Customer all the Way – 360° View and Consistent Experience

The design objective of any customer access portal should be 'customer first and everything else next'. However, the customer is serviced by multiple systems within the Bank. The result is a dissatisfied customer who feels that he or she is dealing with different Banks and not the same one.

One of the enduring pain points of the portal world is the 'portal hop' a corporate customer is made to do. At best, some Banks offer a single sign-on solution where the user is spared from logging into multiple portals, but the inconsistent experience persists.

The need of the hour is a single customer window that provides consolidated account statement, assets and liabilities position, cash flow positions, status of critical transactions and a message center as a single thread of Bank-to-customer communications.

Industrial Engineering Shows the Way

Traditionally, applications and products meant for customers have been modeled on the Bank's internal processes. There are some solutions that reflect product features more and not necessarily the want of the customer. The result is that Transaction Banking has never been a satisfying experience. Another reality that Banking solutions have not been cognizant of is the practice of an individual playing multiple roles within the Bank. In other words, people often need to log in to multiple systems (possibly with multiple IDs) to, for example, initiate payments and approve other transactions. Shouldn't there be a way the systems know that a customer can play multiple roles?

Industrial engineering discipline has an answer to this classical problem and provides an 'integrated systems of people, money, knowledge, information, equipment, energy, materials, analysis and synthesis...'. CBX technology leverages this age old industrial engineering concept and creates 'role-based work stations' to improve operational throughput and user experience. For example, a context conscious payment summary widget will help making a domestic or international payment with a single click!

Why Widgets?

"Moving toward 2013, Enterprise Portals will grow to encompass functionality and characteristics, including analytics and optimization, contextual awareness, accommodating widgets..."

Gartner, Generation 7 Portals: Unifying the User Experience, 2010

Intellect CBX – Present Meets the Future

CBX enables Banks deliver role-based workstations to their corporate and retail customers in the form of simple widgets and work spaces. Widgets are customizable self-contained business services that are context aware and enforce entitlements. Information, Analytics, Decisions and

Transactions (IADT) are all rolled out in one simple window called widgets. What's more, the solution does not require Banks to invest heavily in portal technologies as the widgets can exist in simple application server containers!

We adapted widget technologies way back in early 2010. A leading Bank in the US sought a solution from us for their corporate customers to manage their liquidity through sweeping and pooling resulting in an online deposit booking of 1 trillion USD per annum!!

CBX Scores Where Others Fail

Today's traditional menu driven approach demands a steep learning curve. Users have to log in to multiple systems to access information and act on it. Personalization is limited to more of changing the look than the feel of it. Convergence is neither a technical feasibility nor a functional feasibility. Changes are besieged with risks.

Many frustrated Bank business and technical managers have expressed how changes are expensive and risky, because the portal

products they have implemented delivered either single domain solutions (effectively limiting the channel convergence option) or were built on business models that do not support agile roll out of services. CBX addresses both these concerns through an app store based model and widget technologies based on IADT principles.

Endless Possibilities

Almost all Banks talk about channel convergence today. It is an inescapable route Banks have to take to meet the customer demand for 'one Bank, one product and one experience'. The last decade was all about SOA and the need for applications to be redesigned as a bundle of consumable services. Now the time is to move up the ladder of business architecture and focus more on 'applications'. Here is where Intellect CBX technology makes this transition manageable, sustainable and profitable. Polaris' complexity reduction philosophy is not only limited to application design, but is also extended to smaller application role outs. CBX technologies help Banks develop and offer their services much like the apps that one can find in app stores of mobile and tablet players. Imagine for a moment yourself as a retail customer going online to the Bank's portal and find few new services, such as personal money manager, tax advice, a new utility payment, lined up in the app store that you can buy! Imagine the power of a Bank to develop very small, but niche applications and make them available to a select few corporates for a premium?

The possibilities are indeed limitless. CBX technology is well and truly in the forefront of this revolution.

The Market has Warmed Up

The CTO of a large Bank once said, "You are where we want to be few years from now, if we are lucky and invest lots of money"! This very much sums it up.

Recently my implementation team had a pleasant surprise when they walked into an on-going meeting of the Bank's IT and business unit – the business architect was demonstrating CBX and its unique features to his colleagues with the same passion of the Polaris team!

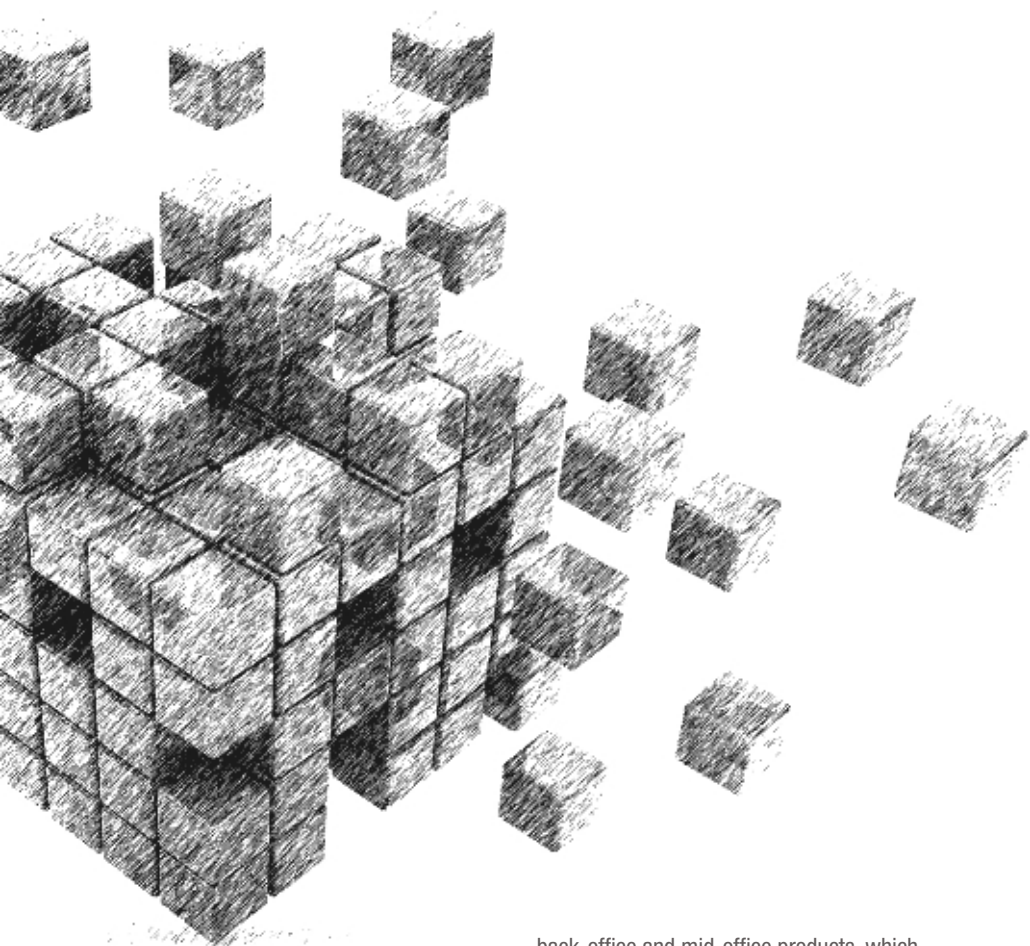
The Proof is Out There – Ask Our Customers

Our recent implementations have been a clear success with both Banks and their customers alike. The experience is great, usability redefines 'intuitiveness', productivity goes up multiple notches, and above all, the Banks feel that the investment in Transaction Banking business is secured because of the ease with which smaller and smaller business services can be rolled out without any impact to existing applications.

In our flagship implementation of CBX in the Middle East, Payments CBX was rolled out in the first phase and quietly followed the other lines of business such as Liquidity and Collections and receivables. The applications are new icons in the landing page! As simple as that!

... And There is More to Come

The possibilities with CBX technologies are plenty. Our Financial Technology research unit is spreading CBX technologies to key Intellect



back-office and mid-office products, which means it is not only the Bank's external customers who would be benefited from the role-based applications, but the Bank's internal customers such as the Relationship Managers, the Tellers and the Operations team too can benefit. I am tempted to reveal more but the need for a surprise quotient for next year is holding me back!

THE POWER OF THE HUB

The Next Generation of Banking Technology

The Genesis

Banking Technology has come a long way from the first generation of Mainframe Systems to homegrown built-up Business Applications. Technological solutions have evolved due to requirements in end-to-end Automation, Business Intelligence, ERP Integration, Enterprise Content Management and Business Activity Monitoring which have resulted in world-class solutions from Application Information Systems in the realm of Business Process Re-Engineering, Enterprise Application Integration and Imaging enabled Workflows to fourth generation Business Process Management Solutions.

The Banking domain having an ever evolving landscape – a competitive business boosted only by innovation and first mover advantage – requires cutting edge technology to offer demanding clientele better user experience – faster, more efficient and cost effective. The struggle always remains the 3 Cs – Customer, Control and Compliance. The ability of an application to dynamically scale up to changing business needs of customer reach and satisfaction, control operational risk and comply to changing regulatory requirements determines key technology decisions of the Bank.

As a result, the 3Cs give rise to a spate of underlying business needs that range from Regional Sensitivity, Multi-Channel Availability, High Volume – High Availability, Seamless B2C Conversation, Data Management, Migration and Aggregation to create 360° data views,

Role Sensitive and Intuitive User Interfaces along with industry-certified compliant solutions that come embedded with – SWIFT, ISO, UCP, FATF intelligence.

Hub Technology – An Introduction

In such times, we at Polaris have introduced fifth generation Banking Technology – Intellect Hub Technology.

Hub Technology is an application design platform that enables quick solution delivery through configuration. As a result they are empowered with out-of-the-box BFSI specific features and a configuration capability comparable to none. Banking specific solutions called 'Hubs' can be conceptualized, developed and deployed in a Unified Development and Execution Environment thereby leveraging existing applications in the Bank's technology ecosystem through integration and offering better services and control over operations.

Hub Technology comes with complete support for building applications through its open application management framework with a standard enterprise wide data dictionary and intelligent configurable user interfaces. It also has in-built comprehensive business rules, process workflows, message format, customer communications and reporting management capabilities. Backing this is real-time transaction support for complete STP, E&I intelligence and Performance & Business Activity Monitoring. Pluggable business services around compliance, pricing, rates,

interest, credit and risk scoring, signature management and credit limits management are bundled within the same platform.

Hub Technology pioneers Polaris' 6M Technology to enable multi-entity, multi-country, multi-lingual, multi-channel, multi-currency and multi-time zone operations. It also comes bundled with User Management and very rich entitlements framework to control access at a granular level - entity, function, record, column, currency, transaction amount, and so on.

Even the implementation methodology and functionality change requests defy the tenets

of SDLC where reference solution based modeling via Hubs Technology Application Prototyping facilitates Onsite study, Construction and Testing stages along with daily/weekly validations to achieve quicker signoffs and a complete end-to-end BFSI automation solution implementation within 12 - 24 weeks at lower investments.

Little wonder then that analysts from Forrester, Celent, Aite, Gartner and Tower Group have overwhelmingly recognized and applauded the differentiating capability of Hub Technology based solutions and clients such as Bank of Montreal, Banco Santander and Barclays amongst others were quick to acknowledge the business benefits delivered through quick implementations.

Hub Technology is an application design platform that enables quick solution delivery through configuration. As a result they are empowered with out-of-the-box BFSI specific features and a configuration capability comparable to none.

Govind Saxena
Business Head (Products)



A quick overview of Intellect Hubs – pre-built Hub Technology based solutions:

Payment Services Hub is an intelligent application that orchestrates the end-to-end payment processing workflows, and enables Product Innovation and Value Added services for your preferred customers.

Credit Services Hub is a pro-active limit monitoring and control mechanism that spans across lines of businesses and allows banks to have a single view of both secured and unsecured exposures for a given customer relationship.

Customer On-boarding Hub acts as a single uniform window for all client on-boarding across products under various LOBs – doing away with multiple disparate system interactions.

Enterprise Risk Hub is a comprehensive Hub for preventive Risk Management providing solutions for Market Risk, Funds Transfer pricing, Credit Life Cycle Management, Early warning and Remedial and Portfolio reporting and regulatory compliance.

Working Capital Hub is a comprehensive and proven end-to-end Supply Chain Finance solution with intelligent Invoice Processing that meets the demands of the changing business dynamics of a bank's corporate finance services.

Receivables Services Hub provides for an end-to-end management of Customer's Receivables for reducing the daily sales outstanding and increasing cash flow.

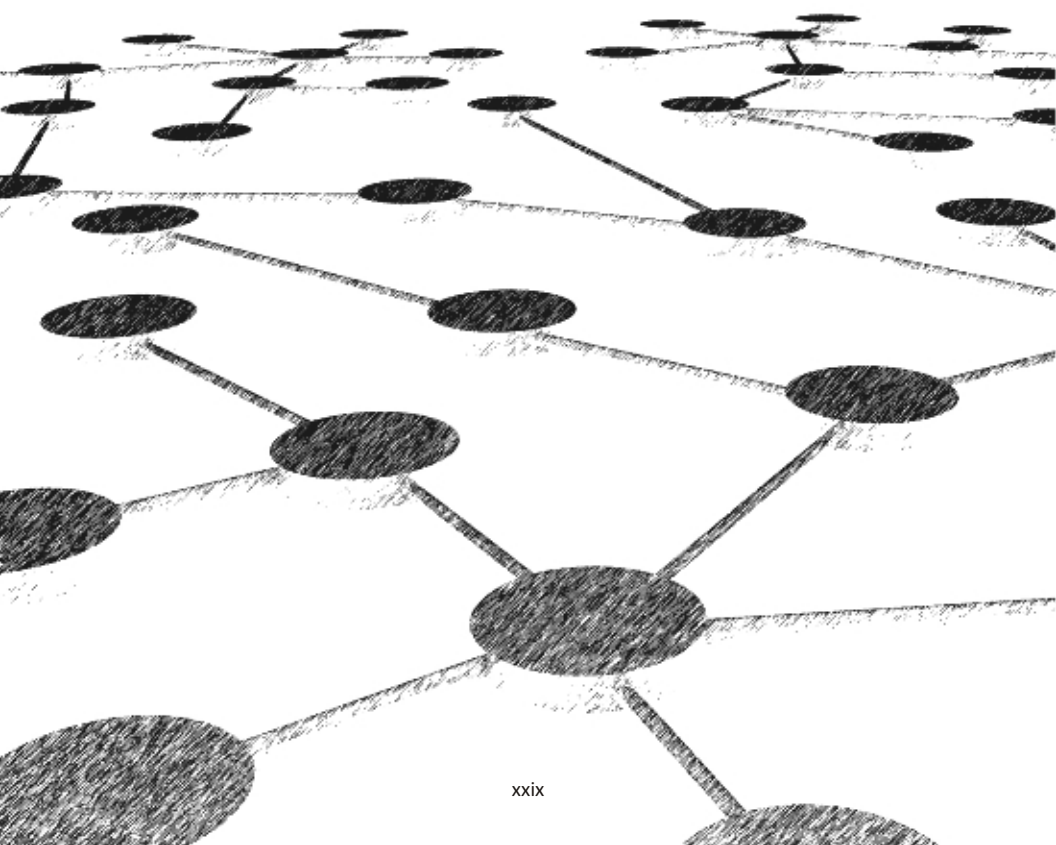
Funds Control Hub is a Funds Monitoring system that provides informed pay/no pay decision with consolidated view of the payment, limits and credit policies to maximize customer benefit and minimize exposure risk to the bank.

Polaris' Hubs Technology based solution offers clients a competitive edge through faster time to market, better risk management, enhanced user experience, lower total cost of ownership, reduced operational cost, and a future-ready solution.

Polaris' Hubs Technology based solution offers the following business benefits:

- Competitive Edge through faster time to market powered by agile development on highly configurable platform
- Better Risk management through real-time business activity monitoring in a fully controlled auditable environment with MIS Reporting
- Enhanced User Experience via multi-channel access, single UI with backend integration, real-time alerts and better visibility through reports and customer communication
- Lower Total Cost of Ownership through shorter implementation timelines while protecting current investments and enabling enterprise wide roll out
- Reduced Operational Cost through STP, real-time interfaces, document integration, intelligent decisioning and SLA management
- Creating a Future Ready Solution that quickly introduces new incentives, change approval, override rules and provide better control while reducing operational risks via user entitlements checks

With a strong roadmap around Trade Finance, Supply Chain Finance, Payments and Receivables Services, Customer On-boarding, Loans Origination and Data Management, Hub Technology is all set to completely revolutionize the Banking technology environment and force the Banking and financial service industry to reassess the selection of Banking products towards sharpening its competitive edge in the Banking marketplace.



THE FT GRID. IT'S ON!

Virtualized. Scalable. Reliable. Secure. Global reach.
24x7x365 support. The complete enterprise-class
cloud + solution.

"You press the button, we do the rest."

These are the words that turned to be defining moment of a small company that went on to become a 16 billion dollar organization.

A couple of decades ago, during the early days of George Eastman, photography was a complicated process. It required a 'pack-horse load' of equipment, plus significant training and skill. Eastman introduced the Kodak camera with the catchy slogan - You Press the Button, We Do the Rest. What resulted was a revolution in photography.

Kodak's success came not just because it created a camera that was simple to use. It succeeded because it made the entire process of photography simple. Prior to Kodak, photographers themselves had to develop the pictures. Kodak made the process simpler by removing the burden of processing from the customer. And by doing so, it significantly reduced complexity for the customer!

Polaris's Financial Technology Grid (FT Grid) is built around the same principle - the principle of complexity reduction – and it aims to deliver superior overall IT experience for the customer.

Polaris's Financial Technology Grid (FT Grid) is built around the same principle - the principle of complexity reduction – and it aims to deliver superior overall IT experience for the customer.

Jaideep Billa
Business Head
Infrastructure Management &
Cloud Services



The FT Grid is Polaris' Cloud-based Financial Technology solution. Through this mechanism, Polaris offers its products to customers in a hosted environment. The purpose of the FT Grid is to remove the complexity of infrastructure management from the customer. If a customer buys an equipment, he/she does so for the services it provides and not for the sake of the equipment itself. There is a cost attached to running and maintaining the equipment, and Polaris recognizes that is an unnecessary burden on the customer. FT Grid reduces this burden on the customer by provisioning, managing and running the IT infrastructure for the customer.

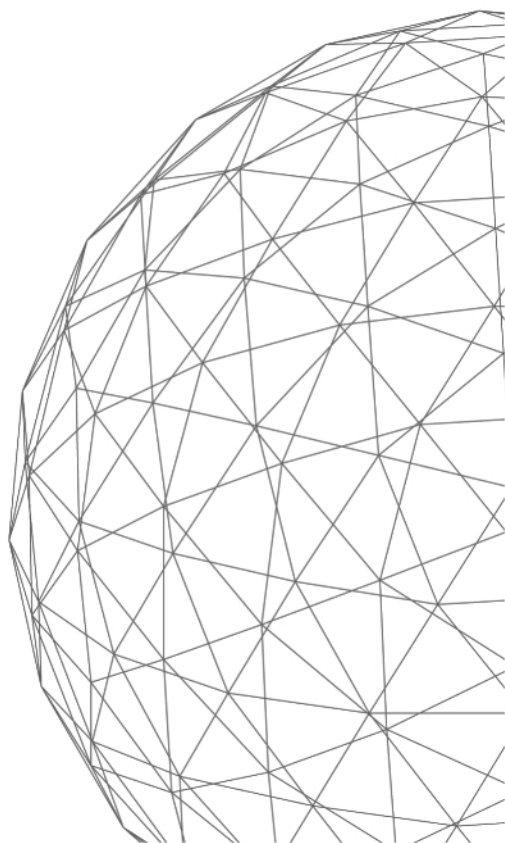
FT Grid goes beyond removing the complexity of infrastructure management. It seeks to make the market leading Intellect products available to even smaller financial institutions by reducing the financial burden on them. In the traditional model, a bank is expected to pay significant up-front costs for establishing its IT infrastructure. FT Grid changes that by providing the infrastructure and by charging on a pay-per-use model. In the process even the smallest banks can benefit from the formidable power of Intellect technology.

FT Grid marks the completion of evolution of Polaris from a Financial Services provider to a complete Financial Technology Infrastructure provider. FT Grid fructifies Polaris's strategy in establishing its leadership position as a Financial Technology infrastructure provider to the financial institutions across the world.

FT Grid is run and managed by the RIM team – Reliable Infrastructure Management as we call it and Remote Infrastructure Management as the industry calls it. In other words, FT Grid is the complete end-to-end Software-as-a-Service model for Polaris's Intellect suite of Financial Technology solutions and RIM manages the underlying infrastructure. This team has deep experience in providing infrastructure management services for many leading global banks.

RIM has an ISO27001 compliant state-of-the-art Global Command Center (GCC) in Mumbai from where it runs and manages mission critical complex infrastructure for clients such as the Reserve bank of India. It also monitors and manages the infrastructure of our customers in Europe and USA.

So, while you just 'press the button', FT Grid, RIM and Intellect will do the rest.



GLOBAL TRANSACTION BANKING FT LEADERSHIP

Customer centricity demands dismantling silos

The corporate world over, the role of treasurers has been increasingly changing in the recent past.

For example, just the US non-financial companies are sitting on close to USD 2 trillion worth of cash. Imagine what that figure would be for the world! All this cash needs to be managed, invested, redeemed and made available as required and, in general, should be made to work for these corporates - with due consideration to the risks involved in an increasingly integrated global economy. That is why Global Transaction Banking (GTB) is in the forefront in the current economic scenario. Low capital requirement, predictable/reliable fee income, economies of scale - all of these make GTB products and services an attractive proposition for banks, especially when returns from Retail Banking are diminishing and the capital markets are as choppy as the high seas before a tropical storm.

The GTB offering of a bank would ideally cover anything that is a 'transaction'. However, different banks tend to organize their multiple Lines of Business (LoBs) under GTB based on different functional and geographical constraints. The common denominator would be Payments, Collections and Cash Management (of some form), Trade and Supply Chain Finance, Corporate Treasury, Securities and Custody - all extend the realm of this offering. FI and Correspondent banking too would be within the purview. It all depends on the business model of the bank, its priorities, reach, brand and other such parameters.

Having an array of GTB services is one thing. But having an integrated GTB platform is quite another. The Transaction Banking leaders of the future will be those with nimble GTB platforms that integrate the aforementioned services in a way that puts the customer at the center. However, that is easily said than done because historically Transaction Banking landscapes have evolved over time with disjoint offerings that were department centric as opposed to being customer centric. Under the hood the IT architecture of each of these

In the past 24 months, Polaris has won over 125 GTB deals. The Aite group has ranked our Supply Chain Finance product as the best against 9 leading vendors that it profiled in this space. Our revolutionary CBX technology is a direct fit for banks that wish to enhance role-based efficiency in the channel offering.

Uppili Srinivasan
Business Head
Intellect Global Transaction Banking



offerings would be quite distinct with both rampant duplication as well as gaping holes exposing a lack of synergy. These fault lines would manifest on the customer touch point areas as well so much so that the promise of one GTB brand would be completely violated by the siloed nature of what is presented to the customer.

That is where Polaris' Integrated GTB offering stands out. At the heart of it is the customer who is onboarded through a centralized Customer Onboarding Hub. The customer entity can then be offered multiple products and services from the Transaction Banking portfolio. The products and services share a common set of horizontal services ('GTB Core' if you will). Payments, Collections, Cash Management, Liquidity Management, Trade and Supply Chain Finance are some of the products that are integrated through this layer. All of these products and services can be consumed by the end customer on a self-services basis through the GTB CBX layer that spans across these areas. The customer gets an aggregated view of his/her GTB portfolio - whether it's Balance and Transaction Reporting, Dashboards or Analytics - and can take informed decisions and execute transactions across the entire portfolio.

The integrated GTB portfolio with a homogenous Client Access technology (CBX) indeed differentiates the bank in the market place as affirmed by some of the market leaders.

While the integrated Intellect GTB platform distinctly stands out from competition in the market place, some clients also choose a specific product within the GTB suite for their requirements. Our Payments Services Hub - part of our Hubs Technology solutions that enable STP and reduce Exception and Investigation costs by over 40% - processes over 20 Million transactions an hour. It has received Celent's XCelent Award for breadth of functionality. Our Collections product powers over 30% of transactions in one of the emerging markets. Our Liquidity Management product with its algorithmic models of Notional Pooling and n-level multi-currency / multi-entity Cash Concentration capability is a world leader. The Aite group has ranked our Supply Chain Finance product as the best against 9 leading vendors that it profiled in this space. Our revolutionary CBX technology is a direct fit for banks that wish to enhance role-based efficiency in the channel offering. In the past 24 months, Polaris has won over 125 GTB deals.

But we are still not done. Our aspiration is to attain leadership in Global Transaction Banking solutions. We will soon be complementing our offering through some very exciting additions to the portfolio. We are at the cusp of announcing a dozen GTB wins in the next 120 days. We have strengthened the GTB product roadmap by adding some exciting capability in all the GTB verticals as well as in the CBX and Hubs space.

IGNITING YOUNG MINDS

Nurturing 36,000 dreams in a single year

"Ullas" - Igniting 36000 Young Minds in a single year

Ullas Trust (Polaris' CSR initiative) was started in 1997 by the Polaris employees, with an aim to integrate Polaris with a larger community and enable them to enjoy the bliss of working with young minds in the country.

The primary motive of Ullas is to recognize academic excellence in students from the economically challenged sections of our society and encourage the "Can do" spirit towards chasing their dreams and aspirations. Very early in its evolution, Ullas decided to focus its energies on students during the most vulnerable stage in their journey – adolescence! This would translate into students from Class (Grade) 9 to 12.

With these two-pronged criteria, Ullas selects students from Municipal, Corporation and Government schools every year through an entrance examination and a well-defined selection process. We call such students Young Achievers.

Guiding Principles

Ullas has created integrated and holistic programs to encourage the 'Can do' spirit in young students based on six guiding principles summarised below.

- Between the ages of 13 and 16, the maximum change in one's thought process occurs and any positive influence gets amplified
- A young mind learns through his/her observations and by expanding his view. One can broaden his/her vision in this manner.
- To bring anything to reality one needs to visualize it. When one pens his or her dreams on paper one's own personal commitment to the dreams increases and the chances of achieving the dream increases
- During the journey towards achieving dreams, if one's thoughts are supported and discussed with a mentor, friend and guide, it inspires and accelerates momentum towards one's goals.
- A young mind gets inspired by experiencing role models. Its only when one observes benchmarks of success can one even think about it.
- A young mind gets energized and further encouraged by recognition in a larger group.

Merit Scholarships and much more...

While Ullas does award annual merit scholarships to the students, the vision was very clearly to go beyond scholarships and give a head-start to the Young Achievers by:

- a. Encouraging them to dream big and with conviction, through annual workshops
- b. Empowering students with self-enrichment programs during weekends
- c. Providing students with a "touch and feel" of the corporate environment
- d. Giving them a unique opportunity to be mentored by successful IT professionals

Weekend Enrichment Program - SUMMIT

Through the SUMMIT programs, Ullas gets a fantastic opportunity to make positive interventions in the journey of the student and actively support their “Can Do” attitude towards achieving their aspirations.

The Summit module is designed as a holistic 20 module program across four levels. Each level comprises 5 modules. Summit 1 is rendered for the ninth Standard students, Summit Level 2 is for the Tenth, Level 3 for the Eleventh and Summit Level 4 for the twelfth standard students. Each module is designed for a duration of 3 hours.

The modules complement formal school education with well structured life skills around communication, team work, public speaking, planning, memory techniques. Modules such as 'The Magic of Appreciation', 'Balancing Priorities' and 'Respond- Don't React', build unique life skills at these formative stage. Summit is completely interactive and a joy for the learner and the Trainer.

These are conducted every weekend at the Polaris premises across Delhi, Mumbai, Hyderabad and Chennai. The entire module is

designed, organised and conducted by Polaris employees. This year alone, the Summit Program has reached 6000 young students in India.

Touch the Soil Program

To ignite the dreams of students in Rural India, we launched the 'Touch the Soil' Program a few years ago. The target group for this program are the 9th and 10th standard students in the rural areas of India. Interestingly, this program also enables our employees to connect to their "roots" and visit their own villages/districts to engage with the students.

This program is designed around two workshops. 1. The Diary of Dreams workshop & 2. The Planning Workshop

With the inspiring support from the employees of Polaris, our Touch the Soil Program reached 30,000 young students across various districts in India in 2012.

It was a wonderful moment for the Ullas fraternity to receive the Blue Dart Global CSR Award 2012 for the Best Corporate Social Responsibility Practice - Overall.

Polaris contributes 1% of its annual profits towards this wonderful initiative, 'Ullas', to ignite young minds and shape the thinking of the Future India.

Col. Vidyasagar
Chief Mentor & Head - Ullas Trust



BOARD OF DIRECTORS



Arun Jain
Chairman &
Managing Director



R C Bhargava
Chairman
Maruti Suzuki India Ltd



Dr. Ashok Jhunjunwala
Professor
Dept. of Electrical
Engineering, IIT Chennai



Abhay Agarwal
Practicing Chartered
Accountant



Arvind Kumar
Senior Lawyer
Supreme Court of India



Raju Venkatraman
Managing Director & CEO
MEDALL Health Care (P) Ltd



Satya Pal
Former Secretary (Telecom),
Chairman, MTNL & Telecom Expert

MANAGEMENT COMMITTEE



Arun Jain
Chairman & CEO



Govind Singhal
Chief Operating Officer



**Natarajan
Narayanasamy**
Chief Financial Officer



Govindarajan K
Global Head - Administration



Ashish Devalekar
Head - Strategic Deals



Jaideep Billa
Business Head - Infrastructure
Management & Cloud Services



Babu Ramanathan
Global Head - Quality



Jitin Goyal
Global Head
Sales, Marketing &
Account Management



Bikash Mathur
Head - Europe Business



K Srinivasan
Head - India, Middle East &
Africa Business



Bharath Natarajan
Business Head - Retail
Banking Products



Kedarnath Udiyavar
Head - Strategic
Relationships



Manish Maakan
Global Head - Intellect
Solutions



Raj Parameswaran
Business Head - Retail
Banking Services &
DATA Services



Mukesh Jha
Global Head -
Citi Relationship



Rajesh Saxena
Global Head - Strategy



Padmini Sharathkumar
Global Head - Marketing &
Communication



Rama Sivaraman
Global Head - Performance
Excellence



Pankaj Modi
Business Head -
Capital Markets
& Asset Management



Ravindra Koka
Business Head - Intellect
Insurance



Pradeep Nevatia
Chief Operating Officer
Optimus Global Services



Sanjeev Gulati
Head - Americas Business



Pranav Pasricha
Global Head - Insurance
Business



Shashi Mohan
Chief Technology Officer



Sudha Kunkalienkar
Business Head -
Transaction Banking
Solutions



Venkatesh Srinivasan
Business Head - Risk
Treasury & Liquidity



Supriyo Sircar
Head - Asia Pacific
Business



Vikas Misra
Business Head - Enterprise
Solutions and Mainframe



T V Sinha
Global Delivery Head -
Insurance & Portals



Vinodh Chelambathodi
Global Head - HR



Uppili Srinivasan
Business Head - Intellect
Global Transaction Banking



Wayne L Fialo
Head Global Accounts -
Americas



Venkatesh Chillara
Business Head - Testing
& PACE



Wayne Li
Head - Australia &
New Zealand Business

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POLARIS FINANCIAL TECHNOLOGY LIMITED

(formerly known as Polaris Software Lab Limited)

Annual Report for the year ended March 31, 2012

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FINANCIAL REPORT

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Bankers	Citibank N.A HSBC Ltd HDFC Bank Ltd JP Morgan Chase Bank, N.A. ICICI Bank Ltd Bank of America, N.A. New Jersey
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Auditors	M/s. S.R.Batliboi & Associates 6 th & 7 th Floor, A Block (Module 601, 701 – 702), Tidel Park, No.4, Rajiv Gandhi Salai, Taramani, Chennai – 600 113. India.
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DIRECTORS' REPORT

DIRECTORS' REPORT

To the members,

We are pleased to present the Nineteenth Annual Report on our business and operations for the year ended March 31, 2012.

1. Results of operations

(Rs. in Lacs, except EPS data)

Description	Standalone		Consolidated	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Income	179,748.90	143,863.61	210,057.23	165,294.29
Expenses	152,058.70	119,602.18	176,820.11	138,078.52
Profit before Interest, Depreciation & Tax (PBIDTA)	27,690.20	24,261.43	33,237.12	27,215.77
Finance charges	109.11	-	170.55	34.00
Depreciation	3,932.83	2,643.65	4,723.07	3,365.86
Net Profit Before Tax	23,648.26	21,617.78	28,343.50	23,815.91
Provision for tax including Deferred Tax	4,796.83	2,914.98	6,300.29	3,588.10
Net Profit after tax / Minority Interest	18,851.43	18,702.80	22,043.21	20,227.81
Less / (Add) Minority Interest	-	-	(27.65)	(18.16)
Net Profit	-	-	22,070.86	20,245.97
EPS				
Basic Rs.	18.98	18.87	22.22	20.43
Diluted Rs.	18.92	18.74	22.15	20.28

2. Change of name of Company

The Company is engaged in Financial Technology business for the past 18 years and its products, technologically supporting financial industry. To represent the same, the name of the company was changed from Polaris Software Lab Limited to Polaris Financial Technology Limited which was approved by the shareholders at the Extraordinary General Meeting held on October 28, 2011. Subsequently the approval from the Registrar of Companies, Chennai, Ministry of Corporate Affairs, Government of India was obtained to change the name of the company into **Polaris Financial Technology Limited** w.e.f. November 16, 2011.

3. Business performances

The consolidated revenue of Polaris Financial Technology Limited from Software development services and products for the year ended March 31, 2012 stood at Rs.2,04,915.14 Lacs, as against the previous year's revenues of Rs.159,542.63 Lacs. The consolidated Net Profit for the fiscal year ended March 31, 2012 stood at Rs.22,043.21 Lacs as against the previous year's consolidated Net Profit of Rs.20,227.81 Lacs (before adjusting minority interest). The reserves and surplus increased to Rs.116,558 Lacs (2011-12) from Rs.98,295 Lacs (2010-11).

4. Subsidiaries

The Ministry of Corporate Affairs (MCA), Government of India vide its Circular No.2/2011 dated February 8, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956 subject to certain conditions being fulfilled by the Company. As required in the circular, the Board of Directors of the Company at its meeting held on October 12, 2012 passed a resolution giving consent for not attaching the Balance Sheet of subsidiary company(s).

The requisite information about subsidiaries is furnished elsewhere in this Annual Report. Shareholders who wish to have a copy of the full report and accounts of the subsidiary(s) would be provided the same on receipt of a written request and those documents will be made available for inspection at the Registered Office on any working day at the business hours during the notice tenure of Annual General Meeting.

5. Cash & Cash equivalents

Polaris liquidity remains healthy with a cash reserve of over Rs.39,022.79 Lacs. The DSO is at an impressive 63 days.

6. Share Capital

During the year, under ASOP 2003 Scheme the company has allotted 2,46,500 equity shares of Rs.5/- each to 72 employees (associates includes Directors). As a result of the above allotments the issued, subscribed and paid-up equity share capital of the company was increased from Rs.495,977,985/- comprising of 99,195,597 equity shares of Rs.5/- each as on April 1, 2011 to Rs.497,210,485/- comprising of 99,442,097 numbers of equity shares of Rs.5/- each as on March 31, 2012. Further your company during this year, under ASOP 2004 Scheme transferred 70,600 equity shares of Rs.5/- each to 18 associates of Orbitech Employees Welfare Trust, on exercise of the options granted under the said scheme.

7. Dividend

The Company has declared an interim dividend of Rs.2/- per share (40%) on February 16, 2012.

We propose a final dividend of Rs.3/- per share (60%) upon approval of the shareholders at the 19th Annual General Meeting; this dividend will be paid out of the profits of the company.

The Register of members and share transfer books of the company will be closed w.e.f November 10, 2012 to November 19, 2012 (both days inclusive).

8. Corporate Governance

Your Company has been complying with the provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. A separate report on Corporate Governance along with Auditors' certificate on compliance of the Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

9. Scheme of Arrangement (Demerger) between Polaris Financial Technology Limited and Optimus Global Services Limited

The Scheme of Arrangement (Demerger) between Polaris Financial Technology Limited (Polaris) and Optimus Global Services Limited (Optimus) was considered and approved by the shareholders of the Company at the Court convened meeting held on April 9, 2012. Consequently the Company has filed a petition with the Hon'ble High Court of Judicature at Madras on April 23, 2012 and it was heard on July 20, 2012. The Hon'ble High Court has approved the Scheme and passed its order on July 20, 2012 and the Scheme was effectuated from the appointed date, i.e. October 1, 2011.

- Highlights

Optimus has two undertakings i.e., "BPO Undertaking" and "Other Undertaking". BPO Undertaking includes all services rendered by the company viz. the Business Process Outsourcing / Knowledge Process Outsourcing etc. The other Undertaking is engaged in the

business of facilitating sale of equipment and software products. It has been proposed to demerge the BPO Undertaking with Polaris.

Pursuant to the demerger, Polaris will be able to showcase the BPO services along with existing line of software products and services to its clientele. In other words, Polaris' customers would have wider suite of software application and end-to-end products and services to pick and choose from. This would appeal not only to Polaris' existing customers but also attract new clientele. This should also result in increased utilization of services of the BPO undertaking, which should make the BPO undertaking profitable. Further, the synergies of risk management and analysis can be better managed if the services and products offered by both Optimus and Polaris are managed under one roof, leading to better or optimum utilisation of human resources.

10. Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The particulars, as prescribed under clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure to the Directors' report section.

11. Particulars of employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' Report section. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956 the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

12. Directors' responsibility statement as required under Section 217(2AA) of the Companies Act, 1956

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 the Directors of your company confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors had prepared the Annual Accounts on a "going concern basis".

13. Directors

Messrs Mr.Abhay Agarwal and Mr.Raju Venkatraman, Directors of the Company are retiring by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

14. Chief Financial Officer

Mr.Natarajan Narayanasamy has been appointed as Chief Financial Officer of the Company w.e.f July 1, 2012. Mr.S.R.Ramaswami & Mr.R.Srikanth former Chief Financial Officers of the Company resigned w.e.f June 30, 2012 and October 31, 2011 respectively.

15. Auditors

M/s S.R.Batliboi & Associates, Chennai Chartered Accountants who are the Statutory Auditors of the company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The retiring auditors have furnished a certificate of their eligibility for re-appointment with the provisions of Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to be re-appointed.

16. Fixed deposits

Your company has not accepted any deposits during the financial year and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

17. Social connect

Ullas Trust

A humble initiative which started in 1997 with just 32 children has today turned into a silent movement exemplifying the power of inclusive CSR. So far, Ullas Trust has awarded more than 30,000 scholarships to students in schools across Chennai, Hyderabad, Mumbai and Delhi. More than merit based scholarships; there has been active support from the associate community in the mentoring programs called SUMMIT, packaged in modules of five interventions per year over the four year period of a child's association with Ullas. This year also saw the launch of the "Touch the Soil" program which seeks to help associates 're-connect' with their roots in all districts of Tamil Nadu, Andhra Pradesh, Maharashtra and the National Capital region.

Ullas - Chennai

Ullas Trust celebrated its 14th Annual Workshop on August 20, 2011 in Music Academy where over 2,700 Ullas Achievers from IX and X participated in the "Can Do" workshop and were awarded Ullas Young Achievers Scholarships. Continuing its unrelenting endeavor of recognizing academic excellence in students from Corporation, Government and Government aided schools, the Ullas Trust awarded scholarships to students from across 175 schools in Chennai. As part of the Touch the Soil initiative, volunteer teams went to 151 schools from all 32 districts headquarters of Tamil Nadu to conduct the 'Can Do' workshops in these schools thus covering approx 24,000 children. In addition to that, 215 students were awarded Higher Education Scholarships for pursuing professional courses. Ullas also sponsored easy learning of English (ELE) classes for the 6th to 8th Std children in 26 schools of five districts in Tamil Nadu through collaboration with a local NGO- Vidyarambam. These classes were also conducted at our Social Engineering hub at Kille, in the Government school premises.

