

# DEEP DESIGN DIFFERENTIATION

Connecting the dots between business, technology and operations

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[www.polarisFT.com](http://www.polarisFT.com)

Authority in financial practices of  
over 80 countries.

Polaris Builds, Maintains, Expands  
and Extends highly complex and  
integrated Financial Technology  
infrastructure.

9 of the top 10 global banks and  
7 of the 10 top global insurance  
companies are Polaris' customers.

**A deep understanding of the lifecycle of money  
and the role of technology as a value creator.**

Over 25 years of experience in providing Banking,  
Financial Services & Insurance (BFSI) technology solutions.  
Work with over 250 leading financial institutions.  
Global footprint. Referenceable customers.

# Annual Report

2012 – 13

## REGISTERED OFFICE

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Chennai - 600006, INDIA.  
Phone: 91-44-39874000

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Chennai - 603103, INDIA.  
Phone: 91-44-27435001 / 39873000

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# Annual Report

2012 – 13

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**Polaris presence through Partners**

Nigeria • Kenya • Ethiopia • Tanzania • South Africa • Ghana • Ivory Coast • Malawi • Egypt • Lebanon • Turkey • Mauritius  
Saudi Arabia • Myanmar • Iraq • Libya • UAE • Jordan • Bangladesh • Nepal • Bhutan • Sri Lanka • Thailand • Indonesia

**THE  
INCREDIBLE  
POWER OF  
BUSINESS,  
TECHNOLOGY &  
OPERATIONS  
DESIGN.**

Break out of silos. Connect the dots.  
Design thinking drives deep differentiation.

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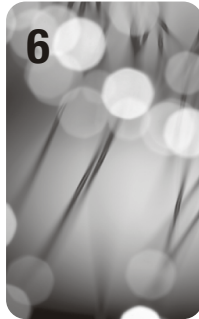
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Design Makes It  
Possible



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Strong FT Services  
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Center



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Financial Report

# Numeric Snapshot

as on March 31, 2013

Total Revenue  
**₹2,258.63 Crores**

Net Worth of the Company  
**₹1,342.72 Crores**

Cash & Cash Equivalents  
**₹489.76 Crores**

Earning Per Share (EPS)  
**₹20.19**

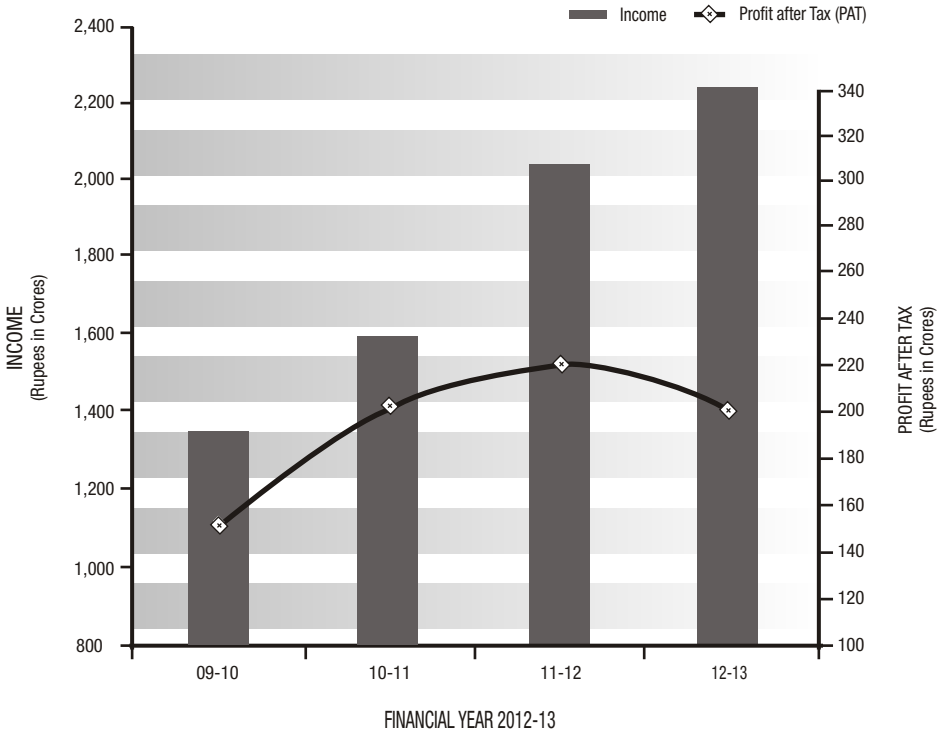
Total Employee Strength  
**13,076**

CSat Consistently Above  
**4.2 on 5**

On Time Delivery in Full Consistently  
**Above 90%**

# Financial Highlights

as on March 31, 2013



## Financial Highlights

Rupees in crores except per share data

Financial year	09-10	10-11	11-12	12-13
Income (Excluding other income)	1,353.75	1,595.42	2,049.15	2,258.63
Profit after Tax (PAT)	152.84	202.46	220.70	200.80
<b>At the Year end</b>				
Fixed Assets	227.14	278.85	383.13	400.69
Cash and cash equivalents	504.22	514.06	390.23	489.76
Shareholders' Equity (Net worth)	872.46	1,032.54	1,219.82	1,342.72
Earnings Per Share - Basic	15.418	20.43	22.22	20.19
Dividend paid (%)	70%	90%	100%	100%

# Chairman's Letter to Shareholders

## **THE INCREDIBLE COMPLEXITY FINANCIAL INSTITUTIONS MUST NAVIGATE, DEMANDS DESIGN PROWESS**

Complexity is the enemy of value creation and superior experience delivery. At Polaris, our single purpose is to drive unprecedented value through complexity reduction.

We achieve this by unshackling and unleashing the potential of business, technology and operations – the three pillars of enterprise success. A relentless commitment to better Design, Diagnostics and Delivery, makes us the ideal partner in a financial enterprise's transformation initiatives. High Performance Financial Technology enables better commerce. This is what we do!

**DESIGN  
IS AT THE CORE  
OF BUILDING A  
SUCCESSFUL  
ENTERPRISE.  
THIS IS HOW  
POLARIS WILL  
REALISE ITS  
DREAM.**

**Arun Jain**  
Chairman & CEO  
Polaris Financial  
Technology



Dear Shareholders,

For over two decades we have delivered value for our customers, helping them unravel the complexities of rampant innovation, global ambitions, disparate legacy technology, dynamically evolving regulation and the often contradictory demands of run-the-business and change-the-business.

**What do our customers ask of financial technology?**

They seek Speed and Scale backed with Accuracy and Reliability. It takes a mature organisation with a well-established Systems Learning Process to decode the complexities of expertise in domain, technology and frameworks. Through the journey of several years during which Polaris built this competence, we continually built IP and valuable reference sites across the world. Our models and protocols ensure better design development and delivery. Our transformative technologies are already being deployed across geos and will fundamentally change the way the legacy challenge is addressed, while adapting to new media, channels and devices. Addressing complex customer challenges across the spectrum of financial services needs has earned us further recognition as transformation specialists.

**Our FT Services business is driven by a strong solution mindset. Our FT Products business is powered by the most holistic enterprise suite of solutions.** It gives me pleasure to say that each of these businesses has reached take-off velocity. The path ahead is clearly to apply design principles to our own organisation and enable our businesses to realise their potential.

The base on which we will build the next year, registered a revenue of Rs.2,258 crores, an increase of 10% from Rs.2,049 the previous year. Profit after tax for the year ended March 31, 2013 was Rs.201 crores, compared to Rs.220 crores last year. Cash reserves grew to Rs.490 crores from Rs.390 crores in the previous year. EPS stood at Rs.20.19. A final dividend of 100% (Rs.5 per equity share) was proposed. Our solid base allows us the freedom required to design a future that unleashes our enterprise potential. You will read about some of our plans in this regard in this report and witness the unfolding and implementation of our design for deep differentiation through the coming year.

**This letter is an opportunity for me to share a few of the highlights of the recently concluded financial year.** Many of these milestones will have a significant bearing in the manner in which we re-orient the organisation to drive greater value – for our customers and all other stakeholders.

**The FT Services business revenue grew to Rs.1,730 crores and accounted for 22 new wins.** This reflected an increase of 13% over the last year. Revenues were distributed across key business geographies with the Americas contributing 53%, Europe 23%, India 6% and 18% from the rest of the world. Gross margins for the Services business stand at 33%. Polaris continued to compete and win against the largest global labels on large service deals with mission-critical requirements.

- Master Services Agreement with one of the foremost commercial banks in Western New York.
- The world's leading and most diverse financial and commodities derivative exchange based in the US and providing the widest range of benchmark futures and options covering all major asset classes, chose Polaris for its Global Technology Services.
- One of UK's largest banking groups chose Polaris as a preferred partner for its transformational initiatives, validating our vertical practices prowess.
- A leading provider of fraud prevention and intelligent transaction handling solutions chose Polaris for its Authentication & Fractals Products Testing Services.
- One of the oldest institutions in Hong Kong chose Polaris' Enterprise Content Management practice to redefine customer experience.
- An Asset Management Company based in the US managing significant assets across global markets chose Polaris Testing Services for Capital Markets and Treasury.

- One of the leaders in e-commerce, logistics and support services including e-fulfillment, e-CRM and e-analysis in the UK chose Polaris Application Development and Road Map Consulting.
- A major manufacturer of personal and life style products in Japan chose Polaris to manage their entire IT infrastructure backed up with a dedicated bi-lingual helpdesk.

**FT Products revenues closed at Rs.528 crores with a rapidly expanding global footprint and 38 new wins.** Across Core, Investment and Corporate Banking, the Intellect<sup>®</sup> Enterprise Solution Suite received critical acclaim from analysts and customers. The FT Products business continued to consolidate its position in India, Middle East and Africa, participating in transformation initiatives, while working with the western global banks on progressive modernisation objectives that aligned with regulatory requirements and regional growth ambitions, within rigorous analytics and oversight parameters.

- A leading Canada-based global financial institution chose Intellect<sup>®</sup> CBX to enhance its Wholesale Banking division.
- A leading domestic bank in UAE chose Intellect<sup>®</sup> Retail CBX to provide a memorable and differentiated customer experience.
- A leading private sector bank in India with \$7 billion assets and over 700 branches chose Intellect<sup>®</sup> Treasury spanning domestic and forex treasury functions across front, middle and back office with a single database and balance sheet.
- A leading and diversified financial institution in Ghana chose Intellect<sup>®</sup> Loan Origination to enable faster and better informed credit decision making.
- A leading bank in Japan selected Intellect<sup>®</sup> Loan Services Hub for its China deployment.

- One of the oldest and most prominent banks in South Africa and part of an integrated finance services group offering full spectrum services in South Africa and niche products in select international markets, chose Intellect® Cash & Liquidity Management System in a multi-million dollars deal.

This year stands proud testimony to the recognised Polaris prowess in Core Banking, Global Transaction Banking and Treasury & Capital Markets. The rapid strides we have made in taking on and successfully dealing with complex customer challenges were possible due to our deep Services and Products domain knowledge, design emphasis backed up with industry leading transformative technologies and delivery excellence.

IN ADDITION TO POWERING TRANSACTION BANKING IN THE WESTERN WORLD, POLARIS HAS DEMONSTRATED THE IMMEDIATE RELEVANCE OF INTEGRATED TRANSACTION BANKING. DESIGNED TO MAXIMISE THE TRANSACTION BANKING AGENDA OF CUSTOMERS.

**The world's first implementation of an Integrated Transaction Banking platform across front and back offices** went live at Mashreq Bank, one of UAE's leading financial institutions. The advanced Intellect® Global Transaction Banking (GTB) Platform with integrated cash management, complete with a full service corporate transaction portal, CFO dash boards and back-end product processors, will enable Mashreq offer its customers transaction services on a single platform across multiple countries. Through this unified portal, the bank's corporate customers can access full spectrum services related to accounts, payments, liquidity, collections and trade.

**When Karur Vysya Bank decided to launch green field transaction banking operations, they chose the Intellect® Global Transaction Banking (GTB) Platform.** The proven and India-ready solution spans cash

management, supply chain finance, securities, liquidity management, trade finance, treasury, all enabled through a heightened user experience driven banking portal.

UNIQUELY DESIGNED CORE BANKING SOLUTIONS HAVE RESULTED IN MILESTONE SOLUTIONS FOR COMMERCIAL AND CENTRAL BANKS. POLARIS IS THE PREFERRED CORE BANKING SOLUTION PROVIDER.

**National Bank of Ethiopia, the central bank of the country, adopted Intellect® Quantum CBS for its core banking transformation.** The revolutionary solution engineered specifically for central banks and already in operation at the Reserve Bank of India and the Central Bank of Seychelles, integrates money, securities, payments & settlement systems and the enterprise GL for real-time decisioning, accurate management and regulatory reporting.

**Citizens Development Business Finance Plc (CDB), a major non-banking financial institution in Sri Lanka, went live with the Intellect® Core Banking Solution.** CDB can now grow into a complete financial services provider while expanding geo presence and providing 24/7 access via ATM / POS and online gateways. As part of an ambitious regional Partner Alliance Programme, Polaris worked with Sri Lanka-based Millennium IT, a leading trading technology firm owned by the London Stock Exchange, specialised in finance, telecom and capital markets.

**The Andhra Pradesh State Co-operative Bank Ltd. (APCOB) went live with Intellect® CBS in all 22 affiliated District Central Cooperative Banks (DCCBs) across the state.** From the centralised data centre in Hyderabad, all 560 branch offices and 22 head offices of the bank are provided access to the Intellect multi-entity CBS. This will enable comprehensive integration of the DCCBs' operations with 2,748 Primary Agricultural Credit Co-op Societies (PACs) in Andhra Pradesh, in a first of its kind

state-wide implementation in India. The Polaris solution will improve channel banking reach and dramatically enhance operational efficiency in rural credit dispensation, generating more for APCOB, with the advantages of shared infrastructure costs and sharply reduced total cost of ownership.

**Housing Finance Bank, Uganda, a full service retail bank and the dominant mortgage bank in the country embraces the Intellect® platform in its transformation initiative,** seeking to automate business processes to enhance competitiveness. The Polaris solution spans Intellect® CBS, Loan Origination, Capital Markets, Trade Finance, Treasury, Anti-Money Laundering and Retail Internet Banking.

**Leveraging proprietary Accelerated Implementation Methodology (AIM) Polaris implemented Intellect® CBS at MAXBANK, Philippines in just four months.** The Polaris solution at this micro-finance oriented thrift bank will fulfil the bank's requirement of a central system that manages a diverse portfolio as well as general ledger, CASA, loans and advances, and deposits, along with a full fledged Financial Reporting Package. The rapid implementation resulted in greater efficiency, streamlining of operations and better service to customers.

**BUILDING ON FORMIDABLE TREASURY CAPABILITY WITH DEEPER CUSTOMER ENGAGEMENTS AND PARTNERSHIPS WITH GLOBAL VERTICAL SPECIALISTS.**

**Partnership with US-based Numerix for rich risk analytics that enable superior credit valuation adjustment and advanced risk capabilities.** With over 40 customers across 80 countries, the Polaris Risk & Treasury solution will now leverage the comprehensive Numerix models library and it's market standard cross-asset analytics platform to provide Basel III compliance in consistent pricing, stress testing, and accurate reporting for robust counter-party risk management. Polaris will now integrate

Numerix models into banks' end-to-end pricing and risk management solutions.

**STRENGTHENING SOLUTIONING CAPABILITIES IN GLOBAL MARKETS.**

The Pyxis acquisition builds a competitive edge in the complex world of Derivatives and Capital Markets. Pyxis is a specialised player in technologies for Global Markets front office and Market Risk related to cash and derivative instruments. The acquisition will strengthen Polaris' consulting and solutioning capabilities in this area.

**CUSTOMER CENTRICITY INVOLVES SETTING UP NEAR THE CUSTOMER. EXPANDING A POWERFUL PRESENCE IN 80 COUNTRIES.**

**The launch of the Research Innovation & Development Centre (RIDC) in Belfast is a dedicated near-shore facility for strategic customers in Europe,** focussed on mission-critical engagements and transformational initiatives. In active collaboration with UK Trade & Investment, the Polaris RIDC in Northern Ireland will leverage IP expertise from Polaris FT Research to drive outcomes in seven dimensions: Customer Experience, Operations, Performance, Analytics, Risk & Compliance, Integration and Security.

**The opening of the Wellington Sales Office in New Zealand** will provide immediate access to Polaris' knowledge IP and technology services. Customers will gain from consultants with deep FT domain expertise and competitive service delivery models.

**TRANSFORMATIVE TECHNOLOGIES DESIGN THE FUTURE OF BANKING AND INSURANCE.**

**Transformative technologies that will set financial services industry standards include**

- Canvas Technology – spanning Banking Enterprise App Store, FT App Exchange and Workspace Designer.
- Hub Technology – for process optimisation and centralised risk management.

- Octopus Workplace Technology – for collaborative design and D-3 OTIF delivery.
- MPX Technology – for Smart Requirement Management with Knowledge Shelving & Wiring.

Building on these technologies, during the year, specific solutions were launched and deployed around the world.

**The launch of Intellect® CBX 4.0 App Store that runs on CBX technology** empowers business and IT groups of financial institutions to accelerate their modernisation and convergence initiatives in a cost-efficient manner within a framework that allows for the creation and enablement of self and third-party created applications. The solution runs on CBX technology, a secure multi-channel solution for PC and non-PC devices with ‘configure once, run anywhere’ capability. The workspace and widget theme of CBX technology provides a rich user interface and effective tools for various role players in the customer organisation and for its customers.

**The world’s most efficient Customer On Boarding Hub was launched at the FT Innovation Series in New York.** The Intellect® Customer On Boarding Hub built on Polaris’ transformative Hub technology is a next generation compliance framework built on a loosely coupled, component-based architecture. Banks will gain from needs-driven flexibility instead of being tied down to expensive and redundant monolithic platforms. The Intellect® Customer On Boarding Hub allows unparalleled emphasis on KYC compliance, risk management and regulatory norms. It provides flexible rule-driven work flows, configurable user interfaces, dynamic data models, built-in integration engine, efficient image and document management capabilities, secure user and role-based entitlements with standardised on-boarding processes across lines of business, enhanced 360° customer views and extensive business activity monitoring and reporting capabilities.

**Cutting through the complexity of Insurance operations and catering to several Insurance lines of business including Life and Disability Health, Intellect® Claims was launched.** This is a cloud-enabled comprehensive Claims Processing System with a loosely coupled component architecture that provides the unique flexibility required to create customised solutions. The revolutionary Product Configurator with an intuitive UI enables real-time dynamics from product and rules definition through claims submission and processing. Polaris’ proprietary Hub technology allows seamless integration with key systems including Policy Administration, Document Management and Finance Systems.

**Intellect® Algorithmic Liquidity, launched at Sibos 2012 in Osaka, Japan,** harnesses advanced mathematical models for transactions decisions in liquidity management, slashing transaction costs and allowing treasury managers take control of their global liquidity. The solution increases speed and flexibility, managing volatility at zero or fully hedged risk. This financial technology innovation provides the best returns for idle balances and increased transparency for regulatory compliance as peripheral banks evolve into Treasury Banks.

**Intellect® FABX on the iPad launched at Harvard Club, New York City.** Intellect® FABX (Financial Advisor Business Exchange) is the most comprehensive advisory solution providing a 360° customer view while extracting data from multiple applications and delivering consistent application experience across devices. This productivity enhancer features superior interaction layers and analytics designed for smarter decisioning.

**ANALYSTS AND INDUSTRY WATCHERS COMMEND POLARIS’ SPECIALISATION IN FT SERVICES AND FT PRODUCTS, AN OUTCOME OF SUPERIOR DESIGN.**

**Some of the many endorsements received during the year include:**

- The only 'global pursuer' for all global and new deals in the Forrester report titled Global Banking Platform Deals 2012.
- The Aite Report on Intellect® CBS spoke of scalability proven by large deal sizes.
- The Ovum Decision Matrix Report cited Intellect® Origination as a solid solution with deployments in several geographies recommended for lenders looking for a common retail loan origination platform.
- iRetail Solution won the Electronic Point of Sale Initiative of the Year award from Franchise India & Retailer Magazine. This fully integrated multi-channel retail solution is now in use by leading retailers across FMCG, lifestyle, fashion, speciality and food & beverage verticals.
- For the third consecutive year, Gartner positioned Polaris in the Leaders Quadrant in its report, Magic Quadrant for International Retail Core Banking 2012.
- Everest Group recognises Polaris as a 'Star Performer' and 'Major Contender' in the PEAK Matrix for Large Banking Applications Outsourcing Relationships in 2012.
- Celent rates Intellect® Payment Services Hub as the best option for financial services focussed organisations.
- Intellect® Customer On Boarding Hub is rated 'Major Player' in the IDC report, 'North American Treasury On Boarding MarketScape'.
- Intellect® Wealth is rated best in Global Private Banking Platforms, Front Office and among the best in Mid and Back Office capabilities by Aite in their report 'Evaluating Global Private Banking Platforms: Change May Create Opportunity'.
- Polaris was awarded the Best Payments Infrastructure Award for Mid Tier Banks at the Asian Banker Summit 2012 for the complete transformation of the Payments System at the National Bank of Abu Dhabi.

- Polaris won the HP AllianceOne Partner of the Year 2012 Award for the Intellect® Core Banking Solution for central banks deployed at the Reserve Bank of India. This is the first integrated money and securities solution in the world that comes with depositories and securities settlement with DVP-3 capabilities, supports public debt management and connects government payment gateways.
- Polaris FT – RBI ten-year deal is among the top 9 deals announced and the only one by an Indian player cited in the Everest Group report, IT Application Outsourcing (AO) in Banking – Trends & Future Outlook.
- Intellect® Payments was rated Best in Class for payables functionality in the CEB Tower Group Report. The Polaris solution has all the attributes required by a bank to cater to its corporate clients.

**ADVANCED COLLABORATIVE DESIGN FOR FINANCIAL INSTITUTIONS IN AN INDUSTRY LEADING INITIATIVE THAT IS ENGINEERED FOR TRANSFORMATION.**

Collaborative design thinking is required to attack the rampant complexity in the financial services business and devise viable solutions to the most forbidding challenges. **8012 FT Design Center is the world's first financial technology design facility, specially created to uniquely connect business, technology and operations, and engineer solutions that drive unprecedented value.** Customer conversations at the first such center on the IT Highway, Chennai, India have begun. Workshop sessions are being scheduled. This is where transformation agendas will be discussed from ideation through custom modelling and deployment.

The Design Centre has already earned critical acclaim from customers, analysts and industry media. With four design patents for 8012 FT Design Center and 11 patents filed for transformative technologies that can be experienced at the facility, this is where

Financial Technology Design Immersion will pay rich dividends.

**AT THE VERY HEART OF WHAT WE DO IS OUR DEEP DOMAIN KNOWLEDGE, OUR SPIRIT OF ENQUIRY AND OUR VALUE SYSTEM.**

**Polaris has always been a very people oriented organisation, where the spirit of entrepreneurship runs deep.** The unwavering belief that there is 'a simpler way' drives our commitment to complexity reduction and the leveraging of financial technology to deliver unprecedented value in whatever manner it may be measured.

**We are Financial Technology Specialists.** The successful roll out of the Reserve Bank of India's balance sheet (INR 22 trillion) on the first working day of the next year, the implementation of treasury single account, combining all accounts across banks and regions in a single window monitoring 4 million transactions per day is one of the deeply satisfying highlights of the year.

As was the consistently successful operations of the high-volume forex trading system for a global financial conglomerate with a capacity of \$10 trillion in transactions in a day.

**Delivery excellence is the beginning, the end and everything in between in our business.** Polaris has continually improved its On Time In Full index which currently stands at over 90%. Customer Satisfaction (CSat) Ratings report 4.2 on 5.

**As we gear up to meet the enormous needs in the financial services sector for our proven specialist capabilities, our focus will be on growing our talent base.** In the area of Human Capital, apart from gratifying awards won for 'Organisation with Innovative HR Practices' and 'Outstanding Contribution to the cause of Education', we have launched several initiatives including Talent Compass to personalise learning, FT Credits to incubate and recognise culture

aligned behaviour and a Talent Round Table to spot and nurture growth potential. The launch of Octopus, a unique collaborative platform, has integrated over 13,000 associates providing a forum to coach and be mentored. To work in a stimulating open kitchen, transparent work ethic format on live projects. This is an environment where collaboration and skills development uniquely and very visibly fuel individual growth.

**IN THE YEAR AHEAD, YOU CAN LOOK FORWARD TO DESIGN PLAYING A SIGNIFICANT ROLE IN OUR ENTERPRISE JOURNEY.** As we unlock value for customers in their transformative initiatives, we will unleash the potential of Polaris across the dimensions of lines of business, vertical specialisation, domain expertise and IP, diagnostics and delivery models. My leadership team and I are grateful for your support and look forward to reporting on progress as it unfolds.

Arun Jain  
Chairman & CEO

## DESIGN MAKES IT POSSIBLE

**Complexity is a brutal reality in financial services.** The four sweeping elements of complexity are Diversity, Inter-dependence, Velocity and Ambiguity. Its four relentless dimensions are Geography, Technology, Lines of Business and Regulation. With the constant interplay of these elements and dimensions, it is inevitable that complexity has grown exponentially, fuelled by rampant innovation in the products and services offered by financial institutions.

Legacy has come to be associated with monolithic systems that have slowed to the point of great inefficiency, and a constant drain on valuable resources to keep them running. 'Too large, complex and mission critical to replace' is the safe haven behind which even the largest institutions rapidly retreat when it comes to addressing this inconvenient truth. The fact is that behind all the many layers of complexity and the ridiculous array of disparate technologies that do not work in synchronicity lies the invaluable innovation of these financial institutions. The databases and models they have built over the years are their competitive advantage. The complexity that has grown over time has robbed them of their agility necessary for sustained business value.

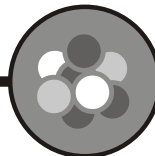
**UnMukt sessions at Polaris are focused on the criticality of Design.** These design development modules developed over time and personally administered by Arun Jain, Chairman & CEO, Polaris FT, and cascaded by trained trainers explore deep rooted limiting beliefs that impede individual and collective potential. The Polaris commitment to complexity reduction helps to smoothly leverage frameworks that understand requirements, observe patterns, connect the dots and unearth blind spots.



**Understanding Requirements**  
- Stated  
- Unstated



**Observing Patterns**



**Connecting the Dots**



**Unearthing Blind Spots**

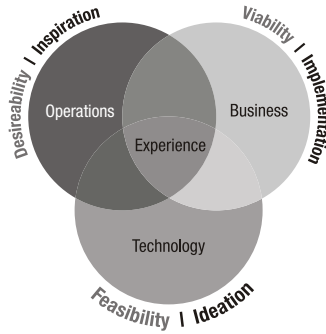
### **Design Thinking Drives Deep**

**Differentiation.** It is said that designing a product is designing a relationship. Empirical evidence shows that the strongest loyalties can be won and lost on this critical dimension. Design Thinking is an integral part of our DNA at Polaris. It shines through in our products and services. And it is no coincidence that it shines brightest in those engagements where we deliver maximum business value to customers.

It is our resolve to deliver solutions that enable unprecedented value through high performance financial technology. Complexity reduction, the building of superior architecture and exemplary execution are only consistently possible in a culture committed to design thinking.

In his book 'The Design of Business', Roger Martin writes, "Design Thinking focuses on accelerating the pace at which knowledge advances from mystery (an inexplicable problem) to heuristic (a rule of thumb that guides us to a solution), to algorithms (a replicable success formula). As knowledge moves through this 'knowledge funnel', productivity grows and costs drop. But Design Thinking organisations don't stop there. They use the efficiencies they generate to constantly tackle new mysteries and explore potential breakthroughs..."

**In the difficult progression from desirability through feasibility to business viability backed with replicable implementation, successful design seizes the imagination** as it fills a need based on deep human insight and stewards it to industrialisation. The Polaris commitment to Design, Diagnostics and Delivery, with a commitment to drive year-on-year value, lays out a contextual and business relevance for design. This is not self-indulgent design for design's sake. This is design that will fundamentally improve the lifecycle of finance and commerce. Better banking and insurance begins here!



As financial institutions grapple with the demands of Run The Business – Change The Business, the imperatives of FT Acceleration, FT Rationalisation and FT Transformation appear contradictory. In reality, the desired end state is the same. To align business, technology and operations so as to unleash potential and create maximum value. This translates to design that must transcend the many products and silos that clutter the Business domain. Design that seamlessly deals with lineage and disparity in Technology. And design that encompasses Operations across the demands of integration, workflows, regulation and geo nuances.

Our opportunity, as designers, is to learn how to handle the complexity rather than shy away from it and to realize that the big art of design is to make complicated things simple.

A frequently asked question is whether a design orientation is relevant for everyone. The answer is an emphatic yes! Design is a 'day one' issue and part of everything. The fact is that everything is designed. Few things are designed well. Design makes an enormous difference in our approach to any challenge, the quality of solutions, and the emphasis we lay on delivery and satisfaction measures. Great design is deeply satisfying. Profitability is a natural outcome!



**STRONG FT  
SERVICES  
DRIVEN BY A  
SOLUTIONS  
MINDSET**

In the FT Services business, global customers need a variety of vendors – Order takers, Problem solvers and Agenda setters. Some of the largest service provider brands have built their reputation and enormous scale, providing vanilla services. **The FT Services business of Polaris is strongly differentiated with focus on Global Transaction Banking and Treasury & Capital Markets.**

We have built an impressive portfolio of FT Services customers across the Americas, Europe, IMEA, APAC and ANZ. 96.5% of our revenue come from repeat business and expanding our services footprint with existing customers. Polaris powers customer growth across geos and lines of business. Some examples of our proven multi-country, multi-business capabilities include: Corporate Online Banking 120+ countries live, Trade Finance 81 countries live, Payment Services Hub 53 countries live, Treasury Solution 23 countries live and ATM Solution 3 continents live.

Polaris FT Services credentials are best presented with a few milestones that touch on the complexity involved and outcomes achieved.

#### **The World's Largest Corporate Banking Portal**

Implemented across 120+ countries and available in over 28 languages. \$4.5 trillion in transactions per month with 80,000+ daily reports. 1.2 million messages per day. 13 million file transactions per month. More than \$12 million annual savings through migration from legacy systems.

#### **Mega Trade Platform**

80 countries. 1,500+ users. 125,000 transactions per day and 10 million images per year. The customer was awarded the title 'Best Global Trade Finance Provider' for three consecutive years. Operational productivity improved by 14% over two years. Technology costs reduced 10% year on year. 51% cost reduction was achieved due to application consolidation.

#### **Integrated Commercial Risk Management Platform**

Integrated system for over \$60 billion in commercial risk exposure for 200,000 customers fragmented over 100+ systems worldwide. Decrease in net credit loss. Improved productivity. Evolution of platform to other lines of business.

#### **Global Financial Platform**

Design and development support for customised Regional Banking, Portal and Alert applications for 17 businesses for EMEA and single box roll out for 20 countries.

3,000,000+ registered users, 5,000+ concurrent users, 10 million transactions/month, over 200,000 logins/day.

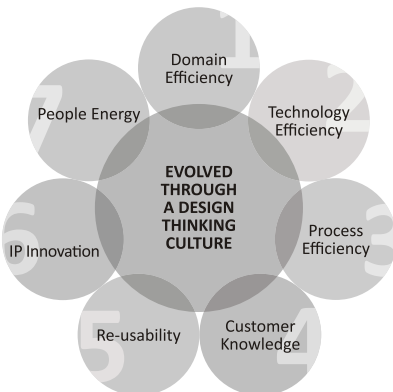
**Testing Centre of Excellence for a Clearing Powerhouse**

Annually settle 1.7 quadrillion transactions. Depository services hold \$32 trillion in assets. Dedicated testing CoE covering all lines of business. 30.5% cycle time reduction through functional automation. Test execution cycle time reduced up to 85%.

**QFX Solution on High Volume, High Availability, STP Settlement Engine**

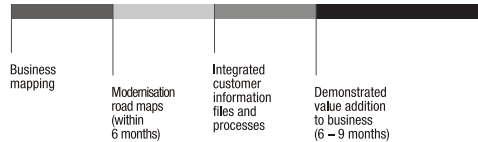
Empowers 400 concurrent users and 2 million transactions. \$10 trillion FX settlement globally per day. 60% of global FX volume business becomes STP. Liquidation of 2 million transactions in 35 minutes. Banker Technology Award, London, for the Quantum FX Solution.

**The Polaris commitment to Design draws on seven unassailable drivers of solution delivery excellence.** Domain Efficiency, Technology Efficiency, Process Efficiency, Customer Knowledge, Re-usability, IP innovation and People Energy. Get these right, and the 5 core outcomes assured to customers translate into Cost, Quality, Reliability, Speed and Flexibility.



**Run The Business – Change The Business (RTB – CTB) model successfully implemented by Polaris globally incorporates business services broken into byte-sized services.** The always customer-oriented model, where services are pre-packaged technologies, starts up at unprecedented speed!

Polaris RTB–CTB engagements run the gamut of business mapping (application maintenance manager function and a comprehensive review of 3 year logs), developing road maps for modernisation (within 6 months), integrated customer information files and processes and demonstrated value addition to business within 6 – 9 months!



Polaris FT Services executes strongly with 9 well-established guiding principles that drive D-3 OTIF delivery, guided by powerful platforms and high performance practices. The techno-functional capabilities of the team lead industry standard on several parameters including delivery team experience.

Polaris has demonstrated extreme efficiency in FT Services in Application Management Services, Treasury & Capital Markets, Global Transaction Banking and Retail Banking. This specialist capability from solutioning through delivery is apparent in our full-spectrum offerings across Testing, Infrastructure Management, Business Efficiency, Business Transformation, Data & Analytics, Mobility & Channels and Risk & Compliance.



**POWERFUL  
FT PRODUCTS  
DELIVER  
THE MOST  
INTEGRATED  
ENTERPRISE  
SOLUTION  
SUITE**

**intellect**<sup>®</sup>  
enterprise banking platform

The FT Products have reached critical mass and are now ready for rapid proliferation. In 2003, the Intellect<sup>®</sup> Enterprise Banking Platform was launched. In quick time, Intellect<sup>®</sup> Cards was implemented at one of the largest global banks. Followed by Core Banking and Custody Platform deployments in 2004. By 2005, robust Trade Finance and Treasury Platforms were receiving critical acclaim, followed by the launch of Intellect<sup>®</sup> Wealth and Risk Liquidity in 2006. Intellect<sup>®</sup> Hubs were launched in 2009 across several critical operational areas including Working Capital, Funds Control and Payments. The 2010 launch of Intellect<sup>®</sup> GUB M180 with life cycle technology assurance harnessed Polaris solution capabilities across the entire width and depth of financial institution operations. The widgetised CBX technology also made its debut this year, bringing Information, Analytics, Decisions and Transactions (IADT) into the same workspace, enabling never-before agility, role-based efficiency and user experience.

In 2011, Polaris' Core Banking Solutions for commercial banks, co-op banks and central banks were regularly making news with breakthrough wins, backed up with exemplary delivery and outcomes. In step with evolving and more stringent regulatory requirements, Intellect<sup>®</sup> Liquidity Risk Management solutions were launched in 2011. The FT Grid played the role of a powerful distribution medium, spanning inclusive and exclusive financial services, enabling deployment on demand without conventional bloated capex spends. Through 2012, the FT Products business has continued to build IP and address changing customer and market dynamics.

As in the FT Services business, our reference base is well distributed across the Americas, Europe, IMEA, India, Africa and ANZ. From G1 through G10 on the Polaris Global Universal Banking (GUB) schema, our comprehensive enterprise product suite allows us to sell from a position of strength. Highlights include:

- The fastest central core banking implementation in the world.
- The largest Treasury operations in Europe.
- Smart Modernisation with 15 – 20% optimisation assurance.
- Wealth Management Solutions that have enabled customers grow to be the Principal Banks to their corporate customers.
- Unique applications on the FT Grid with successful deployments across 3 countries.

## **G1. Core Banking**

Feature-rich enterprise solution that addresses the critical need for a scalable, flexible, secure and customer-centric core banking platform.

## **G2. Lending**

End-to-end solution for retail and corporate loans from customer & collateral management, credit decisioning and loan processing life cycle to loan closure.

## **G3. Cards**

Flexible and comprehensive system for all needs across product management, customer acquisition, account management, merchant management, fraud management, loyalty management, customer service and debt management.

## **G4. Wealth**

Intellect® Wealth is an integrated front, middle and back office solution for Banks, Wealth Management and Advisory Firms, Broker / Dealers and Independent Financial Advisors. The platform is a comprehensive solution for managing end-to-end Wealth Management life cycle – prospect & client management.

## **G5. Brokerage**

Intellect® GoTx is an enterprise-class integrated trading-investment platform for Investment Banks / Brokers. It offers multiple user channels Thick Client, Thin Client and Mobile Interface for investors. The high performance and scalable OLTP solution is built on commodity servers. It is an Oracle Exadata optimized solution clocking 10 million transactions per hour.

## **G6. Securities**

Intellect® Custody is a highly flexible, agile and multi-lingual platform supporting multiple asset classes, currencies, depositories and exchanges. SWIFT compliant STP solution supporting complete Trade & Corporate Action life cycles with client self-service capability.

## **G7. Cash Management**

Seamlessly supports back-office application offering electronic and paper-based Instrument collection and arrangements, Receivable management, EIPP, Invoice Reconciliation, Follow-up module, Coordinator module and an Offline and Online module for the coordinators to act as a bank's virtual branch offering collection services.

## **G8. Liquidity Management**

Algorithmic Liquidity built on mathematical models identifies liquidity opportunities and turns them into intelligent investment decisions. Algorithmic Liquidity erases transaction costs and allows treasury managers to take control of their global funds. The rules built into the model determine the optimal fund placement to minimize interest outgo and maximize returns.

## **G9. Trade Finance**

A comprehensive Trade Finance solution for processing a range of Trade Finance instruments such as Letters of Credit, Bills & Collections, Bank Guarantees, Open Accounts and Reimbursements & Financing by the bank's Trade Services department, facilitates in achieving 'Speed to market', flexibility, scalability and ease of integration.

## **G10. Treasury**

Intellect® Treasury is designed to meet changing market needs with powerful decision support tools and easy integration with the bank's ecosystem. Integrated Front-Mid-Back Office STP Treasury platform with rich analytics aiding pro-active decisions driving higher profitability.

The FT Products business is a vivid demonstration of the Polaris belief and determination to design and deploy product solutions that leverage high performance financial technology to most effectively address customer pain points. Our success in this space is possible because of our unique FT Services and FT Products approach that we believe is integral to financial technology leadership.



**PROVEN  
INSURANCE  
SOLUTIONS  
POWER BUSINESS  
TRANSFORMATION**

Insurance is a fiercely competitive industry constantly in search of greater agility, scalability, and non-disruptive transition to point solutions and platforms that protect the knowledge embedded in legacy, while powering paths to market place differentiation and business growth. Rich customer and risk analytics, complex rule-based workflows, dynamic multi-variable pricing models, advanced claims management, accelerated and automated underwriting are now hygiene requirements in an industry dealing with an explosion of new channels and growing customer demands.