Ullas - Mumbai

Around 512 students from 14 municipal schools were awarded scholarships in the Mumbai workshop held on November 26, 2011. The Diary of Dreams session was very interactive making the students participate by penning down their dreams. The teamwork of around 50 associates who volunteered to travel to different zones in Mumbai, kick started the Summit classes with a new methodology of going to schools and conducting the classes there during the weekends. In addition to that, 46 students were awarded scholarships in 8 districts.

Ullas - Hyderabad

In Hyderabad, 1,224 students eagerly participated in the Hyderabad Annual workshop on January 28, 2011 which was held at Vasavi Auditorium, Lakdi-ka-pul. The Young Achievers entertained everyone with a few cultural performances. The Diary of Dreams workshop was

very interactive and enabled students to share their dreams. Weekend Program Summits were a great hit at Hyderabad which saw the participation of not only the Ullas children but also their friends who attended the classes in order to improve their communication skills. The Hyderabad Team took the initiative of 'Touch the Soil' programme where the scholarships were given to 109 students from 124 schools across 20 districts. Associates travelled to the villages and distributed scholarship cheques.

Ullas - Delhi

The Delhi chapter of Ullas conducted their Annual Workshop on October 16, 2011 where 172 Young Achievers participated from Noida and Delhi. The Diary of Dreams Workshop conducted went down very well with children interacting cheerfully with the Ullas volunteers. In Delhi also the volunteers travelled to schools to take the weekend classes in the schools. The Annual workshop for the Gurgaon chapter was conducted on November 25, 2011. 187 young achievers participated from schools located in Gurgaon district. The Planning Workshop for tenth standard children was conducted on August 25, 2011.

Ullas Trust won Best CSR Practice Award from Blue dart in 2012.

SAMPADA

SAMPADA - Special Appreciation and Mentoring Program Acknowledging Differently Abled is an inclusion program at Polaris where our SAMPADA colleagues are referred to as "Distinctly abled" rather than differently abled. Around 18% of associates at the Intellect Products Group business solution centre are SAMPADA colleagues. This unit designs and implements high performance banking solutions to over 52 banks across globe and offers the best Price to Performance ratio for their solutions. As part of the rural out-reach program, around 300 beneficiaries in remote districts of Tamil Nadu received orthotic supports under a collaboration model with a local NGO- Freedom Trust.

18. Acknowledgement

Your Directors take this opportunity to express the gratitude to all investors, clients, vendors, bankers, Regulatory and Government authorities, Stock Exchanges and business associates for their co-operation, encouragement and continued support extended to the Company. Your Directors also wish to place on record their appreciation to the Associates for their continuing support and unstinting efforts in ensuring an excellent all round operational performances at all levels.

By Order of the Board
For **Polaris Financial Technology Limited**

Place: Chennai
Date: October 12, 2012

Arun Jain
Chairman & Managing Director

Annexure to the Directors' Report

The Particulars as prescribed under sub-section (1) (a) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

1. Details of the Conversation of Energy

Energy Conservation and Renewable Energy Utilization:

This is a critical area for the Company, in view of the shortfall of supply over demand for electricity across the country. Our efforts are focused not only on energy conservation, but also methods through which renewable energy can be utilised. In the case of energy conservation, the following ongoing steps have yielded good results:

- (i) Replacement of energy intensive CRT monitors with LCD monitors.
- (ii) Increased virtualization of servers, wherein physical servers are accommodated on a single server, through virtual partitions.
- (iii) Replacement of other lamps with T5 and LED lamps.
- (iv) Increased use of laptops instead of desktops. Remaining desktops are in the process of being replaced by All-In-Ones.
- (v) Air-conditioning cooling level is set at 23-25 degrees Celsius, instead of 22 degrees Celsius as hitherto.
- (vi) Through a central monitoring scheme, at 8.30 P.M. every night, Hard Switch Off of monitors and computers which are not in use.

In the case of renewable energy utilisation, the following steps have been taken:

- (i) Utilisation of solar water heaters for cooking, and washing needs in our Navalur Food Court.
- (ii) Utilisation of food waste to generate biogas, again in our Navalur Food Court
- (iii) Campus lighting through solar street lamps, integrated with solar panels and storage batteries.
- (iv) Green Meeting room as part of our new Customer Experience Centre, powered only by wind and solar power.
- (v) Operation of the Nxt Lvl facility is shortly to be through 100% wind power purchases.

2. Research & Development

Our innovation investments focus on the emerging technology trends and breakthroughs, that we believe offer significant opportunities to deliver better value to our customers, thereby introducing the next generation BFSI products to the market. Through FT Research - Polaris is constantly scaling to newer heights of innovation and excellence by improving our R&D capability.

Avishkar is a FT Research project that aims at driving idea exchange within Polaris. It brings out the spirit of innovation at Polaris and provides the associates an opportunity to think an idea through, and if selected, the organization will bet on the idea, backing it with the investment needed to make the idea success. The initiative enables associates to act as architects of the strategy, and participate in setting the best course for Polaris in the market place. Thereby generating value for customers and enabling them to overcome critical business challenges. In a mere time span of few months since launch, Avishkar has been successful in collecting more than 150 ideas from associates around the Globe.

Through Design Office, we are currently undergoing technology transitions in our core business to deliver the next-generation banking products with increased efficiency through COPARIS framework. To reinforce agility and efficiency to Intellect™ Product Development, 'One box environment' concept was introduced across the organization. One box environment provides a setup where the entire application and the development environment to be installed in one machine, thereby bringing agility in development and increasing developer productivity. We also introduced the concept of 'Continuous Build and Iteration' across the organization. This will result in product hardening throughout the development cycle and provides significant leap in product quality. We are keenly focused on embedding quality into the application development life cycle and aiding developer productivity. Some examples are Automated regression testing and Code generation tools.

We continually focus on operational productivity and analytical design practice for enhanced user experience with Intellect suite of products. By innovative use of technology, enriched by extensive research, today CBX is a state of the art solution that enables banks to create their own FT-App stores with greater agility and quality. We are working on building applications that will deliver rich, intuitive and personalized user experiences, additive architecture catering to the needs of our customers. Today, Intellect FABX's customer engagement solution has dramatically changed the way financial advisors engage with clients in result-oriented conversations. The unique solution empowers the advisor with a single point of interface to manage rising core system complexity. Also, features such as interface to Email, Skype, Google API's for location mapping of clients are supported by FABX.

We believe that being first to market is necessary for competitive advantage but not sufficient for long-term market leadership. Therefore Patents is an area where the organization is keenly focusing on to ensure sales and profit longevity. Currently we have filled a patent for CBX and also have finalized the patenting strategy for other products. We at Polaris empower Associates to be thought leaders and drive innovation within the organization. Through Avishkar CDO Office fulfils its role by supporting the idea owners as and when required in terms of incentives & man power, & even extends to help in filing patents for those out of the box thinkers and their ideas.

As part of FT Research Polaris is proactively leveraging Social Media to provide personalized customer experience by targeting customized products/services to customers. We aim to outfit customers with powerful, uncomplicated tools that enrich and improve their financial life.

We are currently focusing on the below areas and are developing tools around them:

- Deep Integration of Social media within our products thereby enabling better customer experience.
- Define principles of gamification for engagement. Thereby create a new kind of customer experience for banking products and financial services.
- Provide immediate feedback to customers and help them aware of their behavior, tendencies and choices. Thereby help customers to manage their money better, to spend smarter and save better.

3. Technology innovation, adoption and absorption

A. Technology innovation

(i) Octopus

Octopus, a new socio collaborative corporate portal provides a new form of collaboration to improve communication, stream-line project management and create a learning space for intellectual growth across teams/locations in Polaris and a step ahead initiative to enable customers also to view the project progress details.

It is Polaris' next gen corporate portal which facilitates an associate to collaborate with members in his team or anyone in the organization, which manages single source of truth for artifacts, conversations, broadcasts & so on, which facilitates sharing anything from knowledge, information, standards & best practices, innovation ideas, solutions, global corporate broadcasts / announcements. It provides a web based platform with principles and widgets of social media, like blogs, wikis, forums, etc. and further there are multiple mechanisms to encourage innovation in the areas of design & domain.

(ii) Intellect Reports to Jasper convertor

A tool was created (and piloted) for automated conversion from proprietary Intellect Reports to industry standard Jasper Reports. It provides 100% automation for simple reports and 90% automation for medium / complex reports.

(iii) Component Re-usability - T-Lib

A re-usable Technical Component Library (T-Lib) was incubated from erstwhile RAD platform (T-Line). In addition to components inherited from that platform, 19 new re-usable technical components were developed for use across projects

Technology Adoption *towards effective design, performance, security, productivity, build & testing*

Research was done on various tools and technologies towards development standardization. Accordingly following key tools were standardized and used:

- Design Productivity - Visual Paradigm UML Modeler
- Secure Coding - Fortify 360
- Performance Analysis and Optimization - SQL Optimizer
- Documentation - RoboHelp
- Continuous Integration - Hudson & Sonar
- Test Code Coverage - JaCoCo
- Reporting - Jasper Reports
- Testing - Selenium (Automated Functional Testing) & JMeter (Automated Performance Testing)
- Batch Framework – Spring Batch

- Technology Absorption

Last year also saw extensive absorption and standardization in areas of mobile and security. Polaris mobile competency was seen by way of multiple complex mobile apps like - path breaking innovative iPad app Intellect FABX for portfolio managers, award winning infrastructure management Blackberry app for Eversheds, rich football recruitment iPhone and iPad app for JPMC Syracuse with capabilities of online and offline execution, iPad app for ACE Insurance and so on. In addition to developing

apps, there was continuous thrust on extensive research on niche mobile technologies (like Augmented Reality, Push Messaging, advanced iOS features, etc), evaluation of mobile development toolkits (like Sencha Touch, Adobe, Kony), mobile UI design and development standards and re-usable components, and roll-out of mobile testing competency.

With Ethical Hack Testing of applications being the norm, there was extensive standardization in area of security by way of design standards and approach to mitigate web vulnerabilities, re-usable components for key web vulnerabilities and data privacy, secure coding standards and investment in a static security analyzer (Fortify 360) to ensure secure coding.

B. From infrastructure and automation side

(i) Global Polaris Financial Technology Conference

The first of its kind global Polaris Financial Technology Conference through Video Conferencing between 8 locations spread across the geographies enabled the ignited minds across the globe to present their ideas on their expertise without the hassles of travelling.

(ii) EWMS System

The new Early Warnings Management System (EWMS) has been released to track the projects' status across the domains in Polaris. This system helps in continuously monitoring the health status of the projects resulting in profitable business model.

(iii) Migrations - Open office / iPlan

Open Office was tested and rolled out across organization instead of MS Office & MS Visio. This has reduced the software license & maintenance cost. Also iPlan is being used instead MS Project. This results in adoption of open source and significant cost saving now and on ongoing basis.

(iv) Infrastructure Upgrade

The Polaris traditional mail system has been upgraded to the latest version of IBM's mail with advanced features enabling the communications for business units. The integrated communicator also helps in interpersonal connections amongst the peers from different geographies.

Few other upgrades of the internal systems - Service desk and Conference Bridge, Locations EPABXs, VC Endpoints, support the business enablement by provisioning enhanced services to the end users. The Demilitarized zones movement of the servers tightens the security for its hosted services with-in and outside network.

Following locations have been added or expanded in our Polaris network and brought under the IT governance,

- Acropolis
- Next Level Phase I
- Thane
- Malaysia
- Ambattur Phase II (expansion)
- Chennai-One (expansion)

The planned maintenance activities and the audits from the internal and external governance authorities helped to review the services offered and the status checks on it. The SLA implementation on the IT service requests was other remarkable milestone for the team.

C. Rationalization/optimization of software/hardware

- (i) Cost savings on hardware resource optimization
 - (a) Available IT Assets were tracked for Software & Hardware. Desktop/Laptop were tracked and moved across locations to have better use of hardware assets.
 - (b) Servers were allocated with available resources to avoid rental servers and associated cost
 - (c) RAM Upgrade on desktop (to 2GB RAM) across locations prevent the refresh on 3,900 desktops, resulting in standard high end desktops for all associates and avoid buying of new desktops using the upgrade
- (ii) Software Rationalization

Periodic validation of software use across BSC and software rationalization has benefited on -

 - (a) Microsoft licenses
 - (b) Oracle named user processor to Oracle Enterprise edition
- (iii) Security
 - (a) Investment on URL Content filtering help to provide better privileges on Internet with improved security and improve effective monitoring
 - (b) DMZ created with 2 layers of Firewall for better security.
- (iv) Reliability & Availability
 - (a) Network routers & switches were implemented at high availability mode at Chennai & Hyderabad DC.
 - (b) Firewall at Internet gateway was implemented with High available infrastructure.
 - (c) SPOF on Firewall, Routers, Switches and network cabling were studied and eliminated the single point of failures.

4. Foreign Exchange Earnings and outgo

- (a) Export Initiatives:

Your Company is registered as an export oriented unit with Software Technology Park of India and has a network of international offices across Globe. In the year 2011-12 the revenue derived out of Software Exports stood at Rs.153,342.39 Lacs which is 87.02% of the total revenue from operations generated by the Company.

- (b) Foreign Exchange Earned and Used:

(Rs. In Lacs)

For the year ended March 31	2012	2011
Foreign Exchange earnings	153,342.39	124,066.02
Foreign Exchange outgo (including capital goods)	71,445.31	61,520.64

By Order of the Board
For **Polaris Financial Technology Limited**

Place: Chennai
Date: October 12, 2012

Arun Jain
Chairman & Managing Director

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REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance

1. Company's Philosophy

Polaris' Corporate Governance is an endeavor for transparency and a whole-hearted approach aimed towards establishing Professional Management and continuous enhancement of shareholders' value.

2. Board of Directors

- Composition of Board of Directors as on March 31, 2012

As a policy, the Company has an optimal combination of Executive, Non-executive and Independent Directors to maintain the independence of the Board.

- Boards' composition

The Board consists of seven members; comprising of an executive Director, a non-executive non-independent Director and five non-executive independent Directors. To maintain the independence of the Board and to separate its functions of governance and management there is an appropriate mix of executive and independent Directors.

- Our Board of Directors met eight times during the year under review on the following dates:

April 11, 2011	October 22, 2011
April 28, 2011	December 06, 2011
July 20, 2011	January 20, 2012
August 11, 2011	March 28, 2012

The maximum gap between two Board meetings was 82 days (between April to July 2011).

Detailed information of the Board of Directors and their attendance at the 18th Annual General Meeting of the Company held on July 20, 2011 for the year 2011-12.

Sl. No.	Name	Director Identification Number (DIN)	Designation / Category	Attended
1	Arun Jain	00580919	Chairman & Managing Director	Y
2	Abhay Agarwal	00042882	Non Executive Director	Y
3	Arvind Kumar	00636869	Non Executive / Independent Director	Y
4	Dr. Ashok Jhunjhunwala	00417944	Non Executive / Independent Director	Y
5	Raju Venkatraman	00632071	Non Executive / Independent Director	Y
6	RC Bhargava	00007620	Non Executive / Independent Director	Y
7	Satya Pal	00287845	Non Executive / Independent Director	Y

Board of Directors' attendance for the Board & Committee Meetings held during the year 2011-12.

S. No	Name	Meetings held on															
		11-4-11				28-4-11				26-5-11				20-7-11			
		Board	Board	Audit	RCC	Audit	Board	Audit	RCC	Board	Board	Audit	RCC	Board	Board	Audit	RCC
1	Arun Jain	Y	Y	-	-	-	Y	-	-	Y	Y	-	-	Y	Y	-	-
2	Abhay Agarwal	Y	Y	Y	-	Y	Y	Y	-	Y+	Y	Y	-	Y	Y	Y	-
3	Arvind Kumar	Y	N	N	-	Y	Y	Y	-	Y+	Y	Y	-	Y	Y	Y	-
4	Dr. Ashok Jhunjhunwala	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Raju Venkatraman	N	Y	-	-	-	Y	-	-	Y	N	-	-	Y	Y	-	-
6	R.C.Bhargava	Y	Y	Y	Y	Y	Y	Y	Y	Y+	Y*	Y*	Y*	N	Y	Y	Y
7	Satya Pal	Y	Y	-	Y	-	Y	-	Y	Y+	Y	-	Y	Y	Y	-	Y

[RCC = Remuneration & Compensation Committee, Y= Attended, N= Not attended, (*) attended through video conference]

+ The meeting conducted at Chennai and the Directors participated via telepresence (video conference) from Gurgaon. It was conducted at Chennai in compliance with the MCA Circular No.28/2011 issued on May 20, 2011; the Directors participation through electronic mode in the meeting of Board under the Companies Act, 1956.

Note: Details about Non-mandatory Committees are given elsewhere in this report.

Profile of the Directors of the Company are given below:

Mr. Arun Jain, Chairman & Managing Director

Mr.Arun Jain is the Founder, Chairman and CEO of Polaris Financial Technology Limited. He started Polaris in 1993 with Rs.10,000 and a dream to create a globally respected institution out of India, focusing on High Performance and Long term relationships. Today Polaris is a Global leader in the Financial Technology space, with revenues of over \$430 Million, a talent base of over 12,800 experts in Banking, Insurance and Technology. Polaris is privileged to have won the trust of leading banks and financial institutions in the global arena, including 9 out of top 10 global banks and 7 of the top 10 Global Insurance majors.

To serve such an enviable customer landscape, Polaris has the world's most comprehensive suite of Banking and Insurance products (branded under the name Intellect), service offerings and solutions that deliver high efficiencies across Customer Experience, Operations, Performance, Analytics, Risk, Integration and Security for Financial Institutions. Polaris has over 25 specialised Centres of Excellence for financial technology in India and has 38 offices across 30 countries.

Founded in 1993, Polaris has become a global Financial Technology corporation under the leadership & vision of Arun. He is now passionately involved in creating the Learning Architecture for the organization and his vision to position Polaris among the top 3 financial technology companies in the world. Arun's hobby, in his words, is "Dreaming". He attributes Polaris' success to the power of alignment at the organizational sub consciousness. He is a voracious reader and enjoys his learnings on anthropology, philosophy and religion and child psychology. Arun believes strongly in people power and often says, "With committed people you can achieve what most people think is impossible".

Arun's core agenda has been towards three specific outcomes to drive a positive and powerful impact.

- Create globally competitive financial technology products out of India
- To drive a High-performance culture in Polaris to exceed the expectations of Polaris' customers
- To integrate Polaris with a larger community and build sustainable models for inclusive growth in the weaker sections of our society

As the Chief Architect, Arun's unwavering focus has been towards simplifying the complex world of Financial Technology & connect technology seamlessly to Business. Besides hands-on design of high impact solutions for the banking and insurance world, Arun has encapsulated 25 years of working with market leaders TM into a rich and practical Learning ArchitectureTM in order to institutionalise a high performance culture at Polaris. He has also been instrumental in setting up School of Financial Technology (SOFT), a learning institute based out of Hyderabad, India to offer a comprehensive curriculum and certification programs in financial technology, at individual, expert and enterprise levels.

Polaris was rated Forbes' 'Best Under a Billion Company' and enjoys the unique position of being a pioneer and leader in creating expertise and scale in financial technology. In recognition of Arun's business initiative in the region for the Information Technology sector, he is the recipient of many special awards including the "Indo-ASEAN Business Initiative Award and the ICICI Venture – CII Connect Entrepreneur Award". Arun is a key Member of the Advisory Council of Software Technology Parks of India (STPI).

Arun is a passionate advocate of Ordinary people coming together to do extraordinary things, when there is a subconscious alignment to a larger purpose. Arun holds a bachelor's degree in Electrical Engineering from the Delhi College of Engineering (1983).

Mr. Abhay Agarwal, Practising Chartered Accountant

Mr. Abhay Agarwal is a practicing Chartered Accountant based at Delhi. He is well experienced in the areas of accounting, finance, management and corporate advisory and his proficiency and competency in the said areas are asset to the Company.

Mr. Abhay Agarwal was invited to join the Board of Polaris in May, 1995. He is a member of Audit Committee and Shareholders' Committee of the Company. He is also a Director in Sunshine India (P) Ltd., Dabur Securities (P) Ltd., British Health Products (India) Ltd., Sahiwal Investment & Trading Company, Upvan Farms & Services (P) Ltd., Weltime Investment (P) Ltd., Param Investments (P) Ltd., Northern Herbal Farms (P) Ltd., Intelligent Information Systems (P) Ltd., Burman Resorts (P) Ltd., Newage Capital Services (P) Ltd., AAUM Holdings (India) Pvt. Ltd., Elephant India Advisors (P) Ltd., Green Valley Products (P) Ltd., Natures Bounty Wines & Allied Products (P) Ltd., Vansh Holdings (P) Ltd., Maneswari Trading Company, H&B Stores Ltd., Dr.Fresh Property Development (P) Ltd., Dr.Fresh Health Care (P) Ltd., Lite Eat Out Foods (P) Ltd., Super Hoze Industries (P) Ltd., Dr.Fresh Buildcon (P) Ltd., IMB Infrastructure (P) Ltd., KBC India (P) Ltd., Shree Investment (P) Ltd., Elephant India Finance (P) Ltd., Dr.Fresh SEZ Phase I (P) Ltd., Lite Bite Foods Pvt. Ltd. and Milky Investment & trading Co.

Mr. Arvind Kumar, Senior Lawyer - Supreme Court

Mr. Arvind Kumar, who is an M.A. L.L.B., enrolled as an Advocate in November 1963 in the Uttar Pradesh Bar Council. He practiced in the High Court of Judicature at Allahabad from 1966 to 1972 and later in the year 1972, he shifted to the Supreme Court of India at New Delhi and started practicing there. He is a Senior Lawyer having 48 years of professional standing at Bar and has gained enough global experience by participating in civil and corporate cases around the world.

Mr. Arvind Kumar is a Life Member of the Supreme Court Bar Association and Bar Association of India. Presently practising as a Senior Advocate in the Supreme Court, he is a reputed corporate legal expert and advises Polaris on issues relating to Corporate Governance, Legal and other Statutory compliance issues.

Mr. Arvind Kumar joined the Board of Polaris in May 1995 and Chairs the Audit Committee of the Company. He is also a Director in Nucsoft Limited, Associated Legal Advisors (P) Limited and Inckah Infrastructure Technologies (P) Ltd.

Dr. Ashok Jhunjhunwala, Professor - Department of Electrical Engineering, IIT Madras

Dr. Ashok Jhunjhunwala received his B.Tech degree from IIT, Kanpur, and his MS and Ph.D degrees from the University of Maine. From 1979 to 1981, he was with Washington State University as Assistant Professor. Since 1981, he has been teaching at IIT, Madras, where he leads the Telecommunications and Computer Networks group (TeNeT). This group works with industry in the development of technologies relevant to India. It has incubated over 45 companies in the last twenty years. He chairs Rural Technology and Business Incubator (RTBI) at IIT Madras and Mobile Payment Forum of India (MPFI).

Dr. Ashok Jhunjhunwala has been awarded Padma Shri in the year 2002. He has been awarded Shanti Swarup Bhatnagar Award in 1998, Dr.Vikram Sarabhai Research Award for the year 1997, Millennium Medal at Indian Science Congress in the year 2000 and H.K.Firodia for "Excellence in Science & Technology" for the year 2002, Shri Om Prakash Bhasin Foundation Award for Science & Technology for the year 2004, awarded Jawaharlal Nehru Birth Centenary Lecture Award by INSA for the year 2006, IBM Innovation and Leadership Forum Award by IBM for the year 2006, awarded Bernard Low Humanitarian Award in 2009, awarded "Bharat Asmita Vigyaan-Tantragyaan Shresththa Award" for the best use of Science & Technology through Innovation in 2010 and awarded Honorary Doctorates by the Institute of Blekinge Institute of Technology, Sweden in 2008 and University of Maine, USA in 2010. In 2010, he was also awarded JC Bose Fellowship in 2010 by DST, Government of India. He is a Fellow of World Wireless Research Forum, IEEE and Indian academies including INAE, IAS, INSA and NAS.

Dr. Ashok Jhunjhunwala joined the Board of Polaris in June 2001. He is also a Director in the Board of Tata Teleservices (Maharashtra) Ltd, 3i Infotech Ltd, Sasken Communications Technologies Ltd, Tejas Networks Ltd, Tata Communications Ltd and Exicom Tele Systems Ltd. He is member of Prime Minister's Scientific Advisory Committee.

Mr. Raju Venkatraman, Managing Director & CEO of MEDall Healthcare Pvt Ltd.

Mr. Raju Venkatraman is a Serial Entrepreneur and has successfully started and sold businesses like Vetri Systems, Inc., Rev IT & Sherpa Business Solutions.

He has served as an executive in Companies like EDS, President Data Management Services of the Lason System Inc. and was responsible for over 10,000 employees.

Till recently, Mr.Raju was the Joint Managing Director of Firstsource where he helped to scale the business to over \$400 million and over 23,000 people.

Currently, Mr.Raju heads MEDall Healthcare Pvt Limited launched in October 2009, with a vision to serve 6 Million people in India. Medall has over 26 centers in Tamil Nadu, Karnataka and Andhra Pradesh. Medall employs over 900 people and 85 Radiologists and Pathologists.

Mr. Raju is a member of YPO (Young Presidents Organisation) and founding member of WPO (World President's Organisation) in Chennai.

Mr. Raju serves on the Board of American International School, Chennai, Polaris Financial Technology Limited and Prodapt Business Solutions.

Mr. Raju is also the recipient of Entrepreneur Award from TIECON from Tamil Nadu Government in 2008-09 and is a recognised expert and speaker in the field of business process outsourcing. He is a chemical engineering graduate from IIT, Chennai and holds an executive MBA from IIM, Ahmedabad.

Mr. R.C. Bhargava, Former Chairman & Managing Director of Maruti Udyog Ltd.

Mr. R.C.Bhargava is a postgraduate in Mathematics from Allahabad University, India joined the Indian Administrative Service (I.A.S.), in 1956 and stood First in the batch and was allotted to the U.P. cadre. He is also a postgraduate in Development Economics from Williams College, Williamstown (Mass), USA.

From 1968 to 1973, he was the Agricultural Production Commissioner and Secretary to the Government of the State of Jammu and Kashmir for the Departments of Agriculture, Horticulture, Animal Husbandry, Forests and Co-operation. He was a Special Assistant to the Union Minister of Energy, Government of India from 1973 to 1974, and between 1974 & 1978; he served as the Joint Secretary to the Government of India, Ministry of Energy and the Cabinet Secretariat. Thereafter he moved to Bharat Heavy Electricals Limited as Director (Commercial).

From 1981 to 1997, he was working in Maruti Udyog Limited, initially on deputation from the I.A.S. as Director (Marketing), in 1985 he was appointed as the Managing Director and as a Chairman cum Managing Director in 1990. In 1992, when Suzuki acquired 50% equity in Maruti, he continued as a Managing Director as Suzuki's nominee. While in Maruti, he was on the National Committee of the Confederation of Indian Industry (CII), a member of the Steering Committee of CII as well as Chairman of the Economic Affairs Committee of CII for four years.

Mr. Bhargava joined the Board of Polaris in March 1999. He Chairs the Remuneration & Compensation Committee and is a member of the Audit Committee.

Mr. Bhargava is also a Director in ILFS Ltd, Taj Asia Limited, Grasim Industries Ltd, Optimus Global Services Ltd, Maruti Suzuki India Ltd, Thomson Press Ltd, UltraTech Cement Company Ltd, Dabur India Ltd, Idea Cellular Ltd, Eros Energy Private Ltd, Kokuyo Camlin Ltd and RCB Consulting Private Ltd. Further he chairs the Audit Committee of ILFS Ltd., Thomson Press Ltd., Ultra Tech Cement Company Ltd, and Optimus Global Services Ltd. He is a member of the Audit Committee of Grasim Industries Ltd & Dabur India Ltd, Kokuyo Camlin Ltd and is also a member of the Shareholders Grievance Committees of Maruti Suzuki India Ltd and Ultra Tech Cement Company Ltd.

Mr. Bhargava has been conferred the Economic Times - Life Time Achievement Award 2010, for illustrious leaders.

The Emperor of Japan has conferred the "Order of the Rising Sun, Gold and Silver Star" on Mr.R.C.Bhargava.

Mr. Satya Pal, Former Secretary (Telecom), Chairman MTNL & Telecom Expert

Mr. Satya Pal is a graduate in Electrical Technology and Electrical Communication Engineering from Indian Institute of Science, Bangalore. Mr.Satya Pal joined the Department of Telecommunications in 1955 and became a Member of Telecom Board in 1986. In 1988, he became Secretary, Department of Telecommunications, Chairman, Telecom Board and Chairman, MTNL. He retired in August 1989. He is a Founder Fellow of The Institute of Electronics and Telecommunication Engineers.

Mr. Satya Pal was invited to join the Board of Polaris in April 1997. He is the Chairman of the Shareholders' Committee and is a member of the Remuneration & Compensation Committee of Polaris. Mr.Satya Pal advises Polaris on Operational and Strategic issues. He is also a Director of Paramount Communications Limited and member of its Audit Committee and Chairman of its Remuneration Committee.

3. Audit Committee

The Company has a qualified and independent Audit Committee comprises of Non-executive / Independent Directors. The Chairman of the Committee is an Independent Director. The Company Secretary acts as the Secretary to the Committee.

Members of the Audit Committee are as follows:

Name	Designation	No. of meetings	
		Held	Attended
Arvind Kumar	Chairman	6	5
Abhay Agarwal	Member	6	6
Dr. Ashok Jhunjhunwala	Member	6	6
R.C. Bhargava	Member	6	6

Powers of the Committee

1. To investigate any activity within its terms of reference.
2. To secure attendance of and seek information from any employee including representative of Prime Shareholders (subject to internal approvals).
3. To obtain legal or other professional advice, if necessary.
4. To secure attendance of outsiders with relevant expertise, if required.
5. Compliance with the accounting standards and other provisions.

Role / Functions of the Committee

1. The Committee's responsibility is to monitor role of the independent auditors performing an independent audit of the company's financial statements in accordance with the generally accepted auditing standards and for issuing a report thereon. The Committee is also responsible for overseeing the process related to the financial reporting and information dissemination. This is to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered.
4. Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement and the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report
5. Reviewing with the management, the quarterly, yearly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the commencement of audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
13. Carrying out any other function as may be referred to by the Board or the Chairman of the Board from time to time.

Review of information

- Management discussion and analysis of financial condition and results of operations & related party transactions.
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and

4. Remuneration & Compensation Committee

The Remuneration & Compensation Committee consisting of Non-executive Independent Directors, who evaluates and finalise among other things, compensation and benefits of Executive Directors and the procedures and modalities for giving effect to the Employee Stock Option Schemes which inter alia includes determination of eligibility criteria, maximum number of options/ shares offered to each employee and the aggregate number of options / shares offered during the period covered under the Scheme, identification of class of employees entitled to participate in the scheme, framing of a detailed pricing formula, mode or process of exercise of the option etc.

Members of the Remuneration & Compensation Committee are as follows:

Name	Designation	No. of Meetings	
		Held	Attended
R.C. Bhargava	Chairman	4	4
Dr. Ashok Jhunjhunwala	Member	4	4
Satya Pal	Member	4	4

Remuneration policy

The remuneration policy of the Company has been so structured in order to match the market trends of the IT industry. The Board in consultation with the Remuneration & Compensation Committee decides the remuneration policy for whole-time directors. The Remuneration/ Commission payable to Directors is determined by the contributions made by the respective directors to the growth of the Company.

Gross Remuneration paid / payable to Directors for the Financial Year 2011-12

Name of the Director	Commission	Sitting Fees	Stock Options	
	Rs. in Lacs		Granted	Exercised
Abhay Agarwal	7.84	2.15	-	2,000
Arvind Kumar	6.72	1.80	-	-
Dr. Ashok Jhunjhunwala	7.48	2.35	-	-
R.C. Bhargava	7.40	2.00	-	-
Raju Venkatraman	5.22	1.05	-	-
Satya Pal	7.35	1.45	-	-
Total	42.00	10.80		

Note: During the year under review, Mr. Arun Jain, Chairman and Managing Director has received no remuneration except perquisite valued at Rs. 74,114/-

Stock Options

During the financial year 2011-12, the options granted under employee stock option schemes namely; ASOP 2003, 2004, 2011 and ASOPT 2011 are furnished hereunder.

Sl. No.	Date of Grant	Grant Price (Rs.)	ASOP 2003		ASOP 2004		ASOP 2011	
			No. of Associates	No. of Options	No. of Associates	No. of Options	No. of Associates	No. of Options
1	April 28, 2011	208.75	25	1,38,000	-	-	-	-
2	July 20, 2011	172.80	35	1,25,000	4	12,000	-	-
3	October 22, 2011	128.50	11	49,000	3	15,000	-	-
4	January 20, 2012	134.40	-	-	-	-	64	8,69,000
Total			71	3,12,000	7	27,000	64	8,69,000

During the period under review no stock option(s) was granted under ASOPT 2011 Scheme. The Company has obtained a certificate from the Auditors of the Company certifying that the

Company's Associate Stock Option Plan(s) are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as applicable and in accordance with the resolution of the members in the general meeting.

5. Shareholders' Committee

The Shareholders' Committee consisting of Non-executive Directors only. It focuses on Shareholders' grievances and strengthening of investor relations. This Committee specifically looks into the redressal of shareholders complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends declared, etc.

The purpose of constituting this Committee is to uphold the basic rights of the shareholders including right to transfer and registration of shares, obtaining relevant information about the company on a timely and regular basis, participating and voting in shareholders meetings, electing members of the Board and sharing in the residual profits of the Company. Further the Committee is empowered to act on behalf of the Board, in the matters connected with allotment of shares, issuance of duplicate share certificates, split and consolidation of shares into marketable lots etc. Members of the Shareholders' Committee are as follows:

Name	Designation	No. of meetings	
		Held	Attended
Satya Pal	Chairman	4	4
Abhay Agarwal	Member	4	4
Dr.Ashok Jhunjunwala	Member	4	4
Raju Venkatraman	Member	4	3

During the year under review the employees (Associates & Directors) have exercised the options granted, in accordance with the Employee Schemes and the shares were allotted, details are furnished hereunder:

Sl. No.	Date of Allotment	ASOP 2003		ASOP 2004	
		No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted
1	April 28, 2011	11	20,500	2	6,200
2	May 20, 2011	06	24,800	-	-
3	June 17, 2011	09	35,800	2	6,600
4	July 20, 2011	16	45,500	4	21,100
5	August 24, 2011	06	6,600	2	1,800
6	September 19, 2011	02	1,200	5	27,600
7	October 22, 2011	04	5,900	-	-
8	November 22, 2011	04	31,000	1	1,500
9	December 22, 2011	05	12,800	2	5,800
10	January 20, 2012	03	1,500	-	-
11	February 27, 2012	06	60,900	-	-
	Total	72	2,46,500	18	70,600

No options were exercised during the year under Schemes ASOP-2011 and ASOPT-2011.

Consequent to these allotments; the issued, subscribed and paid-up equity share capital of the company has increased from Rs.495,977,985/- comprising of 99,195,597 number of equity shares of Rs.5/- each as on March 31, 2011 to Rs.497,210,485/- comprising of 99,442,097 number of equity shares of Rs.5/- each as on March 31, 2012. The allotted equity shares are listed and traded in the Stock Exchanges.

5.1 Associate Stock Option Schemes (ASOP)

Consolidated scheme wise status of Associate Stock Option Plans

S. No.	Description	ASOP 2003	ASOP 2004	ASOP 2011 (30.12.2011)
1	Options outstanding as on April 1, 2011	29,81,850	6,27,700	49,60,000
2	Options granted during the year	3,12,000	27,000	8,69,000
3	Options exercised during the year	2,46,500	70,600	-
4	Options forfeited during the year	2,52,300	26,600	-
5	Options outstanding at the end of the year	27,95,050	5,57,500	8,69,000
6	Pricing formula	Market Price	Market Price	*Price
7	Total shares arised due to exercise of options	2,46,500	70,600	-
8	Money realized by exercise of options (Rs.)	1,85,56,760	54,07,960	-

*Discounted price as defined in the Scheme or "Market price" if it is lower than the fixed price of Rs.175/- per equity share as per scheme.

		(in Rs.)	
Particulars / information of options granted under the ASOP schemes		March 31, 2012	
Weighted average exercise price	2003	181.74	
	2004	148.19	
	2011	134.40	
Weighted average fair value	2003	94.90	
	2004	76.89	
	2011	75.72	
(i) Details of number of options granted to Senior Management Personnel:	ASOP 2003	55,000	
	ASOP 2004	Nil	
	ASOP 2011	2,40,000	
	ASOPT 2011	Nil	
(ii) Employee receiving 5% or more of the total number of Options granted during the year		Nil	
(iii) Employees granted Option equal to or exceeding 1% of the issued capital		Nil	
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options for the financial year 2011-12			
(i) Employee compensation cost using Intrinsic method of accounting.		Nil	
(ii) Employee compensation cost using Fair Value method of accounting.		Rs.3,47,49,772	
(iii) Difference between (i) & (ii)		Rs.3,47,49,772	
(iv) Impact for the accounting period had the fair value method been used on the following:			
Net results decreased by		Rs.3,47,49,772	
Basic EPS will reduce by		Rs.0.35 Paise	
Method and significant assumptions used to estimate the fair value of options granted during the year under Black & Scholes methods			
	2003	2004	2011*
(a) Risk free rate of interest	8.23%	8.46%	8.13%
(b) Expected life (in years)	4.50	4.50	6.00
(c) Expected volatility	61.68%	60.44%	59.91%
(d) Expected dividend yield	1.46%	1.54%	1.54%
(e) Price of the underlying share in market at the time of option grant (Rs.)	181.74	148.19	134.40
* w.e.f January 20, 2012			
Details of options granted during the year (in Rs.)			
Date of grant	Market price		Exercise price
April 28, 2011	208.75		208.75
July 20, 2011	172.80		172.80
October 22, 2011	128.50		128.50
January 20, 2012	135.40		134.40

Your company has granted options to associates under the Associate Stock Option Plans 2003, 2004 & 2011 as per SEBI Guidelines on Employee Stock Option Plans.

During the financial year, the Company has introduced new Associate Stock Option Plans, namely Associate Stock Option Plan 2011 (ASOP-2011) and Associate Stock Option Plan Trust 2011 (ASOPT-2011). The ASOP-2011 & ASOPT-2011 Schemes were drafted in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The said schemes were approved by the members at the Extraordinary General Meeting held on October 28, 2011. The number of options granted shall not exceed 49,60,000 (ASOP-2011) and 19,84,000 (ASOPT-2011) respectively convertible into equity shares of Rs.5/- each.

The new schemes would encourage and reward eligible associates (employees) 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.

5.2 Salient features of the schemes

A. Salient features of ASOP-2011 Scheme

- (a) 49,60,000 number of options are to be granted under ASOP-2011, under different sub schemes as detailed hereunder

Swarnam 11 - 19,84,000	Senior & Key Executives excluding non-executive Directors
Swarnam 21 - 17,36,000	Members of Business Leadership Team or equivalent thereof
Swarnam 31 - 10,40,000	Associates in the grade of Executive Vice President & above
Swarnam 41 - 2,00,000	Non Executive Directors

- (b) Pricing of options - The Grant Price per option shall be at a discounted Market price as detailed in the Schedule 'A'.
- (c) Associate Stock Option(s) are offered to associates (employees) of the Company and its subsidiary / holding Companies. The continuation of service by the option grantee in the company or its subsidiaries shall be a prerequisite at the time of vesting.
- (d) Additional Conditions:
1. 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).
 2. 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.
- (e) Acceleration of vesting are being provided under the ASOP-2011 exclusively for the sub schemes namely Swarnam 11 & 21.
- (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. Details are given in Schedule 'B'.
- (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.

B. Salient features of ASOP Trust - 2011 Scheme

The Associate Stock Option Plan Trust - 2011 policy was 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

1. If the market price is below Rs.175/- options will be granted at market price.
2. 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 (i.e. Rs.175/-).

- (c) 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 Secondary capital market and to hold, distribute the said shares to the associates as per the terms and conditions of the ASOP Trust - 2011 at such price, from time to time.
- (d) The exercise period shall commence from the date of vesting and expire not later than 60 (sixty) calendar months from the relevant vesting date. Details are given in Schedule 'B'.
- (e) 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.

Schedule A - Pricing mechanism of ASOP-2011

ASOP 2011 Swarnam (Sub schemes)	If market price @ Rupees		
	175/- Option granted at	176/- to 500/- Option granted with a discount % of	Above 500/-
11	Market Price	15%	10%
21		30%	20%
31		50%	50%
41		Market price	

Schedule B - The vesting schedule of the ASOP 2011 & ASOPT 2011 shall be as follows

ASOP 2011 Swarnam (Sub Scheme)	Vesting schedule as a % on Options granted (from the date of grant)				
	At the end of year				
	1 st	2 nd	3 rd	4 th	5 th
11	10%	15%	20%	25%	30%
21	-	-	33%	33%	34%
31	-	-	33%	33%	34%
41	20%	20%	20%	20%	20%
ASOPT 2011	20% every year				

6. Details of the Sub-Committees constituted by the Board

(a) Share Transfer Committee

The Share Transfer Committee is empowered to consider and approve the physical transfer, transmission and transposition etc. of the shares of the Company. The Committee met Sixteen times during the year 2011-12 on April 29, 2011, June 13, 2011, June 30, 2011, July 18, 2011, July 20, 2011, August 01, 2011, September 14, 2011, October 14, 2011, October 31, 2011, November 21, 2011, November 30, 2011, December 29, 2011, January 31, 2012, March 15, 2012, March 29, 2012 and March 30, 2012. The brief details on the business transacted are as follows-

Sl. No.	Details	No. of cases	No. of shares
1	Transfer of Shares	91	8,463
2	Consolidation of unclaimed shares	94	11,600
3	Deletion of names	3	1,202
4	Rematerialisation requests	11	235
5	Transmission of names	1	1,200
Total		200	22,700

The present members of the Committee are:

Name	Designation
Natarajan Narayanasamy	Chief Financial Officer
Muthusubramanian.B	Senior Vice President (Finance & Secretary)

Mr.R.Srikanth & Mr.S.R.Ramaswami members of the committee resigned w.e.f October 31, 2011 and June 30, 2012 respectively. Mr.Natarajan Narayanasamy was appointed as a member of the committee on July 24, 2012.

(b) Lokhandwala Property Committee

The Lokhandwala Property Committee is empowered to negotiate, finalise and accept such terms and conditions including sale consideration for sale of 151 flats in the building "Whispering Palms" situated at No.4 Cooperative Housing Society Ltd., Lokhandwala Township, Akurli Road, Kandivili (East), Mumbai – 400 101.

The present members of the Committee are:

Name	Designation
Govind Singhal	President & Chief Operating Officer
K.Govindarajan	Senior Vice President (Administration) & Global Head(Special Projects)
Natarajan Narayanasamy	Chief Financial Officer

Mr.R.Srikanth & Mr.S.R.Ramaswami members of the committee resigned w.e.f October 31, 2011 and June 30, 2012 respectively. Mr.Natarajan Narayanasamy was appointed as a member of the committee on July 24, 2012.

(c) Investment Committee

The Investment Committee is empowered to invest the funds of the company on any single transaction, not exceeding USD 10Mn or in any other currency equivalent to USD 10Mn for acquiring shares of any company, bodies corporate, exclusively for technology or strategic or business purposes and to acquire any property(s), (existing facilities, land & building) software products, Intellectual Property Rights thereof (related to business development). The Committee has met four times during the year 2011-12 on November 4, 2011, December 2, 2011, March 13, 2012 and March 26, 2012

The present members of the Committee are:

Name	Designation
Arun Jain	Chairman & Managing Director
Govind Singhal	President & Chief Operating Officer
Natarajan Narayanasamy	Chief Financial Officer

Mr.R.Srikanth & Mr.S.R.Ramaswami members of the committee resigned w.e.f October 31, 2011 and June 30, 2012 respectively. Mr.Natarajan Narayanasamy was appointed as a member of the committee on July 24, 2012.

7	General Meetings of the Company						
(a)	Annual General Meeting						
	Particulars of Annual General Meetings of the Company for the past three financial years.						
	16th AGM (31.3.2009) Date: July 16, 2009 Time: 3.30 P.M. Venue: Music Academy, Chennai			17th AGM (31.3.2010) Date: July 15, 2010 Time: 3.00 P.M. Venue: Music Academy, Chennai		18th AGM (31.3.2011) Date: July 20, 2011 Time: 2.30 P.M. Venue: Chinmaya Heritage Centre, Chennai	
	S No	Resolutions passed	Type	Resolutions passed	Type	Resolutions passed	Type
	1.	Adoption of Annual accounts.	O	Adoption of Annual accounts	O	Adoption of Annual accounts	O
	2.	Declaration of final dividend (25%)	O	Declaration of final dividend (35%)	O	Declaration of dividend (90%)	O

3.	Appt. of Mr.R.C.Bhargava, as a Director under Sec 256 of CA.	O	Appt. of Mr.Arvind Kumar as a Director under Sec 256 of CA.	O	Appt. of Dr.Ashok Jhunjhunwala as a Director under Sec 256 of CA.	O
4.	Appt. of Mr.Abhay Agarwal, as a Director under Sec 256 of CA.	O	Appt. of Mr.Satya Pal as a Director under Sec 256 of CA.	O	Appt. of Mr.R.C.Bhargava, as a Director under Sec 256 of CA.	O
5.	Appt. of Mr.Raju Venkatraman, as a Director under Sec 256 of CA.	O	Re-appt of M/s S.R.Batliboi & Associates, as Statutory Auditors.	O	Re-appt of M/s S.R.Batliboi & Associates, as Statutory Auditors.	O
6.	Re-appt of M/s S.R.Batliboi & Associates, as Statutory Auditors.	O	Appt. of Mr.Anil Nagu, as a Director under Sec 260 of CA.	O	Re-appointment of Mr.Arun Jain as Chairman & Managing Director for a further period of 5 years w.e.f. June 1, 2011.	S
7.	Appt of Mr.Arup Gupta as a Director who was appointed as an additional Director under Sec 260 of CA on July 17, 2008.	O	-			
8.	Approval of shareholders pursuant to Sec 314(1) and (1B) of CA for Appt. of Mr.Vinay Garg, a relative of CMD.	S				
9.	Approval of shareholders pursuant to Sec 314(1) and (1B) of CA for Appt. Ms.Ruchira Gupta, a relative of Director.	S				

CA - Companies Act, 1956, O – Ordinary resolution, S – Special resolution

(b) Other Shareholders meetings

	Type of meeting	Held	Business transacted	Resolutions passed
1.	Extraordinary General Meeting	On October 28, 2011 at Chinmaya Hertiage Centre, Chennai.	(i) Approval of ASOP-2011 Scheme (ii) Approval of ASOPT-2011 Scheme (iii) Approval under section 81(1A) of CA. (iv) Approval for change of name of the company to Polaris Financial Technology Limited (v) Approval to increase the limit of investments by FILs.	Special
2.	Meeting of equity shareholders, pursuant to the order of the Hon'ble High Court of Judicature at Madras	On April 9, 2012 at Music Academy, Chennai.	(i) Approval of shareholders to the arrangement embodied in the Scheme of Arrangement (Demerger) proposed to be made between Optimus Global Services Limited and Polaris Financial Technology Limited.	Special

(c) Resolutions passed through Postal Ballots

Notice dated September 9, 2008 and result declared on October 21, 2008	Business transacted	Resolutions passed
	(i) Alteration of Object clause of Memorandum of Association of the company for entering into reality business (ii) Commencement of business specified in sub-clauses 10 & 11 of Clause III C of the Memorandum of Association (iii) Appointment of Mr.Arup Gupta as a Whole-time Director.	Special Special Ordinary

8. Disclosures

(a) Related Party Transactions

Related Party Transactions are defined as transactions of the Company of material nature, with Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

Details on materially significant related party transactions are shown in the Note No.20 under Significant Policies and Notes to accounts to the (Standalone) Balance Sheet and Profit & Loss Account.

(b) Statutory Compliance, Penalties & Strictures

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets during the last three years:- Nil.

(c) Compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreement

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement including CEO/CFO certification. As required under Clause 49, a certificate signed by CEO & CFO of the Company has been placed before the Board of Directors and the same has been provided elsewhere in this report. Further, a certificate from the Statutory Auditors, certifying the compliance of clause 49 of the Listing agreement was adhered / adopted has also been provided elsewhere in this report.

Clause 49 also requires disclosure of adoption by the Company of non-mandatory requirements specified in the said clause, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of non-mandatory requirements are given below:-

(i) Remuneration & Compensation Committee

The Company has constituted a Remuneration & Compensation Committee consisting of only Non-executive Directors. A detailed note on Remuneration & Compensation Committee is provided elsewhere in the report.

(ii) Whistle Blower Policy

The Company has established a mechanism for employees to report concerns about unethical behaviors, actual or suspected fraud, and violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access by the Whistle Blower to the Audit Committee. We affirm that during the Financial Year 2011-12; no employee has been denied access to the Audit Committee.

(iii) Ombudsman

Ombudsman is a Polaris initiative, to resolve workplace conflicts. Incidentally, the first office of the Ombudsman in the IT Industry in India was set up at Polaris. It is a forum for associates' and retirees to report discuss and resolve workplace issues.

The office of the Ombudsman promises complete confidentiality in all the matters discussed with him. Ombudsman also assures "No Reprisal" to the complainant who brings to light a problem or blows the whistle against someone.

Col (Retd) M.Vidyasagar is the incumbent of office of ombudsman who replaced Wg Cdr (Retd) G.N.Mathur who was retired on April 30, 2012

(iv) Risk Management framework

The Board of Director on January 21, 2005 adopted the risk management framework. The framework provides an integrated approach for managing the risks in various aspects of the business. A write-up on the above is provided in the Management discussions & analysis report.

(v) Insider Trading Policy

As per the SEBI (Prohibition of Insider Trading) Regulations, 1992 an Insider Trading Policy of the company as amended w.e.f March 25, 2009 is in force. The policy guides a mechanism for regulating transactions of the shares of the company and enforces a code of conduct and internal procedures.

The details of Trading Window during the financial year 2011-12

Closed on	Opened on
April 20, 2011	April 29, 2011
July 9, 2011	July 21, 2011
October 13, 2011	October 24, 2011
January 10, 2012	January 23, 2012

(vi) Conflict of Interest Policy

As a part of good corporate governance, the company has formulated a Conflict of Interest policy for the senior management and associates which is available in the company's website.

9. Means of communication

We have established procedures to disseminate pertinent information to our shareholders, employees and society at large.

(a) Investor Information

Investors are being provided with timely information on all Company related matters; Media release: all our media releases are posted on the Company's website: www.polarisFT.com.

Quarterly results: Our quarterly results are published in widely circulated national newspapers such as The Business Standard, the local daily Makkal Kural.

Annual Report: Annual Report containing audit standalone accounts, consolidated financial statements together with Directors' Report, Auditors' Report and other important information are circulated to members and others entitled thereto either in physical copy or through email.

Website: the Company's website contains a separate dedicated section "Investors" where information sought by shareholders is available. The Annual Report, Media release and financial reports of the company are available on the website in a user-friendly and downloadable form at www.polarisFT.com.

(b) The Management Discussion & Analysis report (MD&A)

The MD&A gives an overview of the Industry, Company's business and its financials etc., and the same is provided elsewhere in this report, which forms a part of the Directors' Report.

10	General Shareholder information				
	Date of incorporation		January 5, 1993		
	Company Registration number		18-24142		
	Change of name of company		The Company's name has been changed to Polaris Financial Technology Limited w.e.f. November 16, 2011.		
	Registered Office		Polaris House, No.244, Anna Salai, Chennai – 600 006.		
	Date of Annual General Meeting		Monday, November 19, 2012		
	Venue of Annual General Meeting		Russian Centre of Science and Culture, No.27 Kasturi Ranga Road, Alwarpet (Off Cathedral Road), Chennai – 600 018.		
	Financial Reporting: (tentative and subject to change) April 01, 2011 – March 31, 2012				
	First quarter ending June 30, 2012		Between 15 th and 31 st July 2012		
	Second quarter ending September 30, 2012		Between 15 th and 31 st October 2012		
	Third quarter ending December 31, 2012		Between 15 th and 31 st January 2013		
	For the year ending March 31, 2013		Between 15 th and 30 th April 2013		
	Annual General Meeting for the year ending March 31, 2012		November / December 2012		
	Book Closure				
Dividend paid during the financial year 2011-12	Type of dividend	Dividend		Record date / Book closure	Date of payment
		Amount	%		
	Interim	Rs.2/-	40%	February 2, 2012	February 16, 2012
Final	Rs.3/-	60%	November 10 to 19, 2012	December 5, 2012	
Listing / Trading of shares of Polaris on Stock Exchanges					
National Stock Exchange of India Ltd. w.e.f November 24, 1999.		The Bombay Stock Exchange Ltd. w.e.f. September 29, 1999		Madras Stock Exchange Ltd. w.e.f. September 27, 1999.	
NSE – Scrip Code POLARIS		BSE – Scrip Code 532254		Reuters code POLS.BO (BSE), POLS.NS (NSE)	
ISIN Code: INE763A01023					
• The Company hereby confirms that the Listing fee for the year 2012-13, payable to each of the stock exchanges pursuant to Clause 38 of Listing Agreement in which the Company's shares are Listed have been paid. • The Company's shares are traded in “Group A” category in the Bombay Stock Exchange, Mumbai since March 26, 2001. • The Bombay Stock Exchange (BSE) has decided to include Polaris share in the “BSE mid-cap index” with effect from January 2011.					
Registrar and Share Transfer Agent		Karvy Computershare Private Limited Unit: Polaris Financial Technology Limited Plot No.17 to 24 Vittal Rao Nagar, Madhapur Hyderabad – 500 081. Tel: 040 - 2342 0818 Fax: 040 - 2342 0814 E-mail: einward.ris@karvy.com URL: www.karvycomputershare.com			
Publication of Quarterly Results					
Details of quarterly financial results published during financial year 2011-12:					
Language		News paper		Date	
English		Business Standard		April 29, 2011 July 21, 2011	
Tamil		Makkal Kural		October 23, 2011 January 21, 2012	
Website address of the Company in which reports / financial results have been posted				www.polarisFT.com	
Website address of stock exchange(s) in which reports / financial results are posted					
The National Stock Exchange of India Ltd				www.nseindia.com	
The Bombay Stock Exchange Ltd				www.bseindia.com	
Whether the Official News releases are displayed by the company				✓ Yes No	

10.1 Shareholders' complaints and requests

During the financial year 2012, 1,251 numbers of requests / complaints had been received and resolved by the Company as detailed hereunder.

Status of Request / Complaints during the period from April 1, 2011 to March 31, 2012

S.No.	Subject	Received	Replied/ Resolved
A. Requests			
1	Change/correction of address	51	51
2	Receipt of dividend warrants/refund order for revalidation	110	110
3	Specimen sign change / not mentioned in application	17	17
4	Change/correction of bank mandate	21	21
5	Change/correction of bank mandate/name/damaged dividend warrant	18	18
6	Request for issue of duplicate dividend warrant	0	0
7	Receipt of IB for issue of duplicate dividend warrant	11	11
8	Query regarding payment of dividend warrant	10	10
9	Receipt of demand draft(s) /against DW from company/bank/rematerialisation	17	17
10	Request for ECS facility (electronic clearance services)	32	32
11	Letters from clients regarding bills/payments	1	1
12	Letter from SEBI/Stock exchange/CBI/acknowledgement	0	0
13	Registration of Power of Attorney	0	0
14	Loss of securities and request for issue of duplicate	42	42
15	Receipt of IB and affidavit for issue of duplicate securities	13	13
16	Request for consolidation / split of securities	112	112
17	Deletion of joint name due to death	8	8
18	Request for transfer/transmission of securities	97	97
19	Change / correction of name on divided warrant	1	1
20	Request for dematerialisation NSDL & CDSL /rematerialisation	68	68
21	Demand draft received from banks against ECS rejections	3	3
22	Change / correction of name on securities	3	3
23	Clarification regarding shares	14	14
24	Request for exchange of certificates	3	3
25	Query regarding undelivered documents	2	2
26	Others (Acknowledgement / NSDL operation / Electronic DP request / PAN request for communication, emails)	439	439
Total (A)		1,093	1,093
B. Complaints			
1	Non-receipt of Annual Report	7	7
2	Non-receipt of dividend warrant	107	107
3	Non-receipt of securities	43	43
4	Non-receipt of securities sent for name correction	1	1
5	Non-receipt of refund order	0	0
Total (B)		158	158
Total (A) + (B)		1,251	1,251

Note

- No. of complaints not resolved to the satisfaction of shareholders: Nil and no pending complaints as on March 31, 2012.

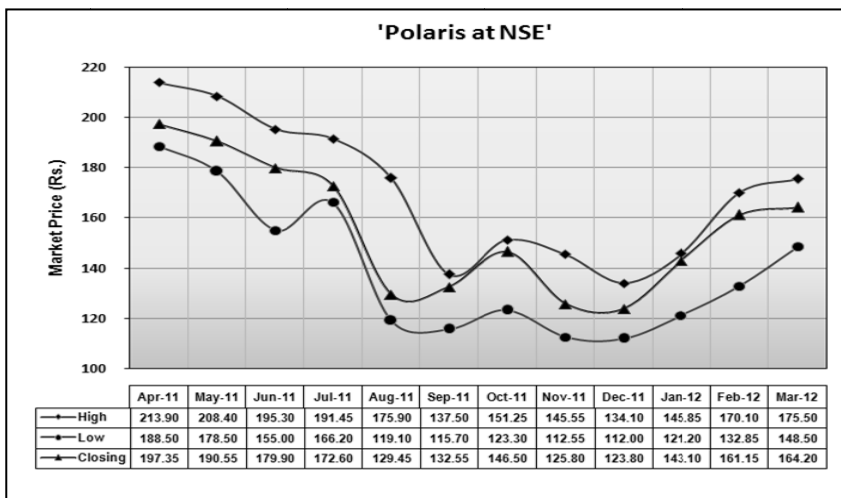
11. Stock market data about the shares of the Company for the period April 2011 to March 2012 at National Stock Exchange Limited (NSE) and Bombay Stock Exchange of India Limited (BSE)

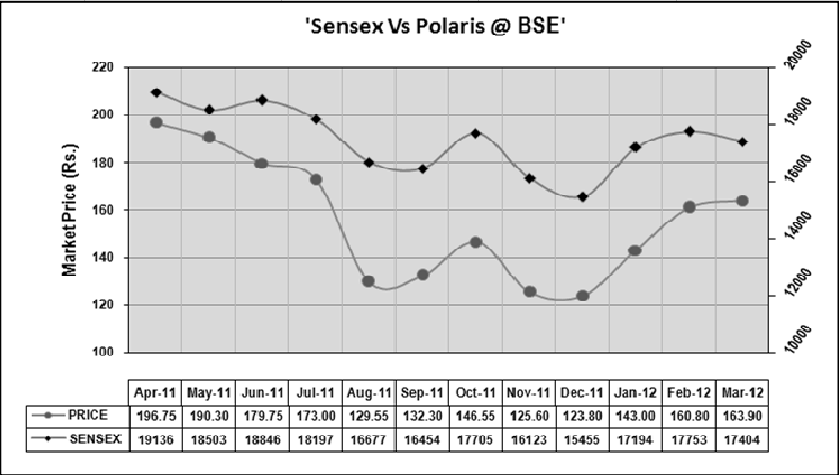
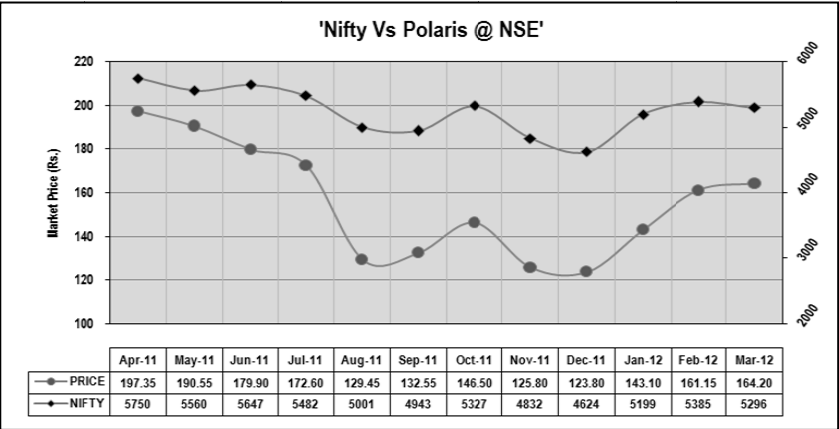
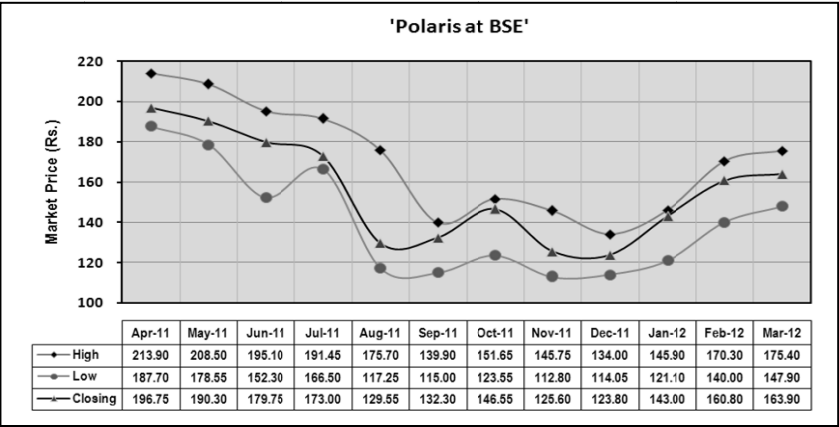
Share market data and the graphical representation of closing market price movement of the Company's shares quoted in the NSE and BSE from April 2011 to March 2012

Month 2011-12	NSE – Price				BSE – Price				
	High	Low	Closing	Volume	High	Low	Closing	Volume	
April	213.90	188.50	197.35	2,84,04,196	213.90	187.70	196.75	57,37,521	
May	208.40	178.50	190.55	1,19,11,812	208.50	178.55	190.30	14,94,433	
June	195.30	155.00	179.90	81,62,428	195.10	152.30	179.75	10,33,103	
July	191.45	166.20	172.60	1,33,91,763	191.45	166.50	173.00	16,26,741	
August	175.90	119.10	129.45	1,45,00,262	175.70	117.25	129.55	14,16,480	
September	137.50	115.70	132.55	1,37,14,807	139.90	115.00	132.30	16,14,217	
October	151.25	123.30	146.50	1,35,64,750	151.65	123.55	146.55	18,47,993	
November	145.55	112.55	125.80	90,38,523	145.75	112.80	125.60	9,49,680	
December	134.10	112.00	123.80	69,76,302	134.00	114.05	123.80	6,21,487	
January	145.85	121.20	143.10	98,43,642	145.90	121.10	143.00	11,22,537	
February	170.10	132.85	161.15	1,03,52,858	170.30	140.00	160.80	12,12,293	
March	175.50	148.50	164.20	77,64,462	175.40	147.90	163.90	10,36,426	
Total				14,76,25,805					1,97,12,911

Polaris share price (High / Low) during the financial year 2011-12:

Stock Exchange	Yearly high price	Date	Yearly low price	Date
NSE	213.90	April 13, 2011	112.00	December 28, 2011
BSE	213.90	April 13, 2011	112.80	November 24, 2011





12. Shareholding pattern of the Company as on March 31, 2012

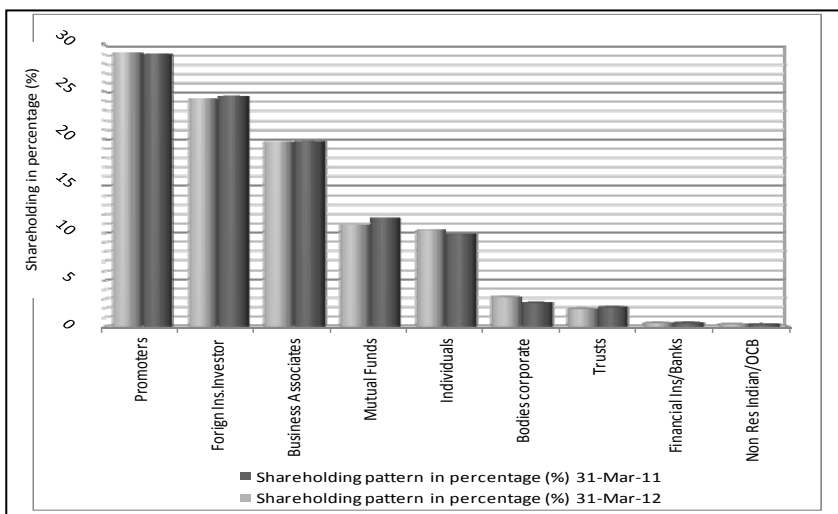
CATE GORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHARE HOLDERS	TOTAL NO. OF SHARES	NO OF SHARES HELD IN DEMAT FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES	
					AS a % of (A+B)	As a % of (A+B+C)	No. OF SHARES	AS a % (IX)=(VIII) / (IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	
(A)	PROMOTER AND PROMOTER GROUP							
(1)	INDIAN							
(a)	Individual / HUF	14	89,68,621	89,68,621	9.02	9.02	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	1	2,00,20,938	2,00,20,938	20.13	20.13	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(1):	15	2,89,89,559	2,89,89,559	29.15	29.15	-	-
(2)	FOREIGN	-	-	-	-	-	-	-
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Others	-	-	-	-	-	-	-
	Sub-Total A(2):	-	-	-	-	-	-	-
	Total A=A(1)+A(2):	15	2,89,89,559	2,89,89,559	29.15	29.15	-	-
(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds / UTI	35	1,07,77,353	1,07,77,353	10.84	10.84	-	-
(b)	Financial Institutions / Banks	5	3,96,953	3,96,953	0.40	0.40	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	70	2,40,78,938	2,40,78,788	24.21	24.21	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Others	-	-	-	-	-	-	-
	Sub-Total B(1):	110	3,52,53,244	3,52,53,094	35.45	35.45	-	-
(2)	NON-INSTITUTIONS	-	-	-	-	-	-	-
(a)	Bodies Corporate	745	31,88,003	31,80,253	3.21	3.21	-	-
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	42,848	76,18,205	73,22,303	7.66	7.66	-	-
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	37	24,18,905	24,18,905	2.43	2.43	-	-
(c)	Others							
	Business Associates	2	1,95,75,092	1,95,75,092	19.68	19.68	-	-
	Non Resident Indians	596	2,64,988	2,59,488	0.27	0.27	-	-
	Overseas Corporate Bodies	2	300	250	0.00	0.00	-	-
	Clearing Members	79	2,24,729	2,24,729	0.23	0.23	-	-
	Trusts	7	19,09,072	18,86,772	1.92	1.92	-	-
	Sub-Total B(2):	44,316	3,51,99,294	3,48,67,792	35.40	35.40	-	-
	Total B=B(1)+B(2):	44,426	7,04,52,538	7,01,20,886	70.85	70.85	-	-
	Total (A+B):	44,441	9,94,42,097	9,91,10,445	100.00	100.00	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C):	44,441	9,94,42,097	9,91,10,445	100.00	100.00	-	-

Note: No shares were pledged by the promoters as on March 31, 2012.

Comparative distribution schedule as on March 31, 2012

Shares	Physical		Demat		Total	
	Nos.	%	Nos.	%	Nos.	%
31.03.2012	3,31,652	0.33	9,91,10,445	99.67	9,94,42,097	100
31.03.2011	3,54,318	0.36	9,88,41,279	99.64	9,91,95,597	100
Shareholders						
31.03.2012	1,270	2.86	43,171	97.14	44,441	100
31.03.2011	1,404	3.12	43,609	96.88	45,013	100

Shareholding Pattern (%) of the Company



List of persons holding more than 1% of the total number of shares as on March 31, 2012

S. No.	Name of the Shareholder	No. of Shares	% of share capital
1	Polaris Holdings (P) Limited	2,00,20,938	20.13
2	Orbitech Limited & Citibank A/c Orbitech Limited	1,95,75,092	19.69
3	Mr.Arun Jain & Arun Jain HUF	51,21,364	5.15
4	Franklin Mutual Series Funds- Mutual Beacon Fund	45,06,423	4.53
5	Matthews India Fund	44,00,318	4.43
6	Mr.Yogesh Andlay	20,77,447	2.09
7	Tata trustee Co Ltd A/c Tata Mutual Fund-Tata Equity P/E Fund	20,00,000	2.01
8	ING Vysya Life Insurance Company Limited	19,02,261	1.91
9	Orbitech Employees Welfare Trust	12,14,649	1.22
10	DNB Fund - Asian Small Cap	12,00,000	1.21
11	Birla Sun Life Trustee Co (P) Ltd A/c Birla Sun Life Midcap Fund	11,50,000	1.16
12	Mathews Asia Small Companies Fund	11,38,850	1.15
13	LSV Emerging Markets Equity Fund LP	11,27,800	1.13
14	Ms.Manju Jain	10,52,460	1.06

Shareholding of Directors / office bearers as on March 31, 2012.

S. No.	Name of the Director / Officer bearer	No. of shares	% to total Share Capital
1.	Arun Jain, Chairman & Managing Director	43,32,364	4.36
2.	Abhay Agarwal, Director	29,622	0.03
3.	Arvind Kumar, Director	21,000	0.02
4.	Dr.Ashok Jhunjunwala, Director	16,900	0.02
5.	Raju Venkatraman, Director	500	0.00
6.	R.C.Bhargava, Director	17,100	0.02
7.	Satya Pal, Director	35,400	0.04
8.	S.R.Ramaswami, Chief Financial Officer *	53,000	0.05
9.	Muthusubramanian.B, Company Secretary	2,700	0.00

*Resigned

Distribution schedule of shareholding as on March 31, 2012

S. No.	No. of Shares	Total		Demat-holdings		Physical holdings	
		No of Share holders	No of Shares	No of Share holders	No of Shares	No of Share holders	No of Shares
1	Upto - 5000	44,120	70,91,067	42,854	68,05,915	1,266	2,85,152
2	5001 - 10000	107	7,58,766	105	7,46,166	2	12,600
3	10001 - 20000	67	9,61,785	66	9,50,185	1	11,600
4	20001 - 30000	27	6,73,076	26	6,50,776	1	22,300
5	30001 - 40000	9	3,15,422	9	3,15,422	-	-
6	40001 - 50000	10	4,60,696	10	4,60,696	-	-
7	50001 - 100000	30	21,48,979	30	21,48,979	-	-
8	100001 & Above	71	8,70,32,306	71	8,70,32,306	-	-
Total		44,441	9,94,42,097	43,171	9,91,10,445	1,270	3,31,652

13. Other information to shareholders

(a) Share Transfer System

The applications for transfers, transmission and transposition are received by the Company at its Registered Office address at Chennai or at Messrs Karvy Computershare Private Ltd., Hyderabad, Registrar and Share Transfer Agents (RTA) of the Company. As the Company's shares are currently traded in demat form, the transfers are processed and approved by NSDL/CDSL in the electronic form through its Depository Participants. The RTA on a regular basis processes the physical transfers and the share certificates are sent to the respective transferees.

(b) Dividend Information

Members are advised that the dividends amounting to Rs.6,25,619/- (Rupees six Lacs twenty five thousand six hundred and nineteen only) for the financial year 2004-2005; which remain unpaid or unclaimed over a period of seven years have been transferred by the Company to Investor Education and Protection Fund (IEPF) on September 11, 2012. The details of dividend paid and unpaid dividend are furnished in 'Dividend Summary'.

Members who have not claimed the dividend for the periods mentioned in the Dividend Summary are requested to lodge their claim with the Company. No claim by the members shall lie for the unclaimed dividends from the funds transferred to IEPF. The due dates for

transfer of unclaimed dividends to IEPF, pertaining to different financial years are also furnished in the Dividend Summary:

Dividend remitted to IEPF during the previous three years

Sl. No.	Pertaining to FY	Date of payment	Amount (in Rs.)
1.	2004-05	11.09.2012	6,25,619
2.	2003-04	04.10.2011	4,74,244
3.	2002-03	16.11.2010	4,34,965

During the year under review, the company has revalidated 215 dividend warrants amounting to Rs.1,23,711/- and the same was issued to the shareholders.

Dividend summary

Financial Year ended	Dividend			Date of declaration of Dividend	Amount Lying Unpaid (in Rs.)	Last date for claiming unpaid Dividend
	Type	%	Per share (in Rs.)			
31.03.2006	Final	25%	1.25	18.08.2006	5,19,964	23.09.2013
31.03.2007	Interim	20%	1.00	22.01.2007	3,30,658	27.02.2014
	Final	25%	1.25	28.03.2007	5,96,046	03.05.2014
31.03.2008	Final	30%	1.50	17.07.2008	8,33,157	16.08.2015
31.03.2009	Interim	30%	1.50	20.01.2009	8,88,759	19.02.2016
	Final	25%	1.25	16.07.2009	6,20,949	21.08.2016
31.03.2010	Interim	35%	1.75	20.01.2010	7,00,138	25.02.2017
	Final	35%	1.75	17.07.2010	6,12,963	22.08.2017
31.03.2011	Final	90%	4.50	20.07.2011	12,80,718	25.08.2018
31.03.2012	Interim	40%	2.00	16.02.2012	8,38,618	24.03.2019
Total					72,21,970	

- (c) Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: - Not applicable –
- (d) Share Transaction Regulatory System in place for controlling insider trading policy on Insider Trading

A policy on Insider Trading has been implemented and continues to be in force since December 1999, as amended pursuant to the guidelines issued by SEBI from time to time. This policy deals with the rules, regulations and process for transactions in the shares of the Company and shall apply to all transactions and for all associates in whatever capacity they may be, including Directors. This code forms part and parcel of the service conditions of the employees of the Company.

- (e) Demat account opened for transfer of unclaimed shares lying with RTA

In compliance with the amendment to Clause 5A of the Listing Agreement issued by SEBI vide its Circular No.CIR/CFD/DIL/10/2010 dated December 16, 2010; the company has opened a demat account in the name of "Polaris Financial Technology Limited Unclaimed Suspense Account" with ICICI Bank Limited, Chennai, DPID IN302679, Client ID 38718320 for the purpose of transferring the unclaimed shares lying with RTA of the Company, Karvy Computershare Private Ltd.

The RTA has not received any response for the three reminders sent to the shareholders [at the address given in the application form as well as captured from depository's database] asking for correct particulars to dispatch the shares lying unclaimed with RTA. Hence as per the directions of the above said circular; the shares held by those shareholders were dematerialized and transferred to the above said demat account. The Company has transferred 97,500 equity shares to the said account.

As and when any shareholder approaches the Company or RTA to claim the above said shares, the company or RTA as applicable after proper verification either credit the shares lying in the Unclaimed suspense account to the demat account of the shareholder to the extent of the shareholders' entitlement or deliver the physical certificates after re-materialising the same, depending on what has been opted by the shareholder.

Outstanding at the beginning of the year		No. of shareholders claimed during the year	No. of shareholders claim transferred during the year	Outstanding at the end of the year	
Shareholders	Shares			Shareholders	Shares
643	97,500	-	-	643	97,500

(f) Increase in investment limit of FIIs

The shareholders of the company has passed a special resolution at the Extraordinary General Meeting held on October 28, 2011 to increase the investment in the equity shares of the company through primary market by FIIs from 24% to 49%. Consequent to that the Reserve bank of India has given its approval to increase the investment limit of Foreign Institutional Investors (FIIs) under the Portfolio Investment Scheme through primary market and stock exchanges, equity shares and convertible debentures of the company from 24% to 49% on December 20, 2011.

(g) Locations

Headquartered in Chennai; the other branch offices addresses / locations are furnished elsewhere in the Annual Report. Polaris also has seven subsidiaries in India namely-

- (i) Optimus Global Services Limited,
- (ii) Polaris Enterprise Solutions Limited,
- (iii) Laser Soft Infosystems Limited,
- (iv) SEEC Technologies Asia Private Limited,
- (v) Indigo Tx Software Private Limited,
- (vi) SFL Properties Private Limited and
- (vii) Fin Tech Grid Limited.

(h) Addresses for correspondence

The Compliance Officer POLARIS FINANCIAL TECHNOLOGY LIMITED Regd. Office: Polaris House, 244, Anna Salai, Chennai - 600 006 Phone: 044-3987 4000, Fax: 044-2852 3280 E-mail: shareholder.query@polarisFT.com	The Company Secretary POLARIS FINANCIAL TECHNOLOGY LIMITED Regd. Office: Polaris House, 244, Anna Salai, Chennai - 600 006 Phone: 044-3987 4000, Fax: 044-2852 3280 E-mail: shareholder.query@polarisFT.com
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By the order of the Board
For Polaris Financial Technology Limited

Place: Chennai
Date: October 12, 2012

Arun Jain
Chairman & Managing Director

CEO & CFO CERTIFICATION UNDER CLAUSE 49(V) OF THE LISTING AGREEMENT

To: The Board of Directors of Polaris Financial Technology Limited, Chennai

We, Arun Jain, Chairman & Managing Director and Natarajan Narayanasamy, Chief Financial Officer of Polaris Financial Technology Limited, ("Company") hereby certifies that:-

- (a) We have reviewed financial statements and the cash flow statement of the company for the financial year ended March 31, 2012 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai

Date: October 12, 2012

Arun Jain
Chairman & Managing Director

Natarajan Narayanasamy
Chief Financial Officer

**Auditors' certificate on compliance with the conditions of
corporate Governance under clause 49 of the listing agreement**

AUDITORS' CERTIFICATE

To
The Members
Polaris Financial Technology Limited.

We have examined the compliance of conditions of corporate governance by Polaris Financial Technology Limited, for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R.Batliboi & Associates
Chartered Accountants
Firm registration No. 101049W

per Subramanian Suresh
Partner
Membership No. 083673

Place: Chennai
Date: October 12, 2012

.....
To
The Members
Polaris Financial Technology Limited
Chennai

Sub: Declaration by the CEO under Clause 49 (I)(D)(ii) of the Listing Agreement

I, Arun Jain, Chairman & Managing Director of Polaris Financial Technology Limited to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2012.

Place: Chennai
Date: October 12, 2012

Arun Jain
Chairman & Managing Director

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**POLARIS FINANCIAL TECHNOLOGY LIMITED
AUDITED STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012**

(All amounts are denominated in INR and expressed in Lacs, unless otherwise stated)

Auditors' Report

To

The Members of Polaris Financial Technology Limited

1. We have audited the attached Balance Sheet of Polaris Financial Technology Limited ('the Company') as at March 31, 2012 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. Incorporated in these financial statements is the return of the Business Process Outsourcing division, of a subsidiary, which was demerged into the Company with effect from October 1, 2011 and has been audited by a branch auditor.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branch not visited by us. The Branch Auditor's Reports have been forwarded to us and appropriately dealt with;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm registration number: 101049W

per Subramanian Suresh

Partner

Membership No.: 083673

Place: Chennai

Date: October 12, 2012

Annexure referred to in paragraph [3] of our report of even date

Re: Polaris Financial Technology Limited ('the Company')

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- ii) Due to the nature of business, the Company has no inventories and accordingly the provisions of Clause 4(ii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(iii)(a) to (d) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to Company and hence not commented upon.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(iii)(e) to (g) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. The activities of the Company do not include purchase of inventory and sale of goods.
- v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five Lacs have entered into during the financial year, at prices which are reasonable having regard to the prevailing market prices at the relevant time after considering the unique and specialized nature of the items involved.
- vi) The Company has not accepted any deposits from the public.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

- viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to excise duty and customs duty are not applicable to the Company.
- (b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues outstanding of wealth tax and cess on account of any dispute. Dues outstanding of income-tax, sales-tax, service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs in Lacs)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Income tax	3,201.92	2000-03, 05-07	High Court
Income Tax Act 1961	Income tax	594.38	2003-05	Income Tax Appellate Tribunal
Income Tax Act 1961	Income tax	6,694.03	2007-08	Dispute resolution panel (DRP)
Tamil Nadu General Sales tax Act 1959	Sales tax	520.00	2004-05	High Court
Central Sales Tax Act 1956	Central sales tax	55.62	2008-09	Appellate Commissioner
Central Sales Tax Act 1956	Central sales tax	42.40	2006-08	High Court
Finance Act 1944	Service tax**	132.82	2004-05	CESTAT

*Does not include interest and penalties.