Polaris develops and delivers Insurance solutions to customers based on specialised Insurance domain knowledge and proven expertise. With full-spectrum business strategy through delivery capabilities in Life, Annuities, Property & Casualty and Specialty Lines, we work with 50+ insurance companies around the world.

**Global Insurance solutions span products and services.**

Polaris enables customers achieve more with rich functionality products:

**INTELLECT® LIFE & DISABILITY CLAIMS**

Smarter proactive Case Management with 360° view. Simplification of the claims process with a single view. Collaborative self-service portals. Streamlined claims submission process and correspondence management. Established benefits include slashed costs of claim processing, heightened customer satisfaction with faster claims processing and improved decisioning turnaround.

**INTELLECT® FIRST NOTIFICATION OF LOSS (FNOL)**

Faster, more effective claims registration with assured CSat improvement. Driven by externalised and configurable rules based on line of business, risk, coverage and incident. Available as a stand-alone application providing flexibility and scalability. Seamless integration with multiple legacy systems and multi-channel support. This web-based application allows users to complete their own claim form for immediate transmission to the relevant claim service centre.

**INTELLECT® UNDERWRITING WORKSTATION**

Accelerated Smart Decisioning for complex products. Full life cycle automated and assisted underwriting. Interface to rules engine to define underwriting rules and integration with third-party underwriting engines. Established benefits include improved quality of submissions of new

business applications and enabling carriers to write better business.

### **INTELLECT® AGENT PORTAL.**

Fully integrated, multi-channel workstation for Agents. All the functionality required by an Agent or call centre representative is now available in a single solution. Higher quote-to-application conversion driven by real-time decisioning. Enhanced Agent productivity with real-time quotes, sales illustrations and straight-through processing for policy issuance. Extension across distribution channels including direct to customer and affinity groups. Heightened customer centricity and mobile device engagement.

### **INTELLECT® AGENT WORKSPACE (AWX)**

Transformational customer service enablement. Allows Agents complete sales cycle from FNA to benefit illustrator, e-submission on a mobile platform, enhancing policy holder and Agent satisfaction. Established benefits include empowerment of Agents with a one-stop solution that greatly improves tracking and their productive face time with customers.

Comprehensive global Insurance Services are provided through seven Centres of Excellence (CoE):

### **ENTERPRISE ARCHITECTURE & SOA CONSULTING CoE**

Deep experience in architectural consulting with large sophisticated carriers. Proven approach for effective SOA-based modernization.

### **PROGRESSIVE MODERNIZATION & LEGACY MANAGEMENT CoE**

Pioneering tools for automated code analysis, rules extraction and dependency mapping. Proven methodology for cost effective, accelerated SOA-based Progressive Modernization.

### **SYSTEM INTEGRATION SERVICES CoE**

Demonstrated ability to deliver large and complex systems integration in a low risk manner for third-party packages and custom-built applications.

### **APPLICATION CERTIFICATION & TESTING CoE**

Accelerated testing with a repository of over 30,000 cases and advanced test automation offering assured project cost and time reduction.

### **ACCELERATED TECHNOLOGY MIGRATION CoE**

Tool-based automation systems conversion to newer technologies, backed by deep domain and design expertise for feature and usability enhancement.

### **INSURANCE PORTALS CoE**

Rich functional front ends for core insurance functions delivered faster using smarter portal technologies, supporting multiple browsers and mobile devices.

### **ADVANCED MOBILE SOLUTIONS CoE**

Full-spectrum services from mobile strategy and design to development, integration and testing.

### **Winning Insurance solution design is built on deep process appreciation.**

Comprehensive Insurance business process mapping and architecture documentation from L0 (level zero), down to L3 (level 3) decomposition uses Polaris' proprietary Master Process Exchange (MPX) framework. This time tested and powerful strategic design trigger is the start point for Insurance solution design dialogue.

**The Polaris Insurance business has built a reputation for designing and delivering specialized and customized insurance solutions, working with leading carriers around the world.** The year ahead will see design play an important role in addressing industry pain points and implementing critical transformation initiatives.



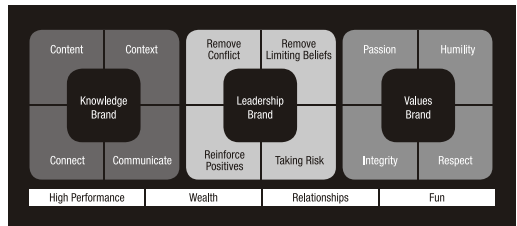


**NURTURING  
A HIGH  
PERFORMANCE  
WORK CULTURE**

Polaris is a strongly people-oriented enterprise. The spirit of enquiry and entrepreneurship runs strongly through our veins. This makes us more agile. More able to challenge limiting beliefs. And take on the most arduous complexities in financial services, certain in our belief that through collaborative design, we can leverage financial technology to drive unprecedented value.

**High Performance Financial Technology is all about Design, Diagnostics and Delivery.** Central to the Polaris purpose is a deep understanding of the life cycle of finance in the lives of individuals, communities and financial institutions. It takes a strongly rooted culture to sustain the Polaris commitment to drive year-on-year efficiency improvement. This leaves no room for complacency.

In articulating what living the Polaris brand entails, the core building blocks are knowledge, leadership and values. To help realise individual and enterprise potential, each of these facets has been deconstructed into essential attitudes and behaviour patterns.



Several unique initiatives at Polaris have nurtured its work culture for over 25 years. Some of these include:

**Lakshya**

Long-range strategy conclave where ambitious goals are envisioned. With only one rider - challenge limiting beliefs! The seeds of many significant Polaris innovations and significant enterprise direction setting decisions were first sown at one of these sessions. The term BFSI was coined at a Lakshya session in 1987!

**Konarks**

The Konark programme was instituted in 1995 to recognise and unleash the potential of individuals and teams to drive a high performance work culture. Konarks are change agents who embody the Polaris culture and anchor critical enterprise initiatives. **Collaborative learning design begins here!**



## UnMukt

Preparing the Design Mind requires harnessing the five forces of growth, conscious awareness of the five potential draining elements to watch and the ability to deal with the five frictional forces. UnMukt sessions encourage introspection and channelising emotional and intellectual energies for a more fulfilling work-life state. **Book yourself a slot at the next UnMukt session!**

## Ullas

Started in 1997 by Polaris employees the Ullas initiative 'shapes young minds' by reaching out to less privileged students in standards 9 through 12, enhancing their regular schooling with guidance on personality development, communication and technology skills. The nationwide initiative also includes a Higher Education programme. It is supported by Polaris associates and provides children with mentorship, public speaking opportunities, guided peer group engagement, corporate exposure, prize money and merit-based financial support. **Will you choose to make a difference?**

## HUM

'Relationships and emotional bonds' have always proved to be the strongest source of strength. Better rooted individuals are more resilient under pressure and better equipped to deal with the modern day pressures of work life. They demonstrate endurance, and invariably display superior leadership qualities. The HUM Relationships work book series are into their fourth edition with strong commendation from users across the world.

**Have you immersed yourself in a HUM work book?**

## Nalanda

Changing the future becomes easier when you understand the future! Nalanda University is Polaris' corporate learning centre and has a mandate to create and cultivate the specialised expertise of 21st century banking and insurance. **At Polaris, this philosophy is called 'The Economics of Expertise.'**

Shared values and purpose are hygiene work requirements at Polaris. Team members must strongly believe in building enduring customer relationships. Polaris has the longest customer relationships in the industry growing into multi-country engagements. The enterprise commitment to Design means continuous domain mastery and solution development. The relentless delivery focus requires total adoption of Polaris proprietary models, frameworks and protocols that make D-3 OTIF possible. Polaris is about collaborative design and a transparent work ethic.

At a global all-Polaris annual meet in 2012 that recognised milestones and reiterated the work culture, the theme was 'Courage'.

- When the Banking and Insurance sector is crippled with legacy and weighed down with complexity on every front, it takes courage to say we can deliver complexity reduction.
- When our customers are tentative about transformation initiatives, it takes courage to say we can help you reach your business objectives.
- When some of the biggest names in the business have failed completely on delivery and financial institutions once bitten are very wary, it takes courage to say we can and will deliver on time and in full.
- As masters of our domain, secure in the knowledge we can develop and deliver financial technology solutions, our courage is backed with conviction.

**Courage is how we choose to live our every day.** And fill our every action. What is courage in our everyday life? Is it being willing to guarantee against defects? Is it being able to look a customer in the eye and say we've done all we said we would and more? Is it doing a job in full, ahead of time, and then reviewing how to do it better the next time? Is it sometimes the quiet voice at the end of day, saying, 'I will try again tomorrow'? Our culture demands the courage to commit!

**It is the Polaris culture that provides the inner strength and resource to design for each of our businesses to realise their potential.**



**ACCELERATED  
COLLABORATIVE  
DESIGN AT 8012  
FT DESIGN  
CENTER**

**8012**  
**FT Design Center**  
IT Highway. Chennai. India

Getting into a design state of mind is a formidable enterprise challenge. Research on collaborative work places and innovation has shown the importance of creating an environment that facilitates free and radical thought, where diverse teams can work together harnessing group genius without being weighed down by the five frictional forces.

**Welcome to 8012 FT Design Center! The world's first financial technology design center.** Spread over a stimulating 30,000 sq. ft. canvas on the IT Highway, Chennai, India, the 8012 FT Design Center is testimony to the criticality of design from ideation through implementation and on-going interrogation of evolving dynamics. This is where Business, Technology and Operations connect on the same page. Allowing for holistic challenge-solution exploration.

This is where in the few months since its launch stimulating conversations are already taking place about transformation agendas. Engineered for this purpose, the 8012 FT Design Center is divided into multiple zones.

**Pi Space.** Reflect on design and its impact on financial technology. Consider the inflection points of innovation in banking and insurance. Prepare the Design Mind!

**Design Labs.** Smooth progression from adoption to providing an addictive experience. Design innovation across the 7 critical COPARIS dimensions: Customer Experience, Operations, Performance, Analytics, Risk, Integration and Security.

**Design Spaces.** Incorporates Business, Technology and Operations design.

**BUSINESS DESIGN.** A ringside view of simulations that help you focus on your specific pain points and possibilities to explore in greater depth. Experience effective business design.

**TECHNOLOGY DESIGN.** Multi-design integrated framework that enables multi-platform design straddling Technology, Data, Process and Implementation architecture. Test drive multiple new-age devices across operating systems and legacy loyalties.

**OPERATIONS DESIGN.** Simulating role-based stations to reduce operational complexity. Dive into role-based operational reality. Switch roles, assign tasks, alter work flows and track real-time impact.

**Zf.** Powered by green energy, tomorrow's room is the future. Self-sustaining. Agile. Where technology is the enabler it should be. The tablet branch, rapid diffusion analytics, cross-silos, multi-entity and borderless dialogues. The FT Grid.

**ADRs.** Engineer solutions that drive operational efficiency by challenging statement-to-prototype solution development. Solution design enhanced by the divergent and convergent thinking process.

**Omega.** Experience High Performance Design through facilitated sessions, multiple thought-trigger devices, a rich body of design frameworks and ready access to live technology.

**Design is at the heart of transformation strategy.** The global financial services industry grapples with increasing complexity. Design makes it possible to attack the 7 dimensions of complexity. 8012 is the world's first Financial Technology Design Center, offering the theory and practice of design for successful transformation.

- Design modernisation initiatives engineered for progressive and painless deployment.
- Design complete front or back office operations that deliver assured start point 15% reduction in operations costs.
- Design offerings centered around the customer as against business lines, dramatically improving user experience and response rates.
- Design Centers of Excellence connecting and unlocking value in Business, Technology and Operations, around Analytics, Testing and AMS.
- Design business and risk diagnostics with holistic integration and visualisation that factors in legacy ecosystem realities.

Design makes it possible. Design is the key differentiator for financial institutions. At the 8012 FT Design Center customer teams will be immersed in products and technologies that unravel complexity, spot white spaces and connect dots while engaged in comprehensive enterprise product platform demonstrations and introductions to new transformative technologies.

**Polaris is the Financial Technology specialist for global transformation initiatives.** The tremendous pace of innovation in financial services over the last

20 years has accelerated the pace and inter-connected layers of complexity that the industry struggles to deal with today. During this period, Polaris has worked with leading global financial institutions and gained a unique first-hand perspective on the contributing factors as well, the resultant pressure and pain points and the considerable barriers to change.

**Invested in Complexity Reduction.** Polaris has invested over 9 million person hours since 2004 simplifying technology used in financial services. These 'unitised services' can now be assembled to create powerful customised products or be applied to existing applications. Never-before enterprise SOA and Apps for financial technology!

#### **Solutions offered at 8012**

**RETAIL BANKING** – Core banking, Branch Modernisation, Central banking, SME lending, Customer Onboarding, Mortgages, Credit and Debit cards, Mobile banking

**CAPITAL MARKETS** – Wealth Management, Brokerage, Mutual Fund accounting, Integrated Treasury, Money Markets, Custody

**CORPORATE BANKING** – Corporate Banking Portals, Payments, Receivables management, Liquidity and Pooling across borders, Trade Finance, Open Accounts

**INSURANCE** – Agent Workspaces and Claims

#### **Transformative Technologies at 8012**

**Canvas Technology** – Applying principles of time and motion of industrial engineering to create efficiencies in each role.

**Hub Technology** – Applying principles of central business designer and business rules to build efficiencies and prevent risks.

**Workplace Technology** – Applying social media practices and integration with efficient project management to deliver solutions ahead of time (D-3 OTIF)

**FT Grid** – Secured Solutions available on the Cloud

**8012 FT Design Center is the first of several such facilities that will be set up around the world, providing financial institutions the design differentiation they need to drive unprecedented value.**

# 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**  
Practising 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



**Rajesh Mehta**  
Treasury & Trade Solutions Head,  
Europe Middle East & Africa (EMEA)  
Citi Global Transaction Services

# MANAGEMENT COMMITTEE



**Arun Jain**  
Chairman & CEO



**Govind Singhal**  
Chief Operating Officer



**Natarajan  
Narayanasamy**  
Chief Financial Officer



**Govindarajan K**  
Global Head - Administration



**Amit Gupta**  
Global Delivery Director  
Citi Relationship



**Jaideep Billa**  
Business Head - Infrastructure  
Management & Cloud Services



**Anil Verma**  
Leadership Coach



**Jitin Goyal**  
Head - Worldwide 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**  
Business Head  
BPO 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**  
Chief Risk Officer



**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, 2013

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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

Auditors

M/s. S.R.Batliboi & Associates LLP  
6<sup>th</sup> & 7<sup>th</sup> 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**

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## DIRECTORS' REPORT

To the members,

We are pleased to present the Twentieth Annual Report on our business and operations for the year ended 31st March 2013.

### 1. Results of operations

*(Rs. in Lakhs, except EPS data)*

Description	Standalone		Consolidated	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Income (Including Other Income)	189,052.02	179,748.90	229,277.02	209,544.73
Expenses	163,852.24	152,058.70	199,349.90	176,307.61
Profit before Interest, Depreciation & Tax (PBIDTA)	25,199.78	27,690.20	29,927.12	33,237.12
Finance Charges	190.50	109.11	249.08	170.55
Depreciation & amortization	4,634.35	3,932.83	5,369.09	4,723.07
Net Profit Before Tax	20,374.93	23,648.26	24,308.95	28,343.50
Provision for tax including Deferred Tax	3,669.23	4,796.83	4,903.67	6,300.29
Net Profit after tax	16,705.70	18,851.43	19,405.28	22,043.21
Add/ (Less): Share of Profit / (Loss) on Associate Companies	-	-	452.01	-
Add / (Less): Minority Interest – Share of Loss / (Profit)	-	-	223.03	27.65
Net Profit	16,705.70	18,851.43	20,080.32	22,070.86
<b>EPS</b>				
Basic Rs.	16.79	18.98	20.19	22.22
Diluted Rs.	16.76	18.92	20.15	22.15

### 2. Business Performances

The consolidated revenue of Polaris Financial Technology Limited from Software Development services and Products for the year ended March 31, 2013 stood at Rs.225,863.10 lakhs as against the previous year's revenue of Rs.204,915.14 lakhs. The consolidated Net Profit for the fiscal year ended March 31, 2013 stood at Rs.20,080.32 lakhs as against the previous year's consolidated Net Profit of Rs.22,070.86 lakhs. The reserves and surplus increased to Rs.129,297.15 lakhs (2012-13) from Rs.117,009.15 lakhs (2011-12).

In an endeavour to maximise shareholder value, Boston Consulting Group (BCG) was asked by the Management team to do a strategic study on our current segmental strategy as it relates to Services and Products segments.

Based on a report from BCG, the Board asked the Management team to explore with further analysis of any possible restructuring options and make recommendations.

A Task Force was set up with four member Senior leaders including a Chairperson, to conduct this study of options including formal segmenting of business between services and products and any likelihood of seeking or making additional strategic investments.

Task force, after a detailed analysis and study, gave a detailed update to the Board of Directors and the Board reviewed the information provided and authorized the management to take appropriate decisions.

### **3. 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 April 27, 2013 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.

### **4. Cash & Cash Equivalents**

Polaris liquidity remains healthy with a cash reserve of Rs.489.76 crores. The DSO is at an impressive 63 days.

### **5. Share Capital**

During the year, under ASOP 2003 Scheme the Company has allotted 63,700 equity shares of Rs.5 each to 27 employees, which includes Directors. Further your company during this year, under ASOP 2004 Scheme transferred 34,800 equity shares of Rs.5 each to 14 associates of Orbitech Employees Welfare Trust, on exercise of the options granted under the said scheme and 277 shares have been allotted, pursuant to Optimus demerger based on scheme of demerger as approved by Honourable High Court of Chennai.

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

As a result of the above allotments the issued, subscribed and paid-up equity share capital of the company was increased from Rs.497,210,485 comprising of 99,442,097 equity shares of Rs.5 each as on 1st April 2012 to Rs.497,530,370 comprising of 99,506,074 numbers of equity shares of Rs.5 each as on March 31, 2013.

### **6. Research and Development Design Centre**

Polaris is deeply committed to fostering a culture of innovation, research and learning to actively support the Financial Services industry, be it their acceleration agenda or rationalisation agenda or transformational agenda. We believe that offshore development centers need to now move to collaborative research centers, where the customers, technology providers and eco system partners come together to explore "possibilities" and connect business, technology and operations more smoothly, in order to drive unprecedented productivity gains. Your company took a big step by investing in a unique design center, FT 8012.

8012 FT Design Center is the world's first Center dedicated to Financial Technology and is spread over 30,000 sq. ft at Polaris in Chennai. The Center is the culmination of over two decades of the company's singular focus on the Banking and Financial Services vertical and stands testimony to Collaborative Design emerging as the next big game changer for Financial Technology and Financial Institutions.

The Center is equipped with a holistic array of product offerings, domain-rich solutions, proprietary frameworks and methodologies to craft impactful solutions. The entire physical space is designed uniquely to stimulate the collective genius of diverse teams, expand their thinking and explore possibilities. The Center launched five major technologies that can

enable banks deliver superior customer experience and unprecedented operational productivity. These include:

- Master Process Exchange (MPX) technology to connect business and technology
- Canvas technology that is envisaged to drive front-office efficiencies
- Hub technology that will drive back-office efficiencies
- Workplace technology that will bring out the collective genius of diverse teams
- FT Grid technology for inclusive and exclusive banking

#### **7. Dividend**

We propose a final dividend of Rs. 5/- per share upon approval of the shareholders at the 20th 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 30<sup>th</sup> July, 2013 to 8<sup>th</sup> August, 2013 (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. 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.

#### **10. 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.

#### **11. 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 judgements 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".

## **12. Directors**

Mr. Arvind Kumar and Mr. Satya Pal, Directors of the Company are retiring by rotation at the forthcoming Annual General Meeting of the Company.

Mr. Satya Pal is unable to offer himself for reappointment in the ensuing annual general meeting due to personal reasons. He is also the Chairperson of the shareholders' committee. The Directors place on the record their appreciation of the valuable contribution made by him.

Mr. Arvind Kumar, being eligible, offers himself for reappointment.

Since the conclusion of the last Annual General Meeting, the Board of Directors appointed Mr. Rajesh Mehta and Mr. V.Balaraman as additional directors on the Board. As per Section 260 of the Companies Act, 1956, an Additional Director holds office upto the date of the ensuing Annual General Meeting.

Notices under section 257 of the Companies Act, 1956 have been received by the Company from the member(s) for the appointment of Mr. Rajesh Mehta and Mr. V.Balaraman, as Directors of the Company.

## **13. Auditors**

M/s S.R.Batliboi & Associates LLP, 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.

## **14. Auditor's Qualification and Management reply**

### **Auditor's Qualification**

Attention is drawn to Note 12(III)C to the financial statements regarding investments and advances aggregating Rs.90.30 Crores in IdenTrust Inc a subsidiary of the Company. Pursuant to an order received from the Committee on Foreign Investment in the United States, the Board of Directors have decided to sell its investment and is in the process of finalizing a prospective buyer and completing the transaction. Pending disposal of the investment and in the absence of the estimated realizable value, we are unable to comment on carrying value of such investments and advances in the books of the Company and the consequential adjustments thereof that may be required to the accompanying financial statements.

Attention of the members is also drawn to the Auditors' Report on the consolidated financial statements on this issue.

### **Management Reply**

IdenTrust Inc., (Iden Trust) a subsidiary of the Company, a company engaged in the business of trusted identity solutions and digital identity authentication services based in the United States. During the current year, the Company has received an order from Committee on Foreign Investment in United States (CFIUS) that the business of IdenTrust is critical to United States security infrastructure and therefore ruled that the Company must be controlled by a US management and imposed certain restriction of the operations of the Company. Pursuant to the order, the Board of Directors have made a decision to sell its

investment in IdenTrust Inc., and are in the process of finalizing a prospective buyer and completing the transaction. Management is confident of being able to complete the transaction shortly and expects a positive return on such sale. Hence the management believes that investment / advances can continue to be carried at cost and there is no requirement for any impairment / recoverability provision.

A detailed table, summarizing the revenues, profits, assets, liabilities and Cash Flows attributable to this operation is given under Note No.32 to Consolidated Financial Statements. Also the members' attention is drawn to note no.13(iv)(a) of consolidated financial statements.

#### **15. 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.

#### **16. 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 under "Touch the Soil" program, we targeted to ignite 1 lakhs young minds but with the support of 725 volunteers we touched 1.67 lakhs students

##### **Ullas – Chennai**

Ullas Trust celebrated its 15th Annual workshop on Sep 1st, 2012 in Music Academy where over 1200 Ullas achievers from IX 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 across from 218 schools in Chennai. As part of the Touch the Soil initiative, volunteer teams went to 441 schools from all 32 districts headquarters of Tamil Nadu to conduct the 'Can Do' workshops in these schools thus covering approx 82386 children. In addition to that, 208 students were awarded Higher Education Scholarships for the pursuing professional courses. Ullas also sponsored easy learning of English (ELE) classes for the 6th to 8th STD children in 32 schools of five districts in Tamil Nadu covered 4800 students through collaboration with a local NGO-Vidyarambam. These classes were also conducted at our Social Engineering hub at Killai, in the Government school premises.

##### **Ullas – Mumbai**

Around 857 students from 23 municipal schools were awarded scholarships in the Mumbai workshop held on December 29th , 2012. The Dairy 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 methodology of going to schools and conducting the classes there during the weekends. As part of the Touch the Soil initiative, volunteer teams went to 62 schools from all 16 districts headquarters of Maharashtra to conduct the 'Can Do' workshops in these schools thus covering approx 8209 children.

### **Ullas – Hyderabad**

In Hyderabad, 409 students eagerly participated in the Hyderabad Annual Workshop on March 16th ,2012 which was held at Vasavi Auditorium, Lakdi-ka-pul. The Young Achievers entertained everyone with a few cultural performances. The Dairy of Dreams workshop was very interactive and enabled students to share their dreams. SUMMIT classes 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. As part of the Touch the Soil initiative, volunteer teams went to 833 schools from all 17 districts headquarters of Andhra Pradesh to conduct the 'Can Do' workshops in these schools thus covering approx 73929 children.

### **Ullas – Delhi**

The Delhi Chapter of Ullas conducted their Annual Workshop on November 3rd , 2012 where 322 Young Achievers participated from NCR. The Dairy of Dreams Workshop conducted went down very well with children interacting cheerfully with the Ullas Volunteers. In Delhi the volunteers also travelled to schools to take the SUMMIT classes in the schools. As part of the Touch the Soil initiative, volunteer teams went to 58 schools from all 11 districts headquarters of NCR to conduct the 'Can Do' workshops in these schools thus covering approx 3047 children.

Mother Teresa Special award for Corporate Citizenship was conferred on ULLAS by Loyola Institute Of Business Administration, Chennai

World HRD congress recognised ULLAS for its contribution to cause of education

### **SAMPADA**

SAMPADA – Special Appreciation and Mentoring Program Acknowledging Differently Aabled 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 the 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.

## **17. 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 cooperation, 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 : April 27, 2013

**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 Conservation of Energy

#### a) Energy conservation measures taken:

With the electricity demand – supply gap increasing over the past year, and with no real end to this shortfall in sight, it has become increasingly imperative for the Company to evaluate and utilize energy in a most cost-effective and efficient manner. In the case of energy conservation, we have put in place the following steps:

- i) Ensuring that work areas are optimally cooled, thus avoiding over-cooling and excess energy usage.
- ii) Ensuring that computers are switched off when not in use, especially during lunch time and after office hours.
- iii) Ensuring that lights are utilized only where required, and are switched off after office hours.

In the case of renewable energy and lower cost energy, the following are in place:

- i) Purchase of power from the excess in other grids through the Indian Energy Exchange (IEX)
  - ii) Evaluation of the potential for solar power generation through roof-top based photo-voltaic (PV) cells, coupled through smart controllers to the Grid and DG sets.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- i) Replacement of A/C chillers and accessories in Navalur with the latest generation equipment.
  - ii) Replacement of energy inefficient desktops with laptops and all-in-ones.
  - iii) Replacement of UPS batteries, thus providing a more efficient source of stored power.
  - iv) Right sizing of Automatic Power Factor Correction (APFC) Capacitors.
- c) Impact of the measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
- i) These measures will reduce energy bills in our major campus at Navalur by over 30%.
  - ii) The lower cost will enable the Company to utilize this leverage in large bids.

Overall, the carbon footprint of the Company will reduce by around 20%.

### 2. Research & Development

To meet the next-level ambitions for Polaris's growth, Chief Designers' Office ('CDO') is transforming its organization and culture to create a global technology research organization to achieve its strategic ambitions with the following key principles:

#### External orientation and drive for innovation

Bringing Polaris closer to customers, suppliers, partners and other key influencers such as non-governmental organizations and Institutions. This is evidenced by the certificate issued by Government of India, DSIR, for the R & D division at Navalur / Siruseri centre.

#### Accountability for performance

Setting ambitious targets, delivering results, learning from mistakes individually and collectively.

#### Inspirational leadership

The complementary and consistent combination of setting direction with ambition and passion, taking decisions based on a healthy sense of urgency, with connecting with people by demonstrating authenticity, engagement and strong motivation.

## Here are some of the key achievements from last year

### Renewed focus on IP

CDO team has filed 15 patents last year, including 6 on FT 8012 4 on Utility and 5 on design, with the US Patent office. CDO is encouraging associates in filing as many patents as possible in this current year.

### Architecture Advisory Council

CDO is involved in setting up best practices and standards in strengthening the design and architecture of product developments and implementation. A dedicated Architecture Advisory Council has been setup to focus on these best practices and standards. Keeping the growing demand for better design and development, CDO is supporting Intellect Product teams in the form of Engagement Model as a common and global pool of architects in reviewing the existing architecture/design, reviewing the existing codebase and then support the products in implementing better architecture/design as per the industry standards and principles.

### Launching of FT8012

CDO team has contributed to launching FT8012. The team is responsible for all of the programs running in FT8012, created the video wall technology and the associated software. Additionally, the team designed and launched FT Home Theater.

### Social Media Engagement

CDO Team launched social media for Polaris employees in Facebook, Twitter, LinkedIn and Youtube. The goal of this initiative is to drive collaboration across employees and the broader technical community. CDO has conducted campaigns and special day events to promote the social media awareness within the company. FaceBook likes has reached over 700% in the last 6 months. By giving our employees a platform to share with tens of thousands of potential readers, we have enabled them to grow and be thought leaders.

### Innovation strategy

- Innovate through entire life cycle of Intellect Products
- Continued improvements via incremental application driven innovations
- Open innovation with key customers and institutions and other government organizations
- Protect and strengthen IP positions
- Providing architecture governance model to improve productivity for the organization

CDO team is currently focusing and working on the following new initiatives:

1. Evaluating ALM tools like Endeavor, RedMine, Tulip to identify and promote best practices in SDLC within the organization. This would also help the project / product teams in leveraging the services from Requirement Analysis till implementation including Project Management, Build and Release Management, Dashboard etc.
2. Common Framework across all products for Build & Deployment using Jenkins. Also working on identifying the best practices for continuous integration, release and delivery of all products.
3. Engagement Model of Architects to support Intellect Products in reviewing and providing alternate architectural / design changes as per the industry principles / standards.
4. A dedicated Performance Tuning CoE has been formed to support Intellect Products and implementations in Performance Engineering aspects, Sizing of Hardware, Performance Upgrades of Applications etc.

Expenditure incurred on R & D during the year 2012-13 as per Standalone financials:

	Rs. in lakhs
Capital	1,356.79
Recurring	8,643.08
Total	9,999.87
Total R & D expenditure as a % of total turnover	5.29 %

### 3. Technology innovation, adoption and absorption

#### A. Technology innovation

##### i) Octopus

Octopus, as an enterprise social media portal evolved to be Polaris' Smart Enterprise Portal (SEP) got quickly adopted as the default workspace for all associates resulting in a wave of OWOW (Octopus Way of Working) that has swept Polaris.

It serves all the needs of an associate with an **innovative solution design**

##### a) Operational Efficiency and streamlining management with Rooms –

Each room is an online community that provides an integrated view of various entities like projects or accounts. Thus, as an example, a project room represents single source of truth of all aspects of a project - It facilitates collaboration within room members (with broadcasts and multi-way conversations), storing artifacts and review MOMs, tracking action items and milestones, view of project health scores / indices, demographic information, etc. There are rooms for projects, accounts, business leadership, corporate functions, practices and pre-sales.

In addition to a room-level view, a 360 degree timeline view (with auto-refresh facility) of all activities happening across all entitled rooms is available to all associates.

As a unique differentiator, Octopus enables Polaris to allow its customers equal access to the project rooms so that all stakeholders “drink water from the same well” real-time – A complete “open kitchen” for its customers.

##### b) Enterprise Communications, Cascades and Collaboration

All communication cascades at group level and organization level happen in Octopus with facility for associates to comment / recommend. All collaboration needs (public, private, community based) have been addressed. A board (wall) is available to each associate to blog ideas / opinions and for public networking.

##### c) My Space

It holds - My Personal Data, Data Relevant to me, Data about me browse-able by others (My Profile, My Board).

##### d) Knowledge Management

Knowledge Management with Knowledge Wikis to hold standards of technology and design and Knowledge Circles to converse on various topics and evolve the standards - Ask the Experts or Share solutions / ideas

##### e) Employee Engagement

In addition to employee engagement with various publicly accessible entities like boards, circles there are various innovative features built-in like FT Credits (appreciate any associate any time by transferring credit points) and Online Jobs Portal (for job rotations)

##### f) One stop shop for enterprise information, processes, resources and applications

In order to do the above efficiently, Octopus has a unique User Interface Design with a single workspace (landing page) to cater to all functions. It facilitates quick access and management of multiple entities in one workspace – Associates, Projects, Accounts, Customers, enterprise resources (standards, documents and processes) – with extensive search at all levels. All commonly required functionality is accessible in a single click, in addition to the facility to jump to any functionality using a type-ahead Site Locator.

Octopus is now accessible on Internet Channel and Mobile Channel, with a single sign-on when in office network. It provides a seamless integration with multiple back-office systems to provide an integrated view of various entities in the portal from its ODS. It got deployed on cluster for high performance and scalability and also got Ethical Hack Tested to ensure the required security.

**ii) EA (Enterprise Architecture) Framework**

To ensure consistency and standardization in terms of Design, Architecture, Tools and Technologies across all projects, designed EA (Enterprise Architecture) Framework around four defining components "Architecture & Design", "Technology & Tools", "Business Development" and "Measurement & Assessment. EA framework, a game changer, is aimed at improving application maturity, delivery efficiency and creation of more value to the customers.

**Key objectives of EA Framework are**

- Consistent COPARIS Alignment using ADAP 2.0 (Architecture & Design of Applications – The Polaris Way)
- 15% Effort Savings
- Handle NFRs pro-actively
- Standardize Architecture & Design in Delivery Projects.
- Ensure proliferation & implementation of best practices
- Move towards Measured Output – Application Efficiency Quotient, Design Quotient, Technology Quotient, Re-usability Quotient
- Create a 2-way library of re-usable components/tools
- Create market value with Polaris Architecture and Design practices
- Quantify Technical SLA Measurement in Application

EA implementation: 22 workshops conducted across locations and Business units with an extensive coverage of Architects / Project Teams / Quality Directors and the Technology CoEs as well.

**iii) Design Standards**

ADAP (Architecture and Design of Applications – the Polaris Way) standards were enhanced with reference architectures for UI, service and batch. Further, COPARIS based design is now made repeatable and consistent with definition and implementation of Design L0 and Design L1 aligned to COPARIS. The proliferation and adoption of design standards was improved with design wikis that explain their applicability and best practices.

For being able to measure the efficiency of an application, AEMM (Application Efficiency Measurement Model) 2.0 was released aligned to Design L0. This was made available online to analyze the COPARIS efficiency scores across applications.

**iv) Tools & Components**

The proliferation and adoption of technology standards was improved for all technologies.

Some niche additions / enrichments in this space include:

- Adoption of Sub Version for version control for all projects as a default standard. Migration of all existing applications based on proprietary Vault product to Sub Version.
- Revamped coding standards for Java and web based languages / specifications
- Performance SLA Management (PSM) Component to be able to detect and pro-actively act on any breaches of performance SLA by the application
- Build Standards with continuous integration and developer build
- Batch applications based on Spring Batch and IBM Compute Grid
- Component Orchestration with DROOLS
- RIA Implementation strategies and guidelines
- Unit Testing standards and approach with JUnit

**B. Technology Absorption**

The technology absorption comprises of purchasing and partnering with the vendors to incorporate the new technologies into our environment. Few of the major technologies imported by Polaris for the improvisation of the IT services management are listed below:

**i) Bluecoat ProxySG Technologies**

## a) Technology imported

ProxySG appliances are part of the Unified Security solution and provide complete control over all the web traffic with robust features that include user authentication, web filtering, data loss prevention, inspection and validation of SSL-encrypted traffic, content caching, bandwidth management, stream-splitting and more.

## b) Year of Import: 2012

Polaris has imported the technology in the year of 2012 for the global network monitoring and control along with web filtering and application-based policies which can help in maximize bandwidth, minimize risks, and adhere to the regulatory policies.

## c) Has technology been fully absorbed - Yes

**ii) IBM Connections & Portal**

## a) Technology imported

Connections & Portal is a Web 2.0 cross-platform social software application. It provides social networking tools to bring people together through online tools. The various components - Profiles, Communities, Media gallery, Blogs, Activities, Wikis, Forums and Search helps to create a networking tool amongst the associates. The Connections components are built on a set of services according to the service-oriented architecture concept. These components take the form of J2EE applications which are hosted on WebSphere Application Server. This design allows the components to be hosted independently of each other and to support very large scale deployments.

## b) Year of Import: 2011

In the year of 2011, Polaris has incepted the concept of collaborative way of working through leveraging the Connections & Portal technology by partnering with IBM to host Octopus – Polaris Corporate Portal.

## c) Has technology been fully absorbed - Yes

**iii) HP Enterprise Management System**

## a) Technology imported

HP IT Performance Suite-the industry's first systematic approach to digitizing the sensing, measuring, and instrumentation of the entire IT-controlled landscape into a single consolidated view for IT leaders and practitioners. The HP IT Performance Suite is the foundation for customized IT performance systems constitutes of various modules focussing on vital aspects of the IT Infra management. All the modules are integrated to provide a holistic view of entire IT infrastructure health from Fault, Availability, Performance and capacity prospective.

## b) Year of Import: 2013

The implementation of the Enterprise solutions has targeted to be completed in the year 2013 to operationalize the Infra management system in Polaris to migrate the operational mode from passive to active with more pro-active monitoring on the services and Infrastructure.

## c) Has technology been fully absorbed - Yes

**iv) HP LoadRunner**

## a) Technology imported

LoadRunner is an automated performance and test automation tool for examining system behavior and performance, while generating actual load. LoadRunner can simulate thousands of concurrent users to put the application through the rigors of real-life user loads, while collecting information from the infrastructure components. The results can then be analyzed in detail, to explore the reasons for particular behavior.

b) Year of Import: 2009

We have partnered with HP and signed the ELA in the year 2009 to increase the existing scope for the tools utilization. Loadrunner has been extensively focused to leverage across the project teams for the performance testing.

c) Has technology been fully absorbed - Yes

**v) Microsoft Lync Server**

a) Technology imported

Lync Server is enterprise real-time communications server software, providing the infrastructure for enterprise instant messaging, presence, VoIP, ad hoc and structured conferences and PSTN connectivity through a third-party gateway or SIP trunk. The Lync Server were implemented in the year 2012 by partnering with Microsoft

b) Year of Import: 2012

c) Has technology been fully absorbed - Yes

**vi) IBM SAN Storages**

a) Technology imported

The IBM SAN storage is an inline virtualization or "gateway" device. It logically sits between hosts and storage arrays, presenting it to hosts as the storage provider (target) and presenting itself to storage arrays as one big host (initiator). SVC is physically attached to any available port in one or several SAN fabrics.

b) Year of Import: 2011

In the year 2011, partnering with IBM their SAN storages has been incorporated to the Polaris environment to enhance the storage services with Fast-write cache, Solid state drive SSD support, Real-Time Compression and Virtual Disk Mirroring.

c) Has technology been fully absorbed - Yes

**vii) VMware Virtualization**

a) Technology imported

The concept of virtualization has lot of advantages of power saving, lesser consumption, reliable work environment and more mobility to users. In the year 2008, we have initiated the virtualization of our services to provide robust workplace to the users by partnering with VMware to uses their virtualization tools.

b) Year of Import: 2008

c) Has technology been fully absorbed – Yes

**viii) All-in-One Desktops**

a) Technology imported

An all-in-one desktop integrates the system's internal components into the same case as the display, allowing for easier portability and a smaller footprint, especially on designs using flat panel displays. It is another major Go-Green initiative by leveraging the technology design. In the year of 2011, we have introduced the concept of All-in-One desktops purchased from Lenovo for our users.

This has significantly reduced the carbon footprint and resulted in greater power savings compared to the earlier traditional model desktops.

b) Year of Import: 2011

c) Has technology been fully absorbed – Yes

## C. Infrastructure

### i) Global Monitoring Center (GMC)

The GMC is formed with the prime objective to proactively monitor all IT resources, including connectivity links, servers, switches, routers, etc. and identify the disruptions to prevent any outages. This will enable smooth business operations and zero impact on our business.