**The Company has also deposited a sum of Rs 68.28 Lacs under protest.

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company has no dues in respect of a financial institution and has not issued any debentures during the year.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company did not have any outstanding debentures during the year.
- xx) During the year, the Company has not raised any money by way of public issue and accordingly the provisions of clause 4(xx) of the Companies (Auditors' report) Order (as amended) are not applicable to the Company.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm registration number: 101049W

per Subramanian Suresh

Partner

Membership No.: 083673

Place: Chennai

Date: October 12, 2012

Polaris Financial Technology Limited
(Formerly known as Polaris Software Lab Limited)
Balance Sheet as at March 31, 2012

		Rs. in Lacs	
Particulars	Notes	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	4	4,972.10	4,959.78
Reserves and surplus	5	97,919.55	86,751.02
Share capital suspense	4/12.III(a)	1.01	-
SHARE APPLICATION MONEY PENDING ALLOTMENT	4	2.82	-
		102,895.48	91,710.80
NON-CURRENT LIABILITIES			
Deferred tax liabilities (Net)	6	347.00	-
Long-term provisions	7	1,254.19	1,139.18
CURRENT LIABILITIES			
Short-term borrowings	8	10,181.09	-
Trade payables	20&26	13,881.18	14,117.84
Other current liabilities	9	9,954.27	7,116.81
Short-term provisions	10	5,901.31	7,057.92
TOTAL		144,414.52	121,142.55
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	11		
-Tangible assets		29,022.74	17,529.00
- Intangible assets		979.59	891.50
- Capital work-in-progress		3,629.14	5,032.93
		33,631.47	23,453.43
Non-current investments	12	23,136.27	16,292.40
Deferred tax assets (net)	6	-	236.50
Long-term loans and advances	13	8,693.90	7,284.75
Other non-current assets	14	1,500.00	-
CURRENT ASSETS			
Current investments	15	14,908.48	36,591.74
Trade receivables	16	27,653.12	14,583.70
Cash and bank balances	17	7,844.28	6,559.62
Short-term loans and advances	18	6,783.94	3,648.35
Other current assets	19	20,263.06	12,492.06
TOTAL		144,414.52	121,142.55

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration number: 101049W

per Subramanian Suresh

Partner

Membership No. 083673

Chennai

October 12, 2012

For and on behalf of the Board of Directors of
Polaris Financial Technology Limited

Arun Jain

Chairman & Managing Director

R.C.Bhargava

Director

Natarajan Narayanasamy

Group Chief Financial Officer

Chennai

October 12, 2012

B. Muthusubramanian

Senior Vice President -
Finance & Secretary

Polaris Financial Technology Limited

(Formerly known as Polaris Software Lab Limited)

Statement of profit and loss for the year ended March 31, 2012

Rs in Lacs

Particulars	Notes	March 31, 2012	March 31, 2011
Revenue from operations	23	176,209.31	138,505.92
Other income	24	3,539.59	5,357.69
Total Revenue		179,748.90	143,863.61
Expenses			
Employee benefit expense	25	128,588.97	101,687.62
Other expenses	25	23,469.73	17,914.56
Finance costs	25	109.11	-
Depreciation and amortization expense	11	3,932.83	2,643.65
Total expenses		156,100.64	122,245.83
Profit before tax		23,648.26	21,617.78
TAX EXPENSE			
Income taxes - Current tax		4,989.85	3,800.85
- Deferred tax		864.41	(320.64)
- MAT credit entitlement			(565.23)
- MAT credit entitlement (Earlier years)		(1,057.53)	-
Profit for the year		18,851.43	18,702.80
Earnings per share (equity shares par value Rs 5 each)	33		
Basic		18.98	18.87
Diluted		18.92	18.74
Number of shares used in computing earnings per share			
Basic		99,323,973	99,100,729
Diluted		99,658,873	99,825,120

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration number: 101049W

per Subramanian Suresh

Partner

Membership No. 083673

Chennai

October 12, 2012

For and on behalf of the Board of Directors of
Polaris Financial Technology Limited**Arun Jain**

Chairman &

Managing Director

R.C.Bhargava

Director

Natarajan Narayanasamy

Group Chief

Financial Officer

Chennai

October 12, 2012

B. MuthusubramanianSenior Vice President -
Finance & Secretary

Polaris Financial Technology Limited

(Formerly known as Polaris Software Lab Limited)

Statement of cash flow for the year ended March 31, 2012

	Rs. In Lacs	
	March 31, 2012	March 31, 2011
Cash flows from operating activities		
Profit before taxation	23,648.26	21,617.78
Adjustments for:		
Depreciation / amortisation	3,932.83	2,643.65
Unrealised exchange (gains) / losses	(1,000.80)	144.88
Exchange difference on translation of foreign operations	922.13	(18.22)
Interest income	(286.19)	(101.27)
Dividend income	(1,226.05)	(1,778.68)
Provision for doubtful debts (net)	(598.64)	(757.34)
Bad debts / advances written off	842.29	1,036.96
(Profit) / Loss on sale of investments	(389.73)	(45.17)
(Profit) / Loss on sale of fixed assets	(1,512.86)	(1,029.89)
Interest expenses	109.11	-
Changes in assets and liabilities		
Decrease / (Increase) in trade receivables	(12,691.51)	(3,614.40)
Decrease/(Increase) in loans and advances and other assets	(10,513.41)	(5,856.49)
Increase/(Decrease) in liabilities and provisions	2,787.24	2,502.45
Taxes paid	(4,780.58)	(4,334.34)
Net cash from operating activities	(757.91)	10,409.92
Cash flows from investing activities		
Purchase of fixed assets, changes in capital work in progress and capital advance	(13,617.70)	(9,235.02)
Proceeds from sale of fixed assets	1,647.18	1,102.59
Acquisition of subsidiaries & Investment in Associates	(10,158.18)	(1,888.58)
(Purchase) /sale proceeds of other long term investments	-	
Net decrease/(increase) in non-trade investments	20,702.25	843.32
Investment in long-term term deposits	(1,500.00)	-
Interest received	286.19	101.27
Dividend received on mutual fund units	1,226.05	1,778.68
Net cash used in investing activities	(1,414.21)	(7,297.74)
Cash flows from financing activities		
Proceeds from share capital issued on exercise of stock options	12.32	11.72

Proceeds from securities premium on exercise of stock options	173.24	190.68
Receipt of share application money	2.82	-
Dividends paid during the year	(7,486.52)	(2,022.98)
Proceeds from unsecured loans	-	-
(Repayment)/Proceeds of Loans	10,595.09	-
Interest expenses	(109.11)	-
Net cash used in financing activities	3,187.84	(1,820.58)
Exchange differences on translation of foreign currency cash and cash equivalents	164.86	(2.44)
Net increase / (decrease) in cash and cash equivalents during the period	1,180.58	1,289.16
Cash and cash equivalents on acquisition/Merger	104.08	-
Cash and cash equivalents at the beginning of the year	6,559.62	5,270.46
Cash and cash equivalents at the end of the year/period*	7,844.28	6,559.62
Components of cash and cash equivalents		
Cash on hand	1.31	0.47
Balance with banks	7,842.97	6,559.15
Total cash and cash equivalents	7,844.28	6,559.62

* The balance with banks include Rs 78.48 (March 31, 2011: Rs 62.70) which are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants
Firm Registration number: 101049W

per Subramanian Suresh
Partner
Membership No. 083673
Chennai
October 12, 2012

For and on behalf of the Board of Directors of
Polaris Financial Technology Limited

Arun Jain
Chairman & Managing
Director

Natarajan Narayanasamy
Group Chief
Financial Officer
Chennai
October 12, 2012

R.C.Bhargava
Director

B. Muthusubramanian
Senior Vice President -
Finance & Secretary

1. Corporate Information

Polaris Financial Technology Limited (formerly known as Polaris Software Lab Limited), a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956, was founded in 1993 and is headquartered in Chennai. The Company's shares are listed on Madras Stock Exchange, The National Stock Exchange and The Bombay Stock Exchange in India. The Company, with its comprehensive portfolio of products, smart legacy modernization services and consulting offers state-of-the-art solutions for Core Banking, Corporate Banking, Wealth & Asset Management and Insurance.

2. Basis of preparation of financial statements

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

With effect from the current year, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

The Company had filed a petition before The Hon'ble High Court of Madras ("High Court") on 23/04/2012 for the demerger of the BPO division, of its subsidiary Company Optimus Global Services Limited into the Company, subsequent to the shareholders consent obtained at a meeting convened on 09/04/2012 under the direction of the High Court. The High Court has sanctioned the Scheme of Arrangement (demerger) with effect from October 1, 2011. Accordingly, the financial statements for the current year reflect the effect of the demerger. The Scheme and its effect on the financial statements have been discussed in Note 12.III (a) below.

3. Significant Accounting Policies

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Tangible fixed assets and capital work in progress

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises cost of tangible fixed assets not ready for intended use as at the balance sheet date.

c) Depreciation on tangible fixed assets

Depreciation on fixed assets is provided using the straight-line method based on rates specified in Schedule XIV of the Companies Act, 1956 or rates arrived at based on estimated useful lives of assets estimated by the management, whichever is higher. Individual assets costing less than Rs 5,000/- are depreciated at the rate of 100 %.

The estimated useful lives considered for depreciation of fixed assets are as follows:

Asset Category	Estimated useful life (years)
Buildings	29
Plant and Machinery	6-7
Computer Equipments	3
Servers and Computer accessories	5
Electrical fittings, office equipment, furniture and fixtures	10
Vehicles	4-6
Leasehold improvements	Over the lease period or 10 years whichever is lower
Leasehold Land	Over the lease period (99 years)

d) Intangible assets

Intangible assets acquired are stated at cost, less accumulated amortization and impairment losses if any.

Research and development costs

Software product and intellectual property development costs are expensed as incurred until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalized and amortised over estimated useful life of the products. This capitalisation is done only if the Company has the intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available to the Company and the Company is able to accurately measure such expense.

Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product and intellectual property rights.

Amortisation

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the method are reviewed at each year end. If the expected useful life of the product is shorter from previous estimates, the amortisation period is changed accordingly. The estimated useful life of company's intangible assets are stated below:

Asset Category	Estimated useful life (years)
Computer software	3
Intellectual property rights	3-5

e) Operating leases

Leases where the lessor effectively retains substantially all the risks and the benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss account on a straight-line basis over the lease term.

f) Impairment of tangible and intangible fixed assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax discount rate reflecting current market assessment of time value of money and risks specific to asset.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Investments

Investments are classified as long-term investments and current investments. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at the lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the proportionate completion method. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

Revenue in excess of billing represents earnings on ongoing fixed price & time and material contracts over amounts invoiced to customers. Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

Product licenses and related revenues

Revenues from product licenses and related services comprise income under multiple element arrangements recognized as follows:

- License fees and fees for customization/implementation services are recognized using proportionate completion method. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.

- Product maintenance revenues are recognized over the period of the maintenance contract.
- Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Business Process Outsourcing

Revenue from call centre services comprises income from time and material contracts. Revenue is recognized in accordance with the terms of the contract with customer, as related services are performed.

Other Income

Interest is recognized using the time-proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend income is recognized when the Company's right to receive dividend is established.

i) Foreign currency transactions and translations

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement/reporting of monetary items not covered above, at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Translation of integral and non-integral foreign operations

The company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

j) Forward contracts entered into to hedge foreign currency risk

The Company used foreign exchange contracts to hedge its exposure to movements in foreign currency rates. The use of these foreign exchange forward contracts reduces the risk/cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculative purposes.

Pursuant to the Announcement of the ICAI dated March 29, 2008, in respect of forward exchange contracts entered in to hedge a highly probable forecast transaction, the Company records net mark-to-market losses, after considering the offsetting effect of the underlying hedged item, if any. Net mark-to-market gains are not recorded for such transactions.

k) Retirement and other employee benefits

Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Statement of Profit and Loss Account of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred.

Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The Company has no further obligations under the Plan beyond its annual contribution.

Leave Benefits

As per the current employment policy of the Company, employees can carry forward accumulated leave balances to be utilized in the subsequent years. In case of overseas branches, the employees are eligible to encash the accumulated leave balances.

Provision for long-term compensated absences is accrued and provided for on the basis of actuarial valuation made at the end of each financial period. The actuarial

valuation is done as per projected unit credit method. Short-term encashment of accumulated leave balances are accounted for in the year in which the leave balances are credited to employees on actual basis.

The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Employees taken over from BPO division of Optimus, consequent to the scheme of demerger discussed in Note 12.III.(a) below

Consequent to the demerger, as per the approved Scheme of Arrangement, from October 1, 2011 all employees of the demerged undertaking, have become employees of the Company without any break or interruption in their service and with continuity of the service on same terms and conditions on which they were engaged with the demerged undertaking immediately before the demerger. In accordance with the Scheme of Arrangement, the Company has taken over the liability of the demerged undertaking towards Provident fund, gratuity fund and special funds created for the benefit of the employees at their respective book values.

I) Income and Deferred Taxes

Tax expense comprises of current and deferred tax. The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. The current tax provision and advance income tax as at balance sheet date have been arrived at after setting off advance tax and current tax provision where the Company has legally enforceable right to set off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have legal right to do so.

Deferred tax assets are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reassessed for the appropriateness of their respective carrying values at each balance sheet date. Unrecognised deferred tax assets of earlier years are reassessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes

down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

The Company enjoys tax holiday under Sec 10AA of the Income tax Act on some of its units set up in the Special Economic Zones (SEZ)

m) Stock based Compensation

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

n) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p) Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of change in value.

4. Share capital

Particulars	March 31, 2012	March 31, 2011
Authorised		
120,000,000 Equity shares of Rs 5 each. (March 31, 2011: 120,000,000 equity shares of Rs 5 each)	6,000.00	6,000.00
10,000,000 11 % Preference shares of Rs 5 each. (March 31, 2011: 10,000,000 11% preference shares of Rs 5 each)	500.00	500.00
TOTAL	6,500.00	6,500.00
Issued, Subscribed and Paid up		
99,442,097 Equity shares of Rs 5 each (March 31, 2011: 99,195,597 Equity shares of Rs 5 each) fully paid up.	4,972.10	4,959.78
TOTAL	4,972.10	4,959.78

Of the total authorized capital of the company referred above, the company has issued only one class of equity shares having a face value of Rs.5 per share. Each holder of such equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Share capital suspense

The company has issued total 277 (31st March 2011 – Nil) equity shares of Rs. 5/- each fully paid-up for consideration other than cash pursuant to the Scheme of Arrangement (demerger) of the BPO division of Optimus Global Service Ltd into the Company (As more fully discussed in Note 12.III (a)). The Company is yet to complete the allotment and issue of share certificates with respect to these shares, accordingly these have been shown under share capital suspense account.

Share application money pending allotment

The company has received share application money during the month of March 2012 for issue of 2000 Equity shares at Rs.140.90 each (face value of Rs.5/- each with a premium of Rs.135.90) (31st March 2011 – Nil) under the scheme of ASOP 2003. These have been subsequently allotted during the month of April 2012.

Reconciliation of the number of shares outstanding as on March 31, 2012

Equity Shares	As at March 31, 2012	As at March 31, 2011
Shares outstanding at the beginning of the year	99,195,597	98,961,147
Add: Share issued under ESOP	246,500	234,450
Shares outstanding at the end of the year	99,442,097	99,195,597

Details of Shareholders holding more than 5 percent shares in the Company (based on legal ownership)

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Polaris Holdings (P) Limited	20,020,938	20.13%	19,880,938	20.04%
Orbitech Limited	15,379,606	15.47%	15,379,606	15.50%

Stock option plans

The Company has four stock option plans that provide for the granting of stock options to employees including directors of the Company (not being promoter directors and not holding more than 10% of the equity shares of the Company).

The objectives of these plans include attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares. The option plans are summarized below:

Associate Stock Option Plan 2003

The Shareholders of the Company at the EGM held on March 12, 2004 approved an Associate Stock Option Plan (the 2003 Plan). The 2003 Plan provides for issuance of 3,895,500 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees including Directors. The options are granted at the market price on the date of

the grant. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed.

If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. A summary of the status of the options granted under 2003 plan as at March 31, 2012 is presented below.

Particulars	Year ended March 31, 2012		Year Ended March 31, 2011	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the period	2,981,850	149.94	2,880,300	136.43
Granted during the period	312,000	181.74	735,000	185.57
Exercised during the period	(246,500)	75.28	(234,450)	86.33
Forfeited during the period	(179,900)	108.37	(222,600)	145.97
Expired during the period	(72,400)	143.25	(176,400)	167.37
Outstanding at the end of the period	2,795,050	162.93	2,981,850	149.94
Exercisable at the end of the period	2,025,750	158.36	2,037,450	149.73

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Range of exercise price	34.35 – 171.95	34.35 – 152.95
Weighted average remaining contractual life (in years)	4.76	4.41
Weighted average fair value of options granted	94.90	97.56
Weighted average market price of shares on the date of exercise	162.19	175.19

Associate Stock Option Plan 2004

The Shareholders of the Company in the AGM held on the 22 July 2005 approved an Associate Stock Option Plan (the 2004 plan). The 2004 plan provides for issuance of 1,084,745 options, convertible to equivalent number of equity shares of Rs 5 each, to the associates including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company

are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. A summary of the status of the options granted under 2004 plan at March 31, 2012 is presented on below

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the period	627,700	168.36	609,500	156.84
Granted during the period	27,000	148.19	165,000	184.12
Exercised during the period	(70,600)*	76.60	72,900)*	76.60
Forfeited during the period	(5,800)	206.60	(29,000)	197.51
Expired during the period	(20,800)	221.60	(44,900)	201.40
Outstanding at the end of the period	557,500	176.62	627,700	168.36
Exercisable at the end of the period	434,700	176.23	492,400	163.96

*These shares were allotted from Orbitech Employees Welfare Trust.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Range of exercise price	76.60	76.60
Weighted average remaining contractual life (in years)	3.89	4.50
Weighted average fair value of options granted	76.89	96.93
Weighted average market price of shares on the date of exercise	152.99	178.69

Associate Stock Option Plan 2011

The Shareholders of the Company in the Extraordinary General Meeting held on the 28th October 2011 approved an Associate Stock Option Plan (the 2011 plan). The 2011 plan provides for issuance of 4,960,000 options convertible into equivalent number of equity shares of Rs 5 each. The plan shall be administered under 4 different schemes based on the following terms:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non-executive directors	Non – Executive directors

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Maximum number of options grantable	3,720,000 Less: Number of Option granted under Swarnam 21	1,736,000	1,240,000 Less: Number of Option granted under Swarnam 41	200,000
Grant price				
a) Market price upto Rs. 175	Market price	Market price	Market price	Market price
Market price between Rs. 175 – Rs. 500	15% discount on market price. (Subject to being Not lower than Rs 175)	30% discount on market price. (Subject to being Not lower than Rs 175)	50% discount on market price. (Subject to being Not lower than Rs 175)	Market price
Market price greater than Rs.500	10% discount on market price	20% discount on market price	50% discount on market price	Market price

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the intrinsic value model.

The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfillment of vesting conditions as follows:

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Service conditions				
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%
Performance conditions				
Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

During the current year the Company has granted options under Swarnam 11 scheme. As the market price on the date of the grant was less than Rs 175, no option discount has been provided as per the scheme terms and the options are issued at the market price. Accordingly no compensation cost has been recorded. A summary of the status of the options granted under 2011 plan at March 31, 2012 is presented on below

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the period	-	-	-	-
Granted during the period	869,000	134.40	-	-
Exercised during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	869,000	134.40	-	-
Exercisable at the end of the period	86,900	134.40	-	-

Year ended	Year ended March 31, 2012	Year ended March 31, 2011
Range of exercise price	-	-
Weighted average remaining contractual life (in years)	8.50	-
Weighted average fair value of options granted	75.72	-
Weighted average fair value of options exercised	-	-

Associate Stock Option Plan (TRUST) 2011

The Shareholders of the Company in the Extraordinary General Meeting held on the 28th October 2011 approved an Associate Stock Option Plan (TRUST) 2011 [the 2011(Trust) plan]. The 2011(Trust) plan provides for issuance of 1,984,000 options, convertible to equivalent number of equity shares of Rs 5 each. The options shall be granted at the market price if the market price is below Rs. 175 or at discount of 10% on market price if the market price is Rs. 175 or above. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date. The Company has not granted any options under the plan as on March 31, 2012.

Pro forma Disclosure

The Company follows the intrinsic value model for valuation of its options under the various plans. In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for associate stock option plans been recognized based on the fair value at the date of grant in accordance with Black-Scholes model, the pro forma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit after tax		
- as reported	18,851.43	18,702.80
- proforma profit	18,503.93	18,562.19
Earnings Per Share (in Rs.)		
Basic		
- As reported	18.98	18.87
- Pro forma	18.63	18.73
Diluted		
- As reported	18.92	18.74
- Pro forma	18.57	18.59

The fair value of options was estimated at the date of grant using the Black Scholes Model with the following assumptions:

Particulars	March 31, 2012			
ASOP	ASOP 2003		ASOP 2011	
Grand date	28-Apr-11	20-Jul-11	22-Oct-11	20-Jan-12
Risk-free interest rate	8.11%	8.22%	8.65%	8.11%
Expected life	2.5 to 6.5 Years	2.5 to 6.5 Years	2.5 to 6.5 Years	3.5 to 7.5 Years
Expected volatility	62.55%	61.54%	59.56%	60.24%
Expected dividend yield	1.37%	1.54%	1.54%	1.54%

The expected life of stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

5. Reserves and surplus

Particulars	March 31, 2012	March 31, 2011
Securities premium		
Opening balance	18,916.26	18,725.58
Add: Premium received on issue of shares under ESOP plans to employees	173.24	190.68
Closing balance	19,089.50	18,916.26
General reserve		
Opening balance	20,116.56	18,216.56

Add : Transferred from surplus balance in the statement of profit and loss account	1,900.00	1,900.00
Closing balance	22,016.56	20,116.56
Foreign currency translation reserve		
Opening balance	79.02	99.16
Add : Adjustment for the year	959.15	(20.14)
Closing balance	1,038.17	79.02
Surplus in the statement of profit and loss		
Opening balance	47,639.18	36,019.05
Loss taken over on de-merger of BPO divisions of Optimus (Refer Note 12.III (a))	(3,032.72)	-
Net Profit for the current year	18,851.43	18,702.80
Amount available for appropriation	63,457.89	54,721.85
Appropriations		
Dividend		
- Interim	1,987.62	-
- Final	2,984.11	4,465.02
Tax on dividend	806.54	717.65
Residual dividend	4.30	-
Amount transferred to General Reserve	1,900.00	1,900.00
Closing balance of surplus in the statement of profit and loss	55,775.32	47,639.18
TOTAL	97,919.55	86,751.02

6. Deferred tax liabilities / (assets)

Particulars	March 31, 2012	March 31, 2011
<i>Deferred Tax Liability</i>		
Fixed assets	1,324.06	902.99
<i>Deferred Tax Asset</i>		
Provision for doubtful debts	(482.71)	(686.54)
Gratuity	(494.35)	(452.95)
TOTAL	347.00	(236.50)

7. Long - term provisions

Particulars	March 31, 2012	March 31, 2011
Provision for employee benefits		
- Provision for gratuity	1,254.19	1,139.18
TOTAL	1,254.19	1,139.18

8. Short-term borrowings

Particulars	March 31, 2012	March 31, 2011
Unsecured		
Loans repayable on demand - from Banks	10,181.09	-
TOTAL	10,181.09	-

9. Other current liabilities

Particulars	March 31, 2012	March 31, 2011
Unclaimed dividends	78.48	62.70
Other payables:		
Superannuation payable	789.37	513.44
Advances received from customers	372.32	203.85
Billings in excess of revenues	4,251.44	3,076.81
Capital creditors	188.94	163.87
Dues under contractual obligations	14.20	878.11
Payable to Related parties #	3,463.57	1,496.81
Statutory dues	795.95	721.22
TOTAL	9,954.27	7,116.81

Also Refer Note – 20. Related parties transactions

10. Short-term provisions

Particulars	March 31, 2012	March 31, 2011
Provision for employee benefits		
- Provision for gratuity	280.42	256.87
- Provision for leave benefits	2,152.68	1,613.11
Others provisions		
- Proposed dividend	2,984.11	4,463.80
- Provision for tax on proposed dividend	484.10	724.14
TOTAL	5,901.31	7,057.92

11 FIXED ASSETS

SI No	Description	Cost						Depreciation and Amortisation						Net Book value	
		April 01, 2011	Asset acquired on de-merger **	Additions	Deletions	Other adjustments *	March 31, 2012	April 01, 2011	Depreciation reserve on de-merger **	For the year	Deletions	Other adjustments *	March 31, 2012	March 31, 2012	March 31, 2011
A														TANGIBLE ASSETS	
	Land	2,421.11	-	3,832.36	-	2.64	6,256.11	-	-	-	-	-	-	6,256.11	2,421.11
	Buildings	10,636.70	-	4,333.52	134.91	12.22	14,847.53	2,288.69	-	442.24	45.76	4.38	2,689.55	12,157.98	8,348.01
	Plant and machinery (including computer equipment & accessories)	16,251.47	1,915.80	3,472.83	520.67	41.63	21,161.06	13,278.80	1,550.19	1,835.86	520.36	27.67	16,172.16	4,988.90	2,972.67
	Electrical fittings	1,150.63	157.39	481.72	1.49	-	1,788.25	765.32	68.88	143.58	1.48	-	976.30	811.95	385.31
	Furniture and Fittings	3,880.21	219.27	663.29	17.33	22.34	4,767.78	2,439.17	158.12	421.21	17.32	15.25	3,016.43	1,751.35	1,441.04
	Office equipment	2,260.96	54.93	557.84	3.50	19.02	2,889.25	1,427.54	-	229.00	3.50	16.05	1,669.09	1,220.16	833.42
	Vehicles	1,000.68	-	1,019.47	60.78	-	1,959.37	209.33	-	372.53	15.94	-	565.92	1,393.45	791.35
	ASSETS UNDER LEASE						-	-	-	-	-	-	-	-	-
	Land	243.46	-	-	-	-	243.46	16.64	-	2.84	-	-	19.48	223.98	226.82
	Leasehold improvements	338.14	212.21	46.22	-	6.74	603.31	228.87	124.44	28.99	-	2.15	384.45	218.86	109.27
	Plant and machinery (including computer equipment, software and accessories)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vehicles	10.93	-	-	10.93	-	-	10.93	-	-	10.93	-	-	-	-
		SUB TOTAL (A)	38,194.29	2,559.60	14,407.25	749.61	104.59	54,516.12	20,665.29	1,901.63	3,476.25	615.29	65.50	25,493.38	29,022.74
B	INTANGIBLE ASSETS														
	Computer software	6,179.93	328.31	541.02	-	3.11	7,052.37	5,288.43	323.14	456.58	-	4.63	6,072.78	979.59	891.50
	Intellectual Property Rights	5,838.17	-	-	-	-	5,838.17	5,838.17	-	-	-	-	5,838.17	-	-
	SUB TOTAL (B)	12,018.10	328.31	541.02	-	3.11	12,890.54	11,126.60	323.14	456.58	-	4.63	11,910.95	979.59	891.50
	TOTAL (A+ B)	50,212.39	2,887.91	14,948.27	749.61	107.70	67,406.66	31,791.89	2,224.77	3,932.83	615.29	70.13	37,404.33	30,002.33	18,420.50
	Previous year ended March 31, 2011	46,485.15	-	3,965.68	232.56	(5.88)	50,212.39	29,312.08	-	2,643.65	159.87	(3.97)	31,791.89	18,420.50	

** Refer Note 12.III.(a)

* Other adjustments represents foreign exchange gain / loss on account of translation of foreign branches.

12. Non – Current Investments

I. TRADE INVESTMENTS – (Unquoted)

Particulars	March 31, 2012	March 31, 2011
Investments in Equity Instruments - Subsidiaries (At Cost, unless stated otherwise)		
Polaris Software Lab Pte Ltd A wholly owned subsidiary company incorporated in Singapore 385,000 ordinary shares of SGD 1 each fully paid up (March 31, 2011: 385,000 ordinary shares of SGD 1 each fully paid up)	94.60	94.60
Polaris Software Lab Limited A wholly owned subsidiary company incorporated in UK 889,000 equity shares of GBP 1 each fully paid up (March 31, 2011: 889,000 ordinary shares of GBP 1 each fully paid up)	617.50	617.50
Polaris Enterprises Solution Limited A wholly owned subsidiary company incorporated in India 9,000,000 equity shares of Rs 10 each fully paid up (March 31, 2011: 9,000,000 equity shares of Rs 10 each fully paid up)	900.00	900.00
Polaris Software Lab GmbH A wholly owned subsidiary company incorporated in Germany Common stock of 600,000 Euros fully paid up (March 31, 2011: Common stock of 600,000 Euros fully paid up)	261.99	261.99
Polaris Software Lab SA A wholly owned subsidiary company incorporated in Switzerland 35,000 equity shares of CHF 10 each fully paid up (March 31, 2011: 35,000 equity shares of CHF 10 each fully paid up)	112.76	112.76
Polaris Software Lab Pty Ltd A wholly owned subsidiary company incorporated in Australia 25,000 ordinary shares of AUD 1 each fully paid up (March 31, 2011: 25,000 ordinary shares of AUD 1 each fully paid up)	8.11	8.11
Polaris Software Lab Ireland Ltd A wholly owned subsidiary company incorporated in Ireland 176,186 ordinary shares of Euro 1 each fully paid up (March 31, 2011: 176,186 ordinary shares of Euro 1 each fully paid up)	88.96	88.96

Particulars	March 31, 2012	March 31, 2011
Polaris Software Lab Japan KK A wholly owned subsidiary company incorporated in Japan 400 ordinary shares of 50,000 yen each fully paid up (March 31, 2011: 400 ordinary shares of 50,000 yen each fully paid up)	79.04	79.04
Optimus Global Services Limited (Refer Note III. (a) below) A wholly owned subsidiary company incorporated in India 8,50,500 Equity shares of Rs 2 each fully paid up (March 31, 2011: 84,999,000 equity shares of Rs 2 each fully paid up)	-	1,699.99
Polaris Software Lab Canada Inc A wholly owned subsidiary company incorporated in Canada 296,350 ordinary share of CAD 1 each fully paid up (March 31, 2011: 296,350 ordinary shares of CAD 1 each fully paid up)	109.38	109.38
Laser Soft Infosystems Limited A wholly owned subsidiary company incorporated in India 7,803,838 equity shares of Rs 10 each fully paid up (March 31, 2011: 7,775,863 equity shares of Rs 10 each fully paid up)	5,201.06	5,201.06
Indigo Tx Software Private Limited A wholly owned subsidiary company incorporated in India 1,985,200 equity shares of Rs 2 each fully paid up (March 31, 2011: 1,012,450 equity shares of Rs 2 each fully paid up)	1,702.97	800.75
Polaris Software Lab Vietnam Co. Ltd (Vietnam) A wholly owned subsidiary company incorporated in Vietnam Charter capital of VND 900,000,000 (March 31, 2011: Charter capital of VND 900,000,000)	22.50	22.50
SFL Properties Private Limited (India) A wholly owned subsidiary company incorporated in India 1,000,000 equity shares of Rs 10 each fully paid up (March 31, 2011: 1,000,000 equity shares of Rs 10 each fully paid up)	984.52	984.52
IdenTrust Inc A subsidiary company incorporated in USA 10,066,952 share of Common stocks, par value of USD 0.001 (March 31, 2011: Nil)	8,812.50	-
Polaris Software Lab FZ-LLC A wholly owned subsidiary incorporated in Dubai 1500 Shares of AED 1000 each fully paid up (March 31, 2011: Nil)	203.70	-
Sonali Polaris FT Limited A Subsidiary company incorporated in Bangladesh 38,25,000 share of BDT 10 each (March 31, 2011: Nil)	238.76	-
Total -Equity Investment in Subsidiaries	19,438.35	10,981.16

Particulars	March 31, 2012	March 31, 2011
Investments in Equity Instruments - Associates (At Cost, less provision)		
NMS Works Software Private Limited A company incorporated in India 726,256 equity shares of Rs.10 each fully paid up (March 31, 2011: 725,756 equity shares of Rs.10 each fully paid up)	415.26	415.26
Less: Provision for diminution in value of investments	(415.00)	(415.00)
Adrenalin eSystems Limited (Refer Note III. (b) below A company incorporated in India 13,078,080 equity shares of Rs 5 each fully paid up (March 31, 2011: 13,078,080 equity shares of Rs 5 each fully paid up)	833.88	833.88
Total-Equity Investment in Associates	834.14	834.14
Investments in Preference shares - Subsidiaries (At cost)		
Optimus Global Services Limited (Refer Note III (a) below) 1,492,030,Optionally convertible 0% Preference shares of Rs 2 each fully paid up (March 31, 2011: 149,203,000 redeemable optionally convertible cumulative preference shares of Rs.2 each)	-	2,984.06
Total-Investment in preference shares in subsidiaries	-	2,984.06
Investments in Preference shares - Associates (At Cost)		
Adrenalin eSystems Limited 15,200,000 7% Cumulative Preference shares of Rs 5/- each (March 31, 2011: 15,200,000 7% cumulative preference shares of Rs 5/- each fully paid up)	760.00	760.00
NMS Works Software Private Limited 378,614, 12 % optionally convertible cumulative preference shares of Rs. 10 each fully paid up (March 31, 2011: 378,614,	233.04	233.04
Total - Investment in preference shares in associates	993.04	993.04
Total -Trade Investments	21,265.53	15,792.40

II. NON TRADE INVESTMENTS (Quoted)

Investments in bonds (AT COST)		
Indian Railway Finance Corporation 500 bonds (March 31, 2011: 500 bonds) Face value: Rs.100,000.00 per bond	500.00	500.00
State Bank of India Bond 10000 Bonds of face value Rs. 10000 each (March 31, 2011: Nil)	1,047.12	-
NHAI Bonds 12362 Bonds of face value Rs. 1000 each (March 31, 2011: Nil)	123.62	-

Particulars	March 31, 2012	March 31, 2011
8.10 % Hundo Tranche - 1 series Bonds		-
20000 bonds of Rs. 1000 each (March 31, 2011: Nil)	200.00	
Total -Non Trade Investments	1,870.74	500.00
TOTAL NON CURRENT INVESTMENTS	23,136.27	16,292.40
Aggregate amount of unquoted investments	21,265.53	15,792.40
Aggregate amount of quoted investments	1,870.74	500.00
Market value of quoted investments	1,895.54	511.60
Aggregate provision for diminution in value of investments	415.00	415.00

III. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

a. Scheme of Arrangement between Optimus Global Service Limited and the Company

Optimus Global Services Limited ("Demerged Company" or "Optimus") was incorporated on September 25, 2002 and is a subsidiary of the Company (99.94% holding). Optimus has two undertakings; Undertaking 1 is engaged in the business of facilitating procurement and sale of equipments and software products and Undertaking 2 ("demerged undertaking" or "BPO division") is engaged in the activity of Business Process Outsourcing (BPO).

The Company had entered into a Scheme of Arrangement with Optimus for the demerger of its BPO division into the Company with effect from October 1, 2011. The Scheme was approved by the Hon'ble High Court of Judicature of Madras on 20/07/2012. The Company has filed the order approved by High court order with the Registrar of Companies, Chennai (ROC) on October 5, 2012. The ROC has approved the said registration on October 9, 2012 and as of that date; the BPO division of Optimus has been demerged with the Company. The scheme has accordingly been given effect to in these financial statements with retrospective effect from October 1, 2011.

In accordance with the scheme the Company has accounted for the demerger as follows:

- (i) The Company has taken over net assets aggregating to Rs. 1,652.33 Lacs and accumulated losses of Rs.3,032.72 Lacs as on October 1, 2011. These have been transferred to and vested in the Company at the carrying values as appearing in the financial statements of the demerged undertaking.
- (ii) The Company has allotted to shareholders comprising 0.06% of the paid up equity share capital of the demerged Company on the record date, 1 equity share of Rs 5 each in the Company in respect of every 200 shares of Rs 2 each held by them in the demerged Company. Accordingly the company has issued 277 equity shares of Rs 5/- each, fully paid up to the shareholders of the demerged Company. These shares have not yet been allotted, accordingly the same has been disclosed as capital suspense account.
- (iii) The book value of net assets and accumulated losses taken over as per (i) above, after adjusting the aggregate value of the shares issued to the minority as per (ii) above, has been credited to the Company's investment in equity and preference capital of Optimus.

Further, consequent to the demerger scheme, there has been a reorganization of the share capital of Optimus. As per the reorganized capital structure, the Company holds 8,50,500 equity shares and 14,92,030 preference shares of Optimus on March 31, 2012.

- b. The Company's equity ownership interest in Adrenalin e-systems Limited is 40.25% as at March 31, 2012. Adrenalin e-Systems Limited ("ASL") is primarily engaged in the business of providing specific solutions relating to Human resource and payroll management. The Accumulated losses to the extent of Rs 2,861.31 Lacs on March 31, 2012, (Rs.2,936.33 Lacs – March 31, 2011) have eroded the Companies share of investment in the associate. The Company has started showing marginal profits over the last two years. The management is positive about the future outlook, see growing acceptance of the product among top players in the market, and is confident of recouping its losses and breaking even in the coming years. Accordingly, the management believes that there is no other than temporary diminution in the value of its investments in ASL and hence, it is stated at cost.
- c. The Company's equity ownership interest in NMS Works Software Private Limited ("NMS") is 36.54% as at March 31, 2012. NMS is primarily engaged in the business of designing network management in Telecommunication and Internet Services. NMS had been incurring losses since its inception accordingly the Company has determined and recorded a provision of Rs 415 Lacs in the earlier year for other than temporary diminution in the value of its equity investment in NMS. The Company has made significant profits in the current year and its accumulated losses as on March 31, 2012 have reduced to Rs 56.29 Lacs (Rs.267.42 Lacs – March 31, 2011)
- d. The Company has acquired 85.30% equity stake in IdenTrust Inc, a US based Global leader in trusted Identity solutions and one of the premier providers of digital identity authentication services with effect from April 27, 2011. The total consideration for the acquisition is Rs 8,813 Lacs.
- e. The Company has acquired the balance 49% equity stake in Indigo TX Software Private Limited, a SAAS Software developer on November 22, 2011 for a consideration of Rs. 902.22 Lacs. Consequently, Indigo TX became a 100% subsidiary of the company.
- f. During the current year, the Company has entered into a JV agreement with Sonali Bank to implement online real time core banking solution for Sonali bank and Bangladesh commerce bank, and offer services to other banks and financial institutions in Bangladesh. Accordingly, the Company has incorporated a subsidiary company with 51% holding, named Sonali Polaris FT limited in terms of the JV agreement.