Team is manned 24x7 to observe the real-time performances. Periodical system performance reports has been reviewed to observe the patterns and action the necessitate steps.

### ii) Enterprise Management System (EMS)

The EMS System enables the business process with improved efficiency through effective monitoring of IT Infrastructure, IT Asset Management, IT Service desk, Software licenses tracking & Compliance.

The EMS enables the user support through a new platform at ease. IT Operations managers have undergone ITIL Training for better adaption of ITIL practices to support the business.

### iii) Measures on BCP / DR

Source code of Polaris is replicated to alternate locations from various CM tools. This process ensures the availability of source code at BCP / DR Site.

BCP / DR for Mail & web applications services: BCP/ DR mail & web application servers are operational for ensuring the availability of services during major disaster and schedule maintenance of primary data center.

### iv) FT8012 – Design Labs & Pi Area

FT 8012 - Design Center, The first its class innovative design lab dedicated to Financial Technology. The technologies used at the design center are unique by its own showcasing the innovation brought in from different domains to distinctively stand out.

Some insights on FT8012 devices:

1. Value Expo 3X3 Video wall – 46" thinnest bezel video wall with Multi-slide presentation and Video conferencing integration
2. Interactive board with Short-throw Projectors - In the Strategic & Application Design Rooms
3. Kiosks with A0 Plotter – Independent kiosks with provisions for content printing
4. Technology Space – Wireless content projection from Mobile devices for Customer presentations and BIG Data Cluster setup
5. Tele-Presence – Video conference with Tele-presence enabled
6. Smart-Desks – Desks with Laptop docks and wireless interfaces

### v) Improvised Network Security – Bluecoat ProxySG

The Blue Coat ProxySG family of appliances delivers a scalable proxy platform architecture to secure Web communications and accelerate the delivery of business applications. Blue Coat ProxySG is configured to meet the varied proxy requirements at remote / branch offices, Internet gateways and data centers.

The Blue Coat also enabled more internet provisioning for the associates to connect with the digital world to explore the recent innovations and its adoptability to our environment.

Blue Coat ProxySG - An architecture that provides total visibility and control over user and application performance, and fast, secure delivery of the applications that are necessary to running the business. Polaris IT could mitigate the risks and maximize the value of all the services, through ability to identify; monitor; report and implement granular controls over web-based applications.

**D. Technology adoption - Open Source & Ease of Use**

1. Conference room booking through Lotus Notes is introduced across Polaris Offices.
2. Open Office 3.4 is launched, which is compatible to Microsoft Office. This reduces the cost of investment on MS Office.

**E. Rationalisation / optimization of software / hardware**

IT Assets rationalization & Cost Savings:

1. Software rationalization, helped to effectively manage available software licenses and eliminate new procurements.
2. Server rationalization helps in terms of managing the existing servers for new projects & requirements. This also eliminated to eliminate rental servers.
3. Hardware & Software AMC are rationalized.
4. Optimization of network devices & Links - Telecommunication links are planned as per new architecture with optimal bandwidth. The cost of combination is substantially reduced by optimization.

**Go-Green Initiatives**

1. Assets are disposed periodically through approved agents, as part of Go Green initiative.
2. Physical servers are retired and disposed and 75% virtualization result into power savings.

**Foreign Exchange Earnings and outgo**

**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 2012-13 the revenue derived out of Software Exports stood at Rs.160,701.20 Lakhs.

Foreign Exchange Earned and Used:

(Rs. in lakhs)

<b>For the year ended</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Foreign Exchange earnings	160,701.20	153,342.39
Foreign Exchange outgo (including capital goods)	76,834.78	71,445.31

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

Place: Chennai  
Date: April 27, 2013

**Arun Jain**  
Chairman & Managing Director

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## **REPORT ON CORPORATE GOVERNANCE**

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## Report on Corporate Governance

### 1. Company's Philosophy

Polaris recognizes Corporate Governance as an endeavor for transparency and a wholehearted approach is aimed towards establishing Professional Management, and continuous enhancement of shareholders' value.

### 2. Board of Directors

#### • Composition of the Board of Directors as on March 31, 2013

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 eight members; comprising of an Executive Director, two non – executive non independent Directors 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 24,2012	November 19, 2012
July 24, 2012	December 03, 2012
October 12, 2012	January 22, 2013
October 22, 2012	March 29, 2013

The maximum gap between two Board meetings was 91 days (between April to July 2012).

Board of Directors' attendance of the 19th Annual General Meeting held on November 19, 2012

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	N
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.	R C Bhargava	00007620	Non Executive / Independent Director	Y
7.	Satya Pal	00287845	Non Executive / Independent Director	Y
8	Rajesh Mehta	06410765	Non Executive / Non Independent Director	N

Board of Directors' attendance for the Board & Committee Meetings held during the year 2012-13

Sl. No.	Name	Meetings held on																															
		24-04-12				24-07-12				12-10-12				22-10-12				19-11-12				09-12-12				22-01-13				29-03-13			
		Board	Audit	SCM	RCC	Board	Audit	SCM	RCC	Board	Audit	Board	Audit	Board	Audit	Board	Audit	Board	Audit	Board	Audit	Board	Audit	SCM	RCC	Board	Audit	Board	Audit				
1	Arun Jain	Y	-	-	-	Y	-	-	-	Y	-	Y	-	-	-	Y	Y	Y	-	-	-	Y	-	-	-	Y	-						
2	Abhay Agarwal	Y	Y	Y	-	Y	Y	Y	-	Y	Y	Y	Y	Y	-	N	Y*	Y	Y	Y	-	Y	Y	-	Y	Y							
3	Anind Kumar	Y	Y	-	-	Y	Y	-	-	Y	Y	Y	Y	-	-	Y	Y*	Y	Y	-	-	-	Y	Y	-	Y	Y						
4	Dr.Ashok Jhunjhunwala	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y						
5	Raju Venkatraman	Y	-	Y	-	Y	-	Y	-	Y	-	Y	-	Y	-	Y	-	Y	Y	Y	-	Y	-	Y	-	Y	-						
6	R.C.Bhargava	Y	Y	-	Y	N	N	-	N	Y	Y	Y*	Y*	-	Y*	Y	N	Y	Y	Y	-	Y	N	-	Y	N	N						
7	Satya Pal	Y	-	Y	Y	Y	-	Y	Y	N	-	N	-	N	N	Y	Y*	Y	-	Y	Y	-	Y	Y	Y	-	Y						
8	Rajesh Mehta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						

[Y= Attended, N= Not attended, RCC = Remuneration & Compensation Committee, SCM = Shareholder Committee Meeting, (\*) attended through Video Conference]

Note: Details about Non-mandatory Committee 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 Ltd. 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 \$426 Million, a talent base of over 13,000 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 the 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 Mr.Arun Jain. 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. Mr.Arun Jain'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. Mr.Arun Jain believes strongly in people power and often says, "With committed people you can achieve what most people think is impossible".

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

- a) Create globally competitive financial technology products out of India
- b) To drive a High-Performance culture in Polaris to exceed the expectations of Polaris' customers
- c) 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, Mr.Arun Jain's unwavering focus has been towards simplifying the complex world of Financial Technology & connects technology seamlessly to Business. Besides hands-on design of high impact solutions for the banking and insurance world, Mr.Arun Jain has encapsulated 25 years of working with market leaders TM into a rich and practical Learning Architecture 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 Mr.Arun Jain'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". Mr.Arun Jain is a key Member of the Advisory Council of Software Technology Parks of India (STPI).

Mr.Arun Jain is a passionate advocate of Ordinary people coming together to do extraordinary things, when there is a subconscious alignment to a larger purpose. Mr.Arun Jain 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 Practising Chartered Accountant based at Delhi. He is well experienced in the areas of accounting, finance, management and corporate advisory services. His proficiency and competency in the above 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., Welltime Investments (P) Ltd., Param Investments (P) Ltd., Northern Herbals (P) Ltd., Burman Resorts (P) Ltd., Newage Capital Services (P) 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 Infrastructures (P) Ltd., KBC India (P) Ltd., Shree Investment (P) Ltd., Elephant India Finance (P) Ltd., and Dr. Fresh SEZ Phase I (P) Ltd., Young Mumbai Hockey Ltd., AAUM Holdings (India) Pvt. Ltd., Touchstone Fund Advisors Pvt Ltd., Caterham Cars India Pvt. Ltd., Berkeley HealthEDU Pvt. Ltd., Gyan Enterprises Pvt. 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 on 12th November 1963 at Kanpur from the U.P. Bar Council at Allahabad and 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 47 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 50 companies in the last twenty years. He chairs Rural Technology and Business Incubator (RTBI) at IIT Madras and Mobile Payment Forum of India (MPFI). Besides he leads efforts in using decentralized solar PV for power generation and use of ICT towards bring in quality into Indian education system.

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-Tantragrahaan 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 Communication Technologies Ltd, Tejas Networks Ltd, Tata Communications Ltd and Exicom Tele-Systems Ltd. He is member of Prime Minister's Scientific Advisory Committee.

**Mr. R.C. Bhargava, Chairman, Maruti Suzuki India Ltd.**

Mr. R. C. Bhargava is a post graduate in Mathematics from Allahabad University (1954) and Development Economics from Williams College, Mass USA (1963), India. He joined the Indian Administrative Service in 1956, on the basis of an All-India competitive examination and secured the number one position in India.

Between 1968 and 1973 he worked in the State of Jammu & Kashmir and was the Secretary to Government in the Departments of Agriculture, Horticulture, Animal Husbandry, Forests and Sheep Breeding.

Between 1973 and 1978 he worked in Delhi in the Central Government. His rank was of Joint Secretary. For 4 years he was in the Ministry of Energy, and for a little over one year in the Cabinet Secretariat.

Between 1979 and 1981 Mr. Bhargava worked as the Commercial Director of Bharat Heavy Electricals Limited, the leading manufacturer of all power generating and transmission equipment in India.

Mr. Bhargava joined Maruti Udyog Limited, as Director Marketing, soon after its incorporation in 1981. Mr. Bhargava was appointed as the Managing Director (CEO) in 1985. He became the Chairman and Managing Director in 1990. In 1992 Suzuki continued him as its nominee for the post of Managing Director. Mr. Bhargava retired in 1997. He was re-inducted to the Board in 2003 after Suzuki acquired control of the Company and it was listed. He was appointed as the non-executive Chairman on the 19th December 2007, a position he continues to hold to date.

Mr. Bhargava is on the Board of Directors of a number of leading companies in India. These include Grasim Industries, UltraTech Cement Company, Maruti Suzuki India Limited, Polaris Financial Technology Limited, Infrastructure and Financial Services Limited, Dabur Industries Limited, Idea Cellular Limited, Thomson Press Limited, Kokoyu Camlin Limited and Taj Asia Limited. He chairs the Board of Maruti Suzuki India Limited.

Mr. Bhargava is also on the India Advisory Boards of BAE Systems Ltd, Rio Tinto (India), Huawei India Ltd and Hitachi India Ltd.

In his efforts towards helping the education system in India, he has previously been the Chairman of the board of governors of the Doon School, Dehradun; and on the Boards of IIM, Lucknow and IIM Calcutta. He is currently Chairman of the IIM, Ranchi. Mr. Bhargava has also chaired an IIM Review Committee constituted by the Ministry of Human Resources Development of the Government of India.

Mr. Bhargava has been undertaking consultancy assignments for a number of companies, both Indian and foreign. These include a number of Japanese companies.

Mr. Bhargava has recently written a book, 'The Maruti Story'. He has also authored a book in Japanese on Suzuki's strategy in India.

In November 2011, the Emperor of Japan conferred on Mr. Bhargava the "Order of the Rising Sun Gold and Silver Star". He has also been given the Lifetime Award for Management by the Economic Times and the All India Management Association.

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

Mr.Raju is a serial entrepreneur, who has built several companies and sold 3 companies and taken one company public. In his career, he has done outsourcing deal worth over 2 Billion dollars, managed 25,000 plus employees and raised over 700 million dollars of equity, Mezzanine, FCCB and bank loans.

Mr.Raju has travelled to over 38 countries and has done business in 18 countries, set up operation and managed operations in 11 countries.

He is currently the Founder Chairman and CEO of Medall Healthcare. Medall has grown to 1700 people with over 120 MD radiologists and pathologists.

Medall is already India's largest Radiology services company and is the 4th largest Diagnostics services company in India.

Mr.Raju has won several accolades and awards including American Dreamers Award, India Today's top 10 fastest growing companies, Business India's top 100 entrepreneurs from India, Serial entrepreneur award from TIE and TN Government.

He is an alumnus of IIT Madras and IIM Ahmedabad.

He is married to Raji Raju and has 2 children Roshni and Roshan. He is a passionate basketball player and also a lover of south Indian carnatic music and bhajans.

**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. He joined the Department of Telecommunications in 1955 and became 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 Chairs the Shareholders' Committee and a member of the Remuneration & Compensation Committee. 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.

**Mr. Rajesh Mehta, Treasury and Trade Solutions Head, Europe Middle East & Africa (EMEA), Citi Global Transaction Services.**

Mr. Rajesh Mehta is the Treasury and Trade Solutions Head for Citi Global Transaction Services in Europe Middle East & Africa (EMEA). He is responsible for the provision of cash management and treasury and trade solutions to a broad range of customers including multinational corporations, top local companies, small and medium enterprises and financial institutions.

Mr. Rajesh Mehta has been with Citibank for 29 years and has held numerous roles across the globe throughout his career. He began working for Citi in India and then moved to Audit Risk Review in Singapore, Cash Management and Trade Head for Indonesia, Global Transaction Services Head for Mexico and Regional Cash Management and Trade Head for Latin America, based in Buenos Aires. In 2002, he was appointed Global Transaction Services Head for Sub Saharan Africa, based in Johannesburg. In January 2007, Mr. Rajesh Mehta moved to London to assume the role of Regional Payments Head for EMEA assuming responsibility for Cash Management in October 2007 and his current position in March 2008.

Mr. Rajesh Mehta holds a bachelors degree in economics from St. Stephen's College, Delhi University and MBA from the Indian Institute of Management, Ahmedabad.

### 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	6
Abhay Agarwal	Member	6	6
Dr.Ashok Jhunjhunwala	Member	6	6
R.C.Bhargava	Member	6	4

The Audit Committee had met six times during the year 2012-13.

#### Powers of the Committee

- To investigate any activity within its terms of reference
- To secure attendance of and seek information from any employee including representative of Prime Shareholders (subject to internal approvals)
- To obtain outside legal or other professional advice, if necessary
- To secure attendance of outsiders with relevant expertise, if it considers necessary
- Compliance with the accounting standards

#### Role / Functions of the Committee

- 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
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees
- Approval of payment to statutory auditors for any other services rendered
- 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

- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, performance of statutory and internal auditors and the adequacy of internal control systems
- 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
- Discussion with internal auditors any significant findings and follow up there on
- 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
- 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
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- To review the functioning of the Whistle Blower mechanism
- 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;
- Statement of significant related party transactions, as defined by the Committee, submitted by the management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the Chief Internal Auditor

#### **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 Scheme 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 classes 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	3
Dr. Ashok Jhunjunwala	Member	4	4
Satya Pal	Member	4	3

## 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 directors. The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time. Remuneration/ Commission payable to Directors is determined by the contributions made by the respective directors for the growth of the Company.

Gross Remuneration paid / payable to Directors for the Financial Year 2012-13				
Name of the Director	Commission	Sitting Fees	Stock Options	
	Rs.in Lacs		Granted	Exercised
Abhay Agarwal	7.46	2.15	-	-
Arvind Kumar	7.90	2.10	-	-
Ashok Jhunjhunwala Dr.	7.54	2.35	-	-
R.C.Bhargava	5.27	1.85	-	-
Raju Venkatraman	7.90	1.40	-	-
Satya Pal	5.93	1.20	-	2,000
Rajesh Mehta	-	-	-	-
<b>Total</b>	<b>42.00</b>	<b>11.05</b>		

Note: During the year under review, Mr.Arun Jain, Chairman & Managing Director has received no remuneration.

## Stock Options

Details of stock options granted during the financial year 2012-13 under ASOP 2003, 2004, 2011 Schemes are detailed as below:-

Sl. No.	Date of Grant	Option 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 24, 2012	150.75	-	-	-	-	10	44,000
2	July 24, 2012	113.20	-	-	-	-	19	1,35,000
3	Oct. 22, 2012	126.15	-	-	-	-	49	2,86,000
4	Jan. 22, 2013	141.95	-	-	-	-	15	63,000
							<b>93</b>	<b>5,28,000</b>

During the period under review no stock option(s) were granted under ASOPT 2011. 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 declared dividends 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.

The Shareholders' Committee had met four times during the year 2012-13.

Members of the Shareholders' Committee are as follows:

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

During the year, under ASOP 2003 Scheme the company has allotted 63,700 equity shares of Rs.5/- each to 27 Associates / Directors and under ASOP 2004 Scheme company has transferred 34,800 equity shares of Rs.5/- each to 14 Associates pursuant to exercise of options granted as detailed 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 24, 2012	06	23,000	-	-
2	May 28, 2012	05	2,100	-	-
3	June 20, 2012	01	2,000	9	21,600
4	July 24, 2012	02	1,200	-	-
5	August 20, 2012	-	-	1	2,000
6	September 18, 2012	04	2,100	-	-
7	November 27, 2012	03	2,100	2	5,600
8	January 04, 2013	02	4,600	-	-
9	January 22, 2013	-	-	1	5,000
10	February 20 2013	04	26,600	1	600
	<b>Total</b>	<b>27</b>	<b>63,700</b>	<b>14</b>	<b>34,800</b>

No options were exercised during the year under Schemes ASOP 2011 and ASOPT 2011. As the result of the above allotments and allotment of 277 shares pursuant to the Optimus demerger; the issued, subscribed and paid-up equity share capital of the company has increased from Rs.497,210,485 comprising of 99,442,097 number of equity shares of Rs.5/- each as on March 31, 2012 to Rs.497,530,370 comprising of 99,506,074 number of equity shares of Rs.5/- each as on March 31, 2013. The allotted equity shares are listed and traded in the Stock Exchanges.

### 5.1 Associate Stock Option Scheme (ASOP)

#### Consolidated Scheme wise ASOP status for the year ended March 31, 2013

Sl. No.	Description	ASOP 2003	ASOP 2004	ASOP 2011
1.	Outstanding at the beginning of the year	27,95,050	5,57,500	8,69,000
2.	Granted during the year	-	-	5,28,000
3.	Exercised during the year	63,700	34,800	-
4.	Forfeited during the year	140,900	6000	95,700
5.	Expired during the year	-	-	300
6.	Cancelled during the year	609,350	9000	-
7.	Outstanding at the end of the year	19,81,100	5,07,700	13,01,000
8.	Price formula	Market Price	Market Price	* Price
9.	Total Shares raised due to exercise of options	63,700	34,800	-
10.	Money realized by exercise of options ( Rs.)	3,750,555	2,665,680	-

\* 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

Particulars / information of options granted under the ASOP schemes		31-Mar-13	
Weighted average exercise price	2003	NA	
	2004	NA	
	2011	126.77	
Weighted average fair value	2003	NA	
	2004	NA	
	2011	70.64	
(i) Details of number of options granted to Senior Management Personnel:			
ASOP 2003		Nil	
ASOP 2004		Nil	
ASOP 2011		Nil	
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 2012-13			
(i) Employee compensation cost using Intrinsic method of accounting.		Nil	
(ii) Employee compensation cost using Fair Value method of accounting.		29,841,789	
(iii) Difference between (i) & (ii)		29,841,789	
(iv) Impact for the accounting period had the fair value method been used on the following:			
Net results decreased by		29,841,789	
Basic EPS will reduce by		Rs.0.30 paise	
<b>Method and significant assumptions used to estimate the fair value of options granted during the year under Black &amp; Scholes methods</b>			
	<b>2003</b>	<b>2004</b>	<b>2011</b>
(a) Risk free rate of interest	-	-	8.14%
(b) Expected life (in years)	-	-	6.00
(c) Expected volatility	-	-	57.78%
(d) Expected dividend yield	-	-	1.54%
(e) Price of the underlying share in market at the time of option grant (Rs.)	-	-	126.77

Details of options granted during the year		(in Rs.)	
Date of grant	Market price	Exercise price	
Apr 24, 2012	150.75	150.75	
Jul 24, 2012	113.20	113.20	
Oct 22, 2012	126.15	126.15	
Jan 22, 2013	141.95	141.95	

## 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 Eleven times during the year 2012-13 on April 9, 2012, May 25, 2012, June 08, 2012, June 19, 2012, August 30, 2012, October 1, 2012, October 10, 2012, January 11, 2013, January 25, 2013, February 11, 2013 and March 14, 2013.

The brief details on the business transacted are as follows.

S.No.	Details	No.of Cases	No.of Shares
1	Transfer of Shares	538	82,600
2	Consolidation of Unclaimed Shares	4	700
3	Deletion of names	1	50
4	Rematerialisation requests	7	713
<b>Total</b>		<b>550</b>	<b>84,063</b>

The present members of the Committee are:

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

### (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

### (c) Investment Committees

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 (ies), (existing facilities, land & building) software products, Intellectual Property Rights thereof (related to business development).

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

## 7. General Meetings of the Company

Particulars of Annual General Meetings of the Company in the past three financial years.

17 <sup>th</sup> AGM			18 <sup>th</sup> AGM		19 <sup>th</sup> AGM	
Date: July 15, 2010 Time: 3.00 P.M. Venue: Music Academy, Chennai			Date: July 20, 2011 Time: 2.30 P.M. Venue: Chinmaya Heritage Centre, Chennai		Date: November 19, 2012 Time: 10.30 A.M. Venue: Russian Center of Science and Culture, Chennai	
S.No.	Resolutions Passed	Type	Resolutions Passed	Type	Resolutions Passed	Type
1.	Adoption of Annual accounts (31.3.2010)	O	Adoption of Annual accounts (31.3.2011)	O	Adoption of Annual accounts (31.3.2012)	O
2.	Declaration of final dividend (35%)	O	Declaration of final dividend (90%)	O	Declaration of dividend (60%)	O
3.	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	Appt. of Mr.Abhay Agarwal as a Director under Sec 256 of CA.	O
4.	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	Appt. of Mr.Raju Venkatraman , as a Director under Sec 256 of CA.	O
5.	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	Re-appt of M/s S.R.Batliboi & Associates, as Statutory Auditors.	O
6.	Appt. of Mr.Anil Nagu, as a Director under Sec 260 of CA.	O	Re-appointment of Mr.Arun Jain as Chairman & Managing Director w.e.f. June 1 <sup>st</sup> , 2011 for a further period of 5 years	O		

## 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 Balance Sheet and Statement of Profit & Loss

**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 disclosures 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:-

**(a) 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.

**(b) 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 2012-13; no employee has been denied to access the Audit Committee.

**(c) 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. It works as an early warning system to the organization.

**(d) Risk Management framework**

The Board of Directors 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.

**(e) Insider Trading Policy**

As per the SEBI (Prohibition of Insider Trading) Regulations, 1992 an Insider Trading Policy of the company 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 for all during the year 2012-13

Sl. No.	Closed on	Opened on
1	April 14, 2012	April 25, 2012
2	July 14, 2012	July 26, 2012
3	October 12, 2012	October 24, 2012
4	January 12, 2013	January 24, 2013

#### (f) 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](http://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](http://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.

<b>1 General Shareholder information</b>		
Date of incorporation	January 5, 1993	
Company Registration Number	18-24142	
Registered Office	Polaris House, No.244, Anna Salai, Chennai – 600 006.	
Date of Annual General Meeting	Thursday 8 <sup>th</sup> August, 2013	
Venue of Annual General Meeting	Chinmaya Heritage Centre, Chennai	
<b>Financial Reporting:</b> (tentative and subject to change) <b>01.04.2013 – 31.03.2014</b>		
First quarter ending June 30, 2013	Between 15 <sup>th</sup> and 15 <sup>th</sup> August 2013	
Second quarter ending September 30, 2013	Between 15 <sup>th</sup> and 31 <sup>st</sup> October 2013	
Third quarter ending December 31, 2013	Between 15 <sup>th</sup> and 31 <sup>st</sup> January 2014	
For the year ending March 31, 2014	Between 15 <sup>th</sup> and 30 <sup>th</sup> April 2014	
Book Closure	30th July, 2013 to 8 <sup>th</sup> August, 2013 (both days inclusive)	
Dividend for 2012-13	Final Dividend – 100% (Rs.5 Per Share)	
Listing of shares with Stock Exchanges / Polaris shares traded in		
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	BSE – Scrip Code	Reuters code
POLARIS	532254	POLS.BO (BSE) POLS.NS (NSE)
ISIN Code	INE763A01023	
<ul style="list-style-type: none"> <li>• The Company hereby confirms that the Listing fee for the year 2013-14, 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.</li> <li>• The Company's shares are traded in "Group A" category in the Bombay Stock Exchange, Mumbai since March 26, 2001.</li> <li>• The Bombay Stock Exchange (BSE) has decided to include Polaris share in the "BSE mid-cap index" with effect from January 2011.</li> </ul>		
Registrar and Share Transfer Agent	<b>Karvy Computershare Private Ltd.</b> Unit: Polaris Financial Technology Limited Plot No. 17 to 24 Vittal Rao Nagar, Madhapur Hyderabad – 500 081. Tel: 040 – 2342 0818 Fax: 040 – 23420814 /23420857 E-mail: mailmanager@karvy.com: URL: <a href="http://www.karvycomputershare.com">www.karvycomputershare.com</a>	
<b>Publication of Quarterly Results</b>		
Details of Quarterly financial results published during financial year 2012-13		
<b>Language</b>	<b>News paper</b>	<b>Date</b>
English Tamil	Business Standard Makkal Kural	April 25, 2012
		July 25, 2012
		October 13 / 14, 2012
		October 23, 2012
		January 23, 2013
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 <b>№</b>

### 10. Shareholders' complaints and requests

During the financial year 2013, 881 numbers of request / Complaints had been received / resolved by the Company as detailed hereunder:

#### STATUS OF REQUEST/ COMPLAINTS DURING THE PERIOD 01/04/2012 TO 31/03/2013

S. No.	Subject	Received	Replied/ Resolved
	<b>A. REQUESTS</b>		
1	CHANGE/CORRECTION OF ADDRESS	25	25
2	RECEIPT OF DIVIDEND WARRANTS/REFUND ORDER FOR REVALIDATION	115	115
3	SPECIMEN SIGN CHANGE / NOT MENTIONED IN APPLICATION	18	18
4	CHANGE/CORRECTION OF BANK MANDATE	5	5
5	CHANGE/CORRECTION OF BANK MANDATE/NAME/DAMAGE ON DW	11	11
6	REQUEST FOR ISSUE OF DUPLICATE DIVIDEND WARRANT	6	6
7	RECEIPT OF IB FOR ISSUE OF DUPLICATE DW	5	5
8	QUERY REGARDING PAYMENT OF DIVIDEND WARRANT	3	3
9	RECEIPT OF DD(S) /AGAINST DW FROM COMPANY/BANK/REMAT	6	6
10	REQUEST FOR ECS FACILITY ( ELECTRONIC CLEARANCE SERVICES)	26	26
11	LETTERS FROM CLIENTS REGARDING BILLS/PAYMENTS	4	4
12	POSTAL RETURN DOCUMENTS	414	414
13	LETTER FROM SEBI/STOCK EXCHANGE/CBI/ACKNOWLEDGE MENT	5	5
14	REGISTRATION OF POWER OF ATTORNEY	0	0
15	LOSS OF SECURITIES AND REQUEST FOR ISSUE OF DUPLICATE	13	13
16	RECEIPT OF IB AND AFFIDAVIT FOR ISSUE OF DUP SECURITIES	7	7
17	REQUEST FOR CONSOLIDATION/SPLIT OF SECURITIES	19	19
18	DELETION OF JOINT NAME DUE TO DEATH	6	6
19	REQUEST FOR TRANSFER/TRANSMISSION OF SECURITIES	18	18
21	REQUEST FOR DEMAT NSDL & CDSL /REMAT	61	61
22	DD RECEIVED FROM BANKS AGAINST ECS REJECTIONS	0	0
23	CHANGE / CORRECTION OF NAME ON SECURITIES	0	0
24	CLARIFICATION REGARDING SHARES	3	3
25	REQUEST FOR EXCHANGE OF CERTIFICATES	14	14
26	QUERY REGARDING UNDELIVERED DOCUMENTS	0	0
26	OTHERS (ACKNOWLEDGEMENT / NSDL OPERATION / ELECTRONIC DP REQ / PAN NO, REQ FOR COMMUNIC , EMAILS	65	65
	<b>TOTAL (A)</b>	<b>849</b>	<b>849</b>
	<b>B. COMPLAINTS</b>		
1	NON-RECEIPT OF ANNUAL REPORT	6	6
2	NON-RECEIPT OF DIVIDEND WARRANT	15	15
3	NON-RECEIPT OF SECURITIES	3	3
4	NON-RECEIPT OF SECURITIES SENT FOR NAME CORRECTION	0	0
5	NON-RECEIPT OF REFUND ORDER	0	0
6	SEBI/BSE/NSE Complaints	8	8
	<b>TOTAL(B)</b>	<b>32</b>	<b>32</b>
	<b>TOTAL (A) + (B)</b>	<b>881</b>	<b>881</b>

No. of complaints not resolved to the satisfaction of shareholders: Nil and no pending complaints as on March 31, 2013.

**11. Stock market data about the shares of the Company for the period April 2012 to March 2013 at National Stock Exchange Limited (NSE) and Bombay Stock Exchange of India Limited (BSE).**

Share market data and the graphical representation of closing market prices movement of the Company's shares quoted in the Bombay Stock Exchange (BSE) Mumbai and National Stock Exchange Ltd. (NSE) from April 2012 to March 2013.

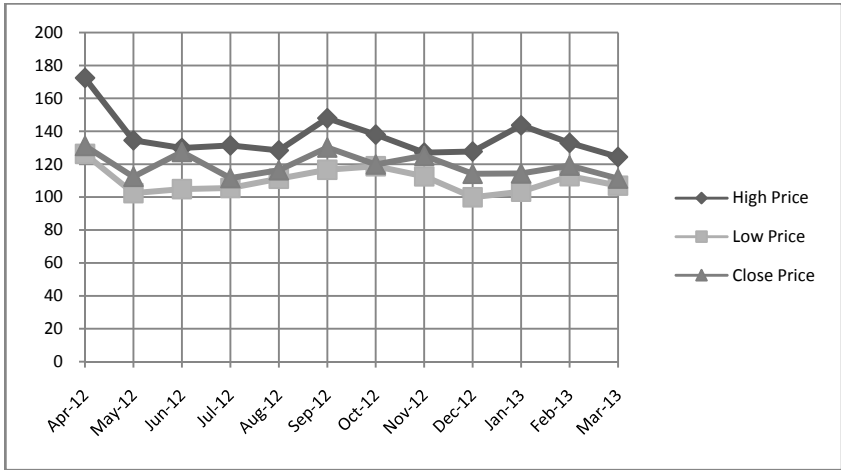
Month 2012 - 13	NSE Price			
	High Price	Low Price	Close Price	Volume
Apr-12	172.50	126.30	131.20	11,386,479
May-12	134.50	102.50	112.40	15,033,891
Jun-12	129.90	104.95	127.45	14,538,830
Jul-12	131.40	105.60	111.55	12,913,648
Aug-12	128.40	111.25	116.35	15,618,357
Sep-12	148.00	116.65	130.15	21,554,666
Oct-12	138.00	118.80	119.85	10,558,305
Nov-12	127.00	112.65	125.20	5,813,111
Dec-12	127.75	99.95	114.20	2,655,872
Jan-13	143.70	103.35	114.45	25,316,867
Feb-13	133.00	112.75	119.15	5,233,083
Mar-13	124.40	107.00	111.30	3,900,376
<b>Total</b>				<b>144,523,485</b>

Month 2012 - 13	BSE Price			
	High Price	Low Price	Close Price	Volume
Apr-12	171.85	129.80	131.15	1,463,536
May-12	134.25	102.80	112.60	1,227,463
Jun-12	130.20	104.75	127.40	2,060,887
Jul-12	131.90	105.90	111.55	1,530,200
Aug-12	128.30	111.25	117.00	2,531,255
Sep-12	147.30	116.70	130.45	3,055,272
Oct-12	138.50	119.00	119.80	2,426,975
Nov-12	126.75	112.80	125.05	998,095
Dec-12	127.55	113.50	114.10	471,329
Jan-13	144.70	103.25	114.30	6,550,998
Feb-13	127.65	112.80	118.90	1,253,058
Mar-13	126.00	105.75	111.40	672,633
<b>Total</b>				<b>24,241,701</b>

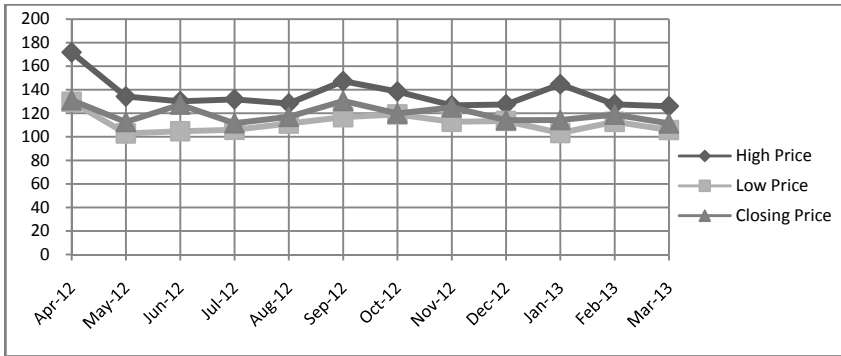
Polaris share price (High / Low) during the financial year 2012-13

Stock Exchange	Yearly high price	Date	Yearly low price	Date
NSE	172.50	3-Apr-12	99.95	3-Dec-12
BSE	171.85	3-Apr-12	102.80	23-May-12

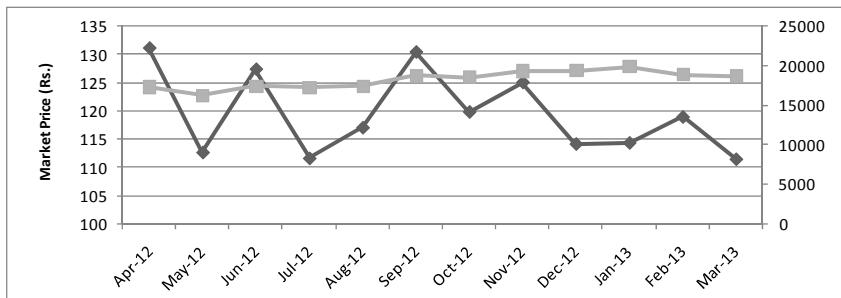
**POLARIS at NSE**



**POLARIS at BSE**

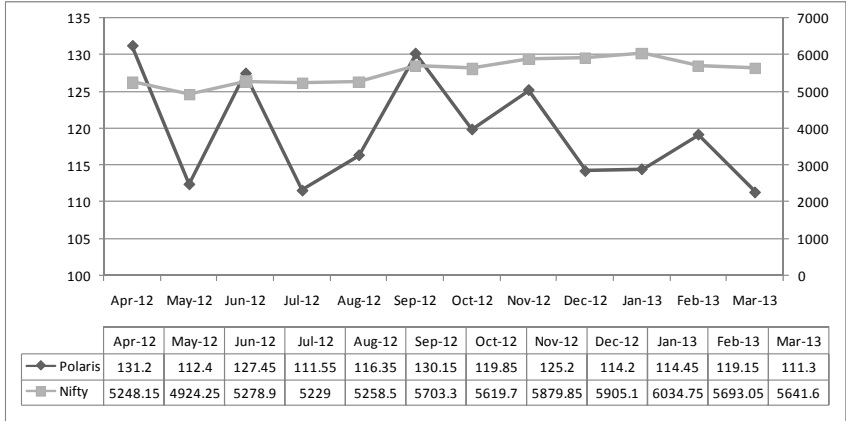


**Sensex Vs Polaris @ BSE**



	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
◆ Polaris	131.15	112.6	127.4	111.55	117	130.45	119.8	125.05	114.1	114.3	118.9	111.4
■ Sensex	17318	16218	17430	17236	17429	18762	18505	19339	19426	19895	18861	18704

## Nifty Vs Polaris @ NSE



## Shareholding pattern as on March 31, 2013

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHARE HOLDERS	TOTAL NUMBER OF SHARES	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a PERCENTAGE of (A+B)	As a PERCENTAGE of (A+B+C)	NUMBER OF SHARES	AS a PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>							
(1)	INDIAN							
(a)	Individual /HUF	16	28,993,360	28,993,359	29.14	29.14	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	<b>Sub-Total A(1) :</b>	<b>16</b>	<b>28,993,360</b>	<b>28,993,359</b>	<b>29.14</b>	<b>29.14</b>	<b>0</b>	<b>0.00</b>
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	<b>Sub-Total A(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total A=A(1)+A(2)</b>	<b>16</b>	<b>28,993,360</b>	<b>28,993,359</b>	<b>29.14</b>	<b>29.14</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	26	10,346,296	10,346,296	10.40	10.40	-	-
(b)	Financial Institutions /Banks	7	472,239	472,239	0.47	0.47	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	68	18,692,552	18,692,402	18.79	18.79	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-
	<b>Sub-Total B(1) :</b>	<b>101</b>	<b>29,511,087</b>	<b>29,510,937</b>	<b>29.66</b>	<b>29.66</b>	<b>-</b>	<b>-</b>

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHARE HOLDERS	TOTAL NUMBER OF SHARES	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a PERCENTAGE of (A+B)	AS a PERCENTAGE of (A+B+C)	NUMBER OF SHARES	AS a PERCENTAGE
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	876	3,818,104	3,810,154	3.84	3.84	-	-
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	45,590	9,933,464	9,732,211	9.98	9.98	-	-
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	64	3,762,451	3,762,451	3.78	3.78	-	-
(c)	Others							
	BUSINESS ASSOCIATES	2	19,575,092	19,575,092	19.67	19.67	-	-
	NON RESIDENT INDIANS	705	574,775	570,675	0.58	0.58	-	-
	OVERSEAS CORPORATE BODIES	2	300	250	0.00	0.00	-	-
	CLEARING MEMBERS	85	48,289	48,289	0.05	0.05	-	-
	TRUSTS	8	3,289,152	3,269,052	3.31	3.31	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
	<b>Sub-Total B(2) :</b>	<b>47,332</b>	<b>41,001,627</b>	<b>40,768,174</b>	<b>41.21</b>	<b>41.21</b>	-	-
	<b>Total B=B(1)+B(2) :</b>	<b>47,433</b>	<b>70,512,714</b>	<b>70,279,111</b>	<b>70.86</b>	<b>70.86</b>	-	-
	<b>Total (A+B) :</b>	<b>47,449</b>	<b>99,506,074</b>	<b>99,272,470</b>	<b>100.00</b>	<b>100.00</b>	-	-
(C)	Shares held by custodians, against which							
	Depository Receipts have been issued							
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C) :</b>	<b>47,449</b>	<b>99,506,074</b>	<b>99,272,470</b>	<b>100.00</b>	<b>100.00</b>	-	-

\*No shares were pledged by the promoters as on March 31, 2013.

**List of persons holding more than 1% of the total number of shares**

S. No.	Name	Shares	% Equity
1	POLARIS HOLDINGS LIMITED	20,020,938	20.12
2	ORBITECH LIMITED	15,379,606	15.46
3	FRANKLIN MUTUAL SERIES FUNDS- MUTUAL BEACON FUND	6,942,715	6.98
4	ARUN JAIN	4,332,364	4.35
5	CITIBANK A/C. ORBITECH LIMITED	4,195,486	4.22
6	YOGESH ANDLAY	2,077,447	2.09
7	GHI LTP LTD	1,938,001	1.95
8	TATA TRUSTEE CO. LTD A/C TATA MUTUAL FUND - TATA EQUITY P/E FUND	1,900,000	1.91
9	POLARIS ASSOCIATE STOCK OPTION PLAN TRUST	1,536,000	1.54
10	ORBITECH EMPLOYEES WELFARE TRUST	1,177,929	1.18
11	ING VYSYA LIFE INSURANCE COMPANY LIMITED	1,132,085	1.14
12	LSV EMERGING MARKETS EQUITY FUND LP	1,127,800	1.13
13	MANJU JAIN	1,052,460	1.06
		<b>62,812,831</b>	<b>63.13</b>

**Shareholding of Directors / office bearers as on March 31, 2013**

Sl. No.	Name of the Director / Officer bearer	No. of shares	% of Share Capital
1.	Arun Jain, Chairman & Managing Director	43,32,364	4.35
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.	RC Bhargava, Director	17,100	0.02
6.	Raju Venkatraman, Director	500	0.00
7.	Satya Pal, Director	37,400	0.04
8.	Rajesh Mehta, Director	-	-
9	Natarajan Narayanasamy – Chief Financial Officer	-	-
10.	Muthusubramanian.B – Company Secretary	2,700	0.00

**Distribution Schedule of Shareholding as on March 31, 2013**

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 1 – 5000	45,497	5,907,737	44,423	5,756,833	1,074	150,904
2	5001 - 10000	966	1,416,640	940	1,381,740	26	34,900
3	10001 – 20000	431	1,237,707	422	1,216,007	9	21,700
4	20001 – 30000	158	794,091	157	788,091	1	6,000
5	30001 – 40000	66	464,223	66	464,223	-	-
6	40001 – 50000	64	594,663	64	594,663	-	-
7	50001 – 100000	90	1,271,213	90	1,271,213	-	-
8	100001 & Above	177	87,819,800	176	87,799,700	1	20,100
<b>Total</b>		<b>47,449</b>	<b>99,506,074</b>	<b>46,338</b>	<b>99,272,470</b>	<b>1,111</b>	<b>233,604</b>

**Comparative distribution schedule as on March 31, 2013**

Shares	Physical		Demat		Total	
	Nos.	%	Nos.	%	Nos.	%
<b>31.03.2013</b>	2,33,604	0.23	9,92,72,470	99.77	9,95,06,074	<b>100</b>
<b>31.03.2012</b>	3,31,652	0.33	9,91,10,445	99.67	9,94,42,097	100
<b>Shareholders</b>						
<b>31.03.2013</b>	1,111	0.23	46,338	99.77	47,449	<b>100</b>
<b>31.03.2012</b>	1,270	2.86	43,171	97.14	44,441	100

### 13. Other Information to Shareholders

- 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.

- Dividend Information**

Members who have not claimed the dividend for the below mentioned periods are requested to lodge their claim with the Company. No claim shall lie for the unclaimed dividends from IEPF by the members. The due dates for transfer of unclaimed dividends to IEPF, pertaining to different financial years are given below:

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	518,632.00	17.09.2013
31.03.2007	Interim	20%	1.00	22.01.2007	328,901.00	21.01.2014
	Final	25%	1.25	28.03.2007	594,720.50	27.03.2014
31.03.2008	Final	30%	1.50	17.07.2008	829,024.00	16.07.2015
31.03.2009	Interim	30%	1.50	20.01.2009	886,734.00	19.01.2016
	Final	25%	1.25	16.07.2009	620,109.00	15.07.2016
31.03.2010	Interim	35%	1.75	20.01.2010	694,728.00	19.01.2017
	Final	35%	1.75	17.07.2010	607,258.00	16.07.2017
31.03.2011	Final	90%	4.50	20.07.2011	1,243,861.00	19.07.2018
31.03.2012	Interim	40%	2.00	16.02.2012	626,364.00	15.02.2019
	Final	60%	3.00	19.11.2012	901,338.00	18.11.2019
<b>Total</b>					<b>7,851,669.50</b>	

During the year under review, the company has revaluated 153 dividend warrants amounting to Rs.99, 547/- and the same was issued to the shareholders.

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

- Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity - Not applicable -
- 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.

- Demat account opened for unclaimed shares

In compliance with the amendment to Clause 5A of the Listing Agreement issued by SEBI vide its circular 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, DP IN302679, Client ID No.38718320 Chennai for the purpose of transferring the unclaimed shares lying with RTA, Karvy Computershare (P) 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 92,500 equity shares to the said account as of 31st March 2013.

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	23	22	621	92,500

- 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

Polaris Enterprise Solutions Limited,  
 Optimus Global Services Limited,  
 SEEC Technologies Asia Private Limited,  
 Laser Soft Infosystems Limited,  
 Indigo Tx Software Private Limited,  
 SFL Properties Private Limited  
 Fin Tech Grid Limited.

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: April 27, 2013

**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 Mr.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, 2013 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: April 27, 2013

**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, 2013, 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 LLP  
Chartered Accountants  
Firm registration No. 101049W

per Subramanian Suresh  
Partner  
Membership No. 083673

Place: Chennai  
Date: April 27, 2013

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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, 2013.

Place: Chennai  
Date: April 27, 2013

**Arun Jain**  
Chairman & Managing Director

**POLARIS FINANCIAL TEHCNOLOGY LIMITED  
AUDITED STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2013**

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

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Polaris Financial Technology Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Polaris Financial Technology Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Qualified Opinion**

*Attention is drawn to Note 12(III) (c) to the financial statements regarding investments and advances aggregating Rs. 90.30 Crores in Iden Trust Inc a subsidiary of the Company. Pursuant to an order received from the Committee of Foreign Investment in the United States, the Board of directors have decided to sell its investment and is in the process of finalizing a prospective buyer and completing the transaction. Pending disposal of the investment and in the absence of the estimated realizable value, we are unable to comment on carrying value of such investments and advances in the books of the Company and the consequential adjustments thereof that maybe required to the accompanying financial statements.*

### Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act 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, 2013;
- (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 the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) 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;
  - (c) 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;
  - (d) *Except for the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

### For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants  
Firm Registration Number: 101049W

### per Subramanian Suresh

Partner  
Membership No.: 083673

Place: Chennai  
Date: April 27, 2013

**Annexure referred to in 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. No material discrepancies were noticed on such verification.
  - c) There was no substantial disposal of fixed assets during the year.
- ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- iii)
  - a) The Company has granted loan to a Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 75 Lakhs and the year-end balance of loans granted to such party was nil.
  - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
  - c) In respect of loans granted, repayment of the principal amount and interest is as stipulated.
  - d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - e) 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 Order 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 and after considering the unique and specialised nature of the items involved, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five Lakhs have entered into during the financial year, at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 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 provident fund, 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 Lakhs)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Income tax	3,154.36	2001-06	High Court
Income Tax Act 1961	Income tax	1,055.41	2006-08	Income Tax Appellate Tribunal
Income Tax Act 1961	Income tax	3,021.51	2008-09	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 1994	Service tax**	32.82	2004-05	CESTAT

\*Does not include interest and penalties.

\*\*The Company has also deposited a sum of Rs 68.28 Lakhs 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 Order, 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 Order, 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 Order 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 LLP**  
Chartered Accountants  
Firm Registration Number: 101049W

**per Subramanian Suresh**  
Partner  
Membership No.: 083673

Place: Chennai  
Date: April 27, 2013

**Polaris Financial Technology Limited**

(Formerly known as Polaris Software Lab Limited)

**Balance Sheet as at March 31, 2013**

(All amounts are in Rupees in Lakhs unless otherwise stated)

Particulars	Notes	March 31, 2013	March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	4	4,975.30	4,972.10
Reserves and surplus	5	103,789.14	97,919.55
Share capital suspense	4	-	1.01
<b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		-	2.82
		<u>108,764.44</u>	<u>102,895.48</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities (Net)	6	771.36	347.00
Long-term provisions	7	794.08	1,254.19
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	8	10,858.00	10,181.09
Trade payables		18,733.23	13,881.18
Other current liabilities	9	12,787.45	9,954.27
Short-term provisions	10	14,373.30	5,901.31
<b>TOTAL</b>		<b>167,081.86</b>	<b>144,414.52</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	11		
- Tangible assets		29,689.22	29,039.84
- Intangible assets		1,116.66	962.49
- Capital work-in-progress		4,154.95	3,629.14
		<u>34,960.83</u>	<u>33,631.47</u>
Non-current investments	12	14,743.76	23,136.27
Long-term loans and advances	13	10,333.14	8,693.90
Other non-current assets	14	-	1,500.00
<b>CURRENT ASSETS</b>			
Current investments	15	35,351.51	14,908.48
Trade receivables	16	32,603.17	27,653.12
Cash and bank balances	17	3,966.04	7,844.28
Short-term loans and advances	18	12,152.66	6,783.94
Other current assets	19	22,970.75	20,263.06
<b>TOTAL</b>		<b>167,081.86</b>	<b>144,414.52</b>

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 LLP**  
Chartered Accountants  
Firm Registration number: 101049W

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

**per Subramanian Suresh**  
Partner  
Membership No. 083673  
Chennai  
April 27, 2013

**Arun Jain**  
Chairman & Managing Director

**R.C. Bhargava**  
Director

**Natarajan Narayanasamy**  
Group Chief Financial Officer  
Chennai  
April 27, 2013

**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, 2013**

(All amounts are in Rupees in Lakhs unless otherwise stated)

<b>Particulars</b>	<b>Notes</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Income from software services and products	23	185,399.18	176,209.31
Other income	24	3,652.84	3,539.59
<b>Total Revenue</b>		<b>189,052.02</b>	<b>179,748.90</b>
<b>Expenses</b>			
Employee benefit expense	25	142,656.29	128,588.97
Other expenses	25	21,195.95	23,469.73
Finance costs	25	190.50	109.11
Depreciation and amortization expense	11	4,634.35	3,932.83
<b>Total expenses</b>		<b>168,677.09</b>	<b>156,100.64</b>
<b>Profit before tax</b>		<b>20,374.93</b>	<b>23,648.26</b>
<b>TAX EXPENSE</b>			
Income taxes		4,231.08	4,989.95
- Current tax		4,231.08	4,989.95
- Deferred tax		424.36	864.41
- MAT credit entitlement		(579.21)	-
- MAT credit entitlement (Earlier years)		(407.00)	(1,057.53)
<b>Profit for the year</b>		<b>16,705.70</b>	<b>18,851.43</b>
<b>Earnings per share (In Rs.)</b>	34		
<b>(equity shares par value Rs 5 each)</b>			
Basic		16.79	18.98
Diluted		16.76	18.92
<b>Number of shares used in computing earnings per share</b>			
Basic		99,473,789	99,323,973
Diluted		99,669,953	99,658,873
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 LLP**  
Chartered Accountants  
Firm Registration number: 101049W

**per Subramanian Suresh**  
Partner  
Membership No. 083673  
Chennai  
April 27, 2013

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  
April 27, 2013

**B. Muthusubramanian**  
Senior 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, 2013**  
(All amounts are in Rupees in Lakhs unless otherwise stated)

Particulars	March 31, 2013	March 31, 2012
<b>Cash flows from operating activities</b>		
Profit before taxation	20,374.93	23,648.26
Adjustments for:		
Depreciation / amortisation	4,634.35	3,932.83
Unrealised exchange (gains) / losses	940.54	(1,000.80)
Exchange difference on translation of foreign operations	911.12	922.13
Interest income	(398.54)	(286.19)
Dividend income	(1,001.19)	(1,226.05)
Provision for doubtful debts (net)	(366.90)	(598.64)
Bad debts / advances written off	678.09	842.29
(Profit) / Loss on sale of investments	(593.90)	(389.73)
Provision for diminution in value of investments	(415.00)	-
(Profit) / Loss on sale of fixed assets	(1,118.35)	(1,512.86)
Interest expenses	190.50	109.11
<b>Changes in assets and liabilities</b>		
Decrease / (Increase) in trade receivables	(5,207.76)	(12,691.51)
Decrease/(Increase) in loans and advances and other assets	(9,718.17)	(10,513.41)
Increase/(Decrease) in liabilities and provisions	7,039.67	2,787.24
Taxes paid	(4,677.30)	(4,780.58)
<b>Net cash from operating activities</b>	<b>11,272.09</b>	<b>(757.91)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, changes in capital work in progress & capital advance	(4,646.32)	(13,617.70)
Proceeds from sale of fixed assets	1,321.50	1,647.18
Acquisition of subsidiaries & Investment in Associates	(4.99)	(10,158.18)
Net decrease/(increase) in non-trade investments	(11,036.63)	20,702.25
Investment in long-term term deposits	1,500.00	(1,500.00)
Interest received	398.54	286.19
Dividend received on mutual fund units	1,001.19	1,226.05
<b>Net cash used in investing activities</b>	<b>(11,466.71)</b>	<b>(1,414.21)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital issued on exercise of stock options	3.10	12.32
Proceeds from securities premium on exercise of stock options	32.59	173.24
Receipt of share application money	-	2.82
Dividends paid during the year	(3,468.26)	(7,486.52)
(Repayment)/Proceeds of Loans	68.91	10,595.09
Interest paid	(190.50)	(109.11)
<b>Net cash used in financing activities</b>	<b>(3,554.16)</b>	<b>3,187.84</b>
Exchange differences on translation of foreign currency cash and cash equivalents	(129.46)	164.86
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<b>(3,878.24)</b>	<b>1,180.58</b>
Cash and cash equivalents on acquisition/Merger	-	104.08
Cash and cash equivalents at the beginning of the year	7,844.28	6,559.62
<b>Cash and cash equivalents at the end of the year*</b>	<b>3,966.04</b>	<b>7,844.28</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	1.23	1.31
Balance with banks	3,964.81	7,842.97
<b>Total cash and cash equivalents</b>	<b>3,966.04</b>	<b>7,844.28</b>

\* The balance with banks include Rs 78.52 Lakhs (March 31, 2012: Rs 78.48 Lakhs) which are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

\* The balance with banks also includes Rs. 1,500 Lakhs which has been pledged as a security by the company for availing non-fund based facilities.

As per our report of even date

**For S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
Firm Registration number: 101049W  
**per Subramanian Suresh**  
Partner  
Membership No. 083673  
Chennai  
April 27, 2013

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  
April 27, 2013

**B. Muthusubramanian**  
Senior Vice President -  
Finance & Secretary

## **Polaris Financial Technology Limited**

(Formerly known as Polaris Software Lab Limited)

### **Notes to Financial Statements for the year ended March 31, 2013**

(All amounts are in Rupees in Lakhs unless otherwise stated)

#### **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 provision 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.

#### **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:

<b>Assets Category</b>	<b>Estimated useful life (years)</b>
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:

<b>Assets Category</b>	<b>Estimated useful life (years)</b>
Computer software	3
Customer contracts acquired on business purchase agreements	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 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.

##### *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.

Revenue in excess of billing represents earnings on ongoing fixed price and 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.

##### *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 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, 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 uses 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.

The use of hedging instruments is governed by the Company’s policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company’s risk management strategy.

Upto the previous year, 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 recorded net mark-to-market losses, after considering the offsetting effect of the underlying hedged item, if any. Net mark-to-market gains were not recorded for such transactions. Effective April 1, 2012, the Company has adopted AS 30, 'Financial Instruments: Recognition and Measurement', to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements. In accordance with the transitional provision, the Company has debited its general reserve for Rs. 7,276.26 Lakhs representing the impact as of April 1, 2012 on account of such adoption.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders’ funds (hedge fluctuation reserve) and the ineffective portion is recognised immediately in the statement of profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders’ funds (hedge fluctuation reserve) is retained there until the forecasted transaction occurs. If a hedged

transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

#### **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 recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Statement of Profit and Loss 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. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund. 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 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*

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.

#### **l) 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 re-assessed 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.

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 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 purposes 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, 2013	March 31, 2012
<b>Authorised</b>		
120,000,000 equity shares of Rs 5 each. (March 31, 2012: 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, 2012: 10,000,000 11% preference shares of Rs.5 each)	500.00	500.00
	<b>6,500.00</b>	<b>6,500.00</b>
<b>Issued, Subscribed and Paid up</b>		
99,506,074 equity shares of Rs 5 each (March 31, 2012: 99,442,097 equity shares of Rs 5 each) fully paid up	4,975.30	4,972.10
<b>Total Issued, Subscribed and Paid up</b>	<b>4,975.30</b>	<b>4,972.10</b>

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.

During the year ended March 31, 2013, the amount per share final dividend recognized as distribution to equity share holders was Rs. 5/- (March 31, 2012: Rs. 5/-)

#### Share capital suspense

The company has allotted total of 277 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 Limited into the Company effective October 12, 2012. During the previous year, the Company was yet to complete the allotment and issue of share certificates with respect to these shares accordingly the same was disclosed under Share capital suspense account. (Also Refer Note - 12. III. d)

Particulars	Reconciliation of the number of shares outstanding as at March 31, 2013	
	March 31, 2013	No of Shares March 31, 2012
Shares outstanding at the beginning of the year	99,442,097	99,195,597
Add: Share issued under ESOP	63,700	246,500
Add: Shares issued for consideration other than cash (refer share capital suspense above)	277	-
<b>Shares outstanding at the end of the year</b>	<b>99,506,074</b>	<b>99,442,097</b>

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

Particulars	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Polaris holdings (P) Limited	20,020,938	20.12%	20,020,938	20.13%
Orbitech Limited	15,379,606	15.46%	15,379,606	15.47%
Franklin Mutual Series Funds - Mutual Beacon Fund	6,942,715	6.98%	4,506,423	4.53%

#### 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 at March 31, 2013 is presented below.

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	2,795,050	160.32	2,981,850	149.94
Granted during the period	-	-	312,000	181.74
Exercised during the period	(63,700)	58.88	(246,500)	75.28
Forfeited during the period	(140,900)	154.52	(179,900)	108.37
Expired during the period	(609,350)	156.96	(72,400)	143.25
Outstanding at the end of the period	1,981,100	165.03	2,795,050	162.93
Exercisable at the end of the period	1,586,500	161.82	2,025,750	158.36

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Range of exercise price	34.35-140.90	34.35 - 171.95
Weighted average remaining contractual life (in years)	4.50	4.76
Weighted average fair value of options granted	-	94.90
Weighted average market price of shares on the date of exercise	134.50	162.19

### Associate Stock Option Plan 2004

The Shareholders of the Company in the AGM held on July 22, 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, 2013 is presented as below

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	557,500	176.62	627,700	168.36
Granted during the period	-	-	27,000	148.19
Exercised during the period*	(34,800)	76.60	(70,600)	76.60
Forfeited during the period	(6,000)	185.95	(5,800)	206.60
Expired during the period	(9,000)	125.20	(20,800)	221.60
Outstanding at the end of the period	507,700	184.27	557,500	176.62
Exercisable at the end of the period	428,400	185.65	434,700	176.23

\*These shares were allotted from Orbitech Employees Welfare Trust.

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Range of exercise price	76.60	76.60
Weighted average remaining contractual life (in years)	3.25	3.89
Weighted average fair value of options granted	-	76.89
Weighted average market price of shares on the date of exercise	118.43	152.99

#### Associate Stock Option Plan 2011

The Shareholders of the Company in the Extraordinary General Meeting held on October 28, 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
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**

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
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:

Particulars	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, 2013 is presented as below

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the period	869,000	134.40	-	-
Granted during the period	528,000	126.77	869,000	134.40
Exercised during the period	-	-	-	-
Forfeited during the period	(95,700)	132.20	-	-
Expired during the period	(300)	134.40	-	-
Outstanding at the end of the period	1,301,000	131.47	869,000	134.40
Exercisable at the end of the period	249,650	132.87	86,900	134.40

Particulars	Year ended	Year ended
	March 31, 2013	March 31, 2012
Weighted average remaining contractual life (in years)	7.54	8.50
Weighted average fair value of options granted	70.64	75.72

#### 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 plans as on March 31, 2013.

The Company had formulated an Associate stock option plan Trust-2011, for the purpose of administering the above scheme. The Trust had purchased 1,536,000 shares of the Company from the secondary market during the year ended March 31, 2013. In accordance with the Stock Exchange Board of India (SEBI) circular dated January 17, 2013, listed companies have been prohibited from purchase of their own securities in the secondary market through such trusts, and companies have been provided time up to June 30, 2013 to dispose of such holdings. The Company is yet to dispose off such holding and the mark-to market loss (net of any dividends received by the Trust) up to March 31, 2013 of Rs 246.98 Lakhs has been provided in the books and recognized directly in equity, reflected as an adjustment to the balance of surplus in the statement of profit and loss in the Balance Sheet.

### 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	March 31, 2013	March 31, 2012
Profit after tax		
- as reported	16,705.70	18,851.43
- proforma profit	16,407.28	18,503.93
<b>Earnings Per Share (in Rs.)</b>		
<b>Basic</b>		
- As reported	16.79	18.98
- Pro forma	16.49	18.63
<b>Diluted</b>		
- As reported	16.76	18.92
- Pro forma	16.46	18.57

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

Particulars	March 31, 2013			
	ASOP 2011	ASOP 2011	ASOP 2011	ASOP 2011
Grant date	24-Apr-12	24-Jul-12	22-Oct-12	22-Jan-13
Risk-free interest rate	8.51%	8.11%	8.14%	7.91%
Expected life (Years)	6	6	6	6
Expected volatility	59.66%	58.44%	57.78%	56.65%
Expected dividend yield	1.54%	1.54%	1.54%	1.83%

Particulars	March 31, 2012			
	ASOP 2003	ASOP 2003	ASOP 2003	ASOP 2011
Grant 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 (Years)	2.5 to 6.5	2.5 to 6.5	2.5 to 6.5	2.5 to 6.5
Expected volatility	62.55%	61.54%	59.56%	60.24%
Expected dividend yield	1.37%	1.54%	1.54%	1.83%

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, 2013	March 31, 2012
<b>Securities premium account</b>		
Opening balance	19,089.50	18,916.26
Add: Premium received on issue of shares under ESOP plans to employees	35.31	173.24
Closing balance	19,124.81	19,089.50
<b>General reserve account</b>		
Opening balance	22,016.56	20,116.56
Add : Transferred from surplus balance in the statement of profit and loss	1,675.00	1,900.00
Less : Impact of first time adoption of AS 30*	(7,276.26)	-
Closing balance	16,415.30	22,016.56
<b>Foreign currency translation reserve account</b>		
Opening balance	1,038.17	79.02
Add : Adjustment for the year	811.83	959.15
Closing balance	1,850.00	1,038.17
<b>Hedging reserve account</b>		
Opening balance	-	-
Change in the fair value of effective portion of outstanding cash flow hedges from date of first adoption*	1,660.92	-
Closing balance	1,660.92	-
<b>Surplus in the statement of profit and loss</b>		
Opening balance	55,775.32	47,639.18
Loss taken over on de-merger of BPO divisions of Optimus (Also Refer Note - 12. III. d)	-	(3,032.72)
Net Profit for the current period	16,705.70	18,851.43
Amount available for appropriation	72,481.02	63,457.89
Appropriations		
Dividend		
- Interim	-	1,987.62
- Final	4,975.37	2,988.41
Tax on dividend	845.56	806.54
Provision for mark-to-market loss*	246.98	-
Amount transferred to General Reserve	1,675.00	1,900.00
Closing balance of surplus in the statement of profit and loss	64,738.11	55,775.32
<b>Total Reserves and Surplus</b>	<b>103,789.14</b>	<b>97,919.55</b>

\* Refer Note 10.

## 6. Deferred Tax Liabilities / (Assets)

Particulars	March 31, 2013	March 31, 2012
<i>Deferred Tax Liability</i>		
Fixed assets	1,499.99	1,324.06
<i>Deferred Tax Asset</i>		
Provision for doubtful debts	(363.63)	(482.71)
Gratuity	(365.00)	(494.35)
<b>Total Deferred Tax Liabilities / (Assets)</b>	<b>771.36</b>	<b>347.00</b>

## 7. Long Term Provisions

Particulars	March 31, 2013	March 31, 2012
Provision for employee benefits		
- Provision for gratuity (Refer Note - 27)	794.08	1,254.19
<b>Total Long - Term Provisions</b>	<b>794.08</b>	<b>1,254.19</b>

## 8. Short-term Borrowings

Particulars	March 31, 2013	March 31, 2012
<b>Unsecured</b>		
Loans repayable on demand		
- from Banks	10,858.00	10,181.09
<b>Total Short - Term Borrowings</b>	<b>10,858.00</b>	<b>10,181.09</b>

The company has entered into an export financing arrangement with its bankers carrying an interest rate of LIBOR + 0.93% having a maturity period of 70 days. The facility can be rolled over on completion of the maturity term.

## 9. Other current liabilities

Particulars	March 31, 2013	March 31, 2012
Unclaimed dividends	78.52	78.48
Other payable		
Superannuation payable	786.11	789.37
Advances received from customers	37.59	372.32
Billings in excess of revenues	5,468.86	4,251.44
Payable to related parties #	5,347.56	3,463.57
Capital creditors	149.19	188.94
Dues under contractual obligation	49.20	14.20
Statutory dues	870.42	795.95
<b>Total Other current liabilities</b>	<b>12,787.45</b>	<b>9,954.27</b>

# Also Refer Note – 20. Related parties transactions

**10. Short Term Provisions**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Provision for employee benefits		
- Provision for gratuity (Refer Note - 27)	330.87	280.42
- Provision for leave benefits	2,238.45	2,152.68
Others Provisions		
- Proposed dividend	4,975.30	2,984.11
- Provision for tax on proposed dividend	845.55	484.10
- Provision for mark-to-market losses	5,983.13	-
<b>Total Short-term provisions</b>	<b>14,373.30</b>	<b>5,901.31</b>

Provision for mark-to-market losses includes:

- (i) Provision for mark-to-market losses on forward contracts outstanding as per accounting policy specified in note 3(j) amounting to Rs. 5,736.15 Lakhs. This includes the impact on first time adoption of AS-30 - Financial Instruments: Recognition and Measurement on April 1, 2012, Rs. 7,276.26 Lakhs debited to General Reserve, change in fair value of effective portion of outstanding cash flow hedges from the date of first time adoption - Rs. 1,660.92 Lakhs credited to Hedge Reserve Account and the ineffective portion on cash flow hedges - Rs. 120.81 Lakhs debited to the Statement of Profit and Loss.
- (ii) Provision for mark-to-market losses on shares of the Company held by Associate Stock Option Plan (Trust) 2011 amounting to Rs. 246.98 Lakhs. Also refer section on Associate Stock Option Plan (Trust) 2011 in Note 4.

11. FIXED ASSETS

Sl No	Description	Cost					Depreciation and Amortisation					Net Book value	
		April 01, 2012	Additions	Deletions	Other adjustments*	March 31, 2013	April 01, 2012	For the year	Deletions	Other adjustments*	March 31, 2013	March 31, 2012	
<b>A</b>	<b>TANGIBLE ASSETS</b>												
	Land	6,256.11	-	-	1.43	6,257.54	-	-	-	-	6,257.54	6,256.11	
	Buildings	14,847.53	753.37	86.42	6.64	15,521.12	2,689.54	515.92	30.79	3,177.16	12,343.96	12,157.99	
	Plant and machinery (including computer equipment & accessories)	20,846.89	1,692.73	1,326.87	25.11	21,237.86	15,840.90	1,933.24	1,325.91	16,465.66	4,772.20	5,005.99	
	Electrical fittings	1,788.26	273.43	44.10	-	2,017.59	976.30	138.32	43.05	1,071.57	946.02	811.96	
	Furniture and Fittings	4,767.75	774.91	35.44	12.81	5,520.03	3,016.43	427.52	27.44	3,425.25	2,094.78	1,751.32	
	Office equipment	2,889.25	461.59	49.44	10.53	3,311.93	1,669.08	224.48	45.00	1,857.59	1,454.34	1,220.17	
	Vehicles	1,959.37	662.68	241.63	-	2,380.42	565.92	536.80	108.56	994.16	1,386.26	1,393.45	
	<b>ASSETS UNDER LEASE</b>												
	Land	243.46	20.03	-	-	263.49	19.48	2.02	-	21.50	241.99	223.98	
	Leasehold improvements	603.31	-	3.34	4.37	604.34	384.44	29.23	3.34	412.21	192.13	218.87	
	<b>SUB TOTAL (A)</b>	<b>54,201.93</b>	<b>4,638.74</b>	<b>1,787.24</b>	<b>60.89</b>	<b>57,114.32</b>	<b>25,162.09</b>	<b>3,807.53</b>	<b>1,584.09</b>	<b>27,425.10</b>	<b>29,689.22</b>	<b>29,039.84</b>	
<b>B</b>	<b>INTANGIBLE ASSETS</b>												
	Computer software	7,366.53	630.82	-	1.72	7,999.07	6,404.04	768.49	-	7,174.08	824.99	962.49	
	Customer Contracts #	-	350.00	-	-	350.00	-	58.33	-	58.33	291.67	-	
	Intellectual Property rights	5,838.17	-	-	-	5,838.17	5,838.17	-	-	5,838.17	-	-	
	<b>SUB TOTAL (B)</b>	<b>13,204.70</b>	<b>980.82</b>	<b>-</b>	<b>1.72</b>	<b>14,187.24</b>	<b>12,242.21</b>	<b>826.82</b>	<b>-</b>	<b>13,070.58</b>	<b>1,116.66</b>	<b>962.49</b>	
	<b>TOTAL (A+B)</b>	<b>67,406.63</b>	<b>5,619.56</b>	<b>1,787.24</b>	<b>62.61</b>	<b>74,301.56</b>	<b>37,404.30</b>	<b>4,634.35</b>	<b>1,584.09</b>	<b>40,495.68</b>	<b>30,805.88</b>	<b>30,002.33</b>	
	Previous year ended March 31, 2012##	50,212.39	17,836.18	749.61	107.70	67,406.66	31,791.89	6,157.60	615.29	37,404.33	30,002.33		

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

## This represents the customer contracts acquired by the Company from Pysis Systems Private Limited through business purchase agreement dated October 9, 2012.

### The previous year additions to cost includes Rs. 2,887.91 Lakhs and depreciation and amortization includes Rs. 2,224.77 Lakhs taken over on merger of BPO division of Optimus Global Services Limited. Also refer Note 12(iii)(d)

**12. Non-current investments**

Particulars	March 31, 2013	March 31, 2012
<b>I. Trade Investments - (Unquoted)</b>		
<b>Investments in Equity Instruments - Subsidiaries (At cost, unless stated otherwise)</b>		
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, 2012: 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, 2012: 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, 2012: 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, 2012: 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, 2012: 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, 2012: 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, 2012: 176,186 ordinary shares of Euro 1 each fully paid up)	88.96	88.96
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, 2012: 400 ordinary shares of 50,000 yen each fully paid up)	79.04	79.04
Optimus Global Services Limited (Also Refer Note - 12. III. d) A wholly owned subsidiary company incorporated in India 8,50,500 Equity shares of Rs 2 each fully paid up (March 31, 2012: 8,50,500 equity shares of Rs 2 each fully paid up)	-	-
Polaris Software Lab Canada Inc A wholly owned subsidiary company incorporated in Canada 296,350 ordinary shares of CAD 1 each fully paid up (March 31, 2012: 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 78,03,838 equity shares of Rs 10 each fully paid up March 31, 2012: 78,03,838 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, 2012: 1,985,200 equity shares of Rs 2 each fully paid up)	1,702.97	1,702.97

Particulars	March 31, 2013	March 31, 2012
Polaris Software Lab Vietnam Co. Ltd A wholly owned subsidiary company incorporated in Vietnam Charter capital of VND 900,000,000 (March 31, 2012: Charter capital of VND 900,000,000)	22.50	22.50
SFL Properties Private Limited A wholly owned subsidiary company incorporated in India 1,000,000 equity shares of Rs 10 each fully paid up (March 31, 2012: 1,000,000 equity shares of Rs 10 each fully paid up)	984.52	984.52
Iden Trust Inc (Also Refer Note - 12. III. c) A subsidiary company incorporated in USA 10,066,952 share of Common stocks, par value of USD 0.001 (March 31, 2012: 10,066,952 share of Common stocks, par value of USD 0.001 )	-	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, 2012: 1500 Shares of AED 1000 each fully paid up)	203.70	203.70
Sonali Polaris FT Limited A Subsidiary company incorporated in Bangladesh 38,25,000 share of BDT 10 each (March 31, 2012: 38,25,000 share of BDT 10 each)	238.76	238.76
Fin Tech Grid Limited A wholly owned subsidiary incorporated in India 49,940 equity shares of Rs. 10 each. (March 31, 2012: Nil)	4.99	-
<b>Total - Investments in Equity Instruments - Subsidiaries (at cost)</b>	<b>10,630.84</b>	<b>19,438.35</b>
<b>Investments in Equity Instruments - Associates</b>		
<b>(At cost, less provision)</b>		
NMS Works Software Private Limited (Also Refer Note - 12. III. b) A company incorporated in India 726,256 equity shares of Rs.10 each fully paid up (March 31, 2012: 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)
	415.26	0.26
Adrenalin eSystems Limited (Also Refer Note - 12. III. a) A company incorporated in India 13,078,080 equity shares of Rs 5 each fully paid up (March 31, 2012: 13,078,080 equity shares of Rs 5 each fully paid up)	833.88	833.88
<b>Total - Investments in Equity Instruments - Associates (at cost)</b>	<b>1,249.14</b>	<b>834.14</b>
<b>Investments in Preference shares - Subsidiaries (at cost)</b>		
Optimus Global Services Limited (Also Refer Note - 12. III. d) 1,492,030, Optionally convertible 0% Preference shares of Rs 2 each fully paid up (March 31, 2012: 1,492,030, Optionally convertible 0% Preference shares of Rs 2 each fully paid up)	-	-
<b>Total - Investments in Preference shares - Subsidiaries (at cost)</b>	<b>-</b>	<b>-</b>

Particulars	March 31, 2013	March 31, 2012
<b>Investments in Preference shares - Associates (at cost)</b>		
Adrenalin eSystems Limited	760.00	760.00
1,52,00,000 7% Cumulative Preference shares of Rs 5/- each (March 31, 2012: 1,52,00,000 7% cumulative preference shares of Rs 5/- each fully paid up)		
NMS Works Software Private Limited	233.04	233.04
378,614 12 % optionally convertible cumulative preference shares of Rs. 10 each fully paid up (March 31, 2012: 378,614 12 % Optionally Convertible Cumulative Preference shares of Rs. 10 each. )		
<b>Total - Investments in Preference shares - Associates (at cost)</b>	<b>993.04</b>	<b>993.04</b>
<b>Total - Trade investments</b>	<b>12,873.02</b>	<b>21,265.53</b>
<b>II. Non - trade investment (Quoted)</b>		
<b>Investments in debentures or bonds (at cost)</b>		
Bonds	500.00	500.00
Indian Railway Finance Corporation 500 Bonds (March 31, 2012: 500 Bonds ) Face value: Rs 100,000 each		
State Bank of India Bond 10,000 Bonds (March 31, 2012: 10,000 Bonds ) Face value Rs. 10000 each	1,047.12	1,047.12
NHAI Bonds 10,000 Bonds (March 31, 2012: 10,000 Bonds) Face value Rs. 10,000 each	123.62	123.62
8.10 % Hundo Tranche - 1 series Bonds 20,000 bonds of Rs. 1,000 each (March 31, 2012: 20,000 bonds of Rs. 1,000 each) Face value Rs. 1,000 each	200.00	200.00
<b>Total - Investments in debentures or bonds (at cost)</b>	<b>1,870.74</b>	<b>1,870.74</b>
<b>Total - Non-current investments</b>	<b>14,743.76</b>	<b>23,136.27</b>
Aggregate amount of unquoted investments	12,873.02	21,265.53
Aggregate amount of quoted investments	1,870.74	1,870.74
Market value of quoted investments	1,955.23	1,895.54
Aggregate provision for diminution in value of investments	-	415.00

### III. Investments in subsidiaries and associates

- a. The Company's equity ownership interest in Adrenalin e-systems Limited is 40.25% as at March 31, 2013. 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. 2,644.05 Lakhs as per unaudited financial statements of ASL on March 31, 2013, (March 31, 2012 - Rs. 2,861.31 Lakhs) 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.

- b. The Company's equity ownership interest in NMS Works Software Private Limited ("NMS") is 36.54 % as at March 31, 2013. NMS is primarily engaged in the business of designing network management in Telecommunication and Internet Services. The Company had recorded a provision of Rs 415 Lakhs in the earlier year for other than temporary diminution in the value of its equity investment in NMS due to losses incurred by NMS. NMS has reported profits over the years and the Company has a positive net worth as at March 31, 2013. As the factors that led to other than temporary diminution in the value of investments no longer exists, the Company has determined that there is no diminution in value of investments and has accordingly reversed the provision for diminution in value of the investments of Rs. 415 Lakhs during the current year.
- c. The Company on April 27, 2011 acquired 85.30% equity stake in Iden Trust Inc, a company engaged in the business of trusted identity solutions and digital identity authentication services based in the United States. The total consideration for the acquisition is Rs. 8,812.50 Lakhs. The company has also advanced loans aggregating to Rs 217.16 Lakhs to the subsidiary. During the current year, the company has received an order from Committee on Foreign Investment in United States, (CFIUS) that the business of IdenTrust is critical to United States security infrastructure and therefore ruled that the company must be controlled by a US management and imposed certain restriction on the operations of the Company. Pursuant to the order, the boards of directors have made a decision to sell its investment in IdenTrust Inc and are in the process of finalizing a prospective buyer and completing the transaction. As the investment is held for sale, the same has been reclassified from Non-Current Investments and disclosed as a Current Investment as at March 31, 2013. Management is confident of being able to complete the transaction shortly and expects a positive return on such sale. Accordingly the management believes that the investment / advances can continue to be carried at cost and there is no requirement for any impairment / recoverability provision.
- d. During the previous year, pursuant to the Approved Scheme of Arrangement with Optimus Global Services Limited ("Optimus"), a subsidiary of the Company (with 99.94% holding), the Company had merged the BPO division of Optimus into the Company with effect from October 1, 2011. Consequent to the scheme, as at March 31, 2013, the company holds 8,50,000 equity shares and 14,92,030 preference shares in the reorganised capital structure of the subsidiary. Further, the Company had taken over net assets aggregating to Rs. 1,652.33 Lakhs and accumulated losses of Rs. 3,033.72 Lakhs and credited the same to the Company's investment in equity and preference shares of Optimus, resulting in the carrying value of the respective investments in Optimus to be Nil.