13. Long-term loans and advances

Particulars	March 31, 2012	March 31, 2011
Capital Advances		
Unsecured, considered good	1,554.88	1,536.32
Security Deposits		
Unsecured, considered good	1,474.75	1,042.21
Loans and advances to related parties - (Also Refer Note – 20. Related parties transactions) Unsecured, considered good		
Optimus Global Services Limited	-	150.00
Loans to Employees Welfare Trust	443.64	468.64
Other loans and advances		
Unsecured, considered good		

Particulars	March 31, 2012	March 31, 2011
Advances recoverable in cash or in kind or for value to be received	139.94	49.50
Loans to employees	580.77	386.32
Advance income tax (Net of provision for tax)	3,083.45	2,296.78
MAT credit entitlement	1,416.47	1,354.98
TOTAL	8,693.90	7,284.75

14. Other Non-Current Assets

Particulars	March 31, 2012	March 31, 2011
Balance with Bank as Margin money or security against borrowings, guarantees or other commitments	1,500.00	-
TOTAL	1,500.00	-

15. Current investment

Particulars	March 31, 2012	March 31, 2011
NON TRADE INVESTMENT (Unquoted)		
Investments in Mutual Funds (At cost or market price whichever is less)		
Kotak Floater - LT - Daily Dividend Nil units (March 31, 2011: 17,891,779.88 units) Face value: Rs 10.00 per unit	-	1,802.39
UTI FIF - Series 2 - Qtly Interval Plan VI - Dividend Nil units (March 31, 2011: 5,000,538.153 units) Face value: Rs 10.00 per unit	-	500.05
Tata FIP Fund - Series B3 - IP - Quarterly Dividend Nil units (March 31, 2011: 23,997,672.822 units) Face value: Rs 10.00 per unit	-	2,400.11
UTI - F M P - Sep 10 - YS - IP - Growth Nil units (March 31, 2011: 3,000,000 units) Face value: Rs 10.00 per unit	-	300.00
ICICI Prudential Blended Plan - Option B - IP - Dividend Nil units (March 31, 2011: 28,964,400.236 units) Face value: Rs 10.00 per unit	-	2,898.61
IDFC Ultra Short Term Fund - Monthly Dividend Nil units (March 31, 2011: 48,347,251 units) Face value: Rs 10.00 per unit	-	4,840.83
IDFC Fixed Maturity Plan - Yearly Series 34 - Growth Nil units (March 31, 2011: 4,000,000 units) Face value: Rs 10.00 per unit	-	400.00
Reliance Money Manager Fund - IP - Daily Dividend Nil units (March 31, 2011: 119,835.65 units) Face value: Rs 1000.00 per unit	-	1,200.00
Birla Sun Life FTP - Series CF - Growth Nil units (March 31, 2011 : 8,572,348 units) Face value: Rs 10.00 per unit	-	857.23
DWS Treasury Fund - Investment - IP - Monthly Dividend Nil units (March 31, 2011: 3,002,888.24 units) Face value: Rs 10.00 per unit	-	301.54
HDFC Quarterly Interval Fund - Plan B - WP - Dividend Nil units (March 31, 2011: 2,996,326.924 units) Face value: Rs 10.00 per unit	-	300.03

Particulars	March 31, 2012	March 31, 2011
ICICI Prudential Interval Fund - Annual Interval III - IP - Growth Nil units (March 31, 2011: 4,999,100.162 units) Face value: Rs 10.00 per unit	-	500.00
ICICI Prudential Interval Fund - Annual Interval IV - IP - Growth Nil units (March 31, 2011: 1,715,751.456 units) Face value: Rs 10.00 per unit	-	200.00
ICICI Prudential Interval Fund - Half Yearly I - IP - Dividend Nil units (March 31, 2011: 7,194,317.32 units) Face value: Rs 10.00 per unit	-	719.52
ICICI Prudential Interval Fund - Half Yearly II - IP - Dividend Nil units (March 31, 2011: 7,277,151.317 units) Face value: Rs 10.00 per unit	-	727.79
ICICI Prudential Interval Fund II - Quarterly Interval - Plan D - IP - Dividend Nil units (March 31, 2011: 5,000,000 units) Face value: Rs 10.00 per unit	-	500.00
IDFC FMP - HYS 12 - Dividend Nil units (March 31, 2011: 10,000,000 units) Face value: Rs 10.00 per unit	-	1,000.00
IDFC Savings Advantage Fund - Monthly Dividend Nil units (March 31, 2011: 70,400,944 units) Face value: Rs 1,000.00 per unit	-	704.12
Kotak FMP 6 M Series 10 Nil Units (March 31, 2011: 4,000,000 units) Face value: Rs 10.00 per unit	-	400.00
Reliance Liquid Fund - Cash Plan - Daily Dividend Nil units (March 31, 2010: 1447.288 units) Face value: Rs 10.00 per unit	-	0.16
Reliance FHF 15 - Series 8 - Dividend Nil units (March 31, 2011: 4,001,898.87 units) Face value: Rs 10.00 per unit	-	400.19
Reliance FHF 15 - Series 9 - Dividend Nil units (March 31, 2011: 3,001,879.239 units) Face value: Rs 10.00 per unit	-	300.19
Reliance Fixed Horizon Fund XVI Series 1 - Growth Nil units (March 31, 2011: 6,000,000 units) Face value: Rs 10.00 per unit	-	600.00
Reliance FHF 16 - Series 2 - Growth Nil units (March 31, 2011: 2,000,000 units) Face value: Rs 10.00 per unit	-	200.00
UTI FIIF - Series 2 - Quarterly Interval Plan V - IP - Dividend Nil units (March 31, 2011: 7,027,544.924 units) Face value: Rs 10.00 per unit	-	702.75
Birla Sun Life Short Term Opportunities Fund - IP - Weekly Dividend Nil units (March 31, 2011: 15,440,967.87 units) Face value: Rs 10.00 per unit	-	1,547.24
Reliance RSF - Debt - IP - Growth 893,254.682 units (March 31, 2011: 893,254.682 units) Face value: Rs 10.00 per unit	111.43	112.26
Birla Sun Life Short Term FMP - Series 8 - Dividend Nil units (March 31, 2011 : 14,082,459 units) Face value: Rs 10.00 per unit	-	1,408.25
Birla Sun Life FTP - Series CW - Growth Nil units (March 31, 2011 : 18,750,372 units) Face value: Rs 10.00 per unit	-	1,875.04

Particulars	March 31, 2012	March 31, 2011
Templeton Floating Rate Income Fund - Super IP - Daily Dividend Nil units (March 31, 2011 : 22,399,099.811 units) Face value: Rs 10.00 per unit	-	2,244.08
DWS Money Plus Fund - IP - Daily Dividend Nil units (March 31, 2011: 2,987,464.554 units) Face value: Rs 10.00 per unit	-	301.11
Religare FMP - Series V - Plan C - Dividend Nil units (March 31, 2011: 4,000,000 units) Face value: Rs 10.00 per unit	-	400.00
Religare Credit Opportunities Fund - IP - Monthly Dividend Nil units (March 31, 2011: 3,996,948.525 units) Face value: Rs 10.00 per unit	-	406.62
Reliance FHF 18 - Series 2 - Growth Nil units (March 31, 2011: 5,000,000 units) Face value: Rs 10.00 per unit	-	500.00
Tata Floater Fund - Daily Dividend Nil units (March 31, 2011: 12,094,758.233 units) Face value: Rs 10.00 per unit	-	1,213.78
UTI Treasury Advantage Fund - IP - Daily Dividend Nil units (March 31, 2011: 29,993,578 units) Face value: Rs 1000.00 per unit	-	300.00
UTI FTIF - Series VIII - Plan 6 - Dividend Nil units (March 31, 2011: 2,000,000 units) Face value: Rs 10.00 per unit	-	200.00
ICICI Prudential Flexible Income Plan - Premium - Daily Dividend Nil units (March 31, 2011: 283,728.188 units) Face value: Rs 10.00 per unit	-	300.00
IDBI Ultra Short Term Fund - Daily Dividend Nil units (March 31, 2011: 12,145,265.102 units) Face value: Rs 10.00 per unit	-	1,214.52
IDFC FMP - YS 35 - Growth Nil units (March 31, 2011: 2,001,071.658 units) Face value: Rs 10.00 per unit	-	200.10
IDFC Fixed Maturity Plan - 100 Days Series - 1 - Dividend Payout Option Nil units (March 31, 2011: 3,000,000 units) Face value: Rs 10.00 per unit	-	300.00
SBI Magnum Income Fund - FRP - Savings Plus Bond - Daily Dividend Nil units (March 31, 2011: 9,945,296.01 units) Face value: Rs 10.00 per unit	-	1,000.22
ICICI Prudential Interval Fund II - Quarterly Interval - Plan C - IP - Dividend 1,001,548.89 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	1,000.18	-
Kotak Floater - ST - Daily Dividend 79,31,505 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	802.37	-
Religare FMP - Series VIII - Plan F - Dividend 2,000,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	200.00	-
HDFC FMP - 13M - Sep 2011 (18) - 1 - Quarterly Dividend 4,000,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	400.00	-
Birla Sun Life Dynamic Bond Fund - Ret - Monthly Dividend 8,552,511.69 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	924.99	-

Particulars	March 31, 2012	March 31, 2011
HDFC FMP - 13M - Sep 2011 (18) - 1 - Quarterly Dividend 2,999,990 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	300.00	-
ICICI Prudential Interval Fund - Annual Interval IV - IP - Growth 2,00,000 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	200.00	-
ICICI Prudential FMP - S 59 - 1 Year - Plan B - Dividend 1,715,751.456 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	200.00	-
ICICI Prudential Interval Fund - Annual Interval III - IP - Growth 9,626,047.95 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	1,002.09	-
IDFC FMP - YS 58 - Growth 4,001,511.527 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	400.15	-
IDFC SSIF - Short Term - Plan B - Monthly Dividend 5,882,081.713 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	614.12	-
Reliance Interval Fund - Monthly Series I - IP - Dividend 9,993,304.486 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	1,000.00	-
Reliance FHF 21 - Series 13 - Growth 2,167,840 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	216.78	-
Reliance FHF 21 - Series 2 - Growth 3,00,000 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	300.00	-
Religare FMP - Series XI - Plan A - Growth 3,00,000 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	300.00	-
Religare FMP - Series XI - Plan E - Growth 3,00,000 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	300.00	-
SBI Magnum DFS - 367 Days - 11 - Growth 3,00,000 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	300.00	-
Religare FMP - Series X - Plan E - Growth 3,00,000 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	300.00	-
Reliance Interval Fund - Monthly Series I - IP - Dividend 10,173,743 units (March 31, 2011: NIL units) Face value: Rs 10.05 per unit	1,018.05	-
Birla Sun Life Cash Plus - IP Prem - Daily Dividend 201,603 units (March 31, 2011: NIL units) Face value: Rs 100.00 per unit	202.00	-
Birla Sun Life Floating Rate Fund - STP - IP - Daily Dividend 10,66,505 units (March 31, 2011: NIL units) Face value: Rs 100.00 per unit	1,066.72	-
Birla Sun Life FTP - Series FA - Growth 100,00,000 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	1,000.00	-
ICICI Prudential Money Market Fund - Cash Option - Daily Dividend 3,01,798 units (March 31, 2011: NIL units) Face value: Rs 100.00 per unit	301.83	-

Particulars	March 31, 2012	March 31, 2011
IDFC FMP - YS 61 - Growth 2,190,133 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	219.01	-
IDFC FMP - YS 62 - Dividend 31,47,894 units (March 31, 2011: NIL units) Face value: Rs 10.00 per unit	314.80	-
Less: Provision for diminution in value of investments	(14.08)	(0.95)
	14,908.48	36,591.74

Aggregate amount of unquoted investments	14,908.48	36,591.74
Aggregate provision for diminution in value of investments	14.08	0.95

16. Trade receivables

Particulars	March 31, 2012	March 31, 2011
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured considered good	1,744.42	957.33
- Doubtful	1,488.07	2,115.34
Less: Allowance for bad and doubtful debts	(1,488.07)	(2,115.34)
	1,744.42	957.33
Other debts		
- Unsecured considered good	25,908.70	13,626.37
Less: Allowance for bad and doubtful debts	-	-
	25,908.70	13,626.37
TOTAL	27,653.12	14,583.70

(For balance due from related parties Refer Note – 20. Related parties transactions)

17. Cash and bank balances

Particulars	March 31, 2012	March 31, 2011
Cash and cash equivalent		
Cash on hand	1.31	0.47
Balance with banks		
- On Current & Deposit Accounts	7,764.49	6,496.45
Other bank balances		
- Unpaid dividend account	78.48	62.70
TOTAL	7,844.28	6,559.62

Balance with Bank as Margin money or security against borrowings, guarantees or other commitments*	1,500.00	-
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(Disclosed under non-current assets - Refer Note 14)

*Has been pledged as a security by the Company for availing non-fund based facilities from the banker. The deposit carries interest rate at 7.25% per Annum.

18. Short-term loans and advances

Particulars	March 31, 2012	March 31, 2011
Loans and advances to related parties #		
Unsecured, considered good	3,659.11	2,194.17
Others		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	2,237.58	860.00
Loans to employees	699.11	365.97
Salary advance	135.73	227.24
Input tax credit receivable	52.41	0.97
TOTAL	6,783.94	3,648.35

Loans and advances to related parties (Also Refer Note – 20. Related parties transactions)

19. Other current assets

Particulars	March 31, 2012	March 31, 2011
Revenues accrued and not billed	20,170.80	12,477.66
Other receivable	92.26	14.40
TOTAL	20,263.06	12,492.06

20. Related party transactions

List of related parties

<u>Subsidiaries</u>	
1. Polaris Software Lab Pte Limited, Singapore ('PSL Singapore')	12. Polaris Software Lab B.V, Netherlands*
2. Polaris Software Lab Canada Inc ('PSL Canada')	13. Polaris Software lab Limitada , Chile*
3. Polaris Software Lab Limited, UK ('PSL UK')	14. Polaris Software Lab Inc (Formerly 'Intellect SEEC Inc')**
4. Polaris Software Lab GmbH, Germany ('PSL Germany')	15. SEEC Technologies Asia Private Limited ***
5. Polaris Software Lab SA, Switzerland ('PSL Switzerland')	16. Polaris Software Lab (Shanghai) Limited ('PSL China') **
6. Polaris Software Lab FZ-LLC ('PSL Dubai')	17. Laser Soft Infosystems Limited, India ('Laser Soft')
7. Polaris Software Pty Ltd, Australia ('PSL Australia')	18. Indigo TX Software Pvt Ltd India ('Indigo TX')
8. Polaris Software Lab Ireland Ltd., Ireland ('PSL Ireland')	19. Polaris Software Lab Vietnam Co. Ltd, Vietnam ('PSL Vietnam')
9. Polaris Software Lab Japan KK, Japan ('PSL Japan')	20. Polaris Software Lab Sdn Bhd, Malaysia ('PSL Malaysia')**
10. Polaris Enterprise Solution Limited, India (Formerly Polaris Retail Infotech Limited) ('PESL')	21. SFL Properties Private Ltd, India ('SFL Properties')
11. Optimus Global Services limited ('Optimus')	22. Polaris Software Lab (Philippines) Company Inc.(' PSL Philippines')**
	23. IdenTrust Inc, US (' IdenTrust')
	24. Sonali Polaris FT Limited, Bangladesh

*Subsidiaries of Polaris Software Lab Limited, UK

** Subsidiaries of Polaris Software Lab Pte Limited, Singapore

*** Subsidiary of Intellect SEEC Inc., USA

<u>Associates</u>	
1.	NMS Works Software Private Limited (NMS)
2.	Adrenalin eSystems Limited (Adrenalin eSystems)
<u>Others</u>	
(a) Enterprises that directly, or indirectly through one or more intermediaries, control the Company and enterprise of which the Company is an associate	
1.	Polaris Holdings Private Limited
3.	Orbitech Employees Welfare Trust
2.	Orbitech Limited
(b) Key managerial person	
Mr. Arun Jain, Chairman and Managing Director	

Particulars	Subsidiaries		Associates		Others	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
BALANCE DUE FROM RELATED PARTIES						
Receivables - Trade debts						
Indigo TX	-	141.58	-	-	-	-
PSL Australia	125.33	94.65	-	-	-	-
PSL Japan	188.18	117.30	-	-	-	-
PSL Malaysia	-	-	-	-	-	-
PSL Singapore	2,371.21	601.14	-	-	-	-
PSL Canada	185.19	44.46	-	-	-	-
PSL Germany	34.01	19.91	-	-	-	-
PSL Inc	54.32	47.62	-	-	-	-
PSL UK	2,816.70	1,339.64	-	-	-	-
	5,774.94	2,406.30	-	-	-	-
Receivables - Loan to Group Companies						
Optimus	-	150.00	-	-	-	-
Loans and advances to related parties						
Laser Soft	797.67	287.25	-	-	-	-
Indigo TX	44.49	-	-	-	-	-
Optimus	76.50	2.35	-	-	-	-
PESL	419.75	239.66	-	-	-	-
SFL	518.44	518.30	-	-	-	-
PSL Australia	38.53	19.55	-	-	-	-
PSL China	1.41	1.17	-	-	-	-
PSL Malaysia	17.80	-	-	-	-	-
PSL Singapore	-	57.24	-	-	-	-
PSL Canada	1,129.15	715.45	-	-	-	-
PSL Chile	9.16	-	-	-	-	-
PSL Dubai	2.72	-	-	-	-	-
PSL Inc	192.52	-	-	-	-	-
SEEC Asia	-	2.11	-	-	-	-
PSL Ireland	72.83	76.05	-	-	-	-
PSL Netherland	39.63	24.54	-	-	-	-
PSL Switzerland	51.52	121.59	-	-	-	-
Adrenalin eSystems	-	-	246.99	128.90	-	-
Orbitech Employee Welfare Trust	-	-	-	-	443.64	468.64
	3,412.12	2,065.26	246.99	128.90	443.64	468.64
Receivables - Other advances						
PSL Dubai	250.35	-	-	-	-	-

Particulars	Subsidiaries		Associates		Others	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
BALANCE DUE TO RELATED PARTIES						
Payables						
Optimus	-	60.69	-	-	-	-
PSL Japan	1.49	75.20	-	-	-	-
PSL Malaysia	-	-	-	-	-	-
PSL Singapore	284.88	75.88	-	-	-	-
PSL Germany	70.06	53.44	-	-	-	-
SEEC Asia	114.93	-	-	-	-	-
PSL UK	2,878.08	1,231.60	-	-	-	-
Adrenalin eSystems	-	-	114.12	-	-	-
	3,349.45	1,496.81	114.12	-	-	-
Other payables						
Indigo TX	161.21	-	-	-	-	-
Laser Soft	37.40	915.50	-	-	-	-
Optimus	-	3.61	-	-	-	-
PSL Malaysia	25.37	-	-	-	-	-
PSL Canada	-	13.99	-	-	-	-
PSL Dubai	48.91	-	-	-	-	-
PSL Inc	0.61	0.54	-	-	-	-
SEEC Asia	-	153.24	-	-	-	-
PSL Switzerland	90.49	-	-	-	-	-
Adrenalin eSystems	-	-	-	1.34	-	-
	363.99	1,086.87	-	1.34	-	-
INVESTMENTS						
Indigo TX	1,702.97	800.75	-	-	-	-
Laser Soft	5,201.06	5,201.06	-	-	-	-
Optimus	46.85	4,684.05	-	-	-	-
PESL	900.00	900.00	-	-	-	-
SFL	984.53	984.53	-	-	-	-
PSL Australia	8.11	8.11	-	-	-	-
PSL Japan	79.04	79.04	-	-	-	-
Sonali Polaris FT	238.76	-	-	-	-	-
PSL Singapore	94.60	94.60	-	-	-	-
PSL Vietnam	22.50	22.50	-	-	-	-
PSL Canada	109.38	109.38	-	-	-	-
PSL Dubai	203.70	-	-	-	-	-
PSL Germany	261.99	261.99	-	-	-	-
IdenTrust	8,812.50	-	-	-	-	-
PSL Ireland	88.96	88.96	-	-	-	-
PSL Switzerland	112.76	112.76	-	-	-	-
PSL UK	617.50	617.50	-	-	-	-
Adrenalin eSystems	-	-	1,593.88	1,593.88	-	-
NMS	-	-	648.30	648.30	-	-
	19,485.19	13,965.22	2,242.18	2,242.18	-	-
Provision for investments						
NMS	-	-	415.00	415.00	-	-
TRANSACTIONS DURING THE YEAR						
Advances/Loan given						
Laser Soft	1,663.42	400.00	-	-	-	-
Optimus	130.00	33.69	-	-	-	-
PESL	-	55.00	-	-	-	-
SFL	518.19	518.19	-	-	-	-
SEEC Asia	-	18.63	-	-	-	-
Adrenalin eSystems	-	-	180.00	34.30	-	-
NMS	-	-	100.00	50.00	-	-
	2,311.61	1,025.51	280.00	84.30	-	-

Particulars	Subsidiaries		Associates		Others	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
Advances/Loan repaid						
Optimus	130.00	50.00	-	-	-	-
PESL	-	45.00	-	-	-	-
PSL Canada	-	117.55	-	-	-	-
Adrenalin eSystems	-	-	125.00	-	-	-
NMS	-	-	103.33	51.32	-	-
Orbitech Employee Welfare Trust	-	-	-	-	-	29.66
	130.00	212.55	228.33	51.32	-	29.66
Software development service income						
Indigo TX	-	160.77	-	-	-	-
Optimus	-	3.39	-	-	-	-
PSL Australia	5,072.13	4,692.88	-	-	-	-
PSL Japan	4,197.41	3,051.81	-	-	-	-
PSL Singapore	1,856.97	1,696.21	-	-	-	-
PSL Canada	435.87	395.32	-	-	-	-
PSL Germany	1,052.99	1,397.08	-	-	-	-
IdenTrust	77.70	-	-	-	-	-
PSL Inc	-	47.95	-	-	-	-
PSL Switzerland	-	110.64	-	-	-	-
PSL UK	19,754.43	14,460.66	-	-	-	-
Citibank and its branches	-	-	-	-	-	13,350.93
	32,447.49	26,016.71	-	-	-	13,350.93
Software development expenses						
Indigo TX	139.24	-	-	-	-	-
Laser Soft	1,745.60	150.16	-	-	-	-
Optimus	54.77	225.91	-	-	-	-
PSL Australia	3,812.55	3,267.99	-	-	-	-
PSL Japan	3,504.25	2,319.76	-	-	-	-
PSL Malaysia	25.63	-	-	-	-	-
PSL Singapore	2,988.60	2,240.60	-	-	-	-
PSL Canada	259.21	147.83	-	-	-	-
PSL Dubai	143.13	-	-	-	-	-
PSL Germany	850.21	758.85	-	-	-	-
PSL Inc	-	22.80	-	-	-	-
SEEC Asia	483.91	-	-	-	-	-
PSL Switzerland	287.48	219.69	-	-	-	-
PSL UK	13,383.57	11,019.97	-	-	-	-
Adrenalin eSystems	-	-	50.30	122.20	-	-
	27,678.15	20,373.56	50.30	122.20	-	-
Reimbursement of expenses to the Company						
Indigo TX	44.49	-	-	-	-	-
Laser Soft	720.79	-	-	-	-	-
Optimus	-	86.52	-	-	-	-
PESL	124.78	140.73	-	-	-	-
SFL	-	0.11	-	-	-	-
PSL Australia	-	10.70	-	-	-	-
PSL Japan	25.15	46.45	-	-	-	-
PSL Singapore	70.92	770.03	-	-	-	-
PSL Canada	1,367.96	762.57	-	-	-	-
PSL Dubai	97.54	-	-	-	-	-
PSL Germany	-	2.28	-	-	-	-
PSL Inc	153.06	-	-	-	-	-
SEEC Asia	-	28.54	-	-	-	-
PSL Ireland	8.47	57.00	-	-	-	-

Particulars	Subsidiaries		Associates		Others	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
PSL Netherland	13.13	6.55	-	-	-	-
PSL Switzerland	372.26	7.97	-	-	-	-
PSL UK	87.69	64.84	-	-	-	-
Adrenalin eSystems	-	-	65.48	131.25	-	-
	3,086.25	1,984.29	65.48	131.25	-	-
Reimbursement of expenses by the Company						
PSL Australia	15.09	1.81	-	-	-	-
PSL Japan	59.32	4.37	-	-	-	-
PSL Singapore	-	934.84	-	-	-	-
PSL Germany	-	5.25	-	-	-	-
SEEC Asia	49.75	14.04	-	-	-	-
PSL Ireland	41.43	3.47	-	-	-	-
PSL Switzerland	-	1.11	-	-	-	-
PSL UK	1,121.31	783.51	-	-	-	-
Adrenalin eSystems	-	-	78.27	-	-	-
	1,286.90	1,748.40	78.27	-	-	-
Interest income						
Optimus	5.26	12.09	-	-	-	-
PSL Canada	-	0.68	-	-	-	-
NMS	-	-	3.33	1.32	-	-
	5.26	12.77	3.33	1.32	-	-
Rental income						
SEEC Asia	61.40	20.70	-	-	-	-
Investments						
Indigo TX	902.22	800.75	-	-	-	-
SFL	-	984.53	-	-	-	-
Sonali Polaris FT	238.76	-	-	-	-	-
PSL Vietnam	-	22.50	-	-	-	-
PSL Dubai	203.70	-	-	-	-	-
IdenTrust	8,812.50	-	-	-	-	-
NMS	-	-	-	80.80	-	-
	10,157.18	1,807.78	-	80.80	-	-
Remuneration to Managing Director/Executive Director	-	-	-	-	0.74	25.15

21. Commitments and contingent Liabilities

- i. The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at March 31, 2012 is Rs.1,369 Lacs (March 31, 2011 : Rs 3,171 Lacs).
- ii. Claims against the Company, not acknowledged as debts includes:
 1. Demand from Indian income tax authorities as at March 31, 2012 is Rs 10,828.42 Lacs (March 31, 2011: Rs. 755 Lacs) The Company is contesting these demands at various higher appellate levels and the Company believes that the final outcome of the dispute will be in favour of the company and will not have any material impact on the financial results of the Company.
 2. Sales Tax demand from Commercial Tax Officer Chennai as at March 31, 2012 is Rs. 520 Lacs (March 31, 2011: Rs.520 Lacs);
 3. Sales Tax demand from Commercial Tax Officer, Hyderabad as at March 31, 2012 is Rs 98 Lacs (March 31, 2011: Rs 98 Lacs); and
 4. Service tax demand from Commissioner of Central Excise, Chennai as at March 31, 2012 is Rs 32 Lacs (March 31, 2011: Rs. 32 Lacs)

The Company is contesting the demands raised by the respective tax authorities, and the management, including its tax advisers, believes that its position will likely be upheld in the appellate process and ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

- iii. The Company is also involved in other law suit and claims including suits filed by former employees, which arise in the ordinary course of business. However there are no such matters pending that the Company expects to be material in relation to its business.

22. Hedging of foreign currency exposures

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to forecasted transactions. The Company does not use forward contracts for speculative purposes.

The following are the outstanding Forward Exchange Contracts entered into by the Company as at March 31, 2012 including forward cover taken for forecasted revenue receivable transactions:

Particulars (USD and INR)	As at March 31, 2012	As at March 31, 2011
Number of contracts	117	97
US \$ Equivalent	2,180	1,920
INR Equivalent	109,569	94,516

The period end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	As at March 31, 2012		As at March 31, 2011	
		Amount in Foreign currency	Rs. in Lacs	Amount in Foreign currency	Rs. in Lacs
Amounts receivable in foreign currency	USD	234.94	11,953.52	176.41	7867.88
	GBP	5.51	449.17	4.49	322.66
	EUR	4.72	320.50	3.18	201.27
	AUD	1.10	58.16	0.77	35.32
	SAR	0.47	6.40	-	-
	SGD	0.52	21.09	1.96	69.25
	CHF	4.27	240.48	7.18	350.23
	CAD	22.84	1,165.78	9.13	419.94
	CLP	85.43	9.16	-	-
	VND	36,389.26	90.97	-	-
	MYR	1.07	17.80	-	-
	CNY	0.17	1.41	0.17	1.17
	AED	0.20	2.72	1.57	19.07
Amounts payable in foreign currency	USD	70.06	3,564.74	76.61	3416.92
	GBP	27.57	2,245.91	11.41	819.12
	EUR	3.94	267.54	1.12	70.75
	SGD	7.05	285.45	2.79	98.62
	CHF	0.06	3.41	0.09	4.45
	JPY	2.41	1.49	139.72	75.20

23. Revenue from operations

Particulars	March 31, 2012	March 31, 2011
Revenue from Software development services & products		
Related to products	32,747.69	20,745.69
Related to services	143,461.62	116,850.75
Other operating revenues		
Rent recovery		842.25
Commission Income		67.23
TOTAL	176,209.31	138,505.92

24. Other Income

Particulars	March 31, 2012	March 31, 2011
<i>Interest Income</i>		
Interest received on deposits with banks	121.37	23.91
Interest on others	164.82	77.35
<i>Dividend Income</i>		
Dividends received on current investments - mutual funds	1,226.05	1,778.68
<i>Net gain/(Loss) from sale of investments</i>		
Profit on sale of current investments, net	403.81	46.13
Adjustments to the carrying amount of investments;	(14.08)	(0.95)
<i>Other non-operating Income</i>		
Miscellaneous income, Net	124.76	120.75
Profit / (loss) on sale of Fixed assets, net	1,512.86	1,029.89
Foreign exchange fluctuation	-	2,281.93
TOTAL	3,539.59	5,357.69

25. Details of expenses

Particulars	March 31, 2012	March 31, 2011
EMPLOYEE BENEFITS EXPENSES		
Salaries and incentive		
Salaries and bonus	111,374.94	86,608.60
Cost of technical sub-contractors	8,218.08	7,944.91
Contribution to -		
(i) Provident fund	2,108.44	1,565.85
Particulars	March 31, 2012	March 31, 2011
(ii) Superannuation scheme	822.23	534.84
(iii) Other funds	1,873.12	1,509.74
Gratuity contribution scheme	583.75	379.60
Social security and other benefit plans for overseas employees	78.00	85.15
Staff welfare expenses	3,530.41	3,058.93
	128,588.97	101,687.62

OTHER EXPENSES		
Payment to the auditors		
- auditor	49.00	44.00
- for other services	5.70	5.00
- for reimbursement of expenses	2.11	1.70
Cost of software packages, hardware, consumable and maintenance	3,203.87	1,142.54
Travelling expenses	6,485.92	5,903.25
Communication expenses	1,652.61	1,114.06
Professional and Legal charges	2,585.87	2,214.38
Power and fuel	1,719.25	1,300.01
Rent	1,948.96	1,340.89
Repairs - Plant and machinery	1,172.37	926.48
Repairs - Building	95.75	47.96
Repairs - Others	659.72	392.97
Business promotion	634.86	754.67
Office maintenance	792.56	544.31
Provision for doubtful debts	243.65	279.62
Bad debts / advances written off	842.29	1,036.96
Less: Out of provisions for earlier years	842.29 -	1,036.96 -
Insurance	187.40	180.01
Printing and stationery	222.32	142.01
Rates and taxes excluding Taxes on Income	179.49	108.65
Donations	219.86	194.43
Directors' sitting fees	10.80	8.65
Advertisements	21.57	7.57
Bank charges and commission	69.82	34.21
Miscellaneous expenses	549.84	1,227.19
Net Loss on foreign currency transaction and translation (other than considered as finance cost)	756.43	-
	23,469.73	17,914.56
FINANCE COSTS		
Interest Expenses	109.11	-
	109.11	-

26. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

As at March 31, 2012, the Company had no outstanding dues to Micro and Medium enterprises (for March 31, 2011: Rs Nil). The list of Micro and Medium enterprises was determined by the Company on the basis of information available with the Company. The Company also had no outstanding dues that require to be furnished under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

27. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund.

The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Particulars	March 31, 2012	March 31, 2011
Obligations at the beginning of the year	1,699.38	1,480.45
Obligation at beginning of the year for BPO division of Optimus	11.98	
Current service cost	495.14	325.49
Interest cost	138.85	107.52
Actuarial (gain) / losses	(4.60)	(38.34)
Benefits paid	(187.66)	(175.74)
Obligations at the end of the year	2,153.09	1,699.38
Change in plan assets		
Plan assets at year beginning, at fair value	303.33	23.02
Expected return on plan assets	39.46	12.18
Actuarial gain / (loss)	6.18	2.89
Contributions	457.15	440.98
Benefits paid	(187.66)	(175.74)
Plan assets at the end of the period, at fair value	618.47	303.33
Fair Value of plan assets at the end of the period	618.48	303.33
Present value of defined benefit obligations at the end of the period	(2,153.09)	(1,699.38)
Asset/(Liability) recognized in the balance sheet	(1,534.62)	(1,396.05)
Gratuity cost for the period		
Current service cost	495.14	325.49
Interest cost	138.85	107.52
Expected return on plan assets	(39.46)	(12.18)
Actuarial (gain) / losses	(10.78)	(41.23)
Net gratuity cost	583.75	379.60
Experience adjustments on plan liabilities	(4.60)	(38.34)
Experience adjustments on plan assets	6.18	2.89
Actual return on plan assets	45.64	15.07
Assumptions:		
Discount rate	8.56% / 8.57%*	7.98%
Estimated return on plan assets	8.56% / 0.00%*	7.98%
Employee turnover	16 % / 50%*	16%

*Pertains to the BPO division of Optimus demerged into the Company w.e.f from October 1, 2011. Refer Note 12.II (a).

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
The present value of defined benefit obligation	1,480.05	1,318.28	974.55
Fair value of plan assets	23.02	15.10	21.09
Surplus/(deficit)	(1,457.43)	(1,303.18)	(953.46)
The experience adjustment on plan liabilities.	(64.29)	(19.44)	(18.87)

The amount expected to be contributed to the gratuity fund in the next financial year is Rs. 279.53 Lacs.

The funds are invested in the form of a prescribed insurance policy with ICICI prudential and Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

28. Lease payments

The Company has taken certain offices and residential premises for the employees under operating leases, which expires at various dates in future years. There are no restrictions imposed by the lease arrangements. The minimum lease rental payments to be made in respect of these leases are as follows.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Lease payments for the period	1,444.01	974.08
Minimum Lease Payments :		
Not later than one year	1,498.78	1,026.43
Later than one year and not later than five years	2,173.84	1,311.09
Later than five years	931.20	-
Total	4,603.82	2,337.52

29. Segment reporting

The Company's operations predominantly relate to providing IT services to customers operating in various industry segments globally. Accordingly, IT service revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is based on the geographical location of customers.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments.

Business (primary) segments of the Company are:

- a) Banking and financial services; and
- b) Emerging verticals

Revenue and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other costs, wherever allocable, are apportioned to the segments on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company believes that it is not practicable to provide segment disclosures relating to such expenses, and accordingly such expenses are separately disclosed as 'unallocated' and directly charged against total income.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Customer relationships are driven based on the location of the respective client. The geographical segments comprise:

- a) Americas;
- b) Europe;
- c) ANZ & Asia Pacific; and
- d) India and Middle East

Primary segment information

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Segment revenues		
Banking and financial services	167,020.00	130,156.66
Emerging verticals	9,189.31	8,349.26
	176,209.31	138,505.92
Surplus		
Banking and financial services	43,024.00	28,813.69
Emerging verticals	1,588.70	1,324.86
	44,612.70	30,138.55
Finance charges	(109.11)	--
Other unallocable expenditure net of unallocable income	(20,855.32)	(8,520.78)
Profit before taxation	23,648.26	21,617.77
Income taxes including deferred tax and fringe benefit tax	(4,796.83)	(2,914.99)
Profit after taxation	18,851.43	18,702.78

Secondary segment information

Region	Year ended March 31, 2012	Year ended March 31, 2011
Segment revenues		
Americas	81,263.27	78,911.51
Europe	39,920.53	29,769.38
ANZ & Asia Pacific	15,986.42	12,233.80
India	39,039.09	17,591.23
TOTAL	176,209.31	138,505.52

Revenues by geographic area are based on the geographic location of the customer.

30. Value of imports calculated on CIF basis

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Capital goods	1,508.82	1,308.14

31. Expenditure in foreign currency (accrual basis)#

Rs. in Lacs		
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Employee benefit expense	64,479.69	53,304.99
Travelling expense	2,530.41	3,793.95
Communication expense	418.23	412.24
Professional and legal charges	446.74	417.65
Business promotion	416.07	313.40
Rent	301.32	281.53
Repairs & maintenance	67.25	15.25
Others	1,276.78	1,673.49
TOTAL	69,936.49	60,212.50

includes the expenses of foreign branch operations

32. Earning in foreign currency (accrual basis)#

Particulars	Rs. in Lacs	
	Year ended March 31, 2012	Year ended March 31, 2011
Income from software development services and products	153,342.39	124,066.02

includes the foreign branch operations

33. Earnings per Share ("EPS")

Reconciliation of basic and diluted shares used in computing EPS:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
(i) Weighted average number of equity shares outstanding during the year – Basic.	99,323,973	99,100,729
Add: Effect of dilutive issue of stock options to be converted	334,900	724,391
(ii) Weighted average number of equity shares outstanding during the year – Diluted	99,658,873	99,825,120
(iii) The net profit for the period attributable to equity shareholders – for basic and diluted	18,851.43	18,702.80
<u>Earnings per Share (In Rs)</u>		
Basic earnings per share (iii)/(i)	18.98	18.87
Diluted earnings per share (iii)/(ii)	18.92	18.74

34. Prior year Comparatives

Till the year ended March 31, 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for the preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. As stated in Note 12.III (a), in view of the Scheme of Arrangement between the demerged undertaking and the Company with effect from October 1, 2011, the figures for the year ended March 31, 2012 are not comparable with those for the year ended March 31, 2011.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration No: 101049W

per Subramanian Suresh

Partner

Membership No: 083673

Chennai

October 12, 2012

Arun Jain

Chairman & Managing Director

Natarajan Narayanasamy

Group Chief Financial Officer

Chennai

October 12, 2012

For and on behalf of the Board of Directors of

Polaris Financial Technology Limited

R.C.Bhargava

Director

B.Muthusubramanian

Senior Vice President –
Finance & Company
Secretary

**POLARIS FINANCIAL TECHNOLOGY LIMITED
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012**

(All amounts are denominated in INR and expressed in Lacs, unless otherwise stated)

Auditors' Report

The Board of Directors

Polaris Financial Technology Limited

1. We have audited the attached consolidated balance sheet of Polaris Financial Technology Limited ("the Company"), its subsidiaries and associates (together referred to as "the Polaris group"), as at March 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements prepared under the generally accepted accounting principles in India reflect in relation to the amounts considered in the consolidated financial statements; total assets of Rs. 33,536.68 Lacs as at March 31, 2012, the total revenue of Rs. 28,705.83 Lacs and net cash inflow amounting to Rs. 5,233.49 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of such subsidiaries, is based solely on the report of other auditors.
4. We did not audit the financial statements of certain associates, whose financial statements reflect accumulated losses of Rs. 2,917.60 as at March 31, 2012 and a net profit of Rs. 286.15 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. The profit for the year ended March 31, 2012 does not include any share of profit/loss from these associates, as losses to the extent of equity investment had already been absorbed in the consolidated financial statements of the previous years.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
6. Based on our audit and on consideration of reports of branch and other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Polaris Group as at March 31, 2012;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm registration number: 101049W

per Subramanian Suresh

Partner

Membership No.: 083673

Place: Chennai

Date: October 12, 2012

Polaris Financial Technology Limited
(Formerly known as Polaris Software Lab Limited)
Consolidated Balance Sheet as at March 31, 2012

			Rs. in Lacs
Particulars	Notes	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	4	4,972.10	4,959.78
Reserves and surplus	5	116,558.25	98,294.73
Share capital suspense	4&13.III (a)	1.01	-
		121,531.36	103,254.51
SHARE APPLICATION MONEY PENDING ALLOTMENT	4	2.82	-
MINORITY INTEREST		223.03	255.17
NON-CURRENT LIABILITIES			
Long - term borrowings	6	233.95	-
Deferred tax liabilities (Net)	7	356.23	9.50
Long - term provisions	8	1,320.78	1,176.39
CURRENT LIABILITIES			
Short - term borrowings	9	10,181.09	572.04
Trade payables		19,903.48	18,689.05
Other current liabilities	10	18,082.74	9,098.57
Short-term provisions	11	6,973.22	7,668.56
TOTAL		178,808.70	140,723.79
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	12		
- Tangible assets		32,935.27	21,540.58
- Intangible assets		1,276.74	1,288.89
- Capital work-in-progress		3,715.21	5,032.93
- Intangible assets under development		386.12	22.45
		38,313.34	27,884.85
Non-current investments	13	3,120.06	1,749.32
Deferred tax assets (Net)	14	479.49	943.40
Long-term loans and advances	15	10,511.15	8,976.70
Other non-current assets	16	1,500.00	-
Goodwill	13.IV	18,147.09	6,440.33
CURRENT ASSETS			
Current investments	17	14,908.47	36,680.18
Trade receivables	18	37,224.51	22,718.54
Cash and bank balance	19	20,743.58	14,225.44
Short-term loans and advances	20	4,665.37	2,704.49
Other current assets	21	29,195.64	18,400.54
TOTAL		178,808.70	140,723.79
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements			
As per our report of even date.			