### 13. Long Term Loans and advances

Particulars	March 31, 2013	March 31, 2012
<b>Unsecured, considered good</b>		
Capital Advances	55.83	1,554.88
Security Deposits	1,270.37	1,474.75
Loans and advances to related parties #		
Loans to Employees Welfare Trust	2,411.64	443.64
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	26.94	139.94
Loans to employees	636.01	580.77
Advance income tax (Net of provision for tax)	3,529.67	3,083.45
MAT credit entitlement	2,402.68	1,416.47
<b>Total Long Term Loans and advances</b>	<b>10,333.14</b>	<b>8,693.90</b>

# Refer Note – 20. Related parties transactions

**14. Other Non Current Assets**

Particulars	March 31, 2013	March 31, 2012
Balance with Bank as Margin money or security against borrowings, guarantees or other commitments#	-	1,500.00
<b>Total Other non Current Assets</b>	<b>-</b>	<b>1,500.00</b>

# Refer Note 17 - Cash and bank balances.

**15. Current investments**

Particulars	March 31, 2013	March 31, 2012
<b>Trade Investment (Unquoted)</b>		
<b>Current portion of long-term investments - (At cost)</b>		
Idea Trust Inc (Refer Note - 12. III. C) A subsidiary company incorporated in USA 10,066,952 shares of common stock, par value of USD 0.001 each (March 31, 2012: 10,066,952 shares of common stock, par value of USD 0.001 each)	8,812.50	-
<b>(Refer note: 12 (III) (c))</b>		
<b>Total - Trade Investment (at Cost)</b>	<b>8,812.50</b>	<b>-</b>

**Non- Trade Investment (Unquoted)****Investments in Mutual Funds****(At Cost or Market price whichever is lower)**

Tata FIP Fund - Series B2 - IP - Monthly Dividend Nil - units (March 31, 2012: 1,92,53,280.39 units) Face value: Rs 10.00 per unit	-	1,928.04
Reliance RSF - Debt - IP - Growth Nil units (March 31, 2012: 8,93,254.68 units) Face value: Rs 10.00 per unit	-	111.43
ICICI Prudential Interval Fund II - Quarterly Interval - Plan C - IP - Dividend Nil units (March 31, 2012: 10,001,548 units) Face value: Rs 10.00 per unit	-	1,000.18
Kotak Floater - ST - Daily Dividend Nil units (March 31, 2012: 79,31,505.25 units) Face value: Rs 10.00 per unit	-	802.37
Religare FMP - Series VIII - Plan F - Dividend Nil units (March 31, 2012: 20,00,000 units) Face value: Rs 10.00 per unit	-	200.00
HDFC FMP - 13M - Sep 2011 (18) - 1 - Quarterly Dividend Nil units (March 31, 2012: 40,00,000 units) Face value: Rs 10.00 per unit	-	400.00
Birla Sun Life Dynamic Bond Fund - Ret - Monthly Dividend 1,22,80,551.18 units (March 31, 2012: 87,02,899.09 units) Face value: Rs 10.00 per unit	1,296.75	914.58
HDFC FMP - 13M - Sep 2011 (18) - 1 - Quarterly Dividend Nil units (March 31, 2012: 29,99,990 units) Face value: Rs 10.00 per unit	-	300.00

Particulars	March 31, 2013	March 31, 2012
ICICI Prudential Interval Fund - Annual Interval IV - IP - Growth Nil units (March 31, 2012: 17,15,751.46 units) Face value: Rs 10.00 per unit	-	200.00
ICICI Prudential FMP - S 59 - 1 Year - Plan B - Dividend Nil units (March 31, 2012: 20,00,000 units) Face value: Rs 10.00 per unit	-	200.00
ICICI Prudential Interval Fund - Annual Interval III - IP - Growth Nil units (March 31, 2012: 96,26,047.95 units) Face value: Rs 10.00 per unit	-	1,002.09
IDFC FMP - YS 58 - Growth Nil units (March 31, 2012: 40,01,511.41 units) Face value: Rs 10.00 per unit	-	400.15
IDFC SSIF - Short Term - Plan B - Monthly Dividend 62,43,633.06 units (March 31, 2012: 59,75,903.88 units) Face value: Rs 10.00 per unit	638.52	610.45
Reliance Interval Fund - Monthly Series I - IP - Dividend Nil units (March 31, 2012: 100,00,000 units) Face value: Rs 10.00 per unit	-	1,000.00
Reliance FHF 21 - Series 13 - Growth Nil units (March 31, 2012: 21,67,840 units) Face value: Rs 10.00 per unit	-	216.78
Reliance FHF 21 - Series 2 - Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
Religare FMP - Series XI - Plan A - Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
Religare FMP - Series XI - Plan E - Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
SBI Magnum DFS - 367 Days - 11 - Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
Religare FMP - Series X - Plan E - Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
Reliance Interval Fund - Monthly Series I - IP - Dividend Nil units (March 31, 2012: 101,73,742.53 units) Face value: Rs 10.05 per unit	-	1,018.05
Birla Sun Life Cash Plus - IP Premium - Daily Dividend Nil units (March 31, 2012: 2,01,603.12 units) Face value: Rs 100.00 per unit	-	202.00
Birla Sun Life Floating Rate Fund - STP - IP - Daily Dividend 502,291.54 units (March 31, 2012: 10,66,505.47 units) Face value: Rs 100.00 per unit	503.11	1,066.72
Birla Sun Life FTP - Series FA - Growth Nil units (March 31, 2012: 100,00,000 units) Face value: Rs 10.00 per unit	-	1,000.00

Particulars	March 31, 2013	March 31, 2012
ICICI Prudential Money Market Fund - Cash Option - Daily Dividend Nil units (March 31, 2012: 3,01,798.23 units) Face value: Rs 100.00 per unit	-	301.83
IDFC FMP - YS 61 - Growth Nil units (March 31, 2012: 2,190,133 units) Face value: Rs 10.00 per unit	-	219.01
IDFC FMP - YS 62 - Dividend Nil units (March 31, 2012: 31,47,894.06 units) Face value: Rs 10.00 per unit	-	314.79
Reliance FHF 21 - Series 11 - Growth 10,000,000.00 units (March 31, 2012 : NIL units) Face value Rs 10.00 each	1,000.00	-
Kotak Floater - LT - Daily Dividend 11,188,315.14 units (March 31, 2012 : NIL units) Face value Rs.10.00 each	1,127.76	-
JPMorgan India Liquid Fund - Daily Dividend 5,734,106.62 units (March 31, 2012 : NIL units) Face value Rs 10.00 each	573.86	-
HDFC Short Term Opportunities Fund - Dividend 8,186,620.34 units (March 31, 2012 : NIL units) Face value Rs 10.00 each	821.86	-
Birla Sun Life Short Term Fund – Dividend 7,082,856.68 units (March 31, 2012 : NIL units) Face value Rs.10.00 each	827.83	-
Birla Sun Life Cash Manager - I P - Daily Dividend 1,001,235.83 units (March 31, 2012 : NIL units) Face value Rs. 100.00 each	1,002.40	-
DWS Ultra Short-Term Fund- Daily Dividend 17,308,692.82 units (March 31, 2012 : NIL units) Face value Rs .10.00 each	1,733.97	-
Templeton India Ultra Short Bond Fund - Super IP - Dividend 18,282,443.18 units (March 31 ,2012 : Nil Units) Face value Rs 10.00 each	1,831.39	-
HDFC F R I F - STF - WP - Daily Dividend 15,162,544.7 units (March 31 ,2012 : Nil units) Face value Rs 10.00 each	1,528.52	-
UTI Treasury Advantage Fund - IP - Daily Dividend 141,381.28 units (March 31, 2012 : Nil units) Face value Rs 1000.00 each	1,414.12	-
Kotak Flexi Debt Scheme - Plan A - Daily Dividend 18,505,963.38 units (March 31 , 2012 : Nil Units) Face value Rs 10.00	1,859.39	-
IDFC SSIF - Short Term - Plan A - Monthly Dividend 4,077,026.76 units (March 31, 2012 : Nil units) Face value Rs 10.00 per unit	411.19	-

Particulars	March 31, 2013	March 31, 2012
Reliance Income Fund - Retail - G P – Growth 808,294.18 units (March 31 2012 : Nil units) Face value Rs 10.00 per unit	300.00	-
Religare FMP - Series XVI - Plan D - Growth 32,91,120 units (March 31, 2012 : Nil units) Face value Rs 10.00	329.11	-
Birla Sun Life Savings Fund - Daily Dividend 11,22,042.00 units (March 31, 2012 : Nil units) Face value Rs 100.00 each	1,123.11	-
DWS Banking & PSU Debt Fund - Regular- Monthly Dividend 50,29,726.31 units (March 31,2012 : Nil units) Face value Rs 10.00 each	502.98	-
ICICI Prudential Flexible Income Plan - Regular - Daily Dividend 10,52,271.1 units (March 31,2012 : Nil units) Face value Rs 100.00 each	1,112.62	-
ICICI Prudential FMP - S 67 - 371 Days - Plan E - Direct - Growth 90,00,000 units (March 31,2012 : Nil units) Face value Rs 10.00 each	900.00	-
IDFC Fixed Term Plan - Series 14 - Regular - Growth 3,482,294.84 units (March 31,2012 : Nil units) Face value Rs 10.00 each	348.23	-
IDFC D B F - Regular - Quarterly Dividend 49,86,205.18 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	507.83	-
IDFC Ultra Short Term Fund - Regular - Daily Dividend 64,42,214.46 units (March 31,2012 : Nil units) Face value Rs 10.00 each	645.03	-
JPMorgan India FMP - Series 18 - Regular - Growth 50,00,000 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	500.00	-
Kotak FMP - Series 102 (374 Days) - Regular - Growth 4,136,660 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	413.67	-
Reliance Income Fund - Retail – Quarterly 1,444,189.3 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	195.76	-
Religare FMP - Series XVII - Plan B – Growth 30,00,000.00 units (March 31, 2012: Nil units) Face value Rs 10.00 each	300.00	-
Religare FMP - Series XVIII - Plan E - Growth 33,60,720.00 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	336.07	-
SBI Magnum Insta Cash Fund - Liquid Floater - Daily Dividend 39,788.5 units (March 31, 2012 : Nil units) Face value Rs 1000.00 each	401.83	-

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
SBI Magnum Income - FRP - LT - Daily Dividend 60,05,156.78 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	604.70	-
Tata Liquid Fund - Plan A - Daily Dividend 75,789.54 units (March 31, 2012 : Nil units) Face value Rs 1000.00 each	844.69	-
UTI FTIF - Series XIV - Plan 8 - Regular - Growth 2,000,000 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	200.00	-
UTI Floating Rate Fund - STP - Daily Dividend 37,396.13 units (March 31, 2012 : Nil units) Face value Rs 1000.00 each	402.71	-
<b>Total - Non- trade Investment (at Cost)</b>	<b>26,539.01</b>	<b>14,908.48</b>
<b>Total Current Investment</b>	<b>35,351.51</b>	<b>14,908.48</b>
Aggregate amount of unquoted investments	35,351.51	14,908.48

#### 16. Trade receivables

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured considered good	2,408.43	1,744.42
- Doubtful	1,121.17	1,488.07
Less: Allowance for bad and doubtful debts	(1,121.17)	(1,488.07)
	2,408.43	1,744.42
Other debts		
- Unsecured considered good	30,194.74	25,908.70
<b>Total Trade receivables</b>	<b>32,603.17</b>	<b>27,653.12</b>

#### 17. Cash and bank balance

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Cash and cash equivalents</b>		
Cash on hand	1.23	1.31
Balance with banks		
- On Current & Deposit accounts*	3,886.29	9,264.49
- Unpaid dividend accounts	78.52	78.48
Less: Amount disclosed under non-current assets - (Refer Note 14. Other Non-current Assets)	-	(1,500.00)
<b>Total Cash and bank balance</b>	<b>3,966.04</b>	<b>7,844.28</b>

\* The balance on deposit accounts includes Rs. 1,500 Lakhs (March 31, 2012: Rs 1,500 Lakhs) which has been pledged as a security by the company for availing non-fund based facilities. The deposit carries interest rate of 7.25% per annum and the date of maturity is June 10, 2013.

### 18. Short Term Loans and Advances

Particulars	March 31, 2013	March 31, 2012
<b>Unsecured, considered good</b>		
Loans and advances to related parties#	8,746.98	3,659.11
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	2,206.54	2,237.58
Loans to employees	903.55	699.11
Salary advance	150.42	135.73
Input tax credit receivable	87.17	52.41
Security Deposits	58.00	-
<b>Total Short Term Loans and Advances</b>	<b>12,152.66</b>	<b>6,783.94</b>

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

### 19. Other Current Assets

Particulars	March 31, 2013	March 31, 2012
Revenues accrued and not billed #	22,848.54	20,170.80
Interest accrued on Fixed deposits & Securities	122.21	92.26
<b>Total Other Current Assets</b>	<b>22,970.75</b>	<b>20,263.06</b>

# Also Refer Note – 20. Related parties transactions

### 20. Related party transactions

List of related parties

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

24. Sonali Polaris FT Limited, Bangladesh ('Sonali Polaris FT')  
 25. FinTech Grid Limited, India ('FinTech')  
 26. FT Grid Pte Ltd., Singapore\*\*

\* Subsidiaries of Polaris Software Lab Limited, UK

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

\*\*\* Subsidiary of Intellect SEEC Inc., USA

#### Associates

1. NMS Works Software Private Limited (NMS)  
 2. Adrenalin eSystems Limited (Adrenalin esystems)

#### Others

(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  
 2. Orbitech Limited  
 3. Orbitech Employees Welfare Trust  
 4. Associate Stock Option Plan (Trust) 2011 ('ASOP Trust 2011')

(b) Key managerial person

Mr. Arun Jain, Chairman and Managing Director

Particulars	Subsidiaries		Associates		Others	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>BALANCE DUE FROM RELATED PARTIES</b>						
<b>Trade receivables</b>						
PESL	474.56	-	-	-	-	-
PSL Australia	96.38	125.33	-	-	-	-
PSL Japan	237.76	188.18	-	-	-	-
Sonali Polaris FT	250.76	-	-	-	-	-
PSL Singapore	1,327.81	2,371.21	-	-	-	-
PSL Canada	-	185.19	-	-	-	-
PSL Dubai	4,283.68	-	-	-	-	-
PSL Germany	113.82	34.01	-	-	-	-
PSL Inc - SEEUS	488.61	54.32	-	-	-	-
PSL UK	2,012.64	2,816.70	-	-	-	-
	<b>9,286.02</b>	<b>5,774.94</b>	-	-	-	-
<b>Long term loans and advances</b>						
<b>Loans to employee welfare trusts</b>						
Orbitech Employee Welfare Trust	-	-	-	-	411.64	443.64
ASOP Trust 2011	-	-	-	-	2,000.00	-
	-	-	-	-	<b>2,411.64</b>	<b>443.64</b>
<b>Short term loans and advances</b>						
FinTech	0.06	-	-	-	-	-
Indigo TX	151.01	44.49	-	-	-	-
LaserSoft	3,002.69	797.67	-	-	-	-
Optimus	148.59	76.50	-	-	-	-
PESL	228.97	419.75	-	-	-	-
SFL	518.61	518.44	-	-	-	-

Particulars	Subsidiaries		Associates		Others	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
PSL Australia	131.90	38.53	-	-	-	-
PSL China	3.12	1.41	-	-	-	-
PSL Japan	46.71	-	-	-	-	-
PSL Malaysia	45.65	17.80	-	-	-	-
PSL Singapore	26.96	-	-	-	-	-
PSL Vietnam	5.90	-	-	-	-	-
PSL Canada	2,899.79	1,129.15	-	-	-	-
PSL Chile	10.07	9.16	-	-	-	-
PSL Dubai	45.35	2.72	-	-	-	-
PSL Germany	-	-	-	-	-	-
Iden Trust	217.16	-	-	-	-	-
PSL Inc - SEEUS	251.91	192.52	-	-	-	-
Seec Asia	475.27	-	-	-	-	-
PSL Ireland	123.77	72.83	-	-	-	-
PSL Netherland	66.05	39.63	-	-	-	-
PSL Switzerland	25.01	51.52	-	-	-	-
Adrenalin eSystems	-	-	318.95	246.99	-	-
NMS	-	-	3.47	-	-	-
	<b>8,424.56</b>	<b>3,412.12</b>	<b>322.42</b>	<b>246.99</b>	-	-
<b>Maximum amount outstanding during the year*</b>						
FinTech	0.06	-	-	-	-	-
Indigo TX	151.01	44.49	-	-	-	-
LaserSoft	3,002.69	797.67	-	-	-	-
Optimus	842.29	292.94	-	-	-	-
PESL	500.88	419.75	-	-	-	-
SFL	518.61	518.44	-	-	-	-
PSL Australia	131.90	38.53	-	-	-	-
PSL China	3.12	1.46	-	-	-	-
PSL Japan	46.71	-	-	-	-	-
PSL Malaysia	47.61	17.80	-	-	-	-
PSL Singapore	26.96	-	-	-	-	-
PSL Vietnam	5.90	-	-	-	-	-
PSL Canada	2,899.79	1,129.15	-	-	-	-
PSL Chile	10.07	9.16	-	-	-	-
PSL Dubai	47.56	9.25	-	-	-	-
Iden Trust	217.16	-	-	-	-	-
PSL Inc - SEEUS	251.91	192.52	-	-	-	-
Seec Asia	475.27	412.21	-	-	-	-
PSL Ireland	134.05	130.77	-	-	-	-
PSL Netherland	79.89	39.64	-	-	-	-
PSL Switzerland	65.18	215.66	-	-	-	-
Adrenalin eSystems	-	-	371.81	357.86	-	-
NMS	-	-	101.51	101.49	-	-
Orbitech Employee	-	-	-	-	443.64	468.64
Welfare Trust	-	-	-	-	-	-
ASOP Trust 2011	-	-	-	-	2000.00	-

\* Disclosure in accordance with Clause 32 of SEBI Listing agreement.

Particulars	Subsidiaries		Associates		Others	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>Other current assets</b>						
<b>Revenues accrued and not billed</b>						
PESL	53.71	-	-	-	-	-
Sonali Polaris FT	81.40	-	-	-	-	-
PSL Dubai	-	250.35	-	-	-	-
	<b>135.11</b>	<b>250.35</b>	-	-	-	-
<b>BALANCE DUE TO RELATED PARTIES</b>						
<b>Trade payables</b>						
Indigo TX	165.12	161.21	-	-	-	-
LaserSoft	2,926.06	37.40	-	-	-	-
PESL	37.65	-	-	-	-	-
PSL Malaysia	34.00	25.37	-	-	-	-
PSL Singapore	928.38	-	-	-	-	-
PSL Vietnam	61.15	-	-	-	-	-
PSL Dubai	59.99	48.91	-	-	-	-
PSL Inc - SEEUS	0.65	0.61	-	-	-	-
Seec Asia	672.19	-	-	-	-	-
PSL Switzerland	89.35	90.49	-	-	-	-
	<b>4,974.55</b>	<b>363.99</b>	-	-	-	-
<b>Other current liabilities</b>						
PSL Japan	-	1.49	-	-	-	-
PSL Singapore	136.72	284.88	-	-	-	-
PSL Germany	93.05	70.06	-	-	-	-
Seec Asia	-	114.93	-	-	-	-
PSL UK	4,996.01	2,878.08	-	-	-	-
Adrenalin eSystems			121.77	114.12		
	<b>5,225.79</b>	<b>3,349.44</b>	<b>121.77</b>	<b>114.12</b>	-	-
<b>INVESTMENTS</b>						
FinTech	4.99	-	-	-	-	-
Indigo TX	1,702.97	1,702.97	-	-	-	-
LaserSoft	5,201.06	5,201.06	-	-	-	-
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	238.76	-	-	-	-
PSL Singapore	94.60	94.60	-	-	-	-
PSL Vietnam	22.50	22.50	-	-	-	-
PSL Canada	109.38	109.38	-	-	-	-
PSL Dubai	203.70	203.70	-	-	-	-

Particulars	Subsidiaries		Associates		Others	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
PSL Germany	261.99	261.99	-	-	-	-
Iden Trust	8,812.50	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	-	-
	<b>19,443.34</b>	<b>19,438.34</b>	<b>2,242.18</b>	<b>2,242.18</b>	-	-
<b>Provision for investments</b>						
NMS	-	-	-	415.00	-	-
	-	-	-	<b>415.00</b>	-	-

Particulars	Subsidiaries		Associates		Others	
	1-Apr-12 to 31-Mar-13	1-Apr-11 to 31-Mar-12	1-Apr-12 to 31-Mar-13	1-Apr-11 to 31-Mar-12	1-Apr-12 to 31-Mar-13	1-Apr-11 to 31-Mar-12

**TRANSACTIONS**

**DURING THE PERIOD**

**Advances/Loan given**

LaserSoft	-	1,663.42	-	-	-	-
Optimus	-	130.00	-	-	-	-
SFL	-	518.19	-	-	-	-
Adrenalin eSystems	-	-	75.00	180.00	-	-
NMS	-	-	100.00	100.00	-	-
	-	<b>2,311.61</b>	<b>175.00</b>	<b>280.00</b>	-	-

**Advances/Loan repaid**

Optimus	-	130.00	-	-	-	-
Adrenalin eSystems	-	-	75.00	125.00	-	-
NMS	-	-	100.00	103.33	-	-
	-	<b>130.00</b>	<b>175.00</b>	<b>228.33</b>	-	-

**Software development service income**

PESL	595.25	-	-	-	-	-
PSL Australia	6,068.52	5,072.13	-	-	-	-
PSL Japan	4,809.49	4,197.41	-	-	-	-
Sonali Polaris FT	340.51	-	-	-	-	-
PSL Singapore	2,896.72	1,856.97	-	-	-	-
PSL Canada	527.03	435.87	-	-	-	-
PSL Dubai	5,320.94	-	-	-	-	-
PSL Germany	987.09	1,052.99	-	-	-	-
Iden Trust	36.45	77.70	-	-	-	-
PSL Inc - SEEUS	490.50	-	-	-	-	-

Particulars	Subsidiaries		Associates		Others	
	1-Apr-12 to 31-Mar-13	1-Apr-11 to 31-Mar-12	1-Apr-12 to 31-Mar-13	1-Apr-11 to 31-Mar-12	1-Apr-12 to 31-Mar-13	1-Apr-11 to 31-Mar-12
	PSL UK	19,517.32	19,754.43	-	-	-
Adrenalin eSystems	-	-	13.74	11.04	-	-
	<b>41,589.82</b>	<b>32,447.49</b>	<b>13.74</b>	<b>11.04</b>	-	-
<b>Software development expenses</b>						
Indigo TX	-	139.24	-	-	-	-
LaserSoft	2,867.00	1,745.60	-	-	-	-
Optimus	-	54.77	-	-	-	-
PESL	29.84	-	-	-	-	-
PSL Australia	4,900.42	3,812.55	-	-	-	-
PSL Japan	3,612.35	3,504.25	-	-	-	-
PSL Malaysia	7.33	25.63	-	-	-	-
PSL Singapore	2,458.54	2,988.60	-	-	-	-
PSL Vietnam	207.56	-	-	-	-	-
PSL Canada	187.98	259.21	-	-	-	-
PSL Dubai	521.34	143.13	-	-	-	-
PSL Germany	805.79	850.21	-	-	-	-
Seec Asia	665.94	483.91	-	-	-	-
PSL Switzerland	414.81	287.48	-	-	-	-
PSL UK	13,957.47	13,383.57	-	-	-	-
Adrenalin eSystems	-	-	59.49	50.30	-	-
	<b>30,636.35</b>	<b>27,678.15</b>	<b>59.49</b>	<b>50.30</b>	-	-
<b>Reimbursement of expenses to the Company</b>						
Indigo TX	16.60	44.49	-	-	-	-
LaserSoft	292.83	720.79	-	-	-	-
PESL	10.69	124.78	-	-	-	-
PSL Japan	28.27	25.15	-	-	-	-
PSL Singapore	217.85	70.92	-	-	-	-
PSL Canada	14.83	1,367.96	-	-	-	-
PSL Dubai	115.42	97.54	-	-	-	-
PSL Germany	12.05	-	-	-	-	-
PSL Inc - SEEUS	-	153.06	-	-	-	-
Seec Asia	69.49	61.40	-	-	-	-
PSL Ireland	-	8.47	-	-	-	-
PSL Netherland	-	13.13	-	-	-	-
PSL Switzerland	-	372.26	-	-	-	-
PSL UK	1,643.14	87.69	-	-	-	-
Adrenalin eSystems	-	-	15.83	65.48	-	-
	<b>2,421.17</b>	<b>3,147.65</b>	<b>15.83</b>	<b>65.48</b>	-	-
<b>Reimbursement of expenses by the Company</b>						
FinTech	0.06	-	-	-	-	-
Indigo TX	177.11	-	-	-	-	-
LaserSoft	1,012.86	-	-	-	-	-
PESL	169.91	-	-	-	-	-

Particulars	Subsidiaries		Associates		Others	
	1-Apr-12 to 31-Mar-13	1-Apr-11 to 31-Mar-12	1-Apr-12 to 31-Mar-13	1-Apr-11 to 31-Mar-12	1-Apr-12 to 31-Mar-13	1-Apr-11 to 31-Mar-12
	PSL Australia	49.83	15.09	-	-	-
PSL Japan	57.64	59.32	-	-	-	-
PSL Malaysia	0.83		-	-	-	-
PSL Singapore	295.55		-	-	-	-
PSL Vietnam	5.86		-	-	-	-
PSL Canada	3,210.84		-	-	-	-
PSL Chile	0.07		-	-	-	-
PSL Inc - SEEUS	309.99		-	-	-	-
Seec Asia	770.09	49.75	-	-	-	-
PSL Ireland	194.17		-	-	-	-
PSL Netherland	2.57		-	-	-	-
PSL Switzerland	133.85		-	-	-	-
PSL UK	-	1,121.31	-	-	-	-
Adrenalin eSystems			131.45	78.27		
	<b>6,391.22</b>	<b>1,245.47</b>	<b>131.45</b>	<b>78.27</b>	-	-
<b>Interest income</b>						
Optimus	-	5.26	-	-	-	-
Adrenalin eSystems			2.10	-		
NMS			3.41	3.33		
	-	<b>5.26</b>	<b>5.51</b>	<b>3.33</b>	-	-
<b>Investments</b>						
FinTech	4.99	-	-	-	-	-
Indigo TX	-	902.22	-	-	-	-
Sonali Polaris FT	-	238.76	-	-	-	-
PSL Dubai	-	203.70	-	-	-	-
Iden Trust	-	8,812.50	-	-	-	-
NMS	-	-	-	80.80		
	<b>4.99</b>	<b>10,157.18</b>	-	<b>80.80</b>	-	-

During the year, the remuneration paid to key managerial personnel is nil (March 31, 2012: 0.74 Lakhs)

## 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, 2013 is Rs. 1,214 Lakhs (March 31, 2012 : Rs 1,369 Lakhs).
- ii) Claims against the Company, not acknowledged as debts includes:
  1. Demand from Indian income tax authorities as at March 31, 2013 is Rs. 7,537.45 Lakhs (March 31, 2012: Rs 10,828.42 Lakhs). 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, 2013 is Rs. 520 Lakhs (March 31, 2012: Rs.520 Lakhs);
  3. Sales Tax demand from Commercial Tax Officer, Hyderabad as at March 31, 2013 is Rs 98 Lakhs (March 31, 2012: Rs 98 Lakhs); and
  4. Service tax demand from Commissioner of Central Excise, Chennai as at March 31, 2013 is Rs 32 Lakhs (March 31, 2012: Rs. 32 Lakhs)

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, 2013 including forward cover taken for forecasted revenue receivable transactions:

Particulars (USD and INR)	As at March 31, 2013	As at March 31, 2012
Number of contracts	92	117
US \$ Equivalent	1,600	2,180
INR Equivalent	86,233	109,569

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, 2013		As at March 31, 2012	
		Amount in Foreign currency	INR Equivalent	Amount in Foreign currency	INR Equivalent
Amounts receivable in foreign currency	USD	735.08	39,907.41	234.94	11,953.52
	GBP	18.52	1,523.06	5.51	449.17
	EUR	14.31	994.39	4.72	320.50
	AUD	4.03	228.45	1.10	58.16
	SAR	0.00	0.00	0.47	6.40
	SGD	2.70	117.97	0.52	21.09
	CHF	4.90	279.24	4.27	240.48
	CAD	64.07	3,423.97	22.84	1,165.78
	CLP	86.87	10.07	85.43	9.16
	VND	200,512.88	541.38	36,389.26	90.97
	MYR	2.61	45.65	1.07	17.80
	CNY	0.36	3.12	0.17	1.41
	JPY	80.97	46.71	-	-
	HKD	23.33	163.07	-	-
	LKR	3.11	1.34	-	-
	BHD	0.10	14.15	-	-
NZD	0.25	11.52	-	-	
AED	3.03	44.80	0.20	2.72	
Amounts payable in foreign currency	USD	281.25	15,269.10	70.06	3,564.74
	GBP	52.88	4,348.61	27.57	2,245.91
	EUR	1.68	116.46	3.94	267.54
	SGD	3.13	136.72	7.05	285.45
	CHF	0.00	0.00	0.06	3.41
	JPY	0.00	0.00	2.41	1.49

### 23. Income from software services and products

Particulars	March 31, 2013	March 31, 2012
Income from software products	35,919.88	32,747.69
Income from software services	149,479.30	143,461.62
<b>Total revenue from operations</b>	<b>185,399.18</b>	<b>176,209.31</b>

The segregation of revenue between products and services is based on internal management reports and includes estimates / allocation as considered appropriate and certified / approved by the Company.

### 24. Other Income

Particulars	March 31, 2013	March 31, 2012
<i>Interest Income</i>		
Interest received on deposits with banks	160.94	121.37
Interest on others	237.60	164.82
<i>Dividend Income</i>		
Dividends received on current investments - mutual funds	1,001.19	1,226.05
<i>Net gain/(Loss) from sale of investments</i>		
Profit on sale of current investments, net	599.84	403.81
Adjustments to the carrying amount of investments;	(5.94)	(14.08)
Reversal of provision for diminution in value of investments	415.00	-
<i>Other non-operating Income</i>		
Miscellaneous income, Net	125.86	124.76
Profit / (loss) on sale of Fixed assets, net	1,118.35	1,512.86
<b>Total Other income</b>	<b>3,652.84</b>	<b>3,539.59</b>

### 25. Details of expenses

Particulars	March 31, 2013	March 31, 2012
<b>Employee benefits expenses</b>		
Salaries and incentive		
Salaries and bonus	125,272.65	111,374.94
Cost of technical sub-contractors	8,044.40	8,218.08
Contribution to -		
Provident fund	2,428.25	2,108.44
Superannuation scheme	808.59	822.23
Other funds	1,881.07	1,873.12
Gratuity contribution scheme	581.17	583.75
Social security and other benefit plans for overseas employees	25.36	78.00
Staff welfare expenses	3,614.80	3,530.41
<b>Total Employee benefits expenses</b>	<b>142,656.29</b>	<b>128,588.97</b>

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Other expenses</b>		
Payment to the auditors		
- auditor	51.00	49.00
- for other services	22.00	5.70
- for reimbursement of expenses	1.64	2.11
Cost of software packages, hardware, consumable and maintenance	830.43	3,203.87
Travelling expenses	6,268.30	6,485.92
Communication expenses	1,598.76	1,652.61
Professional and Legal charges	2,269.85	2,585.87
Power and fuel	2,143.51	1,719.25
Rent	2,098.51	1,948.96
Repairs - Plant and machinery	1,282.33	1,172.37
Repairs - Building	74.36	95.75
Repairs - Others	616.04	659.72
Business promotion	830.95	656.43
Office maintenance	777.00	792.56
Provision for doubtful debts	311.19	243.65
Bad debts / advances written off	678.09	842.29
Less: Out of provisions for earlier years	<u>(678.09)</u>	<u>(842.29)</u>
	-	-
Insurance	215.94	187.40
Printing and stationery	161.84	222.32
Rates and taxes excluding Taxes on Income	244.49	179.49
Donations	226.15	219.86
Directors' sitting fees	11.05	10.80
Bank charges and commission	52.48	69.82
Miscellaneous expenses	753.23	549.84
Net Loss on foreign currency transaction and translation (other than considered as finance cost)	354.90	756.43
<b>Total Other expenses</b>	<b>21,195.95</b>	<b>23,469.73</b>

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Finance costs</b>		
Interest Expenses	190.50	109.11
<b>Total Finance costs</b>	<b>190.50</b>	<b>109.11</b>

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

As at March 31, 2013, the Company had no outstanding dues to Micro and Small enterprises (for March 31, 2012: Rs Nil). The list of Micro and Small 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 and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Particulars	March 31, 2013	March 31, 2012
Obligations at the beginning of the year	2,153.09	1,699.38
Obligation at beginning of the year for BPO division of Optimus	-	11.98
Current service cost	493.02	495.14
Interest Cost	161.19	138.85
Actuarial (gain) / losses	(4.57)	(4.60)
Benefits paid	(251.13)	(187.66)
<b>Obligations at the end of the year</b>	<b>2,551.60</b>	<b>2,153.09</b>
Change in plan assets		
Plan assets at year beginning, at fair value	618.47	303.33
Expected return on plan assets	63.88	39.46
Actuarial gain / (loss)	4.59	6.18
Contributions	989.58	457.17
Benefits paid	(249.87)	(187.66)
<b>Plan assets at the end of the period, at fair value</b>	<b>1,426.65</b>	<b>618.48</b>
Fair Value of plan assets at the end of the period	1,426.65	618.48
Present value of defined benefit obligations at the end of the period	(2,551.60)	(2,153.09)
<b>Asset/(Liability) recognized in the Balance Sheet</b>	<b>(1,124.95)</b>	<b>(1,534.62)</b>
Gratuity cost for the period		
Current service cost	493.02	495.14
Interest cost	161.19	138.85
Expected return on plan assets	(63.88)	(39.46)
Actuarial (gain) / losses	(9.16)	(10.78)
<b>Net gratuity cost</b>	<b>581.17</b>	<b>583.75</b>
Experience adjustments on plan liabilities	(4.57)	(4.60)
Experience adjustments on plan assets	4.59	6.18
Actual return on plan assets	68.47	45.64
<b>Assumptions:</b>		
Discount rate	7.95%	8.56% / 8.57%*
Estimated return on plan assets	7.95%	8.56% / 0.00%*
Employee turnover	16.00%	16 % / 50%*
*Pertains to the BPO division of Optimus demerged into the Company w.e.f from October 1,2011.		

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
The present value of defined benefit obligation	1,699.38	1,480.45	1,318.28
Fair value of plan assets	303.33	23.02	15.10
Surplus/(deficit)	(1,396.05)	(1,457.43)	(1,303.18)
The experience adjustment on plan assets	2.89	-	-
The experience adjustment on plan liabilities.	(38.34)	(64.29)	(19.44)

The amount expected to be contributed to the gratuity fund in the next financial year is Rs. 330.87 Lakhs

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	March 31, 2013	March 31, 2012
Lease payments for the period	1,559.37	1,444.01
Minimum Lease Payments :		
Not later than one year	942.42	1,498.78
Later than one year and not later than five years	1,876.29	2,173.84
Later than five years	740.70	931.20
<b>Total</b>	<b>3,559.41</b>	<b>4,603.82</b>

## 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) United States of America;
- b) Europe;
- c) Asia Pacific; and
- d) India and Middle East

**Primary segment information**

Particulars	March 31, 2013	March 31, 2012
<b>Segment revenues</b>		
Banking and financial services	174,648.23	167,020.00
Emerging verticals	10,750.95	9,189.31
	<b>185,399.18</b>	<b>176,209.31</b>
<b>Surplus</b>		
Banking and financial services	46,692.56	43,024.00
Emerging verticals	1,278.31	1,588.70
	<b>47,970.87</b>	<b>44,612.70</b>
Finance charges	190.50	109.11
Other unallocable expenditure net of unallocable income	27,405.44	20,855.33
<b>Profit before taxation</b>	<b>20,374.93</b>	<b>23,648.26</b>
Income taxes including deferred tax	3,669.23	4,796.83
<b>Profit after taxation</b>	<b>16,705.70</b>	<b>18,851.43</b>

**Secondary segment information**

Particulars	March 31, 2013	March 31, 2012
<b>Segment revenues</b>		
United States of America	91,120.20	81,263.27
Europe	25,991.53	39,920.53
Asia Pacific	10,593.31	39,039.09
India	57,694.14	15,986.42
<b>Total</b>	<b>185,399.18</b>	<b>176,209.31</b>

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

**30. Value of imports calculated on CIF basis**

Particulars	March 31, 2013	March 31, 2012
Capital goods	746.83	1,508.82
<b>Total</b>	<b>746.83</b>	<b>1,508.82</b>

**31. Expenditure in foreign currency (accrual basis) #**

Particulars	March 31, 2013	March 31, 2012
Employee benefit expense	70,409.11	64,479.69
Travelling expense	2,294.82	2,530.41
Communication expense	412.29	418.23
Professional and legal charges	627.63	446.74
Business promotion	301.96	416.07
Rent	332.86	301.32
Repairs & maintenance	49.51	67.25
Others	1,659.76	1,276.78
<b>Total</b>	<b>76,087.94</b>	<b>69,936.49</b>

# includes the expenses of foreign branch operations

**32. Earning in foreign currency (accrual basis) #**

Particulars	March 31, 2013	March 31, 2012
Income from software development services and products	160,701.20	153,342.39
<b>Total</b>	<b>160,701.20</b>	<b>153,342.39</b>

# includes the earnings of foreign branch operations

**33. Research and Development Expenditure**

The Company has incurred the following expenditure towards Research & Development (including expenditure incurred at DSIR recognized centers at Chennai): Revenue expenditure amounting to Rs.8,643.08 Lakhs (Previous Year Rs 8,324.74 Lakhs) and capital expenditure of Rs. 1,356.79 Lakhs (Previous year Rs Nil) for the year ended March 31, 2013.

**34. Earnings per Share (“EPS”)**

Reconciliation of basic and diluted shares used in computing EPS:

Particulars	March 31, 2013	March 31, 2012
i) Weighted average number of equity shares outstanding during the year - For basic EPS	99,473,789	99,323,973
Add: Effect of dilutive shares - Stock options granted under ESOP.	196,164	334,900
ii) Weighted average number of equity shares outstanding during the year - For diluted EPS	99,669,953	99,658,873
iii) The net profit for the period attributable to equity shareholders - For basic and diluted EPS	16,705.70	18,851.43
Earnings per Share (in Rs.)		
Basic earnings per share (iii)/(i)	16.79	18.98
Diluted earnings per share (iii)/(ii)	16.76	18.92

**35. Prior year Comparatives**

Previous year figures have been regrouped / reclassified, wherever necessary to conform to current year presentation.