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants
Firm Registration number: 101049W

per Subramanian Suresh
Partner
Membership No. 083673

Chennai
October 12, 2012

Arun Jain
Chairman & Managing Director

Natarajan Narayanasamy
Group Chief Financial Officer
Chennai
October 12, 2012

For and on behalf of directors of
Polaris Financial Technology Limited

R.C.Bhargava
Director

B. Muthusubramanian
Senior Vice President -
Finance & Secretary

Polaris Financial Technology Limited

(Formerly known as Polaris Software Lab Limited)

Consolidated Statement of Profit and Loss Account for the year ended March 31, 2012

		Rs. in Lacs	
Particulars	Note	March 31, 2012	March 31, 2011
Revenue from operations	25	204,915.14	159,542.63
Other income	26	5,142.09	5,751.66
Total Revenue		210,057.23	165,294.29
Expenses			
Employee benefit expenses	27	144,164.60	112,416.92
Other expenses	28	32,655.51	25,661.60
Finance costs	29	170.55	34.00
Depreciation and amortization expenses	12	4,723.07	3,365.86
Total Expenses		181,713.73	141,478.38
Profit before tax		28,343.50	23,815.91
TAX EXPENSES			
Income taxes - Current tax		6,542.32	4,616.97
- Deferred tax		815.50	(441.64)
- MAT credit entitlement		-	(587.23)
- MAT credit entitlement (Earlier years)		(1,057.53)	-
Profit for the year before Minority interest adjustment		22,043.21	20,227.81
Minority Interest		(27.65)	(18.16)
Profit for the year		22,070.86	20,245.97
Earnings per share (In Rs.) - (equity shares par value Rs 5 each)	30		
Basic		22.22	20.43
Diluted		22.15	20.28
Number of shares used in computing earnings per share			
Basic		99,323,973	99,100,729
Diluted		99,658,873	99,825,120
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements			
As per our report of even date.			

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration number: 101049W

per Subramanian Suresh

Partner

Membership No. 083673

Chennai

October 12, 2012

For and on behalf of directors of

Polaris Financial Technology Limited

Arun Jain

Chairman & Managing

Director

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Group Chief Financial Officer

Chennai

October 12, 2012

B. Muthusubramanian

Senior Vice President -
Finance & Secretary

Polaris Financial Technology Limited

(Formerly known as Polaris Software Lab Limited)

Consolidated cash flows statement for the year ended March 31, 2012

	Rs. in Lacs	
Particulars	March 31, 2012	March 31, 2011
Cash flows from operating activities		
Profit before taxation	28,343.50	23,815.91
Adjustments for:		
Depreciation and amortisation	4,723.07	3,365.86
Interest income	(465.73)	(240.56)
Dividend income	(1,244.05)	(1,778.69)
Unrealised exchange (gain) / loss	(1,224.27)	672.92
Exchange difference on translation of foreign operations	1,807.31	669.16
(Profit) / Loss on sale of fixed assets	(2,397.84)	(1,061.16)
(Profit) / Loss on sale of Investments	(389.73)	(51.10)
Provision for doubtful debts	(399.06)	(771.57)
Bad debts written off	842.29	1,139.56
Interest expenses	170.55	-
Changes in assets and liabilities		
Decrease / (Increase) in trade receivable	(14,276.44)	(5,839.24)
Decrease / (Increase) in loans and advances and other assets	(13,133.30)	(7,759.68)
Increase / (Decrease) in liabilities and provisions	5,344.35	3,887.25
Net Taxes paid / Refund received	(5,845.71)	(5,346.27)
Net cash from operating activities	1,854.94	10,702.39
Cash flows from Investing activities		
Purchase of fixed assets, changes in capital work in progress and capital advance	(14,704.54)	(9,413.92)
Proceeds from sale of fixed assets	2,622.31	1,189.73
Acquisition of subsidiaries & Investment in Associates # (Purchase) / sale proceeds of other long term investments	(10,158.18)	(1,888.58)
	-	(250.70)
Net decrease/(Increase) in non-trade investments	20,790.67	942.69
Investment in long-term term deposits	(1,500.00)	-
Interest received	465.73	240.56
Dividend received	1,244.05	1,778.69
Net cash used in investing activities	(1,239.96)	(7,401.53)
Cash flows from financing activities		
Proceeds from share capital issued on exercise of stock options	12.32	11.72
Proceeds from share premium on exercise of stock options	178.77	190.68
Receipt of share application money	2.82	-
Proceeds / (Repayment) of loans	10,274.82	326.44
Interest expenses	(170.55)	-
Dividends paid during the year	(6,439.35)	(1,735.15)
Dividend tax paid during the year	(1,047.18)	(287.84)
Net cash used in financing activities	2,811.65	(1,494.15)
Exchange differences on translation of foreign currency cash and cash equivalents	198.78	(270.41)
Net increase / (decrease) in cash and equivalents during the year	3,625.41	1,536.30

Particulars	March 31, 2012	March 31, 2011
Cash balance of subsidiaries on acquisitions	2,892.73	317.01
Cash and cash equivalents at the beginning of the year	14,225.44	12,372.13
Cash and cash equivalents at the end of the year	20,743.58	14,225.44
Components of Cash and cash equivalents		
(Refer Note - 19 cash and bank balance)		
(a) Cash on hand	36.08	10.99
(b) Balance with banks		
- On current account	12,807.87	10,194.88
- On deposit account	7,821.15	3,956.87
- On unpaid dividend account *	78.48	62.70
	20,743.58	14,225.44

Refer Note - 13. III - Investment in subsidiaries and associates

* The balance in unpaid dividend account was Rs 78.48 (March 31, 2011: Rs 62.70) which are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration number: 101049W

For and on behalf of directors of

Polaris Financial Technology Limited

per Subramanian Suresh

Partner

Membership No. 083673

Arun Jain

Chairman & Managing Director

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Director

Chennai

October 12, 2012

Natarajan Narayanasamy

Group Chief Financial Officer

B. Muthusubramanian

Senior Vice President -
Finance & Secretary

Chennai

October 12, 2012

Polaris Financial Technology Limited

(Formerly known as Polaris Software Lab Limited)

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

(All amounts are in Rs. in Lacs, unless otherwise stated)

1. Description of the Group

Polaris Financial Technology Limited ("Polaris" or "the Company"), its subsidiaries and its associates (collectively referred to as "the Polaris Group" or "the Group") are primarily engaged in the business of IT services and IT-enabled services delivering customized software solutions and products in the domain of contemporary services which include banking and financial services. Polaris is the flagship Company of the Group and is listed on the principal stock exchanges of India.

The list of subsidiaries with percentage holding is given below.

S. No	Subsidiaries	Country of incorporation	Proportion of ownership interest within the group	
			As at March 31, 2012	As at March 31, 2011
1	Polaris Software Lab Ltd	United Kingdom	100%	100%
2	Polaris Software Pty Ltd	Australia	100%	100%
3	Polaris Software Lab SA	Switzerland	100%	100%
4	Polaris Software Lab GmbH	Germany	100%	100%
5	Polaris Software Lab Pte Limited	Singapore	100%	100%
6	Polaris Software Lab Japan KK	Japan	100%	100%
7	Polaris Software Lab Ireland Ltd	Ireland	100%	100%
8	Polaris Software Lab Canada Inc	Canada	100%	100%
9	Polaris Enterprise Solutions Limited (formerly Polaris Retail InfoTech Ltd)	India	100%	100%
10	Polaris Software Lab Limitada *	Chile	100%	100%
11	Polaris Software Lab B.V *	Netherlands	100%	100%
12	Polaris Software Lab Inc (formerly known as Intellect SEEC Inc). **	USA	100%	100%
13	Optimus Global Services Limited	India	100%	100%
14	SEEC Technologies Asia (P) Ltd ***	India	100%	100%
15	Laser Soft Infosystems Ltd	India	100%	100%
16	Polaris Software Lab (Shanghai) Ltd **	China	100%	100%
17	SFL Properties Limited	India	100%	100%
18	Polaris Software Lab Vietnam Co. Ltd	Vietnam	100%	100%
19	Polaris Software Lab Sdn Bhd**	Malaysia	100%	100%
20	Indigo TX Software Private Ltd	India	100%	51%
21	IdenTrust Inc#	USA	85.3%	Nil
22	Polaris Software Lab (Philippines) Inc#	Philippines	100%	Nil
23	Polaris Software Lab FZ LLC#	Dubai	100%	Nil
24	Sonali Polaris FT Ltd#	Bangladesh	51%	Nil

Subsidiaries acquired during the year

* Subsidiaries of Polaris Software Lab Limited, United Kingdom.

** Subsidiaries of Polaris Software Lab Pte Limited, Singapore.

***Subsidiary of Intellect SEEC Inc, USA

The list of associates with percentage holding of Polaris is given below.

Associates	% of share held as of March 31, 2012	% of share held as of March 31, 2011	Original cost of investment	Share of accumulated (loss) / provision for diminution as at March 31, 2012	Carrying amount of Investments as at March 31, 2012
NMS Works Software Private Limited	36.54%	39.59%	415.26	(415.00)	0.26
Adrenalin eSystems Limited	40.25%	40.25%	833.88	(833.88)	-

2. Basis of preparation of consolidated financial statements

- The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.
- The consolidated financial statements include the financial statements of Polaris Financial Technology Limited and all its subsidiaries, which are more than 50%, owned or controlled. The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the accounting standard on Consolidated Financial Statements as specified in the Companies (Accounting Standard) Rules, 2006 (as amended).
- The financial statements of the Company and its subsidiaries are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. The excess of cost to the Company of its investment in subsidiary companies over its share of the equity of the subsidiary companies at the date on which the investments in the subsidiary companies are made, is recognized as goodwill being an asset in the consolidated financial statement. In respect of investments made in Associate Companies, the equity method prescribed under Accounting for Investments in Associates in Consolidated Financial Statements as specified in the Companies Accounting Standards Rules, 2006 (as amended), has been adopted in the preparation of these financial statements. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. All material inter-Company transactions and balances are eliminated on consolidation.
- With effect from the current year, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

- (e) The Company had filed a petition before the Hon'ble High Court of Madras ("High Court") on April 23, 2012 for the demerger of the BPO division, of its subsidiary Company Optimus Global Services Limited into the Company, subsequent to the shareholders consent obtained at a meeting convened on April 9, 2012 under the direction of the High Court. The High Court has sanctioned the Scheme of Arrangement (demerger) with effect from October 1, 2011. Accordingly, the financial statements for the current year reflect the effect of the demerger. The Scheme and its effect on the financial statements have been discussed in Note 13.III (a) below.

3. Significant Accounting Policies

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Tangible fixed assets and capital work in progress

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises cost of tangible fixed assets not ready for intended use at the balance sheet date.

c) Depreciation on tangible fixed assets

Depreciation on fixed assets is provided using the straight-line method based on rates specified in Schedule XIV of the Companies Act, 1956 or rates arrived at based on useful lives of assets estimated by the management, whichever is higher. Individual assets costing less than Rs 5,000/- are depreciated at the rate of 100%.

The estimated useful lives considered for depreciation of fixed assets are as follows:

Asset Category	Estimated useful life (years)
Buildings	29
Plant and Machinery	6-7
Computer Equipments	3
Servers and Computer accessories	5
Electrical fittings, office equipment, furniture and fixtures	10
Vehicles	4-6
Leasehold improvements	Over the lease period or 10 years whichever is lower
Leasehold Land	Over the lease period (99 Years)

d) Intangible assets

Intangible assets acquired are stated at cost, less accumulated amortization and impairment losses if any.

Research and development costs

Software product and intellectual property development costs are expensed as incurred until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalized and amortised over estimated useful life of the products. This capitalisation is done only if the Company has the intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available to the Company and the Company is able to accurately measure such expense.

Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product and intellectual property rights.

Amortisation

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the method are reviewed at each year end. If the expected useful life of the product is shorter from previous estimates, the amortisation period is changed accordingly. The estimated useful life of company's intangible assets are stated below:

Asset Category	Estimated useful life (years)
Computer software	3
Intellectual property rights	3-5

e) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

Leases where the lessor effectively retains substantially all the risks and the benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Statement profit and loss on a straight-line basis over the lease term.

f) Impairment of tangible and intangible fixed assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax discount rate reflecting current market assessment of time value of money and risks specific to asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Investments

Investments are classified as long-term investments and current investments. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at the lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the proportionate completion method. Provision for estimated losses on incomplete contract is recorded in the period in which such losses become probable based on the current contract estimates.

Revenue in excess of billing represents earnings on ongoing fixed price & time and material contracts over amounts invoiced to customers.

Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

Product licenses and related revenues

Revenues from product licenses and related services comprise income under multiple element arrangements recognized as follows:

- License fees and fees for customization/implementation services are recognized using proportionate completion method. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.
- Product maintenance revenues are recognized over the period of the maintenance contract.
- Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Business Process Outsourcing

Revenue from call centre services comprises income from time and material contracts. Revenue is recognized in accordance with the terms of the contract with the customer, as related services are performed.

Other Income

Interest is recognized using the time-proportion method.

Dividend income is recognized when the Company's right to receive dividend is established.

i) Foreign currency transactions and translations

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rates that approximates prevailing at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement/reporting of monetary items not covered above, at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Translation of integral and non-integral foreign operations

The company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

j) Forward contracts entered into to hedge foreign currency risk

The Company used foreign exchange contracts to hedge its exposure to movements in foreign currency rates. The use of these foreign exchange forward contracts reduces the risk/cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculative purposes.

Pursuant to the Announcement of the ICAI dated March 29, 2008, in respect of forward exchange contracts entered in to hedge a highly probable forecast transaction, the Company records net mark-to-market losses, after considering the offsetting effect of the underlying hedged item, if any. Net mark-to-market gains are not recorded for such transactions.

k) Retirement and other employee benefits

Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The Group has no further obligations under the plan beyond its monthly

contributions. The contributions are charged to the Statement of profit and loss account of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

Gratuity

The Group provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred.

Superannuation

The Group contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The Group has no further obligations under the Plan beyond its annual contribution.

Leave Benefits

As per the current employment policy of the Group, employees can carry forward accumulated leave balances as per Group's leave policy which can be utilized in the subsequent years. In case of overseas branches, the employees are eligible to encash the accumulated leave balances.

Provision for long-term compensated absences is accrued and provided for on the basis of actuarial valuation made at the end of the each financial year. The actuarial valuation is done as per projected unit credit method Short-term encashment of accumulated leave balances are accounted for in the year in which the leave balances are credited to employees on actual basis.

The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Employees taken over from BPO division of Optimus, consequent to the scheme of demerger discussed in Note 13.III.(a) below

Consequent to the demerger, as per the approved Scheme of Arrangement, from October 1, 2011 all employees of the demerged undertaking, have become employees of the Company without any break or interruption in their service and with continuity of the service on same terms and conditions on which they were engaged with the demerged undertaking immediately before the demerger. In accordance with the Scheme of Arrangement, the Company has taken over the liability of the demerged undertaking towards Provident fund, gratuity fund and special funds created for the benefit of the employees at their respective book values.

I) Income taxes and Deferred Tax

Tax expense comprises of current tax and deferred tax. The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the

Group. The current tax provision and advance income tax as at balance sheet date have been arrived at after setting off advance tax and current tax provision where the Group has legally enforceable right to set off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the year that includes the enactment date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have legal right to do so.

Deferred tax assets are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reassessed for the appropriateness of their respective carrying values at each balance sheet date. Unrecognised deferred tax assets of earlier years are reassessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realized.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

The Company enjoys tax holiday under Sec 10AA of the Income tax Act on some of its units set up in the Special Economic Zones (SEZ)

m) Stock based compensation

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

n) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of change in value.

4 Share Capital

Particulars	March 31, 2012	March 31, 2011
(a) Authorised		
120,000,000 equity shares of Rs 5 each.	6,000.00	6,000.00
(March 31, 2011: 120,000,000 equity shares of Rs 5 each)		
10,000,000 11 % preference shares of Rs 5 each.	500.00	500.00
(March 31, 2011: 10,000,000 11% preference shares of Rs 5 each)		
Total authorised share capital	6,500.00	6,500.00
(b) Issued, Subscribed and Paid up		
99,442,097 equity shares of Rs 5 each		
(March 31, 2011: 99,195,597 equity shares of Rs 5 each)	4,972.10	4,959.78
fully paid up		
Total issued, subscribed and fully paid-up share capital	4,972.10	4,959.78

Of the total authorized capital of the company referred above, the company has issued only one class of equity shares having a face value of Rs.5 per share. Each holder of such equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Share capital suspenses

The company has issued total 277 (March 31,2011 – Nil) equity shares of Rs. 5/- each fully paid-up for consideration other than cash pursuant to the Scheme of Arrangement (demerger) of the BPO division of Optimus Global Service Ltd into the Company (As more fully discussed in Note 12.III (a)). The Company is yet to complete the allotment and issue of share certificates with respect to these shares accordingly these have been shown under Share capital suspense account

Share application money pending allotment

The company has received share application money during the month of March' 2012 for issue of 2000 Equity shares at Rs. 140.90 each [face value of Rs. 5/- each with a premium of Rs. 135.90] (31st March 2011- Nil) under the scheme of ASOP 2003. These have been subsequently allotted during the month of April 2012.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Equity Shares

Particulars	In Numbers		Rupees in Lacs	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
At the beginning of the period	99,195,597	98,961,147	4,959.78	4,948.06
Issued during the period - ESOP	246,500	234,450	12.32	11.72
Outstanding at the end of the period	99,442,097	99,195,597	4,972.10	4,959.78

Stock options

The Company has four stock option plans that provide for the granting of stock options to employees including Directors of the Company (not being promoter Directors and not holding more than 10% of the equity shares of the Company). The objectives of these plans include attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares.

The option plans are summarized below.

Associate Stock Option Plan 2003

The Shareholders of the Company at the EGM held on the March 12, 2004 approved an Associate Stock Option Plan (the 2003 Plan). The 2003 Plan provides for issuance of 3,895,500 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. A summary of the status of the options granted under 2003 plan at March 31, 2012 is presented below.

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at the beginning of the period	2,981,850	149.94	2,880,300	136.43
Granted during the period	312,000	181.74	735,000	185.57

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Exercised during the period	(246,500)	75.28	(234,450)	86.33
Forfeited during the period	(179,900)	108.37	(222,600)	145.97
Expired during the period	(72,400)	143.25	(176,400)	167.37
Outstanding at the end of the period	2,795,050	162.93	2,981,850	149.94
Exercisable at the end of the period	2,025,750	158.36	2,037,450	149.73
Range of exercise price			34.35 – 171.95	34.35 - 152.95
Weighted average remaining contractual life (in years)			4.76	4.41
Weighted average fair value of options granted			94.90	97.56
Weighted average market price of shares on the date of exercise			162.19	175.19

Associate Stock Option Plan 2004

The Shareholders of the Company in the AGM held on the 22 July 2005 approved an Associate Stock Option Plan (the 2004 plan). The 2004 plan provides for issuance of 1,084,745 options, convertible to equivalent number of equity shares of Rs 5 each, to the associates including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. A summary of the status of the options granted under 2004 plan at March 31, 2012 is presented on below

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at the beginning of the period	627,700	168.36	609,500	156.84
Granted during the period	27,000	148.19	165,000	184.12
Exercised during the period*	(70,600)	76.60	(72,900)	76.6
Forfeited during the period	(5,800)	206.60	(29,000)	197.51

Expired during the period	(20,800)	221.60	(44,900)	201.4
Outstanding at the end of the period	557,500	176.62	627,700	168.36
Exercisable at the end of the period	434,700	176.23	492,400	163.96

*These shares were allotted from Orbitech Employees Welfare Trust.

Particulars	Year Ended	Year Ended
	March 31, 2012	March 31, 2011
Range of exercise price	76.60	76.60
Weighted average remaining contractual life (in years)	3.89	4.50
Weighted average fair value of options granted	76.89	96.93
Weighted average market price of shares on the date of exercise	152.99	178.69

Associate Stock Option Plan 2011

The Shareholders of the Company in the Extraordinary General Meeting held on the 28th October 2011 approved an Associate Stock Option Plan (the 2011 plan). The 2011 plan provides for issuance of 4,960,000 options convertible into equivalent number of equity shares of Rs 5 each. The plan shall be administered under 4 different schemes based on the following terms:

Price band	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non-executive directors	Non – Executive directors
Maximum number of options grantable	3,720,000 Less: Number of Option granted under Swarnam 21	1,736,000	1,240,000 Less: Number of Option granted under Swarnam 41	200,000
Grant price				
A. Market price upto Rs. 175	Market price	Market price	Market price	Market price
B. Market price between Rs. 175 – Rs. 500	15% discount on market price. (Subject to being Not lower than Rs 175)	30% discount on market price. (Subject to being Not lower than Rs 175)	50% discount on market price. (Subject to being Not lower than Rs 175)	Market price
C. Market price greater than Rs. 500	10% discount on market price	20% discount on market price	50% discount on market price	Market price

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the intrinsic value model.

The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfillment of vesting conditions as follows:

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Service conditions				
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%
Performance conditions				
Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

During the current year the Company has granted options under Swarnam 11 scheme. As the market price on the date of the grant was less than Rs 175, no option discount has been provided as per the scheme terms and the options are issued at the market price. Accordingly no compensation cost has been recorded. A summary of the status of the options granted under 2011 plan at March 31, 2012 is presented on below

	Year Ended March 31, 2012		Year Ended March 31, 2011	
Particulars	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at the beginning of the period	-	-	-	-
Granted during the period	869,000	134.40	-	-
Exercised during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	869,000	134.40	-	-
Exercisable at the end of the period	86,900	134.40	-	-

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Range of exercise price	-	-
Weighted average remaining contractual life (in years)	8.50	-
Weighted average fair value of options granted	75.72	-
Weighted average market price of shares on the date of exercise	-	-

Associate Stock Option Plan (TRUST) 2011

The Shareholders of the Company in the Extraordinary General Meeting held on the 28th October 2011 approved an Associate Stock Option Plan (TRUST) 2011 [the 2011(Trust) plan]. The 2011(Trust) plan provides for issuance of 1,984,000 options, convertible to equivalent number of equity shares of Rs 5 each. The options shall be granted at the market price if the market price is below Rs. 175 or at discount of 10% on market price if the market price is Rs. 175 or above. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date. The Company has not granted any options under the plan as on March 31, 2012.

Pro forma Disclosure:

The Company follows the intrinsic value model for valuation of its options under the various plans. In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for associate stock option plans been recognized based on the fair value at the date of grant in accordance with Black-Scholes model, the pro forma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit after tax		
- as reported	22,070.86	20,245.97
- proforma profit	21,723.35	20,105.38
Earnings Per Share (in Rs.)		
Basic		
- As reported	22.22	20.43
- Pro forma	21.87	20.29
Diluted		
- As reported	22.15	20.28
- Pro forma	21.80	20.14

The fair value of options was estimated at the date of grant using the Black Scholes Model with the following assumptions:

ASOP Plans	ASOP - 2003		ASOP - 2011	
Particulars	28-Apr-11	20-Jul-11	22-Oct-11	20-Jan-12
Risk-free interest rate	8.11%	8.22%	8.65%	8.11%
Expected life	2.5 to 6.5 Years	2.5 to 6.5 Years	2.5 to 6.5 Years	3.5 to 7.5 Years
Expected volatility	62.55%	61.54%	59.56%	60.24%
Expected dividend yield	1.37%	1.54%	1.54%	1.54%

The expected life of stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

5 Reserves and Surplus

Particulars	March 31, 2012	March 31, 2011
Securities premium account		
Opening balance	18,916.26	18,725.58
Add: Premium received on issue of shares under ESOP plans to employees & Others	178.77	190.68
Closing balance	19,095.03	18,916.26
General reserve account		
Opening balance	19,926.39	18,026.39
Add : Transferred from surplus balance in the statement of profit and loss	1,900.00	1,900.00
Closing balance	21,826.39	19,926.39
Foreign currency translation reserve account		
Opening balance	778.36	36.43
Add : Adjustment for the year	1,796.47	741.93
Closing balance	2,574.83	778.36

	Particulars	March 31, 2012	March 31, 2011
	Surplus in the statement of profit and loss		
	Opening balance	58,673.72	45,510.42
	Net Profit for the current year	22,070.86	20,245.97
	Amount available for appropriation	80,744.58	65,756.39
	Appropriations		
	Dividend		
	- Interim	1,991.33	-
	- Final	2,984.11	4,465.02
	Tax on dividend	807.14	717.65
	Amount transferred to General Reserve	1,900.00	1,900.00
	Closing balance of surplus in the statement of profit and loss	73,062.00	58,673.72
	Total reserve and surplus	116,558.25	98,294.73
6	Long - term Borrowings		
	Particulars	March 31, 2012	March 31, 2011
	Secured		
	Loans repayable on demand		
	- Finance Lease Obligation (Secured against assets taken on finance lease by the Company)	233.95	-
	Total long term borrowings	233.95	-
7	Deferred Tax Liabilities (Net)		
	Particulars	March 31, 2012	March 31, 2011
	Deferred Tax Liability		
	Fixed assets	1,333.29	-
	Deferred Tax Asset		
	Provision for doubtful debts	(482.71)	-
	Others	(494.35)	9.50
	Total Deferred tax liabilities	356.23	9.50
8	Long - term provisions		
	Particulars	March 31, 2012	March 31, 2011
	Provision for employee benefits		
	- Provision for gratuity	1,320.78	1,176.39
	Total Provisions	1,320.78	1,176.39
9	Short -term Borrowings		
	Particulars	March 31, 2012	March 31, 2011
	Secured		
	Loans repayable on demand		
	- from Banks - Bank OD/CC	-	572.04
	Unsecured		
	Loans repayable on demand		
	- from Banks	10,181.09	-
	Total Short term borrowings	10,181.09	572.04

10 Other current liabilities

Particulars	March 31, 2012	March 31, 2011
Current maturities of finance lease obligations	225.85	-
Unclaimed dividends	78.48	62.70
<i>Other payable</i>		
Superannuation payable	854.19	566.97
Customer and other advance received	456.56	341.26
Billings in excess of revenues	14,167.19	4,381.21
Capital creditors	189.46	1,043.64
Dues under contractual obligations	14.20	878.11
Statutory payable	2,096.81	1,824.68
Total Other current Liabilities	18,082.74	9,098.57

11 Short-term provisions

Particulars	March 31, 2012	March 31, 2011
Provision for employee benefits		
- Provision for gratuity	329.51	335.67
- Provision for leave benefits	2,357.75	1,803.03
Others Provisions		
- Provision for taxation (net of Advance Income tax)	817.75	341.92
- Proposed dividend	2,984.11	4,463.80
- Provision for tax on proposed dividend	484.10	724.14
Total Provisions	6,973.22	7,668.56

Polaris Financial Technology Limited

(Formerly known as Polaris Software Lab Limited)

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

(All amounts are in Rs. in Lacs, unless otherwise stated)

12 FIXED ASSETS															
S. No.	Description	Cost						Depreciation and Amortisation						Net Book Value	
		April 01, 2011	Assets acquired on acquisition	Additions	Deletions	Other adjustment *	March 31, 2012	April 01, 2011	Depreciation on assets acquired on acquisition	For the period	Deletions	Other adjustment *	March 31, 2012	March 31, 2012	March 31, 2011
A. TANGIBLE ASSETS															
1	Land	4,419.02	-	3,793.62	49.84	183.13	8,345.93	-	-	-	-	-	-	8,345.93	4,419.02
2	Buildings	11,432.00	-	4,333.52	186.02	94.56	15,674.06	2,541.90	-	461.33	58.38	15.53	2,960.38	12,713.68	8,890.10
3	Plant & Machinery (including Computer Equipment and accessories)	19,397.25	1,474.78	4,068.63	645.64	301.19	24,596.21	15,751.11	975.43	2,256.41	657.34	572.71	18,898.32	5,697.89	3,646.14
4	Electrical fittings	1,382.57	-	495.99	1.49	1.22	1,878.29	870.88	-	162.67	4.48	0.25	1,029.32	848.97	511.69
5	Furniture and fixtures	4,613.35	76.31	735.26	22.33	73.27	5,475.86	2,876.19	-	486.62	(20.77)	41.83	3,425.41	2,050.45	1,737.16
6	Office Equipments	2,630.06	-	565.65	2.31	50.70	3,244.10	1,628.11	-	264.42	23.82	35.66	1,904.37	1,339.73	1,001.95
7	Vehicles	1,050.29	-	1,026.44	62.02	(4.92)	2,009.79	258.62	-	378.29	15.94	(4.92)	616.05	1,393.74	791.67
ASSETS UNDER LEASE															
1	Land	243.46	-	38.74	-	-	282.20	16.64	-	2.84	-	-	19.48	262.72	226.82
2	Leasehold improvement	1,022.31	8.20	46.22	-	69.61	1,146.34	706.28	-	110.71	6.00	53.19	864.18	282.16	316.03
3	Plant and machinery (including computer equipment and accessories)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Electrical Equipments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Furniture and Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Office equipments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Vehicles	10.93	-	-	10.93	-	-	10.93	-	-	10.93	-	-	-	-
	Subtotal - A	46,201.24	1,559.29	15,104.07	980.58	768.76	62,652.78	24,660.66	975.43	4,123.29	756.12	714.25	29,717.51	32,935.27	21,540.58

Polaris Financial Technology Limited

(Formerly known as Polaris Software Lab Limited)

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

(All amounts are in Rs. in Lacs, unless otherwise stated)

	Particulars	March 31, 2012	March 31, 2011
13	I. NON-CURRENT INVESTMENTS - (UNQUOTED)		
	Investments in Equity Instruments - Associates (At cost, less provision)		
	NMS Works Software Private Limited	415.26	415.26
	A company incorporated in India		
	726,256 equity shares of Rs.10 each fully paid up		
	(March 31, 2011: 725,756 equity shares of Rs.10 each fully paid up)		
	Less: Provision for diminution in value of investments	(415.00)	(415.00)
		0.26	0.26
	Adrenalin eSystems Limited (Formerly Empower Works Ltd.)		
	A company incorporated in India	833.88	833.88
	13,078,080 equity shares of Rs 5 each fully paid up		
	(March 31, 2011: 13,078,080 equity shares of Rs 5 each fully paid up)		
	Less: Share of losses	(833.88)	(833.88)
		-	-
	Software Sidoun GmbH Germany	4.96	4.96
	A company incorporated in Germany		
	(March 31, 2011: Common stock of Euros 1,175,990)		
	Less: Diminution in value of investments	-	-
		4.96	4.96
		5.22	5.22
	Investments in Equity Instruments (At cost)		
	Tyfone Inc,	250.61	250.61
	Equity Shares - Quoted		
	237 equity shares in Andhra Bank of Rs.10/- each	0.21	0.21
	Equity Shares - Unquoted		
	100 equity shares in Catholic Syrian Bank of Rs.10/- each	0.24	0.24
		251.06	251.06
	Investments in Preference shares - Associates (At cost)		
	Adrenalin eSystems Limited (Formerly Empower Works Limited)	760.00	760.00
	1,52,00,000 7% Cumulative Preference shares of Rs 5/- each		
	(March 31, 2011: 1,52,00,000 7% cumulative preference shares of Rs 5/- each fully paid up)		
	NMS Works Software Private Limited		
	378,614 12 % optionally convertible cumulative preference shares of Rs. 10 each fully paid up	233.04	233.04
	(March 31, 2011 : 224,524 12 % Optionally Convertible Cumulative Preference shares of Rs. 10 each.)		
		993.04	993.04

II. NON-CURRENT INVESTMENTS - (QUOTED)

Particulars	March 31, 2012	March 31, 2011
Investments in debentures or bonds (At cost)		
Bonds		
Indian Railway Finance Corporation 500 Bonds (March 31, 2011: 500 Bonds) Face value: Rs 100,000.00 per share	500.00	500.00
State Bank of India Bond 10,000 Bonds of face value Rs. 10,000 each (March 31, 2011: Nil)	1,047.12	-
NHAI Bonds 12,362 Bonds of face value Rs. 1,000 each (March 31, 2011: Nil)	123.62	-
8.10 % Hundo Tranche - 1 series Bonds 20,000 bonds of Rs. 1,000 each (March 3, 2011: Nil)	200.00	-
	1,870.74	500.00
Total	3,120.06	1,749.32
Aggregate amount of unquoted investments	1,249.32	1,249.32
Aggregate amount of quoted investments	1,870.74	500.00
Market value of quoted investments	1,895.54	511.60
Aggregate provision for diminution in value of investments	415.00	415.00

III. Investments in Associates and subsidiaries**a. Scheme of Arrangement between Optimus Global Service Limited and the Company**

Optimus Global Services Limited ("Demerged Company" or "Optimus") was incorporated on September 25, 2002 and is a subsidiary of the Company (99.94% holding). Optimus has two undertakings; Undertaking 1 is engaged in the business of facilitating procurement and sale of equipments and software products and Undertaking 2 ("demerged undertaking" or "BPO division") is engaged in the activity of Business Process Outsourcing (BPO).

The Company had entered into a Scheme of Arrangement with Optimus for the demerger of its BPO division into the Company with effect from October 1, 2011. The Scheme was approved by the Hon'ble High Court of Judicature of Madras on July 20, 2012. The Company has filed the approved High court order with the Registrar of Companies, Chennai (ROC) on October 5, 2012. The ROC has approved the said registration on October 9, 2012 and as of that date, the BPO division of Optimus has been demerged with the Company. The scheme has accordingly been given effect to in these financial statements with retrospective effect from October 1, 2011.

In accordance with the scheme the Company has accounted for the demerger as follows:

- (i) The Company has taken over net assets aggregating to Rs. 1,652.33 Lacs and accumulated losses of Rs.3,032.72 Lacs as on October 1, 2011. These have been transferred to and vested in the Company at the carrying values as appearing in the financial statements of the demerged undertaking.
- (ii) The Company has allotted to shareholders comprising 0.06% of the paid up equity share capital of the demerged Company on the record date, 1 equity share of Rs 5 each in the Company in respect of every 200 shares of Rs 2 each held by them in the demerged Company. Accordingly the company has issued 277 equity shares of Rs 5/- each, fully paid up the shareholders of the demerged Company. These shares have not

yet been allotted, accordingly the same has been disclosed as capital suspense account.

- (iii) The book value of net assets and accumulated losses taken over as per (i) above, after adjusting the aggregate value of the shares issued to the minority as per (ii) above, has been credited to the Company's investment in equity and preference capital of Optimus.

Further, consequent to the demerger scheme, there has been a reorganization of the share capital of Optimus. As per the reorganized capital structure, the Company holds 8,50,500 equity shares and 14,92,030 preference shares of Optimus.

- b. The Company's equity ownership interest in Adrenalin e-systems Limited is 40.25% as at March 31, 2012. Adrenalin e-Systems Limited ("ASL") is primarily engaged in the business of providing specific solutions relating to Human resource and payroll management. The Accumulated losses to the extent of Rs 2,861.31 Lacs as on March 31, 2012, (2,936.33-March 31, 2011) have eroded the Companies share of investment in the associate. The Company has started showing marginal profits over the last two years. The management is positive about the future outlook, see growing acceptance of the product among top players in the market, and is confident of recouping its losses and breaking even in the coming years. Accordingly, the management believes that there is no other than temporary diminution in the value of its investments in ASL and hence, it is stated at cost.

The Consolidated Financial Statements include Rs 833.88 as share of accumulated losses which is accounted under equity method as per AS 23 – accounting for investment in associates. The Company has not recognized any losses during the current year, as the losses recognized earlier has wiped out the investment of the Company in the equity of Adrenalin.

- c. The Company's equity ownership interest in NMS Works Software Private Limited ("NMS") is 36.54 % as at March 31, 2012. NMS is primarily engaged in the business of designing network management in Telecommunication and Internet Services. NMS had been incurring losses since its inception accordingly the Company has determined and recorded a provision of Rs 415 Lacs in the earlier year for other than temporary diminution in the value of its equity investment in NMS. The Company has made profits in the current year and its accumulated losses as on March 31, 2012 have reduced to Rs 56.29 Lacs (Rs 267.42 Lacs – March 31, 2011). The Company is to evaluate the sustainability of such profits before deciding upon the reversal of the provision made/accounting for share of profits.
- d. During the current year, the Company has entered into a JV agreement with Sonali Bank to implement online real time core banking solution for Sonali bank and Bangladesh commerce bank, and offer services to other banks and financial institutions in Bangladesh. Accordingly. The Company has incorporated a subsidiary company with 51% holding, named Sonali Polaris FT limited in terms of the JV agreement.

IV. Goodwill on Consolidation

Goodwill on consolidation represents the excess purchase consideration paid over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indications for impairment. The management does not foresee any risk of impairment on the carrying value of goodwill as at March 31, 2012.

Goodwill on consolidation as at March 31, 2012 stood at Rs. 18,147.09 Lacs (Rs. 6,440.33 Lacs as at March 31, 2011). Significant acquisition which resulted in goodwill were IdenTrust Inc, Laser Soft Infosystems Ltd, SFL Properties Limited, Indigo TX Software Private Ltd and Polaris Software Lab Inc and the details of the same are given below.

- a. The Company has acquired 85.30% equity stake in IdenTrust Inc, a US based Global leader in trusted Identity solutions and one of the premier providers of digital identity authentication services with effect from April 27, 2011. The total consideration for the acquisition is Rs. 8,813 Lacs. The excess of purchase consideration over the net assets of IdenTrust Inc to the extent of Rs. 11,037.43 Lacs is recognized as goodwill. The statement of profit and loss account includes revenue of Rs. 5,601.90 Lacs and loss of Rs. 389.98 Lacs of IdenTrust Inc.
- b. The company acquired 51% equity share stake in Indigo TX Software Private Limited ('Indigo TX'), a SAAS Software developer for Rs. 800.75 Lacs on May 10, 2010. During the year, the balance 49% equity stake in Indigo TX Software Private Limited acquired on November 22, 2011 for a consideration of Rs. 902.22 Lacs. Consequently, Indigo TX became a 100% subsidiary of the Company. The excess purchase consideration paid over the net asset taken over to the extent of Rs.1,186.66 Lacs is recognized as goodwill. The statement of profit and loss account for the year includes revenue of Rs. 464.67 and loss of Rs. 105.54 Lacs of Indigo TX
- c. Laser Soft Infosystems Limited ('Laser Soft'), a leading banking software services company specializing in serving the unique needs of India & emerging markets, is a wholly owned subsidiary of the company with effect from November 16, 2009. The total consideration for the acquisition was Rs. 5,201.05 Lacs. The excess purchase consideration paid over the net assets taken over to the extent of Rs. 3,069.83 is recognised as goodwill. The statement of profit and loss account for the year include revenue of Rs. 3,762 Lacs and profit of Rs. 551.69 Lacs of Laser Soft
- d. The company acquired the entire interest of SFL Properties Limited ('SFL Properties'), an Indian company engaged in the business of Real estate promotion and construction, on December 1, 2010. The total consideration for acquisition was Rs. 981.12 Lacs. The excess of purchase consideration paid over the net assets of SFL properties to the extent of Rs 865.56 is recognized as goodwill.
- e. The company acquired the entire interest in Polaris Software Lab Inc, formerly known as Intellect SEEC Inc., a US based Insurance technology provider with effect from October 01, 2008. The excess of purchase consideration paid over the net assets of Polaris Software Lab Inc. to the extent of Rs. 1,987.62 Lacs is recognised as goodwill. The statement of profit and loss account for the year includes revenue of Rs. 2,153.49 Lacs and profit of Rs. 310.70 of Polaris Software Lab Inc.