As per our report of even date

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

**per Subramanian Suresh**  
Partner  
Membership No. 083673  
Chennai  
April 27, 2013

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  
April 27, 2013

**B. Muthusubramanian**  
Senior Vice President -  
Finance & Secretary

**POLARIS FINANCIAL TEHCNOLOGY LIMITED**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

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

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Polaris Financial Technology Limited

We have audited the accompanying consolidated financial statements of Polaris Financial Technology Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

*Attention is drawn to Note 13 (iv) (a) and Note 32 to the financial statements regarding goodwill arising on consolidation of Rs.13,948.14 Lakhs with respect to investment in Iden Trust Inc a subsidiary of the Company and the inclusion of total assets and total liabilities of Rs. 3,105.67 Lakhs and Rs. 8,432.80 Lakhs respectively as at March 31, 2013 and total revenues, net loss and net cash outflow of Rs. 6,186.44 Lakhs, Rs. 2,127.50 Lakhs and Rs.1,227.95 Lakhs respectively for the year then ended based on unaudited financial statements of the subsidiary. Pursuant to an order received from the Committee of Foreign Investment in the United States, the Board of directors have decided to sell its investment and is in the process of finalizing a prospective buyer and completing the transaction. Pending disposal of the investment and in the absence of the estimated realizable value, we are unable to comment on carrying value of such goodwill in the books of the Company and the consequential adjustments thereof that maybe required in the accompanying consolidated financial statements. Further, the effect of adjustments, if any, that may have been required to be made to the accompanying financial statements, had the financials of the subsidiary been audited, is also not currently ascertainable.*

### **Qualified opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph*, the 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 Company as at March 31, 2013;
- (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.

### **Other Matter**

We did not audit total assets of Rs. 24,662.06 Lakhs as at March 31, 2013, total revenues of Rs. 10,234.80 Lakhs and net cash inflows amounting to Rs.3,344.75 Lakhs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

We did not audit the financial statements of certain associates whose share of profit included in the accompanying consolidated financial statements is Rs 452.01 Lakhs (including Rs 359.22 Lakhs in respect of periods up to March 31, 2012). The share of profit for the period up to March 31, 2012 is based on financial statements audited by other auditors whose reports have been furnished to us whilst the share of profit for the year ended March 31, 2013 is based on unaudited financial statements of such associates. Our opinion, in so far as it relates to the share of profit included up to March 31, 2012 is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

### **For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants  
Firm registration number: 101049W

### **per Subramanian Suresh**

Partner  
Membership No.: 083673

Place: Chennai  
Date: April 27, 2013

**Polaris Financial Technology Limited**  
(Formerly known as Polaris Software Lab Limited)

**Consolidated Balance Sheet as at March 31, 2013**

(All amounts are in Rupees in Lakhs unless otherwise stated)

Particulars	Notes	March 31, 2013	March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	4	4,975.30	4,972.10
Reserves and surplus	5	129,297.15	117,009.15
Share capital suspense	4	-	1.01
		<b>134,272.45</b>	<b>121,982.26</b>
<b>Share application money pending allotment</b>		-	2.82
<b>Minority Interest</b>		-	223.03
<b>Non-Current Liabilities</b>			
Long - term borrowings	6	57.81	233.95
Deferred tax liabilities (Net)	7	793.01	356.23
Long - term provisions	8	915.63	1,320.78
<b>Current Liabilities</b>			
Short -term borrowings	9	11,554.24	10,181.09
Trade payables		20,627.56	19,903.48
Other current liabilities	10	18,423.91	18,082.74
Short-term provisions	11	15,312.51	6,973.22
<b>TOTAL</b>		<b>201,957.12</b>	<b>179,259.60</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed assets	12		
- Tangible assets		33,722.84	32,990.85
- Intangible assets		1,368.35	1,221.16
- Capital work-in-progress		4,187.52	3,715.21
- Intangible assets under development		790.12	386.12
		<b>40,068.83</b>	<b>38,313.34</b>
Goodwill on Consolidation	13 IV	21,247.89	18,597.99
Non-current investments	13	3,572.07	3,120.06
Deferred tax assets (Net)	14	599.87	479.49
Long-term loans and advances	15	12,384.79	10,511.15
Other non-current assets	16	-	1,500.00
<b>Current Assets</b>			
Current investments	17	26,539.01	14,908.47
Trade receivables	18	40,747.06	37,224.51
Cash and bank balance	19	20,566.10	20,743.58
Short-term loans and advances	20	5,390.18	4,665.37
Other current assets	21	30,841.32	29,195.64
<b>TOTAL</b>		<b>201,957.12</b>	<b>179,259.60</b>

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 LLP**  
Chartered Accountants  
Firm Registration number: 101049W

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

**per Subramanian Suresh**  
Partner  
Membership No. 083673  
Chennai  
April 27, 2013

**Arun Jain**  
Chairman & Managing Director

**R.C. Bhargava**  
Director

**Natarajan Narayanasamy**  
Group Chief Financial Officer  
Chennai  
April 27, 2013

**B. Muthusubramanian**  
Senior Vice President -  
Finance & Secretary

**Polaris Financial Technology Limited**

(Formerly known as Polaris Software Lab Limited)

**Consolidated Statement of Profit and Loss for the year ended March 31, 2013**

(All amounts are in Rupees in Lakhs unless otherwise stated)

<b>Particulars</b>	<b>Note</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Revenue</b>			
Income from software services and products	25	225,863.10	204,915.14
Other income	26	3,413.92	4,629.59
<b>Total Revenue</b>		<b>229,277.02</b>	<b>209,544.73</b>
<b>Expenses</b>			
Employee benefit expenses	27	166,311.67	144,164.60
Other expenses	28	33,038.23	32,143.01
Finance costs	29	249.08	170.55
Depreciation and amortization expenses	12	5,369.09	4,723.07
<b>Total Expenses</b>		<b>204,968.07</b>	<b>181,201.23</b>
<b>Profit before tax</b>		<b>24,308.95</b>	<b>28,343.50</b>
<b>TAX EXPENSES</b>			
Income taxes- Current tax		5,573.92	6,542.32
- Deferred tax		315.96	815.50
- MAT credit entitlement		(579.21)	-
- MAT credit entitlement (Earlier years)		(407.00)	(1,057.53)
<b>Profit for the year before Minority interest adjustment</b>		<b>19,405.28</b>	<b>22,043.21</b>
Add/(Less): Share of Profit/(loss) on Associate Companies		452.01	-
Add/(Less): Minority Interest - Share of loss/(Profit)		223.03	27.65
<b>Profit for the year</b>		<b>20,080.32</b>	<b>22,070.86</b>
<b>Net loss attributable to discontinuing operations</b>	32	(2,127.50)	(389.98)
<b>Earnings per share (In Rs.) - (equity shares par value Rs 5 each)</b>	34		
Basic		20.19	22.22
Diluted		20.15	22.15
Number of shares used in computing earnings per share			
Basic		99,473,789	99,323,973
Diluted		99,669,953	99,658,873

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 LLP**  
Chartered Accountants  
Firm Registration number: 101049W

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

**per Subramanian Suresh**  
Partner  
Membership No. 083673  
Chennai  
April 27, 2013

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April 27, 2013

**B. Muthusubramanian**  
Senior Vice President -  
Finance & Secretary

**Polaris Financial Technology Limited**

(Formerly known as Polaris Software Lab Limited)

**Consolidated cash flow statement for the year ended March 31, 2013**

(All amounts are in Rupees in Lakhs unless otherwise stated)

Particulars	March 31, 2013	March 31, 2012
<b>Cash flows from operating activities</b>		
Profit before taxation	24,308.95	28,343.50
Adjustments for:		
Depreciation and amortisation	5,369.09	4,723.07
Interest income	(549.54)	(465.73)
Dividend income	(1,001.19)	(1,244.05)
Unrealised exchange (gain) / loss	949.02	(1,224.27)
Exchange difference on translation of foreign operations	1,090.86	1,807.31
( Profit) / Loss on sale of fixed assets	(1,117.55)	(2,397.84)
( Profit) / Loss on sale of Investments	(593.90)	(389.73)
Provision for doubtful debts	145.47	(399.06)
Bad debts written off	678.09	842.29
Interest expenses	249.08	170.55
<b>Changes in assets and liabilities</b>		
Decrease / (Increase) in trade receivable	(4,220.70)	(14,276.45)
Decrease / (Increase) in loans and advances and other assets	(4,364.78)	(13,133.30)
Increase / (Decrease) in liabilities and provisions	735.31	5,344.35
Net Taxes paid	(6,512.21)	(5,845.71)
<b>Net cash from operating activities</b>	<b>15,166.00</b>	<b>1,854.93</b>
<b>Cash flows from Investing activities</b>		
Purchase of fixed assets, changes in capital work in progress and capital advance	(5,605.29)	(14,704.54)
Proceeds from sale of fixed assets	1,330.21	2,622.31
Acquisition of subsidiaries & Investment in Associates	(5.04)	(10,158.18)
Net decrease / (Increase) in non-trade investments	(11,036.63)	20,790.67
Investment in long-term term deposits	1,500.00	(1,500.00)
Interest received	549.54	465.73
Dividend received	1,001.19	1,244.05
<b>Net cash used in investing activities</b>	<b>(12,266.02)</b>	<b>(1,239.96)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital issued on exercise of stock options	3.10	12.33
Proceeds from share premium on exercise of stock options	35.77	178.77
Receipt of share application money	-	2.82
Proceeds / (Repayment) of loans	589.00	10,274.82
Interest paid	(249.08)	(170.55)
Dividends paid during the year	(2,984.15)	(6,439.35)
Dividend tax paid during the year	(484.11)	(1,047.18)
<b>Net cash (used in) / from financing activities</b>	<b>(3,089.47)</b>	<b>2,811.66</b>

Particulars	March 31, 2013	March 31, 2012
Exchange differences on translation of foreign currency cash and cash equivalents	6.97	198.78
<b>Net increase / (decrease) in cash and equivalents during the year</b>	<b>(182.52)</b>	<b>3,625.41</b>
Cash balance of subsidiaries on acquisitions	5.04	2,892.73
Cash and cash equivalents at the beginning of the year	20,743.58	14,225.44
<b>Cash and cash equivalents at the end of the year</b>	<b>20,566.10</b>	<b>20,743.58</b>
<b>Components of Cash and cash equivalents</b>		
(Refer Note - 19 cash and bank balance)		
Cash on hand	37.63	36.08
Balance with banks		
- On current account	12,034.35	12,807.87
- On deposit account *	8,415.60	7,821.15
- On unpaid dividend account **	78.52	78.48
	<b>20,566.10</b>	<b>20,743.58</b>

\* The balance on deposit accounts includes Rs. 1,500 Lakhs which has been pledged as a security by the company for availing non-fund based facilities.

\*\* The balance in unpaid dividend account was Rs 78.52 Lakhs (March 31, 2012: Rs 78.48 Lakhs) 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 LLP**  
Chartered Accountants  
Firm Registration number: 101049W

**per Subramanian Suresh**  
Partner  
Membership No. 083673  
Chennai  
April 27, 2013

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  
April 27, 2013

**B. Muthusubramanian**  
Senior Vice President -  
Finance & Secretary

**Polaris Financial Technology Limited**

(Formerly known as Polaris Software Lab Limited)

**Notes to the Consolidated Financial Statements for the year ended March 31, 2013**

(All amounts are in Rs. in Lakhs, 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	
			March 31, 2013	March 31, 2012
1	Polaris Software Lab Ltd	United Kingdom	100.00%	100.00%
2	Polaris Software Pty Ltd	Australia	100.00%	100.00%
3	Polaris Software Lab SA	Switzerland	100.00%	100.00%
4	Polaris Software Lab GmbH	Germany	100.00%	100.00%
5	Polaris Software Lab Pte Limited	Singapore	100.00%	100.00%
6	Polaris Software Lab Japan KK	Japan	100.00%	100.00%
7	Polaris Software Lab Ireland Ltd	Ireland	100.00%	100.00%
8	Polaris Software Lab Canada Inc	Canada	100.00%	100.00%
9	Polaris Enterprise Solutions Limited (Formerly Polaris Retail Infotech Ltd)	India	100.00%	100.00%
10	Polaris Software Lab Limitada *	Chile	100.00%	100.00%
11	Polaris Software Lab B.V *	Netherlands	100.00%	100.00%
12	Polaris Software Lab Inc (Formerly Intellect SEEC Inc.) **	USA	100.00%	100.00%
13	Optimus Global Services Limited	India	100.00%	100.00%
14	SEEC Technologies Asia (P) Ltd ***	India	100.00%	100.00%
15	Laser Soft Infosystems Ltd	India	100.00%	100.00%
16	Polaris Software Lab (Shanghai) Ltd **	China	100.00%	100.00%
17	SFL Properties Limited	India	100.00%	100.00%
18	Polaris Software Lab Vietnam Co. Ltd	Vietnam	100.00%	100.00%
19	Polaris Software Lab Sdn Bhd **	Malaysia	100.00%	100.00%
20	Indigo TX Software Private Ltd	India	100.00%	100.00%
21	Iden Trust Inc	USA	85.30%	85.30%
22	Polaris Software Lab (Philippines) Inc	Philippines	100.00%	100.00%
23	Polaris Software Lab FZ LLC	Dubai	100.00%	100.00%
24	Sonali Polaris FT Ltd	Bangladesh	51.00%	51.00%
25	FT Grid Pte Ltd**#	Singapore	100.00%	-
26	Fin Tech Grid Limited #	India	99.88%	-

\* Subsidiaries of Polaris Software Lab Limited, United Kingdom.

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

\*\*\*Subsidiary of Intellect SEEC Inc, USA

#Subsidiary incorporated during the year

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

S. No.	Associates	% of share held as of March 31, 2013	Original cost of investment	Share of accumulated profit / (loss) as at March 31, 2013	Carrying amount of Investments as at March 31, 2013
1	NMS Works Software Private Ltd.	36.54%	415.26	37.01	452.27
2	Adrenalin eSystems Limited	40.25%	833.88	(833.88)	-

## 2 Basis of preparation of consolidated financial statements

The financial statements of the group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The group 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 the 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.

## 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 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:

<b>Assets Category</b>	<b>Estimated useful life (years)</b>
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 Group 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 Group and the Group 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 the Group's intangible assets are stated below:

<b>Assets Category</b>	<b>Estimated useful life (years)</b>
Computer software	3
Customer contracts acquired on business purchase agreements	3
Intellectual property rights	3-5

**e) Operating 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 of 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/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 Group 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.

### *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.

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 & material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the Balance Sheet date.

### *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 basis taking into account the amount outstanding and the applicable interest rate.

Dividend income is recognized when the Group'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, 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 group uses 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 group and the group does not use the foreign exchange forward contracts for trading or speculative purposes.

The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Upto the previous year, 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 recorded net mark-to-market losses, after considering the offsetting effect of the underlying hedged item, if any. Net mark-to-market gains were not recorded for such transactions. Effective April 1, 2012, the Company has adopted AS 30, 'Financial Instruments: Recognition and Measurement', to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncements of the Company Law and other regulatory requirements. In accordance with the transitional provision, the Company has debited its general reserve for Rs. 7,276.26 Lakhs representing the impact as of April 1, 2012 on account of such adoption.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds (hedge fluctuation reserve) and the ineffective portion is recognised immediately in the statement of profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds (hedge fluctuation reserve) is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

**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 recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Statement of Profit and Loss 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. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund. 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 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*

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.

### **l) 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 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 at 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 re-assessed 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 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 purposes 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, 2013	March 31, 2012
Authorised		
120,000,000 equity shares of Rs 5 each. (March 31, 2012: 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, 2012: 10,000,000 11% preference shares of Rs 5 each)	500.00	500.00
	<b>6,500.00</b>	<b>6,500.00</b>
Issued, Subscribed and Paid up		
99,506,074 equity shares of Rs 5 each (March 31, 2012: 99,442,097 equity shares of Rs 5 each) fully paid up	4,975.30	4,972.10
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>4,975.30</b>	<b>4,972.10</b>

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.

During the year ended March 31, 2013, the amount per share final dividend recognised as distribution to equity share holders was Rs. 5/- (March 31, 2012: Rs. 5/-)

#### Share Capital Suspense

The company has allotted total of 277 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 on October 12, 2012. During the previous year, the Company was yet to complete the allotment and issue of share certificates with respect to these shares accordingly the same was disclosed under Share Capital Suspense account. (Also Refer Note - 13. III. d)

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

##### Equity Shares

Particulars	<i>In Numbers</i>	
	March 31, 2013	March 31, 2012
At the beginning of the period	99,442,097	99,195,597
Issued during the period - ASOP	63,700	246,500
Add: Shares issued for consideration other than cash (refer share capital suspense above)	277	-
<b>Outstanding at the end of the period</b>	<b>99,506,074</b>	<b>99,442,097</b>

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

Particulars	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Polaris holdings (P) limited	20,020,938	20.12%	20,020,938	20.13%
Orbitech Limited	15,379,606	15.46%	15,379,606	15.47%
Franklin Mutual Series Funds - Mutual Beacon Fund	6,942,715	6.98%	4,506,423	4.53%

**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, 2013 is presented below.

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at the beginning of the period	2,795,050	160.32	2,981,850	149.94
Granted during the period	-	-	312,000	181.74
Exercised during the period	(63,700)	58.88	(246,500)	75.28
Forfeited during the period	(140,900)	154.52	(179,900)	108.37
Expired during the period	(609,350)	156.96	(72,400)	143.25
Outstanding at the end of the period	1,981,100	165.03	2,795,050	162.93
Exercisable at the end of the period	1,586,500	161.82	2,025,750	158.36

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Range of exercise price	34.35-140.90	34.35 - 171.95
Weighted average remaining contractual life (in years)	4.50	4.76
Weighted average fair value of options granted	-	94.90
Weighted average market price of shares on the date of exercise	134.50	162.19

#### 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, 2013 is presented as below

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at the beginning of the period	557,500	176.62	627,700	168.36
Granted during the period	-	-	27,000	148.19
Exercised during the period*	(34,800)	76.60	(70,600)	76.60
Forfeited during the period	(6,000)	185.95	(5,800)	206.60
Expired during the period	(9,000)	125.20	(20,800)	221.60
Outstanding at the end of the period	507,700	184.27	557,500	176.62
Exercisable at the end of the period	428,400	185.65	434,700	176.23

\*These shares were allotted from Orbitech Employees Welfare Trust.

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Range of exercise price	76.60	76.60
Weighted average remaining contractual life (in years)	3.25	3.89
Weighted average fair value of options granted	-	76.89
Weighted average market price of shares on the date of exercise	118.43	152.99

### 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
<b>Eligible employees</b>	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
<b>Maximum number of options grantable</b>	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

Price Band	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
<b>Grant price</b>				
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
<b>Service conditions</b>				
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%

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
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, 2013 is presented as below

Particulars	Year Ended March 31, 2013		Year Ended March 31, 2012	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at the beginning of the period	869,000	134.40	-	-
Granted during the period	528,000	126.77	869,000	134.40
Exercised during the period	-	-	-	-
Forfeited during the period	(95,700)	132.00	-	-
Expired during the period	(300)	134.00	-	-
Outstanding at the end of the period	1,301,000	131.47	869,000	134.40
Exercisable at the end of the period	249,650	132.87	86,900	134.40

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Range of exercise price	-	-
Weighted average remaining contractual life (in years)	7.54	8.50
Weighted average fair value of options granted	70.64	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, 2013.

The Company had formulated an Associate stock option plan Trust-2011, for the purpose of administering the above scheme. The Trust had purchased 1,536,000 shares of the Company from the secondary market during the year ended March 31, 2013. In accordance with the Stock Exchange Board of India (SEBI) circular dated January 17, 2013, listed companies have been prohibited from purchase of their own securities in the secondary market through such trusts, and companies have been provided time up to June 30, 2013 to dispose of such holdings. The Company is yet to dispose off such holding and the mark-to market loss (net of any dividends received by the Trust) up to March 31, 2013 of Rs 246.98 Lakhs has been provided in the books and recognized directly in equity, reflected as an adjustment to the balance of surplus in the statement of profit and loss in the Balance Sheet.

### 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, 2013	Year Ended March 31, 2012
Profit after tax		
- as reported	20,080.32	22,070.86
- proforma profit	19,781.93	21,723.35
Earnings Per Share (in Rs.)		
Basic		
- As reported	20.19	22.22
- Proforma	19.89	21.87
Diluted		
- As reported	20.15	22.15
- Proforma	19.85	21.80

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

<b>ASOP Plans</b>	<b>ASOP 2011</b>	<b>ASOP 2011</b>	<b>ASOP 2011</b>	<b>ASOP 2011</b>
<b>Particulars</b>	<b>24-Apr-12</b>	<b>24-Jul-12</b>	<b>22-Oct-12</b>	<b>22-Jan-13</b>
Risk-free interest rate	8.51%	8.11%	8.14%	7.91%
Expected life (Years)	6	6	6	6
Expected volatility	59.66%	58.44%	57.78%	56.65%
Expected dividend yield	1.54%	1.54%	1.54%	1.83%

<b>Particulars</b>	<b>March 31, 2012</b>			
<b>Scheme</b>	<b>ASOP 2003</b>	<b>ASOP 2003</b>	<b>ASOP 2003</b>	<b>ASOP 2011</b>
<b>Grant date</b>	<b>28-Apr-11</b>	<b>20-Jul-11</b>	<b>22-Oct-11</b>	<b>20-Jan-12</b>
Risk-free interest rate	8.11%	8.22%	8.65%	8.11%
Expected life (Years)	2.5 to 6.5	2.5 to 6.5	2.5 to 6.5	2.5 to 6.5
Expected volatility	62.55%	61.54%	59.56%	60.24%
Expected dividend yield	1.37%	1.54%	1.54%	1.83%

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

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Securities premium account		
Opening balance	19,095.03	18,916.26
Add: Premium received on issue of shares under ASOP plans to employees & Others	38.49	178.77
<b>Closing balance</b>	<b>19,133.52</b>	<b>19,095.03</b>
General reserve account		
Opening balance	21,826.39	19,926.39
Add: Transferred from surplus balance in the statement of profit and loss	1,675.00	1,900.00
Less : Impact of first time adoption of AS 30*	(7,276.26)	-
<b>Closing balance</b>	<b>16,225.13</b>	<b>21,826.39</b>
Foreign currency translation reserve account		
Opening balance	3,025.73	778.36
Add : Adjustment for the year	3,852.44	2,247.37
<b>Closing balance</b>	<b>6,878.17</b>	<b>3,025.73</b>

Particulars	March 31, 2013	March 31, 2012
Hedging reserve account		
Opening balance	-	-
Change in the fair value of effective portion of outstanding cash flow hedges from date of first adoption*	1,660.92	-
<b>Closing balance</b>	<b>1,660.92</b>	<b>-</b>
Surplus in the statement of profit and loss		
Opening balance	73,062.00	58,673.72
Net Profit for the current year	20,080.32	22,070.86
Amount available for appropriation	93,142.32	80,744.58
Appropriations		
Dividend		
- Interim	-	1,991.33
- Final	4,975.37	2,984.11
Tax on dividend	845.56	807.14
Provision for mark-to-market loss *	246.98	
Amount transferred to General Reserve	1,675.00	1,900.00
<b>Closing balance of surplus in the statement of profit and loss</b>	<b>85,399.41</b>	<b>73,062.00</b>
<b>Total reserve and surplus</b>	<b>129,297.15</b>	<b>117,009.15</b>

\* Refer Note 11

#### 6. Long - term Borrowings

Particulars	March 31, 2013	March 31, 2012
<b>Secured</b>		
- Finance Lease Obligation (Secured against assets taken on finance lease by the Company)	57.81	233.95
<b>Total long term borrowings</b>	<b>57.81</b>	<b>233.95</b>

#### 7. Deferred Tax Liabilities (Net)

Particulars	March 31, 2013	March 31, 2012
<i>Deferred Tax Liability</i>		
Fixed assets	1,521.64	1,333.29
<i>Deferred Tax Asset</i>		
Provision for doubtful debts	(363.63)	(482.71)
Others	(364.99)	(494.35)
<b>Total Deferred tax liabilities</b>	<b>793.01</b>	<b>356.23</b>

#### 8. Long - term provisions

Particulars	March 31, 2013	March 31, 2012
Provision for employee benefits		
- Provision for gratuity (Refer Note. 31)	915.63	1,320.78
<b>Total Long - term provisions</b>	<b>915.63</b>	<b>1,320.78</b>

**9. Short-term Borrowings**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Unsecured		
<i>Loans repayable on demand</i>		
- from Banks*	10,858.00	10,181.09
- from other parties	696.24	-
<b>Total Short term borrowings</b>	<b>11,554.24</b>	<b>10,181.09</b>

\*The company has entered into an export financing arrangement with its bankers carrying an interest rate of LIBOR + 0.93% having a maturity period of 70 days. The facility can be rolled over on completion of the maturity term.

**10. Other current liabilities**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Current maturities of finance lease obligations	524.28	225.85
Unclaimed dividends	78.52	78.48
<i>Other payable</i>		
Superannuation payable	870.85	854.19
Customer and other advance received	108.20	456.56
Billings in excess of revenues	14,864.58	14,167.19
Capital creditors	149.19	189.46
Dues under contractual obligations	49.20	14.20
Statutory payable	1,779.09	2,096.81
<b>Total Other current Liabilities</b>	<b>18,423.91</b>	<b>18,082.74</b>

**11. Short-term provisions**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Provision for employee benefits		
- Provision for gratuity (Refer Note. 31)	359.54	329.51
- Provision for leave benefits	2,571.32	2,357.75
Others Provisions		
- Provision for taxation (net of Advance Income tax)	577.67	817.75
- Proposed dividend	4,975.30	2,984.11
- Provision for tax on proposed dividend	845.55	484.10
- Provision for mark-to-market losses	5,983.13	-
<b>Total Short-term provisions</b>	<b>15,312.51</b>	<b>6,973.22</b>

Provision for mark-to-market losses includes:

- i) Provision for mark-to-market losses on forward contracts outstanding as per accounting policy specified in note 3(j) amounting to Rs. 5,736.15 Lakhs. This includes the impact on first time adoption of AS-30 - Financial Instruments: Recognition and Measurement on April 1, 2012, Rs. 7,276.26 Lakhs debited to General Reserve, change in fair value of effective portion of outstanding cash flow hedges from the date of first time adoption - Rs. 1,660.92 Lakhs credited to Hedge Reserve Account and the ineffective portion on cash flow hedges - Rs. 120.81 Lakhs debited to the Statement of Profit and Loss.
- ii) Provision for mark-to-market losses on shares of the Company held by Associate Stock Option Plan (Trust) 2011 amounting to Rs. 246.98 Lakhs. Also refer section on Associate Stock Option Plan (Trust) 2011 in Note 4.

12. FIXED ASSETS

Sl. No.	Description	Cost					Depreciation and Amortisation					Net Book Value	
		April 01, 2012	Additions	Deletions	Other adjustment *	March 31, 2013	April 01, 2012	For the period	Deletions	Other adjustment *	March 31, 2013	March 31, 2012	
<b>A</b>	<b>TANGIBLE ASSETS</b>												
1	Land	8,345.93	-	-	99.44	8,445.37	-	-	-	-	8,445.37	8,345.93	
2	Buildings	15,674.06	753.37	86.42	57.63	16,398.64	2,791.05	528.48	10.00	3,298.74	13,099.90	12,883.01	
3	Plant & Machinery (including Computer Equipment and accessories)	24,282.03	2,049.22	1,506.47	195.76	25,020.54	18,697.87	2,385.73	144.53	19,693.09	5,327.45	5,584.16	
4	Electrical fittings	1,878.29	273.63	44.10	1.52	2,109.34	1,029.32	147.39	0.20	1,133.86	975.48	848.97	
5	Furniture and fixtures	5,475.86	832.64	88.47	34.96	6,254.99	3,425.40	476.79	18.19	3,870.93	2,384.06	2,050.46	
6	Office Equipments	3,244.10	498.28	59.53	18.62	3,701.47	1,904.38	262.19	13.87	2,128.87	1,572.60	1,339.72	
7	Vehicles	2,009.79	696.06	257.60	-	2,448.25	616.06	538.62	0.02	1,034.66	1,413.59	1,393.73	
	<u>ASSETS UNDER LEASE</u>												
1	Land	282.20	20.03	-	-	302.23	19.48	2.02	-	21.50	280.73	262.72	
2	Leasehold improvement	1,146.33	-	3.34	37.96	1,180.95	864.18	65.04	3.34	957.29	223.66	282.15	
	<b>Subtotal - A</b>	<b>62,338.59</b>	<b>5,123.23</b>	<b>2,045.93</b>	<b>445.89</b>	<b>65,861.78</b>	<b>29,347.74</b>	<b>4,406.26</b>	<b>1,833.28</b>	<b>32,138.94</b>	<b>33,722.84</b>	<b>32,990.85</b>	
<b>B</b>	<b>INTANGIBLE ASSETS</b>												
1	Computer Software	7,376.70	754.80	-	1.73	8,133.23	6,413.78	771.84	-	7,187.17	946.06	962.92	
2	Customer Contracts#	-	350.00	-	-	350.00	-	58.33	-	58.33	291.67	-	
3	<u>Intellectual property rights</u>												
	Intellectual Property Rights - Banking	6,636.62	-	-	-	6,636.62	6,636.62	-	-	6,636.62	-	-	
	Intellectual Property Rights - Insurance	645.60	-	-	7.56	653.16	387.36	132.66	-	522.54	130.62	258.24	
	Intellectual Property Rights - Retailis	256.89	-	-	-	256.89	256.89	-	-	256.89	-	-	
	Intellectual Property Rights - Stock Broking	603.05	-	-	-	603.05	603.05	-	-	603.05	-	-	
	Intellectual Property Rights - Others	1,577.28	-	-	105.71	1,682.99	1,577.28	-	-	1,682.99	-	-	
	<b>Subtotal - B</b>	<b>17,096.14</b>	<b>1,104.80</b>	<b>-</b>	<b>115.00</b>	<b>18,315.94</b>	<b>15,874.98</b>	<b>962.83</b>	<b>-</b>	<b>16,947.59</b>	<b>1,368.35</b>	<b>1,221.16</b>	
	<b>Total (A + B)</b>	<b>79,434.73</b>	<b>6,228.03</b>	<b>2,045.93</b>	<b>560.89</b>	<b>84,177.72</b>	<b>45,222.72</b>	<b>5,369.09</b>	<b>1,833.28</b>	<b>49,086.53</b>	<b>35,091.19</b>	<b>34,212.01</b>	
	Previous years ##	60,774.30	17,204.30	980.58	858.84	77,857.46	37,944.83	5,698.50	758.24	43,645.45	34,212.01		

\* Other adjustment represents foreign exchange gain / loss on account of translation of foreign operations.

# This represents the customer contracts acquired by the Company from Pwix Systems Private Limited through business purchase agreement dated October 9, 2012.

## The previous year additions to cost includes Rs.1,559.29 and depreciation and amortization includes Rs.975.43 taken over on acquisition of subsidiaries.

**13. NON-CURRENT INVESTMENTS**

Particulars	March 31, 2013	March 31, 2012
<b>I. Trade Investments - (Unquoted)</b>		
<b>Investments in Equity Instruments - Associates</b>		
<b>(At cost, less provision)</b>		
<b>NMS Works Software Private Limited</b>	415.26	415.26
A company incorporated in India		
726,256 equity shares of Rs.10 each fully paid up		
(March 31, 2012: 725,756 equity shares of Rs.10 each fully paid up)		
Add/(Less): Share of Profit/(loss) on Associate Companies	37.01	(415.00)
	452.27	0.26
<b>Adrenalin eSystems Limited</b>		
A company incorporated in India	833.88	833.88
13,078,080 equity shares of Rs 5 each fully paid up		
(March 31, 2012: 13,078,080 equity shares of Rs 5 each fully paid up)		
Less: Share of losses	(833.88)	(833.88)
	-	-
	452.27	0.26
<b>Investments in Preference shares - Associates (At cost)</b>		
<b>Adrenalin eSystems Limited</b>	760.00	760.00
1,52,00,000 7% Cumulative Preference shares of Rs 5/- each		
(March 31, 2012: 1,52,00,000 7% cumulative preference shares of		
Rs 5/- each fully paid up)		
<b>NMS Works Software Private Limited</b>		
378,614 12 % optionally convertible cumulative preference shares	233.04	233.04
of Rs. 10 each fully paid up		
(March 31, 2012 : 224,524 12 % Optionally Convertible		
Cumulative Preference shares of Rs. 10 each. )		
	993.04	993.04
<b>Total Trade Investment</b>	<b>1,445.31</b>	<b>993.30</b>
<b>II. Non- Trade Investments</b>		
<b>Investments in Equity Instruments (At cost) Equity Shares - (Quoted)</b>		
<b>Andhra Bank</b>		
237 equity shares of Rs.10/- each (March 31, 2012: 237 equity	0.21	0.21
shares of Rs.10/- each)		
	0.21	0.21
<b>Equity Shares - (Unquoted)</b>		
<b>Software Sidoun GmbH Germany</b>	4.96	4.96
175,990 Common stock of Euro 1 each (March 31, 2012: 175,990		
Common stock of Euro 1 each)		
<b>Catholic Syrian Bank</b>		
100 equity shares of Rs.10/- each (March 31, 2012: 100 equity	0.24	0.24
shares of Rs.10/- each)		
	5.20	5.20

Particulars	March 31, 2013	March 31, 2012
<b>Investments in Preference shares - Others (At cost)</b>		
<b>Tyfone Inc</b>	250.61	250.61
481,232 Series B Preference Shares (March 31, 2012: 481,232 Series B Preference Shares)		
	250.61	250.61
<b>Investments in debentures or bonds (At cost)</b>		
<b>Bonds - (Quoted)</b>		
<b>Indian Railway Finance Corporation</b>	500.00	500.00
500 Bonds (March 31, 2012: 500 Bonds ) Face value: Rs 100,000 each		
<b>State Bank of India Bond</b>	1,047.12	1,047.12
10000 Bonds (March 31, 2012: 10000 Bonds) Face value Rs. 10000 each		
<b>NHAI Bonds</b>	123.62	123.62
10000 Bonds (March 31, 2012: 10000 Bonds) Face value Rs. 10000 each		
<b>8.10 % Hundo Tranche - 1 series Bonds</b>	200.00	200.00
20000 bonds (March 3, 2012: 20000 bonds) Face value Rs. 1000 each		
	1,870.74	1,870.74
<b>Total Non -Trade Investments</b>	<b>2,126.76</b>	<b>2,126.76</b>
<b>Total Non-Current Investments</b>		
	<b>3,572.07</b>	<b>3,120.06</b>
Aggregate amount of unquoted investments	1,701.12	1,249.11
Aggregate amount of quoted investments	1,870.95	1,870.95
Market value of quoted investments	1,955.44	511.81

### III. Investments in Associates and subsidiaries

- a. The Company's equity ownership interest in Adrenalin e-systems Limited is 40.25% as at March 31, 2013. 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 2,644.05 Lakhs as on March 31, 2013, (March 31, 2012 – Rs. 2,861.31 Lakhs) 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 Lakhs 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.

- b. The Company's equity ownership interest in NMS Works Software Private Limited ("NMS") is 36.54 % as at March 31, 2013. NMS is primarily engaged in the business of designing network management in Telecommunication and Internet Services. The Company had recorded its share of losses to the extent of its investment in associate aggregating to Rs 415 Lakhs in the earlier year. NMS has reported profits over the years and the Company has positive net worth as at March 31, 2013 and the management is positive about future outlook. Accordingly during the current year, the Company has recognised its share of profits from NMS aggregating to Rs. 452.27 Lakhs (including Rs. 359 Lakhs relating to earlier years, not recorded due to uncertainty on future visibility of profits).

- c. During the current year, the Company has incorporated a subsidiary company with 99.88% holding, named Fin Tech Grid Limited, India
- d. During the previous year, pursuant to the Approved Scheme of Arrangement with Optimus Global Services Limited ("Optimus"), a subsidiary of the Company (with 99.94% holding), the Company had merged the BPO division of Optimus into the Company with effect from October 1, 2011. Consequent to the scheme, as at March 31, 2013, the company holds 8,50,000 equity shares and 14,92,030 preference shares in the reorganised capital structure of the subsidiary. Further, the Company had taken over net assets aggregating to Rs. 1,652.33 Lakhs and accumulated losses of Rs. 3,033.72 Lakhs and credited the same to the Company's investment in equity and preference shares of Optimus, resulting in the carrying value of the respective investments in Optimus to be Nil.

#### **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, 2013.

Goodwill on consolidation as at March 31, 2013 stood at Rs. 21,247.89 Lakhs (Rs. 18,597.99 Lakhs as at March 31, 2012). Significant acquisitions over the years which resulted in goodwill were Iden Trust 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 on April 27, 2011 acquired 85.30% equity stake in Iden Trust Inc, a company engaged in the business of trusted identity solutions and digital identity authentication services based in the United States. The total consideration for the acquisition was Rs. 8,812.50 Lakhs. The excess of purchase consideration over the net assets to the extent of Rs. 13,948.14 Lakhs is recognized as goodwill. As more fully described in Note 32, pursuant to an order received from the CFIUS (Committee for Foreign Investment in United States), the boards of directors have made a decision to sell its investment in IdenTrust Inc and are in the process of finalizing a prospective buyer and completing the transaction. Management is confident of being able to complete the transaction shortly and expects a positive return on such sale. Accordingly the management believes that the goodwill can continue to be carried at Rs. 13,948.14 Lakhs and there is no requirement for any impairment provision.
- b. The company acquired 51% equity share stake in Indigo TX Software Private Limited ('Indigo TX'), a SAAS Software developer for Rs. 800.75 Lakhs on May 10, 2010. The balance 49% equity stake in Indigo TX Software Private Limited was acquired on November 22, 2011 for a consideration of Rs. 902.22 Lakhs. 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 Lakhs is recognized as goodwill. The subsidiary has accumulated losses of Rs. 504.50 Lakhs as at March 31, 2013 and the statement of profit and loss for the year includes revenue of Rs. 392.85 Lakhs and profit of Rs. 20.81 Lakhs of Indigo TX.
- c. LaserSoft Infosystems Limited ('LaserSoft'), 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 Lakhs. The excess purchase consideration paid over the net assets taken over to the extent of Rs. 3,069.83 Lakhs is recognised as goodwill. The subsidiary has accumulated profits of Rs. 1,716.02 Lakhs as at March 31, 2013 and the statement of profit and loss for the year includes revenue of Rs. 4,182.57 Lakhs and profit of Rs. 26.36 Lakhs of LaserSoft.

- 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 Lakhs. The excess of purchase consideration paid over the net assets of SFL properties to the extent of Rs 865.56 Lakhs is recognized as goodwill. The subsidiary has accumulated profits of Rs 20.42 Lakhs as at March 31, 2013.
- 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. 2,177.06 Lakhs is recognised as goodwill. The subsidiary has accumulated profits of Rs 790 Lakhs and the statement of profit and loss for the year includes revenue of Rs. 3,513.28 Lakhs and profit of Rs. 771.29 Lakhs.