14 Deferred tax assets (net)

Particulars	March 31, 2012	March 31, 2011
Deferred Tax Liability		
Fixed assets	14.99	(621.52)
Deferred Tax Asset		
Provision for doubtful debts	149.54	686.54
Others	314.96	878.38
Total Deferred tax assets	479.49	943.40

15 Long-term loans and advances

Particulars	March 31, 2012	March 31, 2011
Capital Advances		
Unsecured, considered good	1,554.88	1,541.87
Security Deposits		
Unsecured, considered good	1,853.18	1,422.01
Loans and advances to related parties (Refer Note - 22 for related parties transactions)		
Unsecured, considered good	443.64	468.64

Other loans and advances		
Unsecured, considered good	-	-
Particulars	March 31, 2012	March 31, 2011
Advances recoverable in cash or in kind or for value to be received	139.94	49.50
Loans to employees	639.01	450.94
Advance income tax (Net of provision for tax)	4,363.66	3,574.28
MAT credit entitlement	1,516.84	1,469.46
Total Loans and advance	10,511.15	8,976.70

16 Other non-current assets #

Particulars	March 31, 2012	March 31, 2011
Balance with Bank as Margin money or security against borrowings, guarantees or other commitments	1,500.00	-
Total Other non-current assets	1,500.00	-

#The amount of Rs. 1,500 Lacs has been pledged as a security by the Company for availing non-fund based facilities from the banker. The deposit carries interest rate at 7.25% per Annum.

17 Current Investments

Particulars	March 31, 2012	March 31, 2011
NON TRADE INVESTMENT - (UNQUOTED)		
Investments in Mutual Funds		
(At Cost or Market price whichever is Lower)		
Kotak Floater - LT - Daily Dividend	-	1,802.39
Nil units (March 31, 2011: 17,891,779.88 units)		
Face value: Rs 10.00 per unit		
UTI FIIF - Series 2 - Quarterly Interval Plan VI – Dividend	-	500.05
Nil units (March 31, 2011: 5,000,538.153 units)		
Face value: Rs 10.00 per unit		
Reliance RSF - Debt - IP – Growth	111.43	112.26
893,254.682 units (March 31, 2010: 2,387,185.59 units)		
Face value: Rs 10.00 per unit		
Tata FIP Fund - Series B2 - IP - Monthly Dividend	1,928.04	313.96
19,253.280 units (March 31, 2011: 3,139,374.367 units)		
Face value: Rs 10.00 per unit		
Tata FIP Fund - Series B3 - IP - Quarterly Dividend	-	2,400.11
Nil units (March 31, 2011: 23,997,672.822 units)		
Face value: Rs 10.00 per unit		
UTI - F M P - Sep 10 - YS - IP – Growth	-	300.00
Nil units (March 31, 2011: 3,000,000 units)		
Face value: Rs 10.00 per unit		
ICICI Prudential Blended Plan - Option B - IP – Dividend	-	2,898.61
Nil units (March 31, 2011: 28,964,400.236 units)		
Face value: Rs 10.00 per unit		
IDFC Ultra Short Term Fund - Monthly Dividend	-	4,840.83
Nil units (March 31, 2011: 48,347,251 units)		
Face value: Rs 10.00 per unit		
IDFC Fixed Maturity Plan - Yearly Series 34 – Growth	-	400.00
Nil units (March 31, 2011: 4,000,000 units)		
Face value: Rs 10.00 per unit		
Reliance Money Manager Fund - IP - Daily Dividend	-	1,200.00
Nil units (March 31, 2011: 119,835.65 units)		
Face value: Rs 1000.00 per unit		

Particulars	March 31, 2012	March 31, 2011
Birla Sun Life FTP - Series CF – Growth	-	857.23
Nil units (March 31, 2011 : 8,572,348 units)		
Face value: Rs 10.00 per unit		
DWS Treasury Fund - Investment - IP - Monthly Dividend	-	301.54
Nil units (March 31, 2011: 3,002,888.24 units)		
Face value: Rs 10.00 per unit		
HDFC Quarterly Interval Fund - Plan B - WP – Dividend	-	300.03
Nil units (March 31, 2011: 2,996,326.924 units)		
Face value: Rs 10.00 per unit		
ICICI Prudential Interval Fund - Annual Interval III - IP – Growth	-	500.00
Nil units (March 31, 2011: 4,999,100.162 units)		
Face value: Rs 10.00 per unit		
ICICI Prudential Interval Fund - Annual Interval IV - IP – Growth	-	200.00
Nil units (March 31, 2011: 1,715,751.456 units)		
Face value: Rs 10.00 per unit		
ICICI Prudential Interval Fund - Half Yearly I - IP – Dividend	-	719.52
Nil units (March 31, 2011: 7,194,317.32 units)		
Face value: Rs 10.00 per unit		
ICICI Prudential Interval Fund - Half Yearly II - IP – Dividend	-	727.79
Nil units (March 31, 2011: 7,277,151.317 units)		
Face value: Rs 10.00 per unit		
ICICI Prudential Interval Fund II - Quarterly Interval - Plan D - IP – Dividend	-	500.00
Nil units (March 31, 2011: 5,000,000 units)		
Face value: Rs 10.00 per unit		
IDFC FMP - HYS 12 – Dividend	-	1,000.00
Nil units (March 31, 2011: 10,000,000 units)		
Face value: Rs 10.00 per unit		
IDFC Savings Advantage Fund - Monthly Dividend	-	704.12
Nil units (March 31, 2011: 70,400,944 units)		
Face value: Rs 1,000.00 per unit		
Kotak FMP 6 M Series 10	-	400.00
Nil Units (March 31, 2011: 4,000,000 units)		
Face value: Rs 10.00 per unit		
Reliance Liquid Fund - Cash Plan - Daily Dividend	-	0.16
Nil units (March 31, 2010: 1447 .288 units)		
Face value: Rs 10.00 per unit		
Reliance FHF 15 - Series 8 – Dividend	-	400.19
Nil units (March 31, 2011: 4,001898.87 units)		
Face value: Rs 10.00 per unit		
Reliance FHF 15 - Series 9 – Dividend	-	300.19
Nil units (March 31, 2011: 3,001,879.239 units)		
Face value: Rs 10.00 per unit		

Particulars	March 31, 2012	March 31, 2011
Reliance Fixed Horizon Fund XVI Series 1 - Growth	-	600.00
Nil units (March 31, 2011: 6,000,000 units)		
Face value: Rs 10.00 per unit		
Reliance FHF 16 - Series 2 – Growth	-	200.00
Nil units (March 31, 2011: 2,000,000 units)		
Face value: Rs 10.00 per unit		
UTI FIIF - Series 2 - Quarterly Interval Plan V - IP – Dividend	-	702.75
Nil units (March 31, 2011: 7,027,544.924 units)		
Face value: Rs 10.00 per unit		
Birla Sun Life Short Term Opportunities Fund - IP - Weekly Dividend	-	1,547.24
Nil units (March 31, 2011: 15,440,967.87 units)		
Face value: Rs 10.00 per unit		
Birla Sun Life Short Term FMP - Series 8 – Dividend	-	1,408.25
Nil units (March 31, 2011 : 14,082,459 units)		
Face value: Rs 10.00 per unit		
Birla Sun Life FTP - Series CW – Growth	-	1,875.04
Nil units (March 31, 2011 : 18,750,372 units)		
Face value: Rs 10.00 per unit		
Templeton Floating Rate Income Fund - Super IP - Daily Dividend	-	2,244.08
Nil units (March 31, 2011 : 22,399,099.811 units)		
Face value: Rs 10.00 per unit		
DWS Money Plus Fund - IP - Daily Dividend	-	301.11
Nil units (March 31, 2011: 2,987,464.554 units)		
Face value: Rs 10.00 per unit		
Religare FMP - Series V - Plan C – Dividend	-	400.00
Nil units (March 31, 2011: 4,000,000 units)		
Face value: Rs 10.00 per unit		
Religare Credit Opportunities Fund - IP - Monthly Dividend	-	406.62
Nil units (March 31, 2011: 3,996,948.525 units)		
Face value: Rs 10.00 per unit		
Reliance FHF 18 - Series 2 – Growth	-	500.00
Nil units (March 31, 2011: 5,000,000 units)		
Face value: Rs 10.00 per unit		
Tata Floater Fund - Daily Dividend	-	1,213.78
Nil units (March 31, 2011: 12,094,758.233 units)		
Face value: Rs 10.00 per unit		
UTI Treasury Advantage Fund - IP - Daily Dividend	-	300.00
Nil units (March 31, 2011: 29,993,578 units)		
Face value: Rs 1000.00 per unit		
UTI FTIF - Series VIII - Plan 6 – Dividend	-	200.00
Nil units (March 31, 2011: 2,000,000 units)		
Face value: Rs 10.00 per unit		

Particulars	March 31, 2012	March 31, 2011
ICICI Prudential Flexible Income Plan - Premium - Daily Dividend Nil units (March 31, 2011: 283,728.188 units) Face value: Rs 10.00 per unit	-	300.00
IDBI Ultra Short Term Fund - Daily Dividend Nil units (March 31, 2011: 12,145.265.102 units) Face value: Rs 10.00 per unit	-	1,214.53
IDFC FMP - YS 35 – Growth Nil units (March 31, 2011: 2,001,071.658 units) Face value: Rs 10.00 per unit	-	200.11
IDFC Fixed Maturity Plan - 100 Days Series – 1 – Dividend Payout Option Nil units (March 31, 2011: 3,000,000 units) Face value: Rs 10.00 per unit	-	300.00
SBI Magnum Income Fund - FRP - Savings Plus Bond - Daily Dividend Nil units (March 31, 2011: 9,945,296.01 units) Face value: Rs 10.00 per unit	-	1,000.22
HDFC Cash Mgmt Fund -Treasury Advantage plan-WS- Daily Dividend Nil units (March 31, 2011: 881,394,538 Units) Face value of Rs. 10.00 per unit	-	88.42
ICICI Prudential Interval Fund II - Quarterly Interval - Plan C - IP – Dividend 1,001,548.89 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	1,000.18	-
Kotak Floater - ST - Daily Dividend 79,31,505 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	802.37	-
Religare FMP - Series VIII - Plan F – Dividend 2,000,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	200.00	-
HDFC FMP - 13M - Sep 2011 (18) - 1 - Quarterly Dividend 4,000,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	400.00	-
Birla Sun Life Dynamic Bond Fund - Ret - Monthly Dividend 8,702,511.69 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	924.99	-
HDFC FMP - 13M - Sep 2011 (18) - 1 - Quarterly Dividend 2,999,990 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	300.00	-
ICICI Prudential Interval Fund - Annual Interval IV - IP – Growth 2,00,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	200.00	-

Particulars	March 31, 2012	March 31, 2011
ICICI Prudential FMP - S 59 - 1 Year - Plan B – Dividend 1,715,751.456 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	200.00	-
ICICI Prudential Interval Fund - Annual Interval III - IP – Growth 9,626,047.95 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	1,002.09	-
IDFC FMP - YS 58 - Growth 4,001,511.527 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	400.15	-
IDFC SSIF - Short Term - Plan B - Monthly Dividend 5,975,904 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	614.12	-
Reliance Interval Fund - Monthly Series I - IP – Dividend 9,993,304.486 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	1,000.00	-
Reliance FHF 21 - Series 13 – Growth 2,167,840 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	216.78	-
Reliance FHF 21 - Series 2 – Growth 3,00,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	300.00	-
Religare FMP - Series XI - Plan A – Growth 3,00,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	300.00	-
Religare FMP - Series XI - Plan E – Growth 3,00,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	300.00	-
SBI Magnum DFS - 367 Days - 11 – Growth 3,00,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	300.00	-
Religare FMP - Series X - Plan E – Growth 3,00,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	300.00	-
Reliance Interval Fund - Monthly Series I - IP – Dividend 10,173,743 units (March 31, 2011: Nil units) Face value: Rs 10.05 per unit	1,018.05	-
Birla Sun Life Cash Plus - IP Prem - Daily Dividend 201,603 units (March 31, 2011: Nil units) Face value: Rs 100.00 per unit	202.00	-
Birla Sun Life Floating Rate Fund - STP - IP - Daily Dividend 10,66,505 units (March 31, 2011: Nil units) Face value: Rs 100.00 per unit	1,066.72	-
Birla Sun Life FTP - Series FA – Growth 100,00,000 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	1,000.00	-

Particulars	March 31, 2012	March 31, 2011
ICICI Prudential Money Market Fund - Cash Option - Daily Dividend 3,01,798 units (March 31, 2011: Nil units) Face value: Rs 100.00 per unit	301.83	-
IDFC FMP - YS 61 – Growth 2,190,133 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	219.01	-
IDFC FMP - YS 62 – Dividend 31,47,894 units (March 31, 2011: Nil units) Face value: Rs 10.00 per unit	314.79	-
Less: Provision for diminution in value of investments	(14.08)	(0.95)
Total Current Investment	14,908.47	36,680.18
Aggregate amount of unquoted investments	14,908.47	36,680.18
Aggregate provision for diminution in value of investments	14.08	0.95

18 Trade receivables

Particulars	March 31, 2012	March 31, 2011
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Secured, considered good	-	-
- Unsecured considered good	2,799.68	2,824.11
- Doubtful	2,043.79	2,548.23
Less: Allowance for bad and doubtful debts	(2,043.79)	(2,548.23)
	2,799.68	2,824.11
Other debts		
- Secured, considered good	-	-
- Unsecured considered good	34,424.83	19,894.43
- Doubtful	-	-
Less: Allowance for bad and doubtful debts		
Total Trade receivable	37,224.51	22,718.54

(For balance due from related parties Refer Note – 22.
Related parties transactions)

19 Cash and bank balance

Particulars	March 31, 2012	March 31, 2011
Cash and cash equivalent		
(a) Cash on hand	36.08	10.99
(b) Balance with banks		
- On current account	12,807.87	10,194.88
- On deposit account	7,821.15	3,956.87
Other bank balances		
- On unpaid dividend account	78.48	62.70
Total Cash and bank balance	20,743.58	14,225.44

20 Short-term loans and advances

Particulars	March 31, 2012	March 31, 2011
(c) Loans and advances to related parties (Also Refer Note – 22. Related parties transactions)		
Unsecured, considered good	140.66	128.90
(d) Other loans and advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	3,279.49	1,800.70
Loans to employees	759.98	382.13
Salary advance	320.45	236.58
Input tax credit receivable	164.79	156.18
Total Loans and advance	4,665.37	2,704.49

21 Other current assets

Particulars	March 31, 2012	March 31, 2011
Revenues accrued and not billed	29,048.36	18,383.35
Other receivable	147.28	17.19
Total Other assets	29,195.64	18,400.54

22 Related party transactions

List of related parties:

Associates

- 1 NMS Works Software Private Limited ('NMS')
- 2 Adrenalin eSystems Limited ('Adrenalin eSystems')

Others

Enterprises that directly, or indirectly through one or more intermediaries, control the Group and enterprise of which the Group is an associate.

1. Polaris Holdings Private Limited
2. Orbitech Employees welfare trust
3. Orbitech Limited

Key management personnel

Mr. Arun Jain, Chairman and Managing Director

Particulars	Associates		Others		Key managerial person	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
BALANCE DUE FROM RELATED PARTIES						
Receivables - Other advances	-	-	-	-	-	-
Adrenalin eSystems	140.67	128.90	-	-	-	-
Orbitech Employees Welfare Trust	-	-	443.64	468.64	-	-
BALANCE DUE TO RELATED PARTIES	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Adrenalin eSystems	-	1.34	-	-	-	-
INVESTMENTS						
Adrenalin eSystems	1,593.88	1,593.88	-	-	-	-
NMS	648.30	648.30	-	-	-	-

Provision for investments						
NMS	415.00	415.00	-	-	-	-
TRANSACTIONS DURING THE YEAR						
Advances/Loan given						
Adrenalin eSystems	180.00	34.30	-	-	-	-
NMS	100.00	50.00	-	-	-	-
Advances/Loan repaid						
Adrenalin eSystems	125.00	-	-	-	-	-
NMS	103.33	51.32	-	-	-	-
Orbitech Employees Welfare Trust	-	-	-	29.66	-	-
Software development service income						
Citibank and its branches	-	-	-	13,350.93	-	-
Software development expenses						
Adrenalin eSystems	50.30	122.20	-	-	-	-
Reimbursement of expenses to the Company						
Adrenalin eSystems	65.48	131.25	-	-	-	-
Reimbursement of expenses by the Company						
Adrenalin eSystems	78.27	-	-	-	-	-
Interest income						
NMS	3.33	1.32	-	-	-	-
Investments						
NMS	-	80.80	-	-	-	-
Remuneration to Managing Director/Executive Director	-	-	-	-	0.74	25.15

23 Capital commitments and contingent liabilities

(i) The estimated amount of contracts remaining to be executed on capital account, and not provided for (net of advances) as at March 31, 2012 is Rs 1368.70 Lacs (March 31, 2011: Rs 3171.10 Lacs)

(ii) Claims against the Group, not acknowledged as debts includes:

a. Demand from Indian income tax authorities as at March 31, 2012 is Rs 11,668.61 Lacs (March 31, 2011: Rs. 754.63 Lacs). The tax demand mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A of the Income tax act.; The Company is contesting these demands at various higher appellate levels and the Company believes that the final outcome of the dispute will be in favour of the company and will not have any material impact on the financial results of the Company.

b. Sales Tax demand from Commercial Tax Officer, Chennai is Rs.520 Lacs as at March 31, 2012 (March 31, 2011: Rs 520 Lacs);

c. Sales Tax demand from Commercial Tax Officer, Hyderabad is Rs.98 Lacs as at March 31, 2012 (March 31, 2011: Rs 98 Lacs).

d. Service tax demand from Commissioner of Central excise, Chennai as at March 31, 2012 is Rs 32.25 Lacs (March 31, 2011: 32.25 Lacs); and

e. The Company has received an order from the Asst Commissioner of Income-tax for the assessment year 2007-08 wherein certain adjustments were made under transfer pricing rules resulting in a net demand of Rs 4,219 Lacs plus interest. The matter is being

contested by the company by way of a writ petition in the High Court of Madras. Considering the facts and the nature of transfer pricing adjustments and based on legal advice, the Company believes that the final outcome of the dispute will be in its favour and will not have any material impact on the financial results of the Company.

The Group is contesting the demands raised by the respective tax authorities, and the management, including its tax advisers, believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and results of operations.

(iii) The Company is also involved in other law suit and claims including suits filed by former employees, which arise in the ordinary course of business. However there are no such matters pending that the Company expects to be material in relation to its business.

24 Derivative instruments:

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted revenue receivable transactions. The Group does not use forward contracts for speculative purposes.

The following are the outstanding Forward Exchange Contracts entered into by the Group.

Particulars	As at March 31, 2012	As at March 31, 2011
Number of contracts	117	97
USD Equivalent	2,180	1,920
INR Equivalent	109,569	94,516

25 Revenue from Operations

Particulars	March 31, 2012	March 31, 2011
Revenue from Software development services & products		
Related to products	51,790.00	36,144.15
Related to services	153,125.14	122,489.00
Other operating revenues		
Rent recovery	-	842.25
Commission Income	-	67.23
Total Revenue from Operations	204,915.14	159,542.63

26 Other Income

Particulars	March 31, 2012	March 31, 2011
<i>Interest Income</i>		
Interest received on deposits with banks	300.97	157.01
Interest on others	164.76	83.55
<i>Dividend Income</i>		
Dividends received on current investments-mutual funds	1,244.05	1,778.69
<i>Net gain/(Loss) from sale of investments</i>		
Profit on sale of current investments, net	403.81	52.06

Adjustments to the carrying amount of current investments;	(14.08)	(0.95)
<i>Other non-operating Income</i>		
Miscellaneous Income, Net	132.24	237.11
Profit / (loss) on sale of Fixed assets, net	2,397.84	1,061.16
Net Gain on foreign currency transaction and translation (other than considered as finance cost)	512.50	2,383.03
Total Other Income	5,142.09	5,751.66

27 Employee Benefit Expenses

Particulars	March 31, 2012	March 31, 2011
Salaries and incentive		
Salaries and bonus	121,059.50	93,708.47
Cost of technical sub-contractors	11,986.94	10,421.53
Contribution to		
Provident fund	2,643.85	2,026.80
Superannuation scheme	826.53	538.38
Other funds	1,873.12	1,509.74
Gratuity contribution scheme	616.66	417.17
Social security and other benefit plans for overseas employees	345.12	218.62
Staff welfare expenses	4,812.88	3,576.21
Total Employee benefit Expenses	144,164.60	112,416.92

28 Other Expenses

Particulars	March 31, 2012	March 31, 2011
Payment to the auditors		
- auditor	49.00	44.00
- for other services	5.70	5.00
- for reimbursement of expenses	2.11	1.70
Cost of software packages, consumable and maintenance	3,535.48	1,605.96
Travelling expenses	9,410.80	8,452.95
Communication expenses	2,808.77	1,748.46
Professional and Legal charges	3,914.08	2,809.92
Power and fuel	1,894.28	1,623.35
Rent	3,416.78	2,311.83
Repairs - Plant and machinery	1,184.36	949.01
Repairs - Building	115.33	80.12
Repairs - Others	981.79	468.88
Business promotion	1,078.34	1,431.47
Office maintenance	989.58	643.22
Provision for doubtful debts	443.23	367.99
Bad debts / advances written off	842.29	1139.56
Less: Out of provisions for earlier years	(842.29)	- (1139.56) -

	Particulars	March 31, 2012	March 31, 2011
	Insurance	309.07	203.48
	Printing and stationery	263.94	175.15
	Rates and taxes excluding Taxes on Income	235.22	139.92
	Donations	228.85	194.52
	Directors' sitting fees	16.94	14.51
	Advertisements	26.70	9.15
	Bank charges & commission	118.00	80.87
	Miscellaneous expenses	777.27	1,545.96
	Net Loss on foreign currency transaction and translation (other than considered as finance cost)	849.89	754.18
	Total other expenses	32,655.51	25,661.60

29 Finance Cost

	Particulars	March 31, 2012	March 31, 2011
	Interest expenses	170.55	34.00
	Total finance cost	170.55	34.00

30 Earnings per Share ("EPS")

Reconciliation of basic and diluted shares used in computing EPS:

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Weighted average number of equity shares outstanding during the year-Basic	99,323,973	99,100,729
Add: Effect of dilutive issue of stock options to be converted	334,900	724,391
Weighted average number of equity shares outstanding during the year-Diluted	99,658,873	99,825,120
Net profit for the year attributable to equity shareholders – for basic and diluted	22,070.86	20,245.97
<i>Earnings per Share (in Rs.)</i>		
Basic earnings per share	22.22	20.43
Diluted earnings per share	22.15	20.28

31 Segment Reporting

The Group's operations predominantly relate to providing IT services and IT-enabled services, delivered to customers operating in various industry segments globally. Accordingly, IT service revenues represented along industry classes comprise the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments.

Business (primary) segments of the Group are:

- a) Banking and financial services ; and
- b) Emerging verticals

Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while other costs, wherever allocable, is apportioned to the segments on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group believes that it is not practicable to provide segment disclosures relating to such expenses, and accordingly such expenses are separately disclosed as 'unallocated' and directly charged against total income.

Total assets used in the Group's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Group believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Customer relationships are driven based on the location of the respective client. The geographical segments comprise:

- a) United States of America
- b) Europe
- c) Asia Pacific
- d) India and Middle East.

Primary Segment Information

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Segment Revenues		
Banking and financial services	187,454.71	144,347.60
Emerging verticals	17,460.43	15,195.03
	<u>204,915.14</u>	<u>159,542.63</u>
Segment Profit before finance charges, unallocable expenses and tax		
Banking and financial services	69,905.79	48,780.84
Emerging verticals	5,707.52	5,171.10
	<u>75,613.32</u>	<u>53,951.94</u>
Finance costs	(170.54)	(34.00)
Other unallocable expenditure net of unallocable income	(47,099.28)	(30,102.04)
	<u>28,343.50</u>	<u>23,815.91</u>
Profit Before Taxation	28,343.50	23,815.91
Income taxes including deferred tax, fringe benefit tax and net of MAT credit entitlement	(6,300.29)	(3,588.10)
Profit After Taxation	22,043.21	20,227.81

Secondary Segment Information

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
<u>Segment revenues</u>		
United States of America	93,004.09	87,034.83
Europe	56,692.60	38,884.87
Asia Pacific	36,878.47	13,284.47
India and Middle East	18,339.98	20,338.46
Total Revenue	204,915.14	159,542.63

Revenues by geographic area are based on the geographic location of the customer.

32 Gratuity

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund.

The following tables summaries the components of net benefit expense recognised in the Statement of profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Obligations at the beginning of the year	1,978.78	1,714.78
Obligations at the beginning of the year for the subsidiary acquired during the year	-	15.23
Current service cost	532.22	366.32
Interest cost	160.17	126.51
Actuarial (gain) / losses	(23.16)	(39.77)
Benefits paid	(201.34)	(204.29)
Obligations at the year end	2,446.67	1,978.78
Change in plan assets		
Plan assets at year beginning, at fair value	466.72	194.46
Expected Return on plan assets	56.98	33.00
Actuarial gain / (loss)	(4.41)	2.89
Contributions	478.43	440.66
Benefits paid	(201.34)	(204.29)
Plan assets at year end, at fair value	796.38	466.72
Fair Value of plan assets at the end of the year	796.38	466.72
Present value of defined benefit obligations at the end of the year	(2,446.67)	(1,978.78)
Asset/(Liability) recognized in the balance sheet	1,650.29	1,512.06
Gratuity cost for the year		
Current service cost	532.22	366.32
Interest cost	160.17	126.51
Expected return on plan assets	(56.98)	(33.00)
Actuarial (gain) / losses	(18.75)	(42.66)
Net gratuity cost	616.66	417.17
Experience adjustments on plan liabilities	(23.16)	(39.77)
Experience adjustments on plan assets	(4.41)	2.89
Actual return on plan assets	52.57	35.89
Assumptions		
Discount rate	8.56%	7.98%
Estimated return on plan assets	16.00%	16.00%

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
The present value of defined benefit obligation	1,714.78	1,459.63	988.22
Fair value of plan assets	194.46	42.61	21.09
Surplus/(deficit)	(1,520.32)	(1,417.02)	(967.13)
The experience adjustment on plan liabilities.	(71.05)	(21.30)	(24.79)

The fund is invested in the form of a prescribed insurance policy with ICICI Prudential and Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

33 Leases

The Group has taken certain offices and residential premises for the employees under operating leases, which expires at various dates in future years and renewable for further period at the option of the Group. There are no restrictions imposed by the lease arrangements. The minimum lease rental payments to be made in respect of these leases are as follows.

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Lease payments for the year	2,571.89	1,663.79
Contingent rent recognised in Statement of Profit and Loss Account		
Minimum Lease Payments :		
Not later than one year	2,180.72	1,614.54
Later than one year and not later than five years	3,440.49	2,684.52
Later than five years	1,142.65	564.80
Total	6,763.86	4,863.86

- 34 Till the year ended March 31, 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for the preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

As per our report of even date
For S.R.BATLIBOI & ASSOCIATES
 Firm Registration No. 101049W
 Chartered Accountants

per Subramanian Suresh
 Partner
 Membership No. 083673
 Chennai
 October 12, 2012

Arun Jain
 Chairman & Managing Director

Natarajan Narayanasamy
 Group Chief Financial Officer
 Chennai
 October 12, 2012

For and on behalf of directors of
Polaris Financial Technology Limited

R.C.Bhargava
 Director

B. Muthusubramanian
 Senior Vice President -
 Finance & Secretary

STATEMENT PURSUANT TO MINISTRY OF CORPORATE AFFAIRS EXEMPTION APPROVAL UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956														Rs in Lacs
Sl No	Name of the Subsidiary	Country	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit before Tax	Provision for Tax	Profit after Tax	Proposed Dividend
1	Polaris Software Lab Pte Limited	Singapore	SGD	40.48	155.85	9,062.96	12,532.52	3,435.50	121.79	16,079.59	2,057.37	315.74	1,741.62	Nil
2	Polaris Software Lab Limited	United Kingdom	GBP	81.46	724.18	5,322.19	11,058.80	5,012.43	-	20,955.46	1,665.89	441.44	1,224.45	Nil
3	Polaris Software Lab SA	Switzerland	CHF	56.34	197.19	1,007.86	2,030.67	825.62	-	1,206.13	179.09	10.62	168.48	Nil
4	Polaris Software Lab GmbH	Germany	EUR	67.87	407.22	402.68	1,214.71	409.80	4.99	1,059.25	81.58	25.86	55.73	Nil
5	Polaris Software Pty Limited	Australia	AUD	52.91	13.23	1,800.22	3,683.29	1,869.84	-	5,329.42	469.28	134.03	335.25	Nil
6	Polaris Software Lab Ireland Limited	Ireland	EUR	67.87	119.58	1,722.90	1,844.86	270.75	268.36	419.53	90.06	16.29	73.77	Nil
7	Polaris Software Lab Japan KK	Japan	JPY	0.62	123.92	1,195.07	2,043.90	724.92	-	4,135.84	316.32	161.70	154.62	Nil
8	Polaris Software Lab Canada Inc	Canada	CAD	51.04	250.51	477.90	4,246.00	3,517.59	-	6,098.92	457.87	137.08	320.79	Nil
9	Polaris Software Lab BV	Netherlands	EUR	67.87	13.57	35.79	117.89	68.53	-	145.97	24.81	4.98	19.83	Nil
10	Polaris Software Lab Limitada	Chile	CLP	0.11	6.26	(79.06)	792.43	865.23	-	1,111.81	(84.83)	-	(84.83)	Nil
11	Polaris Software Lab (Shanghai) Ltd	China	CNY	8.28	54.89	(113.12)	72.94	131.16	-	13.31	(108.92)	-	(108.92)	Nil
12	Polaris Software Lab Inc	US	USD	50.88	3,564.14	(2,233.47)	3,507.65	2,176.98	-	2,285.17	482.38	150.80	331.57	Nil
13	Polaris Retail Infotech Limited	India	INR	1.00	900.00	(372.97)	1,345.14	818.10	-	238.24	(288.33)	-	(288.33)	Nil
14	Optimus Global Services Limited	India	INR	1.00	46.85	(90.90)	35.55	79.60	-	617.21	(251.28)	-	(251.28)	Nil
15	SEEC Technologies Asia (P) Ltd.	India	INR	1.00	349.90	1,418.62	1,880.88	112.36	-	488.04	135.28	45.17	90.10	Nil
16	LaserSoft Infosystems Limited	India	INR	1.00	783.13	2,685.25	6,105.71	2,637.33	-	3,762.00	705.82	154.13	551.69	Nil
17	Polaris Software Lab Vietnam Co. Ltd	Vietnam	VND	0.0025	22.50	(131.64)	30.26	139.40	-	-	(113.06)	-	(113.06)	Nil
18	Polaris Software Lab Sdn Bhd	Malaysia	MYR	16.61	0.01	(0.01)	0.05	0.05	-	0.11	(0.00)	-	(0.00)	Nil
19	SFL Properties Private Ltd	India	INR	1.00	100.00	20.42	638.92	518.50	-	-	-	-	-	Nil
20	Indigo TX Software Pvt Ltd	India	INR	1.00	39.70	373.45	525.82	112.66	-	464.47	(109.19)	(3.66)	(105.54)	Nil
21	Polaris Software Lab FZ LLC	Dubai	AED	13.85	207.75	(81.57)	495.20	369.01	-	479.50	(81.57)	-	(81.57)	Nil
22	Polaris Software Lab (Philippines) Company, INC	Philippines	PHP	1.22	103.78	(89.21)	102.22	87.65	-	-	(89.21)	-	(89.21)	Nil
23	Idea trust Inc	US	USD	50.88	6.01	(3,010.41)	4,805.60	7,809.99	-	5,839.17	(449.89)	-	(449.89)	Nil
24	Sonali Polaris FT Ltd	Bangladesh	BDT	0.65	487.50	(13.41)	476.72	2.63	-	-	(13.41)	-	(13.41)	Nil

Notes

Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2012

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MANAGEMENT DISCUSSION & ANALYSIS

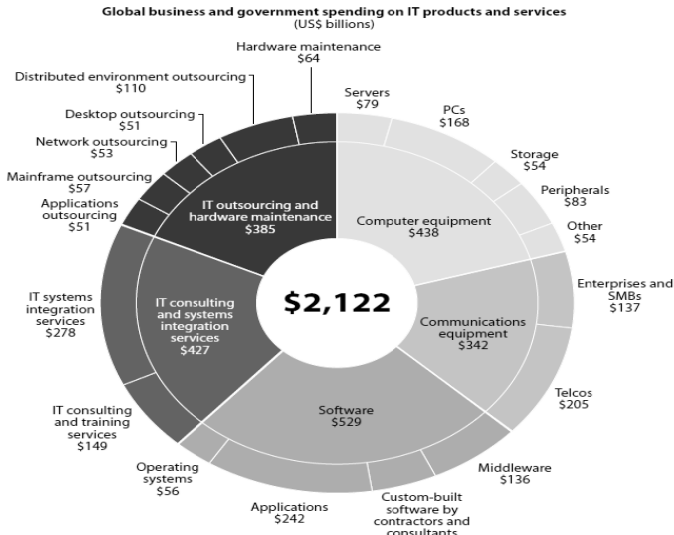
SECTION A

In 2011, the technology and related services sector recorded a steady growth. The worldwide IT spending will grow 6.9% year over year in 2012. As much as 20% of this total spending will be driven by the technologies that are reshaping the IT industry. Emerging markets will drive more than half of all IT spending growth worldwide in 2012, led by the BRIC countries (Brazil, Russia, India, and China) and a handful of other fast-growing markets like Indonesia, Vietnam, and Saudi Arabia.

1. Global IT Software and Services Trends

According to leading research firms, the sourcing industry's composition is weighed towards Banking, Financial Services and Insurance (BFSI), which accounted for 34 per cent of the industry's revenue in 2011.

On a global basis, IT purchases will be US\$2,122 billion in 2012. Software at \$529 billion (25% of the total) keeps its position as the largest category of global IT purchases. Computer equipment at \$438 billion (21%) occupies second place in size. IT consulting and systems integration services will be the third largest category at \$427 billion (20%), with systems integration project work having two-thirds of this market and strategy and other consulting services equaling one third. IT outsourcing (including computer hardware support services) will be \$385 billion (18%). Communications equipment at \$342 billion (16%) will be the smallest.

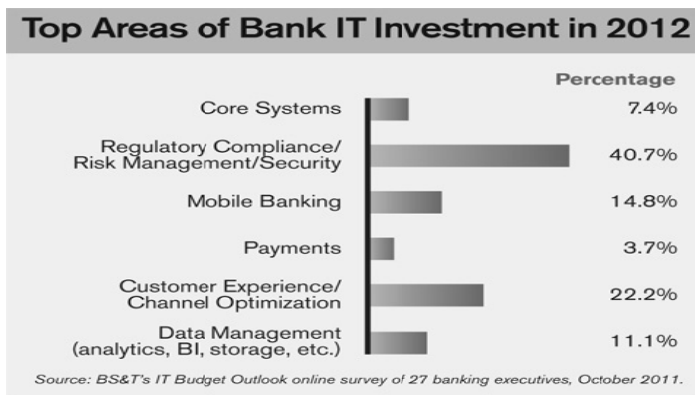


Source: Forrester Research, Inc.

2. Global Financial Technology Sector

The global banking market is composed of thousands of banks distributed across the world, with great variation with regard to size, clients, ownership structure, geographic focus and reach. However, each bank segment has distinct technology needs - IT budgets, buying centers and attitudes. The global banking market includes more than 45,000 banks that account for more than \$135 trillion in total assets. About 84% of these banks are small or very small institutions, while on the other side only 114 banks are the so-called "Tier 1" banks relative to their regional average size.

The technology investments will be mainly driven by the need to grow revenues and improve customer trust, but will also be driven by changing regulatory compliance. Spending related to online banking technology is expected to be the fastest growing area globally in 2012 and to hit \$8.3 billion by year end.



3. The US & Europe Financial Technology Sector

North American bank IT spending will grow to US\$54.7 billion in 2012. Canadian banks are leading the charge. Spending on corporate banking will continue to be strong, and compliance, regulatory, and security spending are all rising dramatically. Latin America is expected to generate nearly \$326B of IT spending in 2012, of which professional markets will represent 48.4 percent of the total IT market in reaching \$157.7 billion in 2012. Consumer markets in Latin America will reach \$168 billion in 2012.

European Market is expected to generate nearly \$158 billion in IT spending in 2012. Spending on core banking systems was statistically more significant in Western Europe and Asia/Pacific versus North America (24% and 22% versus 8%), reflecting the different maturities and competitive pressures in these markets. Mobile banking and payments will gather more attention in terms of customers and investment. Cloud computing is the top technology priority in 2010 and 2011 in BFSI across Europe. Western Europe is expected to return to stronger enterprise IT spending growth in 2012.

4. Emerging Markets Financial Technology Sector

APAC, ME&A, LatAm, will generate \$1.22 trillion of annualized IT spending for the current year-2012. This expected IT spending represents more than 31 percent of the worldwide.

Regions such as, APAC, ME&A, LatAm etc. abide to show positive IT growth. According to a leading research analyst, while professional and consumer market opportunities can be found in many emerging markets, Brazil, Russia, India, Mexico and China (BRIMC) will continue to perform particularly strongly, and this is where over half of emerging markets' IT spending will be concentrated in 2012. Analysts believe that around seventeen percent of the global IT spending will be generated by Brazil, Russia, India, Mexico and China (BRIMC) that would sum up to the figure of \$658B.

IT spending in the Middle East and Africa is expected to reach \$244 billion in 2012, with Saudi Arabia, Turkey and South Africa accounting for nearly 35 percent of this revenue. The Middle East and Africa professional markets represent 38 percent of the total IT market in the region, and will reach \$93 billion in 2012.

After several false starts, a rebalancing of global markets from developed to emerging economies is finally under way. Banks in emerging economies in the Asia-Pacific region will grow the fastest, at a rate of 8.3 percent, in 2012.

The customer focus in the developing countries is more on consumers than corporate banking, because a very large chunk of unbanked population is yet to be reached. Under this scenario of lower global economic growth and tough regulatory restrictions, all but emerging market banking giants will create money value over the next four years.

5. Polaris Differentiator

Polaris has developed a very effective governance methodology for execution of large and complex projects and implementations that have been used to successfully implement large and critical projects. Polaris project executions adopt processes and a governance model called Extreme Execution comprising of the **D-3 OTIF FRAMEWORK**. “**D-3 OTIF**” – The acronym for extreme execution lays emphasis on a delivery model of “**On Time In Full – 3 days before the committed delivery date.**”

Domain Expertise: Polaris has a singular focus and expertise in the BFSI segment since the last two decades. Our strategy of having a mix of domain specialists and technical consultants delivers better value to our customers.

Operational Excellence: Unmatched business productivity and efficient operations driven by technological support. Intellect product suite provides all the ingredients and components to enhance operational growth, including, Intuitive user interfaces, easy to use and standard interfaces, providing right information at the right time and function (place), straight through processing, template driven operations, reduced entry times, support for individual and bulk transactions, workflow support, authorization chain and many more.

We at Polaris have one single objective in all we do – **Complexity Reduction**. Our rich experience across large global, regional and national banks taught us – maintaining legacy applications and rampant innovation – brought increased complexity. Polaris embarked on simplifying highly complex systems and processes using current technologies. Our focus on complexity reduction brought in innovative tool – **Master Process Exchange (MPX)**. This MPX tool helped in us visually represent the functionality from Level 0 to Level 3 – **what in Polaris we call as L0, L1, L2 & L3**. The power of Polaris is in its deep domain understanding.