#### 14. Deferred tax assets (Net)

Particulars	March 31, 2013	March 31, 2012
Fixed assets	12.09	14.99
Provision for doubtful debts	186.95	149.54
Others	400.83	314.96
<b>Total Deferred tax assets</b>	<b>599.87</b>	<b>479.49</b>

#### 15. Long-term loans and advances

Particulars	March 31, 2013	March 31, 2012
<b>Unsecured, considered good</b>		
Capital Advances	55.83	1,554.88
Security Deposits	1,627.57	1,853.18
Loans and advances to related parties (Refer Note - 22 for related parties transactions)	2,411.64	443.64
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	26.94	139.94
Loans to employees	697.88	639.01
Advance income tax (Net of provision for tax)	5,061.88	4,363.66
MAT credit entitlement	2,503.05	1,516.84
<b>Total Long term loans and advance</b>	<b>12,384.79</b>	<b>10,511.15</b>

#### 16. Other non-current assets #

Particulars	March 31, 2013	March 31, 2012
Balance with Bank as Margin money or security against borrowings, guarantees or other commitments#	-	1,500.00
<b>Total Other non-current assets</b>	<b>-</b>	<b>1,500.00</b>

# Refer Note 19 - Cash and bank balances.

**17. CURRENT INVESTMENTS**

Particulars	March 31, 2013	March 31, 2012
<b>Non- Trade Investments - (Unquoted)</b>		
<b>Investments in Mutual Funds</b>		
(At Cost or Market price whichever is Lower)		
Tata FIP Fund - Series B2 - IP - Monthly Dividend Nil units (March 31, 2012: 1,92,53,280.39 units) Face value: Rs 10.00 per unit	-	1,928.04
Reliance RSF - Debt - IP – Growth Nil units (March 31, 2012: 8,93,254.68 units) Face value: Rs 10.00 per unit	-	111.43
ICICI Prudential Interval Fund II - Quarterly Interval - Plan C - IP - Dividend Nil units (March 31, 2012: 10,001,548 units) Face value: Rs 10.00 per unit	-	1,000.18
Kotak Floater - ST - Daily Dividend Nil units (March 31, 2012: 79,31,505.25 units) Face value: Rs 10.00 per unit	-	802.37
Religare FMP - Series VIII - Plan F – Dividend 20,00,000 units (March 31, 2012: 20,00,000 units) Face value: Rs 10.00 per unit	-	200.00
HDFC FMP - 13M - Sep 2011 (18) - 1 - Quarterly Dividend Nil units (March 31, 2012: 40,00,000 units) Face value: Rs 10.00 per unit	-	400.00
Birla Sun Life Dynamic Bond Fund - Ret - Monthly Dividend 1,22,80,551.18 units (March 31, 2012: 87,02,899.09 units) Face value: Rs 10.00 per unit	1,296.75	914.58
HDFC FMP - 13M - Sep 2011 (18) - 1 - Quarterly Dividend Nil units (March 31, 2012: 29,99,990 units) Face value: Rs 10.00 per unit	-	300.00
ICICI Prudential Interval Fund - Annual Interval IV - IP – Growth Nil units (March 31, 2012: 17,15,751.46 units) Face value: Rs 10.00 per unit	-	200.00
ICICI Prudential FMP - S 59 - 1 Year - Plan B - Dividend Nil units (March 31, 2012: 20,00,000 units) Face value: Rs 10.00 per unit	-	200.00
ICICI Prudential Interval Fund - Annual Interval III - IP – Growth Nil units (March 31, 2012: 96,26,047.95 units) Face value: Rs 10.00 per unit	-	1,002.09
IDFC FMP - YS 58 - Growth Nil units (March 31, 2012: 40,01,511.41 units) Face value: Rs 10.00 per unit	-	400.15

Particulars	March 31, 2013	March 31, 2012
IDFC SSIF - Short Term - Plan B - Monthly Dividend 62,43,633.06 units (March 31, 2012: 59,75,903.88 units) Face value: Rs 10.00 per unit	638.52	610.45
Reliance Interval Fund - Monthly Series I - IP - Dividend Nil units (March 31, 2012: 100,00,000 units) Face value: Rs 10.00 per unit	-	1,000.00
Reliance FHF 21 - Series 13 – Growth Nil units (March 31, 2012: 21,67,840 units) Face value: Rs 10.00 per unit	-	216.78
Reliance FHF 21 - Series 2 - Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
Religare FMP - Series XI - Plan A – Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
Religare FMP - Series XI - Plan E - Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
SBI Magnum DFS - 367 Days - 11 – Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
Religare FMP - Series X - Plan E - Growth Nil units (March 31, 2012: 30,00,000 units) Face value: Rs 10.00 per unit	-	300.00
Reliance Interval Fund - Monthly Series I - IP - Dividend Nil units (March 31, 2012: 101,73,742.53 units) Face value: Rs 10.05 per unit	-	1,018.05
Birla Sun Life Cash Plus - IP Premium - Daily Dividend Nil units (March 31, 2012: 2,01,603.12 units) Face value: Rs 100.00 per unit	-	202.00
Birla Sun Life Floating Rate Fund - STP - IP - Daily Dividend 502,291.54 units (March 31, 2012: 10,66,505.47 units) Face value: Rs 100.00 per unit	503.11	1,066.72
Birla Sun Life FTP - Series FA - Growth Nil units (March 31, 2012: 100,00,000 units) Face value: Rs 10.00 per unit	-	1,000.00
ICICI Prudential Money Market Fund - Cash Option - Daily Dividend Nil units (March 31, 2012: 3,01,798.23 units) Face value: Rs 100.00 per unit	-	301.83
IDFC FMP - YS 61 - Growth Nil units (March 31, 2012: 2,190,133 units) Face value: Rs 10.00 per unit	-	219.01

Particulars	March 31, 2013	March 31, 2012
IDFC FMP - YS 62 - Dividend Nil units (March 31, 2012: 31,47,894.06 units) Face value: Rs 10.00 per unit	-	314.79
Reliance FHF 21 - Series 11 - Growth 10,000,000.00 units (March 31, 2012 : NIL units) Face value Rs 10.00 each	1,000.00	-
Kotak Floater - LT - Daily Dividend 11,188,315.14 units (March 31, 2012 : NIL units) Face value Rs.10.00 each	1,127.76	-
JPMorgan India Liquid Fund - Daily Dividend 5,734,106.62 units (March 31, 2012 : NIL units) Face value Rs 10.00 each	573.86	-
HDFC Short Term Opportunities Fund – Dividend 8,186,620.34 units (March 31, 2012 : NIL units) Face value Rs 10.00 each	821.86	-
Birla Sun Life Short Term Fund - Dividend 7,082,856.68 units (March 31, 2012 : NIL units) Face value Rs.10.00 each	827.83	-
Birla Sun Life Cash Manager - I P - Daily Dividend 1,001,235.83 units (March 31, 2012 : NIL units) Face value Rs. 100.00 each	1,002.40	-
DWS Ultra Short-Term Fund-Daily Dividend 17,308,692.82 units (March 31, 2012 : NIL units) Face value Rs .10.00 each	1,733.97	-
Templeton India Ultra Short Bond Fund - Super IP – Dividend 18,282,443.18 units (March 31, 2012 : Nil Units) Face value Rs 10.00 each	1,831.39	-
HDFC F R I F - STF - WP - Daily Dividend 15,162,544.7 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	1,528.52	-
UTI Treasury Advantage Fund - IP - Daily Dividend 141,381.28 units (March 31, 2012 : Nil units) Face value Rs 1000.00 each	1,414.12	-
Kotak Flexi Debt Scheme - Plan A - Daily Dividend 18,505,963.38 units (March 31 , 2012 : Nil Units) Face value Rs 10.00	1,859.39	-
IDFC SSIF - Short Term - Plan A - Monthly Dividend 4,077,026.76 units ( March 31, 2012 : Nil units) Face value Rs 10.00 per unit	411.19	-
Reliance Income Fund - Retail - G P - Growth 808,294.18 units (March 31 2012 : Nil units) Face value Rs 10.00 per unit	300.00	-
Religare FMP - Series XVI - Plan D - Growth 32,91,120 units (March 31, 2012 : Nil units) Face value Rs 10.00	329.11	-

Particulars	March 31, 2013	March 31, 2012
Birla Sun Life Savings Fund - Daily Dividend 11,22,042.00 units (March 31, 2012 : Nil units) Face value Rs 100.00 each	1,123.11	-
DWS Banking & PSU Debt Fund - Regular - Monthly Dividend 50,29,726.31 units (March 31,2012 : Nil units) Face value Rs 10.00 each	502.98	-
ICICI Prudential Flexible Income Plan - Regular - Daily Dividend 10,52,271.1 units (March 31,2012 : Nil units) Face value Rs 100.00 each	1,112.62	-
ICICI Prudential FMP - S 67 - 371 Days - Plan E - Direct – Growth 90,00,000 units (March 31,2012 : Nil units) Face value Rs 10.00 each	900.00	-
IDFC Fixed Term Plan - Series 14 - Regular - Growth 3,482,294.84 units (March 31,2012 : Nil units) Face value Rs 10.00 each	348.23	-
IDFC D B F - Regular - Quarterly Dividend 49,86,205.18 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	507.83	-
IDFC Ultra Short Term Fund - Regular - Daily Dividend 64,42,214.46 units (March 31,2012 : Nil units) Face value Rs 10.00 each	645.03	-
JPMorgan India FMP - Series 18 - Regular - Growth 50,00,000 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	500.00	-
Kotak FMP - Series 102 (374 Days) - Regular - Growth 4,136,660 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	413.67	-
Reliance Income Fund - Retail - Quarterly 1,444,189.3 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	195.76	-
Religare FMP - Series XVII - Plan B – Growth 30,00,000.00 units (March 31, 2012: Nil units) Face value Rs 10.00 each	300.00	-
Religare FMP - Series XVIII - Plan E - Growth 33,60,720.00 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	336.07	-
SBI Magnum Insta Cash Fund - Liquid Floater - Daily Dividend 39,788.5 units (March 31, 2012 : Nil units). Face value Rs 1000.00 each	401.83	-

Particulars	March 31, 2013	March 31, 2012
SBI Magnum Income - FRP - LT - Daily Dividend 60,05,156.78 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	604.70	-
Tata Liquid Fund - Plan A - Daily Dividend 75,789.54 units (March 31, 2012 : Nil units) Face value Rs 1000.00 each	844.69	-
UTI FTIF - Series XIV - Plan 8 - Regular - Growth 2,000,000 units (March 31, 2012 : Nil units) Face value Rs 10.00 each	200.00	-
UTI Floating Rate Fund - STP - Daily Dividend 37,396.13 units (March 31, 2012 : Nil units) Face value Rs 1000.00 each	402.71	-
<b>Total Current Investment</b>	<b>26,539.01</b>	<b>14,908.47</b>
Aggregate amount of unquoted investments	26,539.01	14,908.47

### 18. Trade receivables

Particulars	March 31, 2013	March 31, 2012
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured considered good	4,104.56	2,799.68
- Doubtful	2,189.26	2,043.79
Less: Allowance for bad and doubtful debts	(2,189.26)	(2,043.79)
	<b>4,104.56</b>	<b>2,799.68</b>
Other debts		
- Unsecured considered good	36,642.50	34,424.83
<b>Total Trade receivable</b>	<b>40,747.06</b>	<b>37,224.51</b>

### 19. Cash and bank balance

Particulars	March 31, 2013	March 31, 2012
<b>Cash and cash equivalent</b>		
Cash on hand	37.63	36.08
Balance with banks		
- On current accounts	12,034.35	12,807.87
- On deposit accounts*	8,415.60	9,321.15
- On unpaid dividend accounts	78.52	78.48
Less: Amount disclosed under non-current assets (Refer Note - 16. Other non-current assets)	-	(1,500.00)
<b>Total Cash and bank balance</b>	<b>20,566.10</b>	<b>20,743.58</b>

\* The balance on deposit accounts includes Rs. 1,500 Lakhs (March 31, 2012: Rs 1,500 Lakhs) which has been pledged as a security by the company for availing non-fund based facilities. The deposit carries interest rate of 7.25% per annum and the date of maturity is June 10, 2013.

**20. Short-term loans and advances**

Particulars	March 31, 2013	March 31, 2012
<b>Unsecured, considered good</b>		
Loans and advances to related parties (Also Refer Note – 22. Related parties transactions)	198.01	140.66
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	3,537.90	3,279.49
Loans to employees	1,029.39	759.98
Salary advance	293.59	320.45
Input tax credit receivable	273.29	164.79
Security Deposits	58.00	-
<b>Total Short term loans and advance</b>	<b>5,390.18</b>	<b>4,665.37</b>

**21. Other current assets**

Particulars	March 31, 2013	March 31, 2012
Revenues accrued and not billed	30,681.10	29,048.36
Other receivable	160.22	147.28
<b>Total Other current assets</b>	<b>30,841.32</b>	<b>29,195.64</b>

**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
4. Associate Stock Option Plan (Trust) 2011 ('ASOP Trust 2011')

**Key management personnel**

Mr. Arun Jain, Chairman and Managing Director

Particulars	Associates		Others	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>BALANCE DUE FROM RELATED PARTIES</b>				
<b>Long term loans and advances</b>				
<b>Loan to employee welfare trusts</b>				
Orbitech Employee Welfare Trust			411.64	443.64
ASOP Trust 2011			2,000.00	-
	-	-	<b>2,411.64</b>	<b>443.64</b>
<b>Short term loans and advances</b>				
<b>Loans and advances to related parties</b>				
Adrenalin eSystems	194.54	140.66		
NMS	3.47	-		
	<b>198.01</b>	<b>140.66</b>	-	-

Particulars	Associates		Others	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
<b>TRANSACTIONS DURING THE PERIOD</b>				
<b>Advances / Loan given</b>				
Adrenalin eSystems	75.00	180.00		
NMS	100.00	100.00		
	<b>175.00</b>	<b>280.00</b>		
<b>Advances / Loan repaid</b>				
Adrenalin eSystems	75.00	125.00		
NMS	100.00	103.33		
	<b>175.00</b>	<b>228.33</b>		
<b>Software development service income</b>				
Adrenalin eSystems	13.74	11.04		
	<b>13.74</b>	<b>11.04</b>		
<b>Software development expenses</b>				
Adrenalin eSystems	59.49	50.30		
	<b>59.49</b>	<b>50.30</b>		
<b>Reimbursement of expenses to the Company</b>				
Adrenalin eSystems	15.83	65.48		
	<b>15.83</b>	<b>65.48</b>		
<b>Reimbursement of expenses by the Company</b>				
Adrenalin eSystems	131.45	78.27		
	<b>131.45</b>	<b>78.27</b>		
<b>Interest income</b>				
Adrenalin eSystems	2.10	-		
NMS	3.41	3.33		
	<b>5.51</b>	<b>3.33</b>		
<b>Investments</b>				
NMS	-	80.80		
	<b>-</b>	<b>80.80</b>		

During the year, the remuneration paid to key managerial personnel is nil (Previous year - 0.74 Lakhs)

### 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, 2013 is Rs 1,214 Lakhs (March 31, 2012: Rs 1,369 Lakhs)
- ii) Claims against the Group, not acknowledged as debts includes:
  - a. Demand from Indian income tax authorities as at March 31, 2013 is Rs 8,433.95 Lakhs (March 31, 2012: Rs. 11,668.61 Lakhs). 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. 520.00 Lakhs as at March 31, 2013 (March 31, 2012: Rs 520.00 Lakhs);
  - c. Sales Tax demand from Commercial Tax Officer, Hyderabad is Rs. 98.00 Lakhs as at March 31, 2013 (March 31, 2012: Rs 98.00 Lakhs).
  - d. Service tax demand from Commissioner of Central excise, Chennai as at March 31, 2013 is Rs 58.26 Lakhs (March 31, 2012: 32.25 Lakhs);

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.

#### 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, 2013	As at March 31, 2012
Number of contracts	92	117
USD Equivalent	1,600	2,180
INR Equivalent	86,233	109,569

#### 25. Income from software services and products

Particulars	March 31, 2013	March 31, 2012
Income from software products	52,796.39	51,790.00
Income from software services	173,066.71	153,125.14
<b>Total Revenue from Operations</b>	<b>225,863.10</b>	<b>204,915.14</b>

The segregation of revenue between products and services is based on internal management reports and includes estimates / allocation as considered appropriate and certified / approved by the Company.

#### 26. Other Income

Particulars	March 31, 2013	March 31, 2012
<i>Interest Income</i>		
Interest received on deposits with banks	299.74	300.97
Interest on others	249.80	164.76
<i>Dividend Income</i>		
Dividends received on current investments - mutual funds	1,001.19	1,244.05
<i>Net gain/(Loss) from sale of investments</i>		
Profit on sale of current investments, net	599.84	403.81
Adjustments to the carrying amount of current investments;	(5.94)	(14.08)
<i>Other non-operating Income</i>		
Miscellaneous Income, Net	151.74	132.24
Profit / (loss) on sale of Fixed assets, net	1,117.55	2,397.84
<b>Total Other Income</b>	<b>3,413.92</b>	<b>4,629.59</b>

**27. Employee Benefit Expenses**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Salaries and incentive		
Salaries and bonus	141,316.76	121,059.50
Cost of technical sub-contractors	13,325.47	11,986.94
Contribution to		
Provident fund	2,983.80	2,643.85
Superannuation scheme	811.47	826.53
Other funds	1,881.07	1,873.12
Gratuity contribution scheme	616.77	616.66
Social security and other benefit plans for overseas employees	327.13	345.12
Staff welfare expenses	5,049.20	4,812.88
<b>Total Employee benefit Expenses</b>	<b>166,311.67</b>	<b>144,164.60</b>

**28. Other Expenses**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Payment to the auditors		
- auditor	51.00	49.00
- for other services	22.00	5.70
- for reimbursement of expenses	1.64	2.11
Cost of software packages, consumable and maintenance	1,229.97	3,535.48
Travelling expenses	9,189.75	9,410.80
Communication expenses	2,756.13	2,808.77
Professional and Legal charges	5,396.89	3,914.08
Power and fuel	2,331.32	1,894.28
Rent	3,770.93	3,416.78
Repairs - Plant and machinery	1,319.41	1,184.36
Repairs - Building	79.50	115.33
Repairs - Others	932.98	981.79
Business promotion	1,796.13	1,105.04
Office maintenance	1,002.14	989.58
Provision for doubtful debts	823.56	443.23
Bad debts / advances written off	678.09	842.29
Less: Out of provisions for earlier years	<u>(678.09)</u>	<u>(842.29)</u>
Insurance	332.15	309.07
Printing and stationery	212.75	263.94
Rates and taxes excluding Taxes on Income	323.13	235.22
Donations	226.67	228.85
Directors' sitting fees	16.28	16.94
Bank charges & commission	107.46	118.00
Miscellaneous expenses	952.79	777.27
Net Loss on foreign currency transaction and translation (other than considered as finance cost)	163.65	337.39
<b>Total other expenses</b>	<b>33,038.23</b>	<b>32,143.01</b>

**29. Finance Cost**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Interest expenses	249.08	170.55
<b>Total finance cost</b>	<b>249.08</b>	<b>170.55</b>

### 30. 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, 2013	Year Ended March 31, 2012
<b>Segment Revenues</b>		
Banking and financial services	203,502.21	187,454.71
Emerging verticals	22,360.89	17,460.43
	225,863.10	204,915.14
<b>Segment Profit before finance charges, unallocable expenses and tax</b>		
Banking and financial services	87,252.25	69,905.79
Emerging verticals	6,915.46	5,707.52
	94,167.71	75,613.31
Finance costs	(249.08)	(170.55)
Other unallocable expenditure net of unallocable income	(69,609.68)	(47,099.26)
<b>Profit before taxation</b>	24,308.95	28,343.50
Income taxes including deferred tax	(4,903.67)	(6,300.29)
<b>Profit after taxation</b>	19,405.28	22,043.21

Secondary Segment Information

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>Segment revenues</b>		
United States of America	109,854.94	93,004.09
Europe	52,387.69	56,692.60
Asia Pacific	33,495.27	36,878.47
India and Middle East	30,125.20	18,339.98
<b>Total Revenue</b>	<b>225,863.10</b>	<b>204,915.14</b>

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

**31. 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 and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>Obligations at the beginning of the year</b>	<b>2,446.67</b>	<b>1,978.78</b>
Obligations at the beginning of the year for the subsidiary acquired during the year	-	-
Current service cost	536.76	532.22
Interest cost	182.04	160.17
Actuarial (gain) / losses	(15.93)	(23.16)
Benefits paid	(313.69)	(201.34)
<b>Obligations at the year end</b>	<b>2,835.85</b>	<b>2,446.67</b>

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>Change in plan assets</b>		
Plan assets at year beginning, at fair value	796.38	466.72
Expected Return on plan assets	79.66	56.98
Actuarial gain / (loss)	4.58	(4.41)
Contributions	989.58	478.43
Benefits paid	(309.52)	(201.34)
<b>Plan assets at year end, at fair value</b>	<b>1,560.68</b>	<b>796.38</b>
Fair Value of plan assets at the end of the year	1,560.68	796.38
Present value of defined benefit obligations at the end of the year	(2,835.85)	(2,446.67)
<b>Asset/(Liability) recognized in the Balance Sheet</b>	<b>(1,275.17)</b>	<b>(1,650.29)</b>
<b>Gratuity cost for the year</b>		
Current service cost	536.76	532.22
Interest cost	182.04	160.17
Expected return on plan assets	(75.87)	(56.98)
Actuarial (gain) / losses	(26.16)	(18.75)

Particulars	Year Ended	Year Ended
	March 31, 2013	March 31, 2012
<b>Net gratuity cost</b>	<b>616.77</b>	<b>616.66</b>
Experience adjustments on plan liabilities	(15.93)	(23.16)
Experience adjustments on plan assets	4.58	(4.41)
Actual return on plan assets	84.24	52.57
<b>Assumptions:</b>		
Discount rate	7.95%	8.56%
Estimated return on plan assets	16.00%	16.00%

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
The present value of defined benefit obligation	1,978.78	1,714.78	1,459.63
Fair value of plan assets	466.72	194.46	42.61
Surplus/(deficit)	(1,512.06)	(1,520.32)	(1,417.02)
The experience adjustment on plan asset	2.89	-	-
The experience adjustment on plan liabilities.	(39.77)	(71.05)	(21.30)

The amount expected to be contributed to the gratuity fund in the next financial year is Rs. 359.54 Lakhs

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.

### 32. Discontinuing Operations

The Company on April 27, 2011 acquired 85.30% equity stake in Iden Trust Inc, a company engaged in the business of trusted Identity solutions and digital identity authentication services based in the United States. The total consideration for the acquisition was Rs. 8,812.50 Lakhs. The excess of purchase consideration over the net assets of Iden Trust Inc to the extent of Rs. 13,948.14 Lakhs has been recognized as goodwill. The financial statements include total assets and total liabilities of Rs 3,105.67 Lakhs and Rs 8,432.80 Lakhs respectively as at March 31, 2013 and total revenues, net loss and net cash outflow of Rs 6,186.44 Lakhs, Rs 2,127.50 Lakhs and Rs 1,227.95 Lakhs respectively for the year then ended based on unaudited financial statements of the subsidiary.

Iden Trust Inc. comes under CFIUS (Committee for Foreign Investment in United States) compliance regime. During the year, pursuant to an order received from the CFIUS, the board of directors have made a decision to sell its investment in IdenTrust Inc and are in the process of finalizing a prospective buyer and completing the transaction. Management is confident of being able to complete the transaction shortly and expects a positive return on such sale. Accordingly the management believes that the goodwill can continue to be carried at Rs 13,984.14 Lakhs and there is no requirement for any impairment provision. Further, as this transaction would qualify as an initial disclosure event, within the meaning of Accounting Standard 24, Discontinuing Operations, the loss / profit attributable to the discontinuing operations net of related income tax expense has been disclosed separately in the statement of profit and loss. The following table, summarises the revenues, profits, assets, liabilities and cash flows attributable to the discontinuing operations.

**(a) Revenue, profits and expenses attributable to discontinuing operations**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Revenue including other income	6,207.16	5,603.93
Employee benefit expenses	(4,128.38)	(3,690.11)
Other expenses	(3,822.67)	(2,045.43)
<b>Profit/(loss) from operating activities</b>	<b>(1,743.89)</b>	<b>(131.61)</b>
Finance costs	(63.19)	(42.23)
Depreciation and amortization expenses	(320.42)	(216.14)
<b>Profit/(loss) before tax</b>	<b>(2,127.50)</b>	<b>(389.98)</b>
Income tax expense	-	-
<b>Profit/(loss) after tax</b>	<b>(2,127.50)</b>	<b>(389.98)</b>

**(b) Assets and liabilities attributable to discontinuing operations**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Non-Current Liabilities</b>		
Long - term borrowings	57.81	233.95
<b>Current Liabilities</b>		
Trade payables	1,088.14	3,108.62
Other current liabilities	7,286.85	4,466.98
<b>Total liabilities</b>	<b>8,432.80</b>	<b>7,809.55</b>
Fixed assets	525.24	579.90
Goodwill	481.11	450.89
Long-term loans and advances	66.42	54.69
<b>Current Assets</b>		
Current investments	-	-
Trade receivables	823.42	1,136.60
Cash and bank balance	902.13	2,130.08
Short-term loans and advances	271.59	399.16
Other current assets	35.76	53.82
<b>Total assets</b>	<b>3,105.67</b>	<b>4,805.14</b>
<b>Net assets</b>	<b>5,327.13</b>	<b>3,004.41</b>

**(c) Cash flows attributable to discontinuing operations**

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Operating activities	(1,055.20)	549.48
Investing activities	(235.03)	(509.17)
Financial activities	62.28	(131.12)
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(1,227.95)</b>	<b>(90.81)</b>

**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, 2013	Year Ended March 31, 2012
Lease payments for the year	3,024.77	2,571.89
<b>Minimum Lease Payments:</b>		
Not later than one year	1,790.21	2,180.72
Later than one year and not later than five years	3,775.27	3,440.49
Later than five years	778.05	1,142.65
<b>Total</b>	<b>6,343.53</b>	<b>6,763.86</b>

#### 34. Earnings per Share ("EPS")

##### Reconciliation of basic and diluted shares used in computing EPS

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
i) Weighted average number of equity shares outstanding during the year - For basic EPS	99,473,789	99,323,973
Add: Effect of dilutive shares - Stock options granted under ASOP	196,164	334,900
ii) Weighted average number of equity shares outstanding during the year - For diluted EPS	99,669,953	99,658,873
iii) The net profit for the period attributable to equity shareholders - For basic and diluted EPS	20,080.32	22,070.86
Earnings per Share (in Rs.)		
Basic earnings per share (iii)/(i)	20.19	22.22
Diluted earnings per share (iii)/(ii)	20.15	22.15

#### 35. Prior year Comparatives

Previous year figures have been regrouped / reclassified, wherever necessary to conform to current year presentation.

As per our report of even date

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

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

**per Subramanian Suresh**  
Partner  
Membership No. 083673  
Chennai  
April 27, 2013

**Arun Jain**  
Chairman & Managing Director

**R.C. Bhargava**  
Director

**Natarajan Narayanasamy**  
Group Chief Financial Officer  
Chennai  
April 27, 2013

**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

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	43.72	168.32	10,813.94	13,227.70	2,376.98	131.54	16,647.27	1,197.60	172.02	1,025.58	Nil
2	Polaris Software Lab Limited	United Kingdom	GBP	82.23	731.02	6,457.25	11,181.36	3,993.09	-	18,647.14	1,280.79	323.90	956.89	Nil
3	Polaris Software Lab SA	Switzerland	CHF	57.00	199.50	1,468.43	2,254.56	586.63	-	1,344.58	546.67	97.91	448.76	Nil
4	Polaris Software Lab GmbH	Germany	EUR	69.50	417.00	461.67	1,215.09	341.53	5.11	928.36	72.48	23.16	49.32	Nil
5	Polaris Software Pty Limited	Australia	AUD	56.63	14.16	2,290.82	4,398.97	2,094.00	-	6,147.96	520.39	156.36	364.02	Nil
6	Polaris Software Lab Ireland Limited	Ireland	EUR	69.50	122.45	2,005.25	2,604.93	752.04	274.81	1,715.83	281.15	40.19	240.97	Nil
7	Polaris Software Lab Japan KK	Japan	JPY	0.58	115.36	1,291.46	2,206.63	799.81	-	4,053.88	293.90	114.96	178.94	Nil
8	Polaris Software Lab Canada Inc	Canada	CAD	53.44	262.29	1,205.14	5,596.00	4,128.57	-	10,196.47	959.40	254.63	704.77	Nil
9	Polaris Software Lab BV	Netherlands	EUR	69.50	13.90	22.17	581.23	545.16	-	760.23	(6.95)	7.53	(34.48)	Nil
10	Polaris Software Lab Limitada	Chile	CLP	0.12	6.77	(9.22)	768.30	770.75	-	1,442.41	99.63	23.37	76.26	Nil
11	Polaris Software Lab (Shanghai) Ltd	China	CNY	8.72	57.84	(275.67)	90.03	307.86	-	96.66	(156.47)	-	(156.47)	Nil
12	Polaris Software Lab Inc	US	USD	54.29	3,803.01	(1,735.86)	5,042.02	2,974.86	-	3,509.74	807.12	39.42	767.70	Nil
13	Polaris Retail Infotech Limited	India	INR	1.00	900.00	(467.93)	1,607.40	1,175.32	-	945.35	(94.96)	-	(94.96)	Nil
14	Optimus Global Services Limited	India	INR	1.00	46.85	(109.80)	87.05	149.99	-	1.06	(18.90)	-	(18.90)	Nil
15	SEEC Technologies Asia (P) Ltd. *	India	INR	1.00	349.90	1,467.66	2,570.93	753.37	-	665.95	88.64	39.60	49.04	Nil
16	LaserSoft Infosystems Limited	India	INR	1.00	783.13	2,711.61	8,861.22	5,366.48	-	4,182.57	43.10	16.73	26.36	Nil
17	Polaris Software Lab Vietnam Co. Ltd	Vietnam	VND	0.0027	24.30	(122.90)	117.53	216.13	-	213.71	19.27	-	19.27	Nil
18	Polaris Software Lab Sdn Bhd	Malaysia	MYR	17.52	0.01	0.05	0.15	0.09	-	0.25	0.06	-	0.06	Nil
19	SFL Properties Private Ltd	India	INR	1.00	100.00	20.42	638.76	518.34	-	-	-	-	-	Nil
20	Indigo TX Software Pvt Ltd	India	INR	1.00	39.70	394.27	562.38	128.41	-	393.26	40.03	19.21	20.81	Nil
21	Polaris Software Lab FZ LLC	Dubai	AED	14.78	221.70	794.50	6,238.67	5,262.47	-	9,313.58	841.55	-	841.55	Nil
22	Polaris Software Lab (Philippines) Company, INC	Philippines	PHP	1.34	114.24	(186.70)	110.53	182.99	-	0.00	(149.51)	(61.01)	(88.50)	Nil
23	Iden trust Inc	US	USD	54.29	6.41	(5,333.53)	1,978.89	7,306.01	-	6,173.25	(2,124.84)	-	(2,124.84)	Nil
24	Sonali Polaris FT Ltd	Bangladesh	BDT	0.71	535.20	(593.90)	304.93	363.63	-	(579.19)	-	-	(579.19)	Nil
25	Fin Tech Grid Limited	India	INR	1.00	5.00	-	5.64	0.64	-	-	-	-	-	Nil
26	FT Grid Pte Ltd	Singapore	SGD	43.72	0.04	-	0.04	-	-	-	-	-	-	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 31.03.2013

\* A subsidiary of Polaris Software Lab Inc., USA (Formerly known as Intellect SEEC Inc.)

## **MANAGEMENT DISCUSSION & ANALYSIS**

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## SECTION A

### Management Discussion & Analysis

While there is uncertainty and softness in global economic environment, none the less, trends and forecasts for IT services and Products are quite encouraging. Presented below are the relevant excerpts of summary of the forecasts and analysis of the research in the areas relevant to Polaris' business from various reputed global analysts.

Total IT spend last year hit \$3.6 trillion, Gartner said, representing a 2.1 percent gain over the prior year. In 2013, that spend will go up to \$3.8 trillion, a rise of 4.1 percent. **Things will get even better for the IT sector in 2014, when spend, according to the research firm, is expected to hit \$3.9 trillion.**

Enterprise software spend, for instance, is expected to top \$297 billion, up by 6.4 percent over 2012, which saw the spend increase by 3.5 percent. IT services – inclusive of cloud services, outsourcing, maintenance and consulting – is expected to climb 4.5 percent to \$918 billion, a significant increase over the 1.5 percent growth curve in 2012. As the economy continues to grow, businesses are looking for technologies that give them greater agility and flexibility to capitalize on sales and revenue opportunities.

Worldwide IT Spend Forecast (Billions of U.S. Dollars)

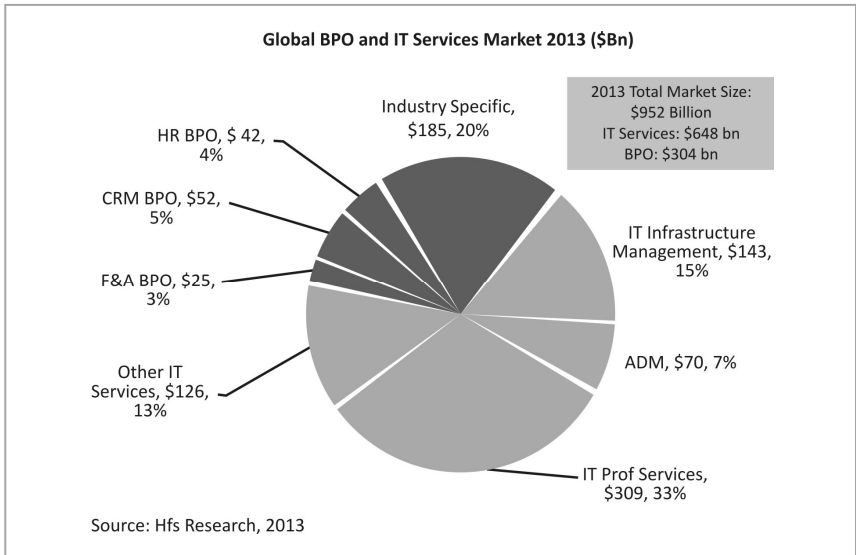
	2012 Spend	2012 Growth (%)	2013 Spend	2013 Growth (%)	2014 Spend	2014 Growth (%)
Devices	665	9.0	718	7.9	758	5.7
Data Center Systems	141	1.9	146	3.7	152	4.0
Enterprise Software	279	3.5	297	6.4	316	6.7
IT Services	878	1.5	918	4.5	963	4.9
Telecom Services	1,655	-0.4	1,688	2.0	1,728	2.4
Overall IT	3,618	2.1	3,766	4.1	3,917	4.0

Source: Gartner (March 2013)

### Global IT Services

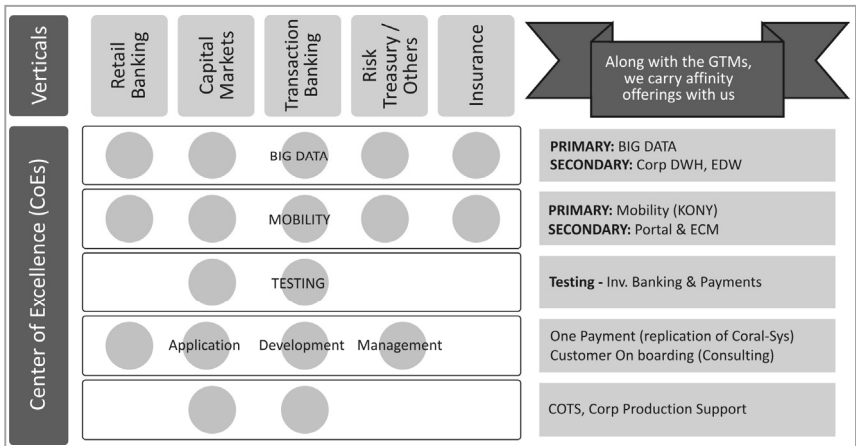
**The Global IT Services industry holds significant opportunities** for industry players due to increase in IT spend across various industries. There has been considerable traction in **traditional segments – custom application development, application management, IS outsourcing and software testing**. There has been increased acceptance from mature segments such as **BFSI, US, and large corporations, and emerging verticals, SMBs, Asia Pacific and RoW**.

According to Gartner's worldwide IT spend report, "IT services – inclusive of cloud services, outsourcing, maintenance and consulting – is expected to climb 4.5 percent to \$918 billion, a significant increase over the 1.5 percent growth curve in 2012 and is predicted to grow by 4.9 percent to touch USD \$963 billion in 2014". North America, with 42% of the global market share, dominates the highly fragmented global IT services industry. The APAC IT services industry is expected to register the highest growth rate among all regions during the forecast period and lead the industry. HFS research predicts that outsourcing expenditure is mushrooming at the warp-speed clip of 4% this year to surpass \$950 billion, and expected to average a 5% clip each year through 2017.



The purpose of Polaris Financial Technology is **'to Build, Maintain, Expand and Extend highly complex & Integrated Financial Technology Infrastructure'**.

Based on market trends and demand, for **FT Sourcing**, Polaris has adopted a robust **5X5 'Go to market'** strategy to drive growth. The growth components are depicted below:



**Global IT Products**

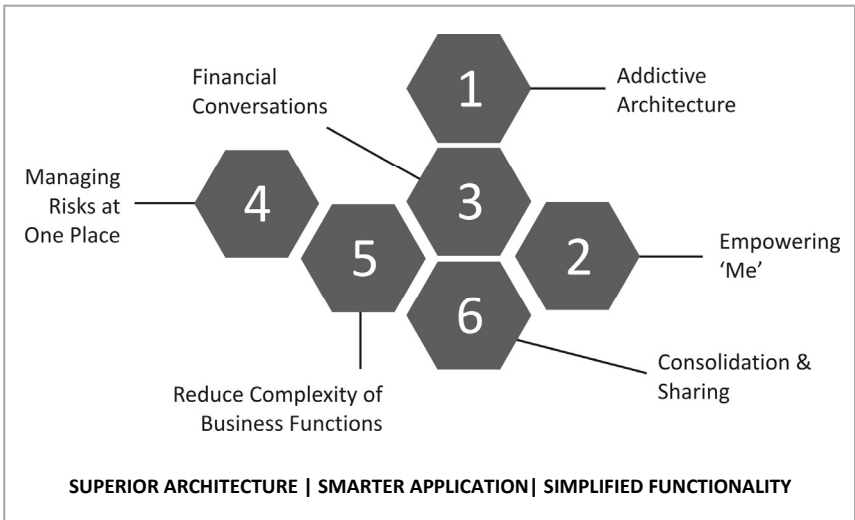
The growth of the software product industry has leapfrogged in recent years signaling a significant transformation in this area. According to a recent survey by Gartner, the worldwide software spend will increase modestly worldwide through the 2014 budget year. Developing countries with immature IT infrastructure, such as Eastern Europe, Latin America and Asia/Pacific, will experience the largest budget increases in software spend. New software licenses continue as an

important priority in emerging and mature regions in 2014. Less mature regions, with little or no infrastructure, will typically spend more on new software licenses, while more mature regions with mature infrastructure tend to spend more on software maintenance and support (including license updates and/or technical support).