Global Universal Banking Platform: Polaris has developed SOA based Global Universal Banking (GUB) platform to cater to the needs of banks and financial institutions. Since GUB platform is SOA enabled it can be easily integrated with any legacy or third party applications available with Bank.

COPARIS: Polaris offers Consulting Services for determination of application efficiency of one or more applications relating to the Banking Industry, using the Polaris' proprietary COPARIS framework. Banks need to know how efficient their current applications are in terms of various parameters so as to leverage them better and identify areas of improvement. This can result in significant business-technology throughput while reducing TCO through:

- Improved customer experience
- Better utilization, lower cost of IT management
- More STP, IT rationalization, reduced redundancy
- Redeployment of resources
- Reduced risk

For banks that have recently merged with or acquired other banks, COPARIS helps assess application capacity/ efficiency through simulations to ensure there is no compromise in customer experience.

6. Customer Capital

The pillars of our customer capital are satisfied customers, repeat business and increased customer engagement. **Starting our journey with one customer in India, today we are partners with 9 out of the Top 10 Global Banks, 7 out of the Top 10 Insurance companies and have a total of over 250+ satisfied customers worldwide.**

Predominantly positioned as specialists in Financial Technologies, Polaris is now recognized for driving programs that achieve complexity reduction, unlock efficiencies and provide cutting edge business solutions by leveraging technology

7. Human Capital

The organization has improvised its hiring strategy to hire and elevate people based on competencies with clearly articulated questions on drawing out the best in people. This builds the leadership pipeline for the organization.

- With the introduction of 'Talent Round Tables' where senior leaders discuss with potential leaders around a table to identify leadership talent for larger responsibilities, the leadership bandwidth planning has become more organized and objective.
- With the recently launched Competency Diagnostics, the first-of-its-kind approach in the industry, all PMs will be assessed on areas such as Stakeholder Management, Planning, Monitoring & Execution, Process Excellence, Team Management, FT Mastery etc., to arrive at a score card that will help them fine tune themselves through several learning initiatives.

To help with learning to ensure growth, Nalanda, the corporate university of Polaris has been continually delivering programs on both technical and managerial programs through its unique base camp and summit approach.

- Nalanda has now started going aggressive on webinars and online education tools to reach to larger sections of associates across the globe.
- The Global Learning Centre, a state of the art facility connecting 13 locations globally has been inaugurated and has been effective in delivering learning to associates.

It is how we do that decides how well we do!

We are building a platform today in Polaris. A platform to display process excellence! Block by block we are carefully building this platform. This platform is a framework of our systems. Every block is a process. We cement it with Design Thinking. This process framework is architected for Simplicity, Scalability and Sustainability. Many of our processes like planned Job Rotation, Performance Development Dialoguing, and Town Halls etc. are architected in this philosophy.

Performance Development Dialoguing is one such forum where fairness and transparency is met with no compromise. A design as such, will ensure transparency with an observer being a part of the dialogue. Unique feature here is the requirement for weekly dialoguing on performance. The days of waiting a whole year for giving feedback are over. It's real time now.

To connect people across the organization, Polaris has launched 'Octopus' an internal networking site through which all associates can be connected and communicate with each other. All updates, information, knowledge sharing, issue handling etc., can be handled through this site.

8. Execution Capital

Absolute execution has always been the key to our success and nothing describes it better than the Polaris Prism. The proprietary Banking Knowledge Shelving and Wiring (KSW) framework (L0) has over 5,000 business processes, and over 100,000 business cases documented in the areas of Core Banking, Lending and Mortgages, Credit card, Private Banking, Brokerage, Asset Management, Cash Management, Liquidity Management, Trade Finance and Treasury spaces; COPARIS – a stringent proprietary measure is used to ensure execution and D-3 OTIF represents flawless delivery in full before scheduled date and time. All these integrate to become the DNA of Polaris' extreme execution potential.

9. Intellectual Property Capital

Polaris has leveraged its learning and domain expertise to create an all encompassing Global Universal Banking framework which provides technology solutions to the entire gamut of Banking and Financial services. The **Intellect™ GUB framework (10 Platforms & 95 IP Solutions)**, proprietary to Polaris, maps every need of a bank with a rich repertoire of products, services and solutions. It encompasses retail banking, capital markets, securities services and corporate banking. It is not limited to our products, or to our services; the Polaris GUB framework defines our domain of solutions. The outcome of our differentiation is demonstrated from the fact that, today we own the largest set of Intellectual Property of FT products.

10. Brand Capital

In addition to being a major participant in key industry events (Sibos and Acord Loma), we host our signature event, the much acclaimed, FT Innovation Series. This is a global event conducted across major financial hubs, and it attracts CXOs to a key showcase of our innovations in BFSI that benchmark our services and products – CBX, Hubs and FABX. These events contribute to the funnel and promote our visibility as an FT Leader. Our current position has been directly proportional to our effort in showcasing our capabilities in the FT space.

Major global research houses such as Gartner and Forrester have placed us amongst Tier 1 participants. For the third consecutive year, Polaris features in the Leader Quadrant of the International Retail Core Banking (IRCB) report for its Intellect Global Universal Banking solution. Forrester has placed us 6th in its Global Banking Platform Deals of 2011. We are ranked 2nd in the BFSI space with 16 deals for the Asia Pacific Region in 2011. To crown these achievements, Polaris has further strengthened its FT Leadership position. We are now ranked 38th in the global FinTech list of top 100 companies in the BFSI space in 2012.

Polaris' unique account-based marketing approach is a research-based connect with key accounts. Our in-house team of experts supports the work that account managers are doing by finding new and improved ways to bring value to customers by leveraging our product-based solutions. To this end we have also developed a proprietary Touch Point Index to track our engagement with our key accounts. However, our strongest brand ambassadors remain our 13,500+ team of associates and our satisfied customers.

11. Finance Capital

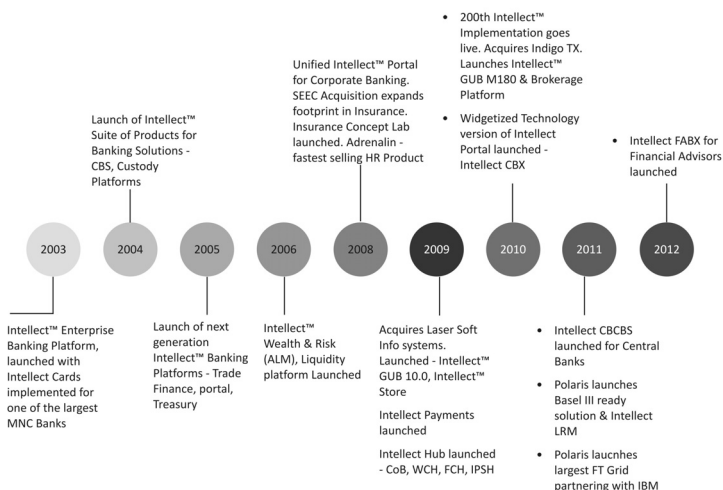
The road ahead looks rather intriguing. While the global economy continues to give mixed signals of growth depending on the 'Region', the optimisation of strengths by global financial institutions continues to remain. In this new scenario, the Polaris leadership team has a clear direction to lead the organization to its goals. Within the Global Top 20 banking and insurance accounts, we have a closer focus on Global Top 8 accounts. Many strategies are being rolled out to increase revenues from the Global Top 8 accounts. Such strategies span across areas of addressing our customer's immediate requirements, mid-term requirements and long term vision.

At this juncture, Polaris is happy to state that the net profit has registered a YoY growth of 9.01%.

12. Evolution of Intellect™

Polaris believes that the monolithic banking solutions of the past decade are gradually becoming obsolete with their inability to adapt the fast changing business environment and are thus being replaced by customer centric future designs. With the advent of SOA based solutions, the line between 'products' and 'services' has blurred and is almost nonexistent. Global Universal Banking - version 10.0 platform based on SOA principles, centres around business services, reusability and modular deployment methodologies. Intellect™ GUB is an 'industrial strength' banking platform with unmatched inter-operability with the existing eco-system of products, applications and infrastructure, overcoming the limitations of complex monolithic systems.

Evolution of 10 Platforms & 95 IP Solutions



We have successfully implemented modules of Intellect™ GUB, at times, replacing the existing applications, and at other times, complimenting & augmenting functions already offered. In each of these instances, our component-led philosophy has allowed us to complete these projects without impacting current BAU and within shorter time-spans (for e.g. Our Intellect Collect Solution for a middle-east bank was implemented within 8 weeks end-to-end). Banks have used our solution as '**Innovation Accelerators**' bringing together domain, expertise, solution frameworks to enable business potential. In short, Our 'Functional Stacks' can be innovatively deployed for 'Upgrading the Bank' through our unique '**Progressive Modernization**' approach.

13. Green Initiatives

1. Replacement of energy intensive CRT monitors with LCD monitors.
2. Increased virtualization of servers, wherein logical servers are accommodated on a single server, through virtual partitions.
3. Replacement of other lamps with T5 and LED lamps.
4. Increased use of laptops instead of desktops. Remaining desktops are in the process of being replaced by All-In-Ones.
5. Air-conditioning cooling level is set at 23-25 degrees Celsius, instead of 22 degrees Celsius as hitherto.
6. A central monitoring schema - Hard Switch Off of monitors and computers which are not in use at 8.30 P.M. every night.

SECTION B

1. Financial Position

Performance Trend

The Polaris 4.0 growth journey embarks with two well-defined business value pyramids - Products & Services, which are uniquely positioned to double its revenue in the next 4 years.

- Polaris positioned among the top 10 companies in the Global FT 100 that achieved 100% growth in the last 4 years
- FT Intellect crossed the significant milestone of Rs.50,000 Lacs in just 7 years
- In the last four years, our revenue in product as well as services business has doubled

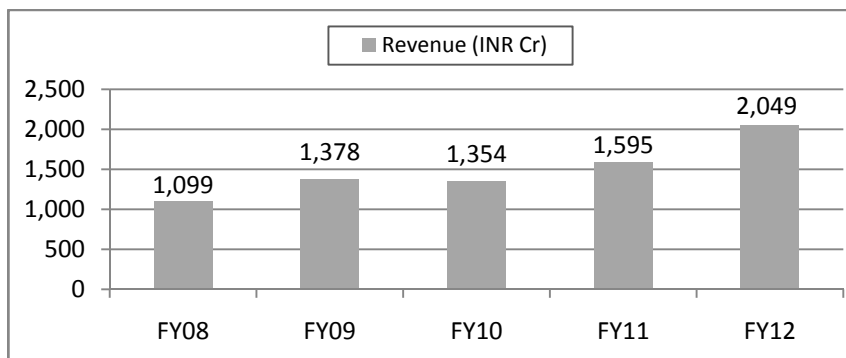
Highlights

- FY12 revenue crosses Rs.204,915.14 Lacs registering 28% YoY growth
 - Intellect revenue crosses Rs.50,000 Lacs registering 43% YoY growth
 - Polaris FT Services revenue crosses Rs.150,000 Lacs
- Polaris FT Sourcing records 77% growth between FY08 – FY12
- Earnings per share increased to Rs.22.22 in FY12 (Rs.20.43 in FY11)
- The book value per share increased to Rs.122.21 in FY12 (Rs.104.21 in FY11)
- Based on the NSE prices, market capitalization was Rs.163,333 Lacs as on March 31, 2012. (187,330 Lacs in FY11)
- Dividend paid/recommended during the year stands at 100% (90% in FY11)

Value Addition since FY 2008

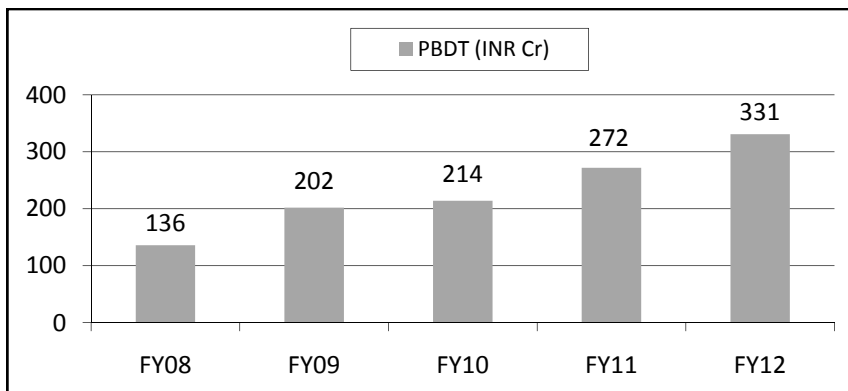
Revenue

Revenue grew from Rs.1,099 Cr (FY08) to Rs.2,049 Cr (FY 12) recording 87% growth.



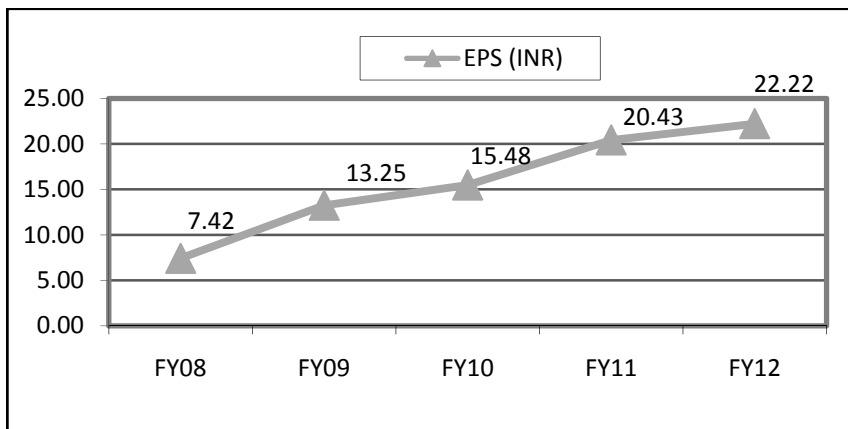
PBDT

PBDT recorded 143% growth from Rs.136 Cr (FY08) to Rs.331 Cr (FY 12).



EPS

Earnings per share recorded 199% growth from Rs.7.42 (FY08) to Rs.22.22 (FY 12)



Sources of Funds

1. Share Capital

As at March 31, 2012:

- The Authorized share capital of the company was Rs.6,500 Lacs.
 - Equity shares of Rs.6,000 Lacs. (120,000,000 equity shares of Rs.5/- each)
 - 11% Preference shares of Rs.500 Lacs. (10,000,000 Preference shares of Rs.5/- each)

- The issued, subscribed & paid-up capital was Rs.4,972.10 Lacs (99,442,097 equity shares of Rs.5 each).
- Associates and Directors were allotted 246,500 equity shares under Associate Stock Option Plans (for FY12).

(The details of the options granted, outstanding and vested are provided in the notes to the consolidated financial statements in this Annual Report)

2. Reserves and surplus

With an increase of Rs.18,263.52 Lacs, the Reserves & Surplus stood at Rs.116,558.25 Lacs in FY12 (Rs.98,294.73 Lacs in FY11).

2.1 General Reserve

As on March 31, 2012, the balance stood at Rs.21,826.39 Lacs (Rs.19,926.39 Lacs in FY11). The net addition to the General Reserve of Rs.1,900 Lacs is mainly on account of internal accruals by way of transfer of profits in the current year.

2.2 Foreign currency translation reserve

The balance of foreign currency translation reserve increased by Rs.1,796.47 Lacs and stood at Rs.2,574.83 Lacs as on March 31, 2012 (Rs.778.36 Lacs in FY11). The raise is on account of translation of non-integral overseas subsidiaries and branches into reporting currency in line with Accounting Standard 11 of ICAI.

2.3 Securities premium account

With an increase of Rs.178.77 Lacs, the Securities premium account stood at Rs.19,095.03 Lacs as on March 31, 2012 (Rs.18,916.26 Lacs in FY11). The raise is on account of premium on the issue of shares during the year 2011-12 under ASOP schemes.

2.4 Profit and Loss account

As of March 31, 2012:

- The balance retained in the profit and loss account increased by Rs.14,388.28 Lacs and stood at Rs.73,062.00 Lacs (Rs.58,673.72 Lacs in FY11)
- Rs.14,388.28 Lacs is recorded as the internal accrual after providing for
 - Proposed final dividend of Rs.2,984.11 Lacs
 - Dividend tax of Rs.807.14 Lacs
 - Interim dividend paid of Rs.1,991.33 Lacs
- Increasing by Rs.599.91 Lacs, the total amount of profits appropriated to dividend including dividend tax stood at Rs.5,782.58 Lacs (Rs.5,182.67 Lacs in FY11).

2.5 Shareholder funds

As of March 31, 2012:

- The total shareholder funds increased by Rs.18,276.85 Lacs and stood at Rs.121,531.36 Lacs (Rs.103,254.51 Lacs in FY11)
- The book value per equity share increased by Rs.18 and stood at Rs.122.21 (Rs.104.21 in FY11)

3. Secured Loans

Polaris Financial Technology Ltd availed Rs.10,181.09 Lacs as working capital facility from a scheduled commercial bank and IdenTrust Inc. availed Rs.233.95 Lacs towards Finance Lease.

Application of Funds

4. Fixed assets

4.1 Capital expenditure

Net capital expenditure for FY12 is Rs.14,704.54 Lacs (Rs.9,413.92 Lacs in FY11).

4.2 Additions to fixed assets

Gross additions of Rs.15,645.61 Lacs to our gross block comprise the following:

- Rs.8,212.10 Lacs for land & buildings
- Rs.5,865.53 Lacs for plant, machinery, office equipment & furniture
- Rs.541.54 Lacs for intangible assets
- Rs.1,026.44 Lacs for vehicles
- Net Decrease in Capital Work-in-progress and Capital Advances of Rs.941.07 Lacs has been mainly due to capitalization of assets at Pune & Siruseri.
- Fixed assets acquired on acquisition of subsidiary (IdenTrust Inc.) during the year amounts to Rs.2,930.11 Lacs and corresponding accumulated depreciation of Rs.2,621.84 Lacs leaving a net book value of Rs.308.27 Lacs.

5. Goodwill on consolidation

As a result of acquisition of the balance 49% of Indigo Tx Software Private Limited and 85.30% of IdenTrust Inc. during the year, the company has recognized additional goodwill of Rs.11,706.76 Lacs. The excess of consideration paid over the net asset value acquired has been recognized as goodwill in accordance with Accounting Standard (AS) 21 on consolidated financial statements.

6. Strategic Business Acquisition

6.1 Inorganic Growth Strategy

Growth is often accelerated through increased innovation, to compete and align with those companies that are developing innovative technology or have an access to customer base. The Company is looking forward to grow inorganically given the right M&A candidates that would either help us build depth, breadth and scale in our capabilities.

6.1.2 Optimus

The Company had entered into a Scheme of Arrangement with Optimus Global Services Limited for a demerger of its BPO division into the Company w.e.f October 1, 2011. The Scheme was approved by the Hon'ble High Court of Judicature at Madras ("High Court") on July 20, 2012. The company has filed the order of the High Court with Registrar of Companies, Chennai (RoC,) on October 5, 2012. The RoC has approved the said registration on October 9, 2012 and as of that date; the BPO division of Optimus has been demerged with the Company. The Scheme has accordingly been given effect to in these financial statements with retrospective effect from October 1, 2011.

7. Investments

Aiming at procuring business benefits and operational efficiency for the company, several strategic investments were done. The investments in our foreign subsidiaries for FY12 were as follows:

- Rs.203.70 Lacs in Polaris Software Lab FZ LLC (incorporated in Dubai)
- Rs.238.76 Lacs in Sonali Polaris FT Ltd (incorporated in Bangladesh)
- Rs.902.22 Lacs in Indigo Tx Pvt Ltd (towards acquisition of the remaining 49%)
- Rs.8,812.50 Lacs in IdenTrust Inc. (incorporated in the US)

IdenTrust, a company in which Polaris Financial Technology Limited has investments, comes under CFIUS (Committee for Foreign Investment in United States) compliance regime. As a part of this compliance regime, it is expected that IdenTrust will be independently managed through an appropriate Board Composition. Mr. Doyle L Arnold has been appointed as Chairman of the Board of IdenTrust. Mr. Doyle L Arnold is the Vice Chairman, Chief Financial Officer & Executive Vice President, Zions Bancorp.

8. Sundry Debtors

- Sundry debtors amount to Rs.37,224.51 Lacs (net of provision for doubtful debts amounting to Rs.2,043.79 Lacs) as at March 31, 2012 (Rs.22,718.54 in FY11 (net of provision for doubtful debts amounting to Rs.2,548.23 Lacs).
- For the year ended March 31, 2012 debtors are 18.17% of the revenues.
- At the end of FY12, the days of sales outstanding (DSO) were 63 days.

9. Cash & Cash Equivalents

Cash and Cash equivalents includes the Bank balances, both rupee accounts and foreign currency accounts and mutual fund investments. Cash and cash equivalents stood at Rs.39,022.79 Lacs as at March 31, 2012. The treasury policy calls for investing in highly rated mutual fund, debt instruments and banks. Due to the above policy and effective liquidity management, our company has earned a dividend of Rs.1,633.78 Lacs.

9.1 Liquidity and Capital

The company continues to maintain its practice of utilizing cash generated from operations to meet the growth, normal capital expenditure requirements, investments in product portfolio and the funding needs of its Group Companies. Based on the present cash reserves and future operating income, the company does not foresee any requirement of financial support / borrowing from any institution.

10. Loans & Advances

As on March 31, 2012 Loans and advances were Rs.15,176.52 Lacs (Rs.11,681.18 Lacs in FY11), recording an increase by Rs.3,495.34 Lacs.

Significant items of Loans & Advances along with its variance are presented as follows:

- Advance income tax shown is net of provision for tax and includes MAT credit entitlement. Increase in Advance tax of Rs.4,620.88 Lacs was due to higher component of MAT based on book profit.
- Others comprise of advances, loans to associates amounting to Rs.565.93 Lacs and Security Deposits of Rs.431.17 Lacs.

11. Current Liabilities

On account of liability towards billing in excess of revenue and accrued salaries and benefits, the current liabilities have increased by Rs.9,503.27 Lacs.

Increase in short term borrowings towards the PCFC loan amounts to Rs.10,181.09 Lacs.

12. Provisions

Provision at the yearend has decreased mainly because of payment of Interim Dividend during the year, which was not there in the previous year. The proposed final dividend represents the final dividend recommended and payable, upon approval by our shareholders. This will be paid after the Annual General Meeting.

13. Net Current Assets

As at March 31, 2012:

- The net current assets were Rs.51,597.04 Lacs (Rs.58,700.97 Lacs in FY11)
- The current ratio was 1.94 (2.63 in FY11)

Decrease is primarily due to the short term loan liability in terms of working capital facility amounting to Rs.10,181.09 Lacs and increase in billing in excess of Revenue by Rs.9,785.98 Lacs.

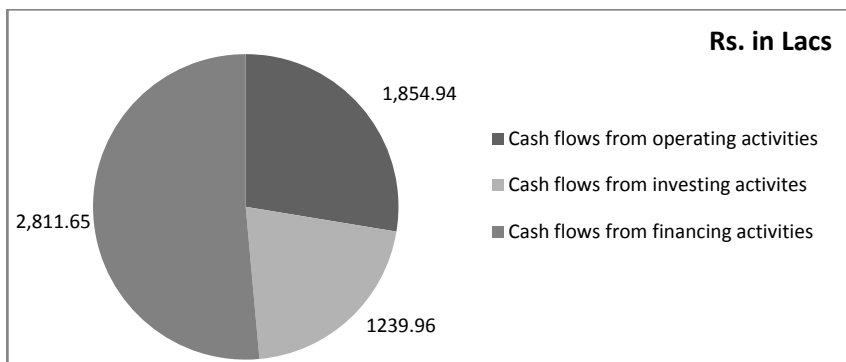
14. Deferred Tax Assets / Liability

As on March 31, 2012, the company recorded net deferred tax asset aggregating to Rs.123.26 Lacs (Rs.933.91 Lacs in FY11). Deferred tax assets / liabilities represent timing differences between the financial and tax books arising out of depreciation on assets, carry forward losses and provisions for sundry debtors. The Company assesses the likelihood based on the continuous growth and improved operation that the deferred tax assets will be recovered from future taxable income.

15. Cash Flow Analysis

Cash flows are reported by adjusting net profit before tax for effect of non-cash transactions, changes in working capital, income taxes paid, cash transactions of capital nature and cash transactions relating to investing and financing activities. Cash flows from operating, investing and financing activities of the Company are identified and reported separately.

Cash Flow Chart



Cash Flow from operating activities

Net Cash of Rs.1,854.94 Lacs was generated from operating activities by the company in FY12. The Net cash generated by operating activities was after utilization of cash for tax and working capital requirements, driven by business needs in the current year.

Cash Flow from investing activities

In FY12, the company used Rs.1,239.96 Lacs on investing activities. The significant items of cash flow from investing activities were purchase of fixed assets, acquisition of subsidiary and investment in long term bank deposits with a maturity period of more than 12 months.

Cash Flow from financing activities

In FY12, the Company generated Rs.2,811.65 Lacs in financing activities. The substantial items of cash generated from financing activities are from the receipt of loan proceeds and payment of dividend during the current year.

Cash equivalents of Rs.39,022.80 Lacs are reported after considering the cash flow from operating activities, financing activities and investing activities and the short term investment balances as at the end of the year. The Cash equivalents remained positive compared to last year even with significant investment activities during the year.

SECTION C

Results of operations

1. Revenue

With 87.63% revenue from export business and 12.37% revenue from domestic market, the total revenue for the year ended March 31, 2012 stands at Rs.204,915.14 Lacs. A revenue growth of 28.44% is achieved in FY12.

2. Other income

The company's other income amounts to Rs.5,142.09 Lacs

This predominantly comprises of:

- Rs.300.97 Lacs from interest on deposits
- Rs.1,633.78 Lacs from dividend received on mutual funds
- Rs.2,397.84 Lacs from profit on sale of assets*
- Rs.132.24 Lacs through miscellaneous income
- Foreign exchange gain of Rs.512.50 Lacs

*Profit on sale of assets consists mainly of flats located in Lokhandwala Township, Mumbai during the current year

3. Expenditure

3.1 Employee Benefit expenses

Employee benefit expenses primarily consist of:

- Salaries & Bonus
- Software development expenses
- Consultancy charges

- Contributions to Provident Fund, Superannuation and other funds, Group Gratuity scheme.
- Social security and other benefit plans for overseas employees
- Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)
- Staff welfare expenses

During the year our employee benefit expenses were Rs.144,164.60 Lacs at 70.35% of revenue against Rs.112,416.92 Lacs at 70.46% of revenue in the previous year.

3.2 Other Expenses

Other expenses include Operating, General & Other Administrative expenses. General and administrative expense primarily consists of rent, power & fuel, repairs & maintenance, travelling & communication expenses, rates & taxes, professional & legal expenses, insurance, printing & stationery, cost of software packages, consumable and maintenance and other miscellaneous expenses.

We incurred G&A expenses Rs.32,655.51 Lacs during the current year (Rs.25,661.60 Lacs in FY11). Overall G&A expenses increased by Rs.6,993.91 Lacs due to increase in cost of software packages, consumable and maintenance, rent, professional & legal charges, communication expenses, travel, power & fuel and repairs and maintenance costs.

4. Depreciation & Amortization

Depreciation on fixed assets is provided using the straight-line method based on rates specified in Schedule XIV of the Companies Act, 1956 or on estimated useful life of assets whichever is higher.

We have provided Rs. 4,723.07 Lacs for March 31, 2012 as against Rs.3,365.86 Lacs for March 31, 2011 as depreciation for the respective years representing 2.30% and 2.11% of total revenues.

5. Income Tax

Income tax includes current tax and deferred tax. Details of the same are given below:

The company has calculated the tax liability after considering MAT in-line with section 115 JB of Income Tax Act, 1961.

Rs. in Lacs

Particulars	March 31, 2012	March 31, 2011
Tax	6,300.29	3,588.10
Profit before Tax (PBT)	28,343.50	23,815.91
% of tax on PBT	22.23%	15.07%

6. Profit after tax

The Net Profit after Tax increased to Rs.22,070.86 Lacs from Rs.20,245.97 Lacs in the previous year, primarily due to the following factors: -

- Revenue for the year has increased by 28% as against previous year.
- Intellect™ revenues crossed Rs.50,000 Lacs and 47 new Intellect™ wins were recorded in FY12.

7. Dividends

Our company has a track record of delivering dividends to the shareholders in a consistent manner. The table below shows the trend on dividend payouts.

Dividend Payout

	2011-12	2010-11	2009-10	2008-09	2007-08
Dividend %	100	90	70	55	30
Dividend payout %	23	22	23	21	20

8. Capital Markets

The Capital Market information relating to the company's shares such as stock exchanges in which they are listed/traded, trading volume, stock price movements etc., has been provided in the Report on Corporate Governance (under the heading "General Shareholder Information") which forms part of the Annual Report 2011-12.

9. Subsidiary Companies

For subsidiary details refer the Report on Subsidiaries under Section 212 of the Companies Act, 1956, mentioned elsewhere in this report.

SECTION D

1. Strengths

Polaris' consistent focus on disciplined execution and sustained innovation has been a hallmark in every customer engagement. Our focused efforts in ensuring knowledge up gradation at all levels ensure that we are fine tuned to current and future trends in the Financial Services industry. This continues to provide the edge to build future-proof solutions that deliver tangible business benefit to our customers.

We consider the following as our strengths...

- A strong leadership team that has clear vision and direction to lead the company to its goals
- Scientific frameworks and methodologies that are built to ensure seamless delivery
- Demonstrated expertise and deep domain knowledge in the Banking, Financial Services & Insurance verticals enhanced with the experience of working with world-class customers
- Strong technical know-how and quick adaptability to internalize technology changes and constantly working in research mode to ensure we are future-fit

2. Strategy

Polaris, in its pursuit towards becoming Global Financial Technology Infrastructure Leader, has defined strategies for its services business and for its Intellect™ solutions.

We have devised the following strategies:

- Enhance relationship with Global Top 20 accounts, delivering higher revenues
- Within the Global Top 20, have a closer focus on Global Top 8 accounts. Many strategies are being rolled out to increase revenues from the Global Top 8 accounts. Such strategies span across areas of addressing our customer's immediate requirements, mid-term requirements and long term vision

- Significant efforts have gone in planned branding initiatives that reinforce our positioning as a global FinTech leader across the world
- We are associated with Dun & Bradstreet for the Top Banker Awards; regular participant in Sibos with increased successes; connects with various industry forums across geographies are part of our Branding Strategy
- Constant evaluation of opportunities enhancing inorganic growth through leveraging our strong balance sheet

Opportunities

We identified the following growth levers, viz.:

- Intellect™ Expansion
- Strategic Accounts Expansion
- Country Expansion
- Insurance Accounts Expansion

We have unique opportunities in the areas of:

- Progressive modernization of legacy applications from the developed economies
- Product driven opportunities in the emerging markets; Middle East, Africa, SAARC Nations show exciting promise for growth
- Global Tier 1 banks as well as Tier 2 and Tier 3 banks continue to explore smart technology solutions to enhance their growth - particularly their new country expansion. This increases the opportunities for us to provide the right solutions

Focused efforts and investments were made to these four clearly defined growth levers resulting in significant new businesses, cross-sell and up-sell opportunities.

- i) We signed the prestigious Reserve Bank of India contract for a period of ten years to implement a centralized Core Banking Solution at all its offices encompassing all banking and accounting operations to align with its current and future IT requirements, including a single General Ledger for the bank
 - ii) We signed a 15-year deal with the largest Nordic bank in Europe to simplify the application landscape for liquidity management in the bank and ensure that 'Go to Market' time for new liquidity products is reduced globally
- b) We have successfully penetrated into new Geographies like Africa and opened new global in Chicago, Malaysia and Philippines.

Competition

Polaris with its wide range of solution offerings in Banking, Financial Services and Insurance is placed in a unique position among its competitors. The competition is spread across various sections based on the offerings.

Considering the Banking platform, Intellect competes with players such as Temenos, Infosys, TCS, Nucleus & SAP in the global arena. We also compete with few regionally available solutions providers in different geographies. On the services space, FT Sourcing competes with financial services players including the large global outsourcing vendors viz. IBM, Capgemini and Cognizant. Other Indian outsourcing vendors are TCS, Wipro and HCL.

Apart from core banking solution, various other solutions in Liquidity, Wealth Management and Portal are leading products in the global market place. Unlike Polaris Financial Technology, most of our competitors in the Indian market have only core banking solution. But our solution offerings span across Retail, Corporate and Investment Banking. Combined together, Polaris owns the largest IP and application infrastructure in the banking and Insurance space.

Threats

We at Polaris believe that our business is poised to address the challenges thrown up by the global economy. As such, we do not envisage significant threats to our business from a slowing global economy, and are optimistic about the outlook as the trends that we are seeing in our funnel movement are positive. However, unpredictable volatility in currency movements remains a concern. We continuously attempt to address fluctuations.

Risks & Concerns

A formal risk management process was rolled out in May 2005 in Polaris. This process is fine tuned based on changes, learning and need. In order to improve the effectiveness / focus of risk management, an experienced professional has been inducted as the Global Head of Risk. The Governance process builds, maintains reviews & suggests changes to the Risk Manual from time to time. Various Risks – macro & micro – are identified, its impact on the organization is assessed and a process to have identified risks mitigated is rolled out.

IT Security Risk; Market Risk; Financial Reporting Risk; Exchange Risk; Contractual Compliance Risk; other Compliance Risks are the broad categories of Risks that are monitored and mitigated.

Human Resources Development

The total employee strength stood at 12,886 as at March 31, 2012. Streams of work and positions within the streams have been neatly listed out and communicated to all associates so that every associate is well aware of the growth path in the organization and is enabled to plan the growth of self.

Who said it should be either black or white? Grey is allowed too. If I have my major interest in A and a secondary interest in B, I can be groomed in both. The A and B could be across functions too. Cross functional overall development builds multi-skilled individuals. This increases the business empathy across domains and increases the synergy of the organization. The organization encourages associates taking additional goals in different functions creating a well networked organization with great opportunities for learning and growth.

POLARIS FINANCIAL TECHNOLOGY LIMITED

(formerly known as Polaris Software Lab Limited)

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

Phone: 044 - 3987 4000, Fax: 044 - 2852 3280, Website: www.polarisFT.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON MONDAY THE 19TH NOVEMBER 2012 AT 10.30 A.M. AT RUSSIAN CENTRE OF SCIENCE AND CULTURE, #27 KASTURI RANGA ROAD, ALWARPET (OFF CATHEDRAL ROAD), CHENNAI - 600 018 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors' and the Auditors' thereon.
2. To declare dividend for the financial year 2011-12, if any.
3. To appoint a Director in the place of Mr.Abhay Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr.Raju Venkatraman, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration. M/s S.R.Batliboi & Associates, Chartered Accountants, the retiring auditors are eligible for re-appointment.

By Order of the Board
For **Polaris Financial Technology Limited**

Place: Chennai

Date: October 12, 2012

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.
2. Member/Proxy holder must bring the attendance slip to the meeting and hand it over at the entrance of meeting hall duly signed.
3. The Register of Members and Share Transfer Books of the Company will be closed from November 10, 2012 to November 19, 2012 (both days inclusive).
4. The Register of Directors' Shareholding, maintained under Section 307 of the Companies Act, 1956 (herein after referred to as the 'Act') will be available for inspection by the members at the Annual General Meeting.

5. The Register of Contracts, maintained under Section 301 of the Act will be available for inspection by the members at the Registered Office of the Company.
6. The certificate from the Auditors of the Company certifying that the Company's Associate Stock Option Plan(s) are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as applicable and in accordance with the resolution of the Members in the General Meeting is available for inspection by the Members at the Annual General Meeting.
7. 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.
8. The Company is extending the Electronic Clearing Service (ECS) facility to the shareholders, which will enable the shareholders of the Company to receive dividend amount (credit) directly in to the bank account of the shareholder.
9. 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.
10. The additional information pursuant to Clause 49 of the Listing Agreement with respect to the details of the Directors seeking re-appointment in this 19th Annual General Meeting is furnished hereunder.
11. Pursuant to the provisions of Section 205A of the Companies Act, 1956 dividends which remain unclaimed after the prescribed period 7 years shall be transferred to the Investor Education Protection Fund (IEPF) of the Central Government. Members who have not encashed their dividend warrants are requested to correspond with RTA. It is requested to note that once unclaimed dividend is transferred to IEPF pursuant to Section 205C of the Act, no further claim shall be entertained.
12. This notice for the 19th Annual General Meeting is attached hereto with the Annual Report for the financial year 2011-12.

Additional information of Directors those who are seeking re-appointment at the 19th Annual General Meeting to be held on November 19, 2012

Name	Mr.Abhay Agarwal	Mr.Raju Venkatraman
Father's name	Mr.Mahesh Chand Agarwal	Mr.S.V.Raman
Address	A 506, Gitanjali Apartments, Karkardooma, Delhi - 110 092.	Old No.79, New No.46, Kasturi Avenue, MRC Nagar, R.A. Puram, Chennai - 600 028.
Date of birth	April 7, 1961	August 21, 1958
Nationality	Indian	Indian
Occupation	Service	Service
Date of Appointment	May 12, 1995	December 30, 2005

The Profile and attendance records of the Directors seeking re-appointment are furnished in the Corporate Governance Report which forms part of the Annual Report 2011-12.

For Polaris Financial Technology Limited

Place: Chennai

Date: October 12, 2012

B.Muthusubramanian

Senior Vice President (Finance & Secretary)

POLARIS FINANCIAL TECHNOLOGY LIMITED

Regd. Office: Polaris House, 244, Anna Salai, Chennai - 600 006

19th Annual General Meeting to be held on Monday the 19th November 2012 at 10.30 A.M. at Russian Centre of Science and Culture, #27 Kasturi Ranga Road, Alwarpet (off Cathedral Road), Chennai - 600 018.

ATTENDANCE SLIP

Registered Folio No :(or)

Demat Account No.D.P.ID.No.....

Name of Shareholder(s)

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding Shares.

.....
Signature of Member(s) / Proxy

- A member or his duly appointed Proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance of meeting hall.
- Name of the Proxy in BLOCK letters
(in case a Proxy attends the meeting)
- Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.

POLARIS FINANCIAL TECHNOLOGY LIMITED

Regd. Office: Polaris House, 244, Anna Salai, Chennai - 600 006

19th Annual General Meeting to be held on Monday the 19th November 2012 at 10.30 A.M. at Russian Centre of Science and Culture, #27 Kasturi Ranga Road, Alwarpet (off Cathedral Road), Chennai - 600 018.

PROXY FORM

I / We of being a member/members of Polaris Financial Technology Limited hereby appoint(s) of or failing him / her of as my / our Proxy to attend and vote for me / us on my / our behalf at the 19th Annual General Meeting of the Company to be held on Monday, the 19th November 2012 at 10.30 A.M. at Russian Centre of Science and Culture, #27 Kasturi Ranga Road, Alwarpet (off Cathedral Road), Chennai - 600 018 and at any adjournment thereof.

In witness whereof

I / We have signed on this day of 2012

Registered Folio No. :(or)

Demat Account No.D.P.ID.No.....

Re.1
Revenue
stamp

- The Proxy form should be signed by the member across the stamp.
- A member intending to appoint a Proxy should complete the Proxy form and deposit it at the Company's Registered Office, at least 48 hours before the meeting.
- Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (DP) ID No.

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Corporate Headquarters:

POLARIS FINANCIAL TECHNOLOGY LTD.

'Foundation', # 34, IT Highway,

Chennai - 603103. INDIA.

Phone: 91-44-27435001 / 91-44-39873000

- Bangalore • Bangkok • Belfast • Chennai • Chicago
- Dubai • Dublin • Frankfurt • Ho Chi Minh City
- Hong Kong • Hyderabad • Kuala Lumpur • London
- Madrid • Mangalore • Manila • Melbourne
- Mississauga • Mumbai • Neuchatel • New Delhi
- New Jersey • Paris • Pittsburgh • Pune
- Riyadh • San Francisco • Santiago
- Seoul • Shanghai • Singapore • Sydney
- Thane • Tokyo • Toronto • Utrecht

www.polarisFT.com