The domestic software products segment reached a staggering Rs.180 billion in FY2012, a growth of ~13 per cent over FY2011. This segment is being driven by the need to replace legacy systems and technology advancements around Cloud, Mobility, etc. In 2013, **the total Indian software market was estimated to be in the range of USD \$2.2 billion. The total market opportunity in software products for Indian companies, comprising exports and the domestic market, is estimated to be USD 10 billion by 2020.** NASSCOM firmly believes that product companies and start-ups are the next growth engines for the industry and will contribute significantly in realizing the vision outlined for the industry.

**FT-Intellect® growth is being driven by well established Intellect GTB, fast maturing Intellect Core Banking, Treasury and Capital Markets and emerging Intellect Insurance solutions. Driven by conceptual clarity and a lifecycle value delivery commitment!!!**

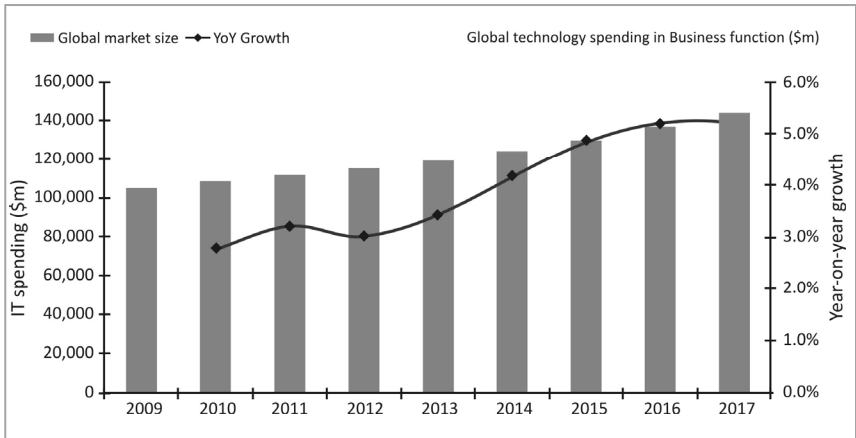
**Intellect promise is to drive unprecedented productivity by connecting Business Technology and Operations through Polaris proprietary “COMPLEXITY REDUCTION” Framework – 6 Elements which drive the simplification of highly complex systems and processes, by leveraging current technologies as represented below.**



### Retail Banking

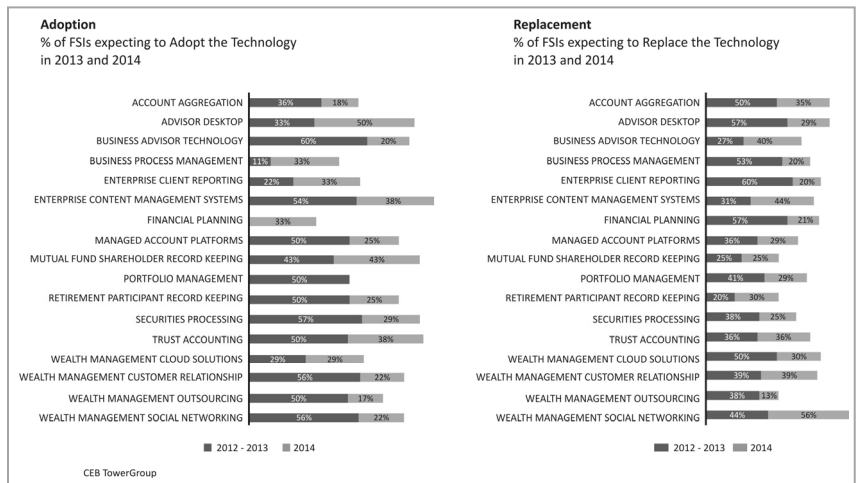
**According to Ovum's technology market sizing and forecasting model – Retail Banking Technology spend through 2017**, IT spend growth in the global retail banking industry is expected to accelerate in 2013 and grow at **a rate of 3.4%, up from 3% in 2012**. The growth rate is also expected to gradually accelerate **from 4.2% in 2014 to 5.2% in 2017, hitting \$143.5bn by the end of 2017**. This overall growth is driven by economic recovery and a consequently stronger focus on sales and servicing activities and also by the need to update banking systems to comply with forthcoming regulatory requirements.

The economic outlook looks more positive, so more backlogged IT projects are likely to start and there should be a number of new initiatives, especially around digital channels. All emerging markets are expected to grow at a healthy rate, as the focus on business development is at strongest level seen since the financial crisis.



**Treasury & Capital Markets (TCM)**

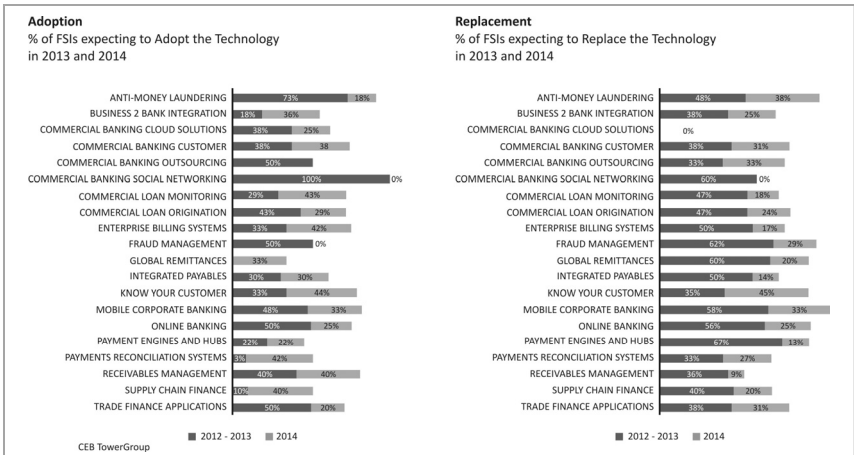
**Treasury and Capital markets (TCM) firms continue to grow** and are in a resurging phase. Vendor market share in capital markets reached approximately US\$1.1 billion in 2012 and is **expected to grow till 2017**. As functions of the capital markets industry move further toward real time, collaboration between financial institutions and service providers will be an important measure of success. **Majority of the firms will concentrate towards Basel III, FATCA, and Dodd-Frank Act in the coming years. Leading capital markets firms are making targeted investments in pre-trade technologies, risk management tools, and data management applications.**



### Global Transaction Banking (GTB)

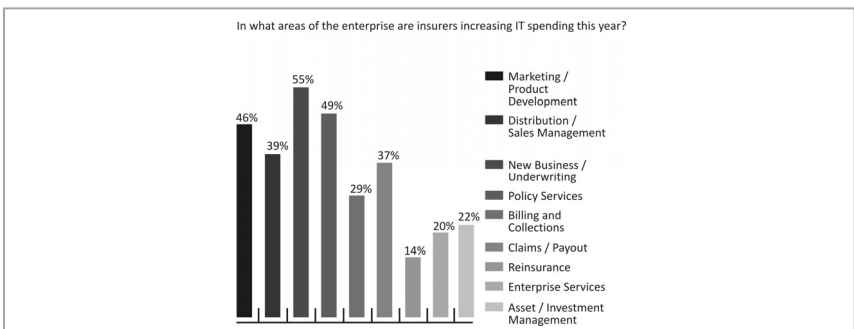
Commercial Banking industry revenue is expected to reach \$635.6 billion by the end of 2013 at an annualized rate of 3.2%. **Key focus area for Banks is to develop new Payment and Cash Management capabilities. 46% of the Transaction Banking Technology budgets are allocated to new technology initiatives.** US and APAC will be primary focus for Transaction Banking Initiatives. Majority of the banks have reorganized their banking operations in the last three years to improve competitiveness and around 43% of the reorganization was carried out in 2012.

In terms of IT spend, at least 39% of financial services IT experts affirm their commercial banking companies spend an annual average higher than US\$500,000 on enterprise billing systems, global remittances, payment engines and hubs technologies. In addition, 60% of financial services institutions expect spend on online banking technologies to increase by 2015, says CEB Tower group.



### Insurance

Total insurance IT spend across North America, Europe, and Asia-Pacific will grow to \$140.2 billion in 2013, according to Celent, which represents an increase of 3.0 percent over 2012 spend. The increase is slightly lower than the 3.5 percent IT spend growth increase experienced in 2012. European and North American financial institutions currently account for 73.2 percent of the global IT investments by insurance companies. Firms in the Asia-Pacific region account for 20 percent, Latin America accounts for 3 percent, and the Middle East / Africa / Commonwealth of Independent States account for the remaining 3.8 percent.

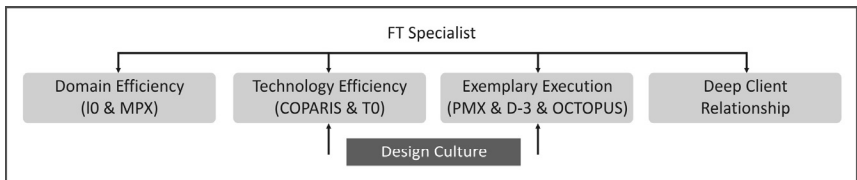


The insurance industry saw low premium growth in 2012, continuing a trend that began in 2009. As a result, technology has become an important part of an insurer's strategy to become more operationally competitive and financially strong. In many ways, technology has truly revolutionized the industry as it helps insurers overcome longstanding issues that impede growth, service and cost containment.

**POLARIS DIFFERENTIATOR**

Polaris establishes differentiation in the market place based on its **strong domain capabilities, unique frameworks/methodology/tools and rich technology practices.**

Polaris blends deep **Domain, Design, Delivery and Relationship Management** expertise to establish differentiated FT specialist positioning in the market place to win new customers and to have delighted customers



Structured (L0) Approach	Framework Based Solution Engineering	Execution Framework	Governance
<ul style="list-style-type: none"> <li>• Effective requirement Management for minimum in Scope CRs</li> <li>• Comprehensive Test Management for improved FTR</li> </ul>	<ul style="list-style-type: none"> <li>• COPARIS based technology adoption analysis</li> <li>• NFR - Comprehensive capture of Implied and Non functional requirements</li> </ul>	<ul style="list-style-type: none"> <li>• D-3 OTIF (On Time in Full) - Innovative use of Goldratt's principle</li> <li>• ITIL Based Service Delivery - Use of certified processes from ISO 20000</li> </ul>	<ul style="list-style-type: none"> <li>• 3-IN-A-BOX Model (Relationship, Solution, Delivery)</li> <li>• Multi Dimensional Customer Connect</li> </ul>

**FT Specialist framework is aimed at delivering 15% to 30% enhanced solution engineering and delivery efficiency with the ADMS activities associated with the complex Financial Technology Solutions!**

**DOMAIN EFFICIENCY**

Polaris has created a proprietary framework “**Master Process Exchange**” (MPX) to drive Domain Efficiencies through **Business Process Mapping, Effective Requirement Gathering, Comprehensive Test Management and Minimized Change Control.**

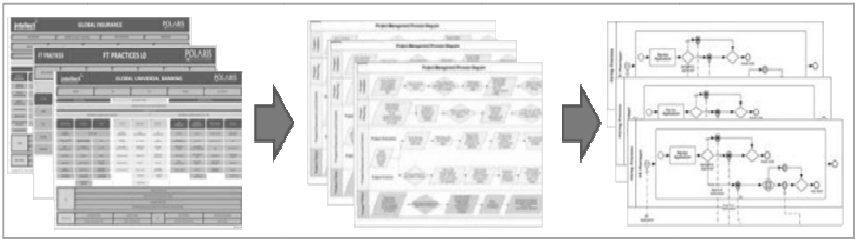
The MPX framework is an essential bridge between **Business and Technology functions and Operation Functions, providing**

L0 - Single page view of high level functional architecture

L1 - First Level of functional and process decomposition

L2- Second Level of functional and process decomposition

Business Scenarios - Created using the processes and sub-processes identified in L0, L1, & L2



MPX is for classifying, storing, and organizing Process Information constituting an identified Business Area covering the breadth and depth of the numerous modules in the Banking environment.

Leveraging efficiency:

1. **Business Process Mapping Efficiency – 3~5 % gain**
2. **Requirement Management Efficiency – 5 ~ 7% gain**
3. **Comprehensive Test Management and improved throughput – 2 ~3 % gain**
4. **Improved Change Control process – 2 ~ 3 % gain**

#### TECHNOLOGY EFFICIENCY THROUGH DESIGN THINKING

Polaris has created a proprietary framework '**COPARIS - A consistent strategy for delivering high quality solutions**' which works on the principles of Patterns and Anti Patterns to comprehensively capture both implied and non-functional requirements. **This revolutionary and proven framework developed by Polaris has consistently enhanced business-technology-operation throughput, while driving down TCO in Financial Technology Solutions.**

This framework comprises 7 attributes that have a significant bearing on the quality of a solution, helps in delivering the stated and unstated needs of a business imperative through accuracy, timeliness, throughput and smart solutions. This unique differentiator helps to understand the dimensions, which needs to be looked at before proposing a solution and enables us to decide on the expectations and probability of success associated with a solution.



**Enhanced CUSTOMER EXPERIENCE**

**OPERATIONALLY EFFICIENT system**

**PERFORMANCE in real time environment**

**ANALYTICAL ABILITY to provide controllership and effective decision making**

**RISK identification and mitigation capability**

**INTEGRATION CAPABILITY with existing ecosystem providing Straight through Processing**

**SECURITY framework consistent with an organization's data and access security requirements**

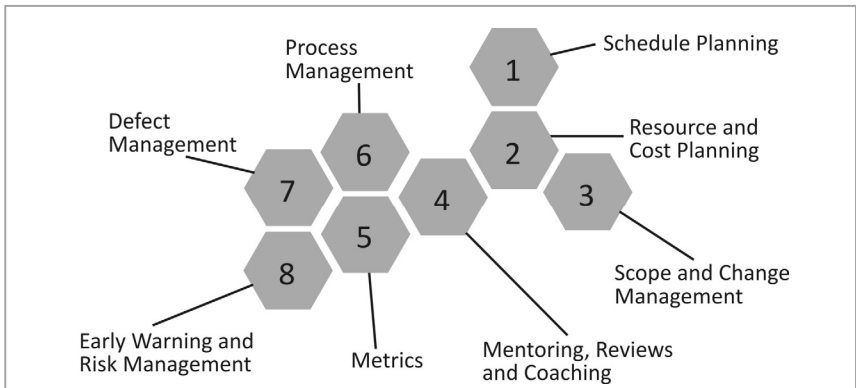
1. **Facilitate patterned framework for creating optimized architecture and design for new solutions: assured efficiency gain to the tune of ~5 to 8%**
2. **Assess efficiency of existing applications based on assessment model and enhance the efficiency: assured efficiency gain to the tune of ~8 to 15%**

#### **EXEMPLARY EXECUTION**

#### **Project Management Exchange (PMX) | D-3 OTIF | Transformation Technology (OCTOPUS)**

Polaris leverages **unique blend of Innovative frameworks, methodologies, tools and enablers** and ensures customer delight through superior project execution.

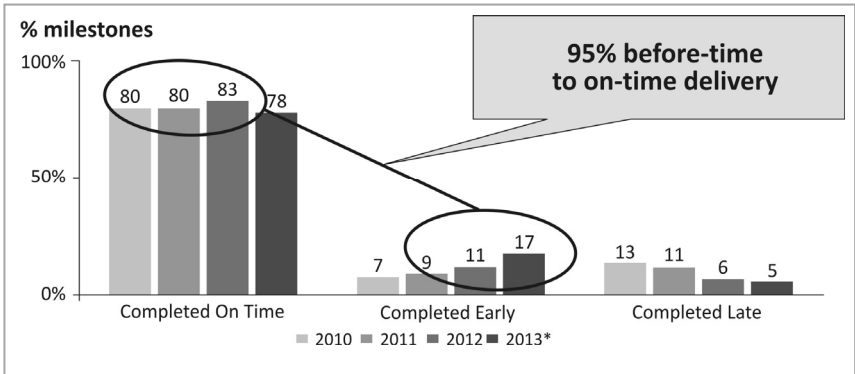
**Project Management Exchange (PMX):** A project management platform integrating schedule planning, resource and cost planning, defect management, scope and change management, metrics management, process management, early warning and risk management. This platform also enables real time status updates.



#### **D-3 OTIF (on time in full) - putting process excellence to work driven through 9 guiding principles**

D - 3 OTIF (On Time In Full) - one of Goldratt's manufacturing principles is innovatively adapted to drive delivery efficiency through on time and accurate execution of customer delivery milestones. Successful on time delivery prompted us to exceed customer expectations through early delivery or D-3 OTIF. Currently 95% of our projects are delivered on time and 17% are delivered early.

**Track key milestones**



Set interim milestones during a Project Lifecycle and measure progress against them.

- Plan a minimum of 4 milestone tasks in a month
- Track progress against plan
- Report completion status

**Octopus is a Transformation Technology** for a collaborative, transparent and design – diagnostics – delivery focused workplace.

Octopus was launched as a socio collaborative workspace early this year and resonates the theme of 'Integrate, Innovate and Motivate'. While each associate in the organization has a personalized corporate space on Octopus, all projects / accounts in the organization find a place on Octopus through project and account rooms. Power of expertise is harnessed through domain and technology circles.

Customer objectives, milestones, change requests, reviews, actions and performance dashboards all seamlessly integrated to provide a 360 degree view of the project enabling D-3 OTIF – our cornerstone for delivery efficiency.

**Integration of Project Management Exchange (PMX) with Octopus drives project management efficiency.**

**Target by 2015: 60% of the projects delivered ON Time and 40% of the projects delivered ahead of time thereby delivering cycle time gains upto ~10%**

**DEEP CLIENT RELATIONSHIP**

Polaris has an Integrated Relationship Management framework for repeatable, predictable and profitable growth – 3 in a box model – Account Management | Delivery Management | Solution Management. This model deepens the client relationship and ensures

- Complete clarity in defining 'go to' person in Polaris for client managers
- Team of SMEs to coordinate with Vertical Solutions and Horizontal Practices to maximize value creation for client
- Adherence to Quality and Governance processes - consistent quality of deliverables

## RESEARCH & INNOVATION CULTURE - 'FT8012' TO DESIGN INNOVATIVE FUTURE SOLUTIONS

8012 FT Design Center is the world's first Center dedicated to Financial Technology and is spread over 30,000 sq. ft at Polaris in Chennai. The Center is the culmination of over two decades of the company's singular focus on the Banking and Financial Services vertical and stands testimony to Collaborative Design emerging as the next big game changer for Financial Technology and Financial Institutions.

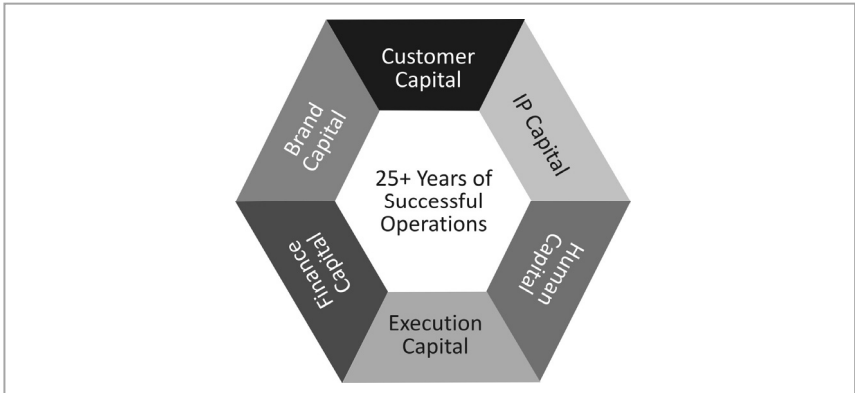
The Center is equipped with a holistic array of product offerings, domain-rich solutions, proprietary frameworks and methodologies to craft impactful solutions. The entire physical space is designed uniquely to stimulate the collective genius of diverse teams, expand their thinking and explore possibilities. The Center launched five major technologies that can enable banks deliver superior customer experience and unprecedented operational productivity. These include:

- Master Process Exchange (MPX) technology to connect business and technology
- Canvas technology that is envisaged to drive front-office efficiencies
- Hub technology that will drive back-office efficiencies
- Workplace technology that will bring out the collective genius of diverse teams
- FT Grid technology for inclusive and exclusive banking

The Design Center, 8012, is interestingly named after the coordinates of its location, 80° longitude 12° latitude in Chennai, India, and brings together Collaborative Design spaces, Research labs and Strategic Design rooms along with Intellectual Property assets in a comprehensive and engaging manner. The Center aims to provide a holistic ambience to bring business, operational and technology agenda together, unearth the white spaces and connect the dots seamlessly.

## BUILDING ENDURING ENTERPRISE VALUE

The company's enterprise cuboid is envisaged around 6 robust capitals namely



1. Customer Capital
2. IP Capital
3. Human Capital
4. Execution Capital
5. Finance Capital
6. Brand Capital

**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 Top 10 Global Banks, 7 out of the Top 10 Insurance companies and have a total of over 280+ satisfied customers worldwide.

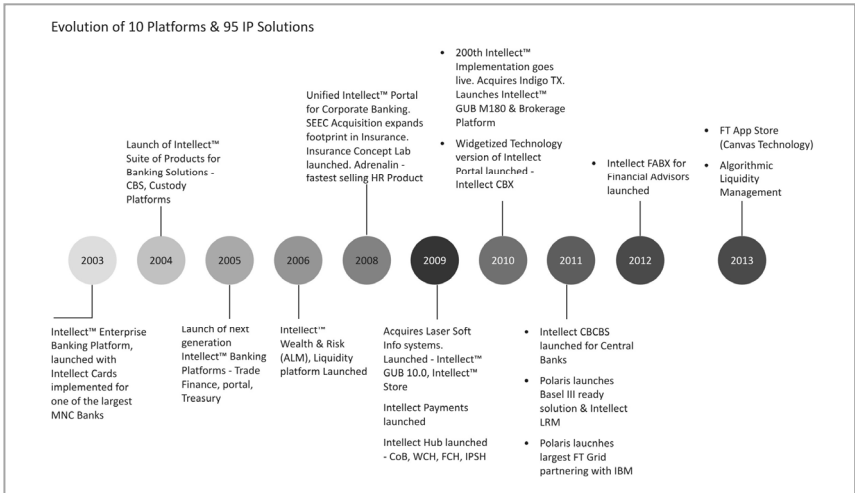
**INTELLECTUAL PROPERTY CAPITAL**

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.

**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, centers 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

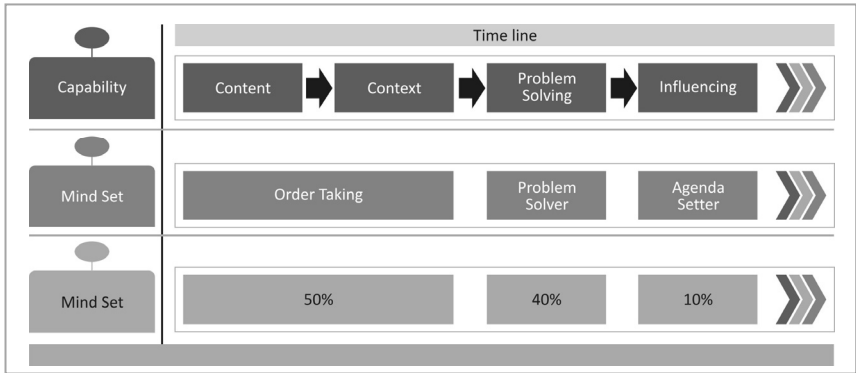


**HUMAN CAPITAL**

'Unleashing Human Capital through **Workforce capability and competency spectrum** and a culture of Continuous Learning and Innovation'.

The philosophy of managing the Human Capital to balance the **Capability – Mindset – Distribution** to deliver high quality delivery without compromising on the Value and Culture.

- Enhance the Capability of the People from Content / Content Creators to Problem Solvers & Influencers at the client place
- Changing the mindset from Order Takers to Agenda setters
- Right size the people distribution across Run and Change Agenda



The Human Capital framework defines the tenets key to Polaris’ unique and vibrant culture which is ingrained in every associate.

**Expanding Thinking Process:** Lakshya is a ‘collective visioning’ exercise where the objectives, goals and the priorities of the organization are aligned to reach our aspirations in the journey of Financial Technology Leadership. This is a unique forum, where every associate comes together to shape Polaris' future direction.

**Expanding the Doing Capacity**

The competence of Polaris’ 13,000 plus associates is the key in making it the Market Leader in Financial Technology. Hence, we keep investing, both in terms of money and time for their overall development. Polaris has established the School of Financial Technology (SoFT) for domain-specific training, and its arm, Nalanda, for all job-related and personality development training.

**SoFT:** offers Certificate full syllabus courses at ‘primer’ and ‘practitioner’ levels, Executive fast-track modules in Retail, Investment & Corporate Banking, Customised Workshops.

**Nalanda** imparted over 60,000 man-days of training. With a competency based career focus, learning and development is aligned with key business goals along with the creation of a common culture and value system, which not only enhances their personal skills, but technical skills too, thereby creating a cross-utilization associate structure.

**High Performance Community - Konark**

‘Konark’ has been a flagship initiative of Polaris and has been synonymous with the organization. It is a symbol of energy and excellence. It is an exclusive community of high performers who are chosen to lead the organization through transformation and change. They are the brand ambassadors of Polaris. Associates identified as Konarks are the spokespeople for the organization and those who ensure value sustenance in the organization.

## Learning and Innovation

Polaris has used innovative and contemporary financial technology to continually build expertise and deliver efficiency. Polaris successfully conducted the first ever 'Polaris Financial Technology E-Conference', bringing together analysts, partners, customers, industry leaders and associates across 3 continents and 4 time zones.

IP - Encapsulation of the best practices into a cutting edge and world class product suite, Global Universal Banking (GUB). Polaris' products and platforms are branded as Intellect®.

## Removing Limiting beliefs & Core Values

The building blocks for the brand have been classified under 3 key heads: Knowledge, Leadership & Values.

**Knowledge:** Content | Context | Connect | Communicate

**Leadership:** Remove Conflicts | Remove Limiting Beliefs | Reinforce Positives | Risk Taking

**Values:** PHIR fun - Passion | Humility | Integrity | Respect and Fun! Acronym used to depict the core values of Polaris

Total head count of employees as on March 31, 2013: 13,076

## FINANCE CAPITAL

While the global IT spend growth expected to continue, the optimization of strengths by global financial institutions continues to remain. The company is heading in the right direction and making the right investments into sales, marketing and research. FY13 saw transformation in the financial reporting structure with more metrics and data points being published. Focus is on at debtor's collection through on-time in full delivery. The journey towards improving the cash position continues with achievement of cash & cash equivalent position at 490 Cr in FY13. Many strategies are being rolled out to further increase revenues from all streams.

At this juncture, Polaris is happy to state that the revenue has registered a YoY growth of 10%.

## BRAND CAPITAL

Polaris is steadily building a formidable brand as a Leading Player in Financial Technology.

Polaris occupies a unique position of being a full-spectrum player in Financial Services, with its treasure trove of intellectual property as well as products and service offerings that are designed to connect business, technology and operations. This vital connect reduces complexity in the financial landscape, enabling the company to leverage its superiority in design thinking architecture and functionality to deliver simply unprecedented productivity. In Polaris 3.0, when Intellect was just beginning to get the attention of the market place, the brand set for itself a very big goal of making to the consideration set of any global or regional leader looking for a business-technology solution that would drive serious competitive advantage. The company deployed specific marketing levers to support the Business solution centers as well as the Relationship centers in positioning the complete suite of products and services in chosen markets. Today, the funnel of almost \$800 million is testimony to the fact that the Polaris brand is privileged to enjoy a strong mind share in the global market place and a "must-have" in the transformational agenda of many Financial Institutions.

Polaris' full spectrum of service and offerings for the Financial Services vertical is positioned across major global Banking and Insurance events such be it Sibos, the Banking world's greatest event for Transaction banking or Nacha, again the Mecca of the Payments arena or the Acord Loma, the flagship event for Insurance majors. In addition to Polaris' strong presence in such events. Polaris also holds its signature event "Convergence" in New York, London, Middle East, Africa, Singapore, Japan, Australia and India that serves as a fantastic platform for the customers and prospects to get a first hand feel of the immense value-creation offered by the domain specialisation in Polaris.

This year was a landmark moment for the company's illustrious 2-decade journey in the Financial Services world. Polaris launched the world's first Design Center FT 8012, dedicated to Financial Technology. The center was launched in March by Michael Harte, Group CIO for the Commonwealth bank of Australia and one of the most respected Industry leaders. The center comprises 7 proprietary research labs that showcase serious design differentiation that the company can bring to its customers. Besides comprehensive solutions for the micro verticals in the Banking and Insurance space, the center provides a phenomenal environment for cross functional groups to come together and collaborate to explore white spaces, connect the dots and forge seamless connects between business, operations and technology functions. The company launched five next-generation technologies that are expected to drive Future Banking. The center is proud to host some of the best brains in the Banking and Insurance vertical, besides market Analysts, Researchers, International Media and the student fraternity and is a vital proof point of Polaris' potential to dominate the 'transformational' space in the years to come.

The strength of the Polaris brand has another major validation from one of the most independent stakeholders namely the Research Analysts. Major global research houses such as Everest, Forrester and Aite continue to place us amongst international market leaders. Everest has rated Polaris as a 'Major Contender' in its Peak Matrix among Capital Markets application Outsourcing Service Providers. Polaris-Intellect features as a 'strong performer' among the select seven in Forrester Banking Wave. Polaris is rated in the Wealth Management space along with top 12 vendors in its report 'European and Asia-pacific Wealth Management Technology Players: Positioning to Capture Regulatory Bounty'. In addition to this, Polaris-Intellect was ranked, for the 3rd consecutive year, as a Leader in the Gartner MQ (Magic Quadrant) for International Retail Core Banking 2012. The Brand occupied prominent space in over 50 Analyst Reports in the year.

The Brand promise is an amalgamation of a comprehensive portfolio, superior architecture, design and impeccable delivery. It is only natural that not only our technology but also our implementation prowess has been recognized globally. Polaris created a record of sorts by receiving a hat-trick of awards from the Asian Banker for its highly innovative, Core Banking, Lending Platform and Central Banking solutions. Quantum FX System won the Bankers' Technology Award (London) for cutting edge technology in the FX operations space.

Our strongest brand ambassadors remain our 13,000+ team domain, technology and process specialists who understand the life cycle of money and our increasing graph of satisfied customers.

## **GREEN INITIATIVES**

The efforts to Reduce, Reuse and Recycle have been redoubled, aimed at reducing the carbon footprint. Some of the noteworthy initiatives are:

1. Replacement of older model chillers, pumps and air handling units with the latest technology to reduce overall power consumption. The newer chillers use R134a refrigerant, which has low Global Warming Potential (GWP), as well as low Ozone Depletion Potential (ODP).
2. The Green Energy Room as part of our flagship FT8012 Design Centre is fully operational powered solely by a 4 KVA wind turbine and a 3 KVA solar photo-voltaic panels.
3. The Company's facilities in both Hyderabad and Pune continue to be certified to ISO 14001 – Environmental Management System.
4. The latest initiative is aimed at reducing paper and plastics consumption throughout our facilities through the use of cashless vending in the cafeterias, and increased utilization of Octopus – our collaboration tool, in preference to e-mails, as well as a tool for processing purchases and payments, in a paperless environment.
5. Hot water for washing utensils at both Hyderabad and Navalur facilities is being converted to solar water heating systems.

## SECTION B

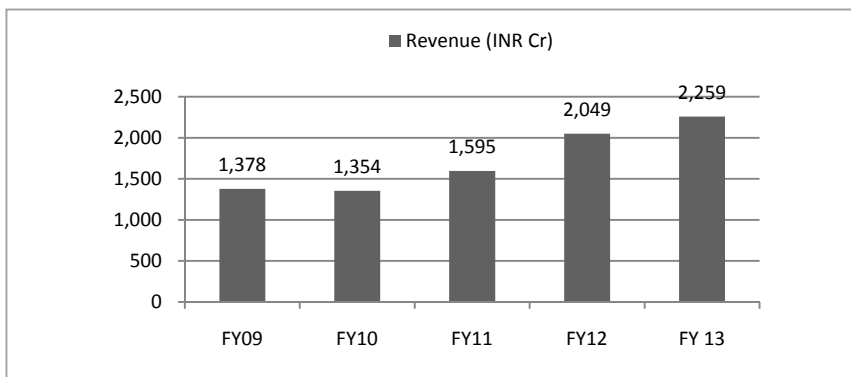
### Financial Position

#### Highlights

- FY13 revenue stood at Rs. 2,258.63 Cr registering 10% YoY growth
  - Intellect revenue stood at Rs. 527.96 Cr registering 2% YoY growth
  - Polaris FT Services revenue stood at Rs. 1,730.67 Cr registering 13% growth
- Earnings per share stood at Rs. 20.19
- The book value per share increased to Rs.134.98 in FY13 (Rs.122.82 in FY12)
- Based on the NSE prices, market capitalization was Rs. 1,107.50 Cr as on March'31 2013. (Rs. 1,633.33 Cr in FY12)
- Dividend paid/recommended during the year stands at 100%

#### Revenue - Value Addition since FY 2009

Revenue grew from Rs. 1,378 Cr (FY09) to Rs. 2,259 Cr (FY 13) recording 64% growth.



#### Sources of Funds

##### 1. Share Capital

As at March 31, 2013

- The Authorized share capital of the company is Rs. 65 Cr
  - Equity shares of Rs.60 Cr (120,000,000 equity shares of Rs.5/- each)
  - 11% Preference shares of Rs.5 Cr (10,000,000 Preference shares of Rs.5/- each)
- The issued, subscribed & paid-up capital is Rs.49.75 Cr (99,506,074 equity shares of Rs.5 each).
- Associates and Directors were allotted 63,700 equity shares under Associate Stock Option Plans. (for FY13). The company allotted total of 277 (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 Services Limited into the Company on October 12, 2012

(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.122.88 Cr the Reserves & Surplus stood at Rs.1292.97 Cr in FY13. (Rs.1170.09 Cr in FY12)

### 2.1 General Reserve

As on March'31, 2013, the balance as stood at Rs.162.25 Cr (Rs. 218.26 Cr in FY12). The net reduction in the General Reserve is on account of the Mark to Market Loss on Forward Contracts amounting to Rs.72.76 Cr due to adoption of AS30 accounting standards from April 2012 onwards and increase by Rs.16.75 Cr 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.38.52 Cr and stood at Rs.68.78 Cr as on March 31, 2013. (Rs.30.26 Cr in FY12). The raise is on the 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.0.38 Cr, the Securities premium account stood at Rs.191.34 Cr as on March 31, 2013. (Rs.190.95 Cr in FY12). The raise is on account of premium on the issue of shares during the year 2012-13 under ASOP schemes.

### 2.4 Profit and Loss account

As of March 31, 2013

- The balance retained in the profit and loss account increased by Rs.123.37 Cr and stood at Rs.853.99 Cr (Rs.730.62 Cr in FY12)
- Rs.123.37 Cr is recorded as the internal accrual after providing for
  - Proposed dividend of Rs.49.75 Cr
  - Dividend tax of Rs.8.46 Cr
- Increasing by Rs.0.38 Cr, the total amount of profits appropriated to dividend including dividend tax stood at Rs. 58.21 Cr (Rs.57.83 Cr in FY12)

### 2.5 Shareholder funds

As of March 31, 2013

- The total shareholder funds increased by Rs.122.90 Cr and stood at Rs.1,342.72 Cr (Rs.1,219.82 Cr in FY12)
- The book value per share increased by Rs.12.16 and stood at Rs.134.98 (Rs.122.82 in FY12)

## Application of Funds

### 3. Fixed assets

#### 3.1 Capital expenditure

The capital expenditure for FY13 is Rs.56.05 Cr (Rs.147.05 Cr in FY12)

### 3.2 Additions to fixed assets

Gross additions of Rs.62.28 Cr to our gross block comprise the following:

- Rs.7.73 Cr for land & buildings
- Rs.36.54 Cr for plant, machinery, Office equipments, furniture & electrical fittings
- Rs. 11.05 Cr for intangibles mainly software license
- Rs. 6.96 Cr for vehicles
- Net decrease in Capital Work-in-progress and Capital Advances of Rs.6.23 Cr has been mainly due to capitalization of assets at FT 8012
- Capital additions include Rs.13.57 Cr incurred on account of R&D (FT8012) centre at our Chennai Navalur / Siruseri Centre. This includes Rs.4.66 Cr on account of building

### 4. Goodwill on consolidation

The excess of consideration paid over the net asset value acquired has been recognized as goodwill in accordance with Accounting Standard (AS) 21 in consolidated financial statements. Goodwill as at 31<sup>st</sup> March, 2013 stood at Rs.212.48 Cr (Rs.185.98 Cr in FY12).

### 5. Strategic Business Acquisition

#### *Inorganic Growth Strategy*

Growth is often accelerated through increased innovation, to compete and align with those companies that are developing the 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. Investments

Aiming at procuring business benefits and operational efficiency for the company, strategic investment was done in Fin Tech Grid Ltd, incorporated in India, for Rs.0.05 Cr

### 7. Sundry Debtors

- Sundry debtors stood at Rs.407.47 Cr net of provision for doubtful debts amounting to Rs.21.89 Cr as at March 31,2013 (Rs.372.25 Cr in FY12 net of provision for doubtful debts amounting to Rs.20.44 Cr in FY12)
- For the year ended March 31, 2013 debtors are 18.04% of the revenues
- At the end of FY13, the days of sales outstanding (DSO) were 63 days

### 8. 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.489.76 Cr as at March 31, 2013. 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.15.95 Cr

#### **8.1 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 institutions.

## 9. Loans & Advances

As on March 31, 2013, Loans and advances were Rs.177.75 Cr (Rs.151.77 Cr in FY12), recording an increase by Rs.25.98 Cr

Significant items of Loans & Advances along with its variance are presented as follows:

- Advances to related parties increased by Rs.19.68 Cr mainly due to advance payment of Rs.20 Cr made to Associate Stock Option Plan (2011) Trust during the year
- Other significant increase is due to increase in Advance Tax (Net of provisions) and MAT Credit entitlements

## 10. Current Liabilities

Current liabilities have increased by Rs.24.38 Cr in FY13 due to

- Increase in Short term borrowing in IdenTrust during the year by Rs.6.96 Cr
- Increase in Post Shipment Credit Loan amount has increased by Rs.6.77 Cr due to decrease in closing rupee value as against US dollar
- Increase in Trade payables by Rs.7.24 Cr
- Increase in Other current liabilities by Rs.3.41 Cr

## 11. Provisions

Provision at the year end has increased by Rs.79.34 Cr mainly due to provision for mark-to-market loss Rs.59.83 Cr on account of AS30 adoption and provision towards Final Dividend as against the Interim Dividend paid during 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.

## 12. Net Current Assets

As at March 31, 2013

- The net current assets were Rs.581.65 Cr (Rs.515.97 Cr in FY12)
- The current ratio was 1.88 (1.94 in FY12). The current ratio has improved compared to last year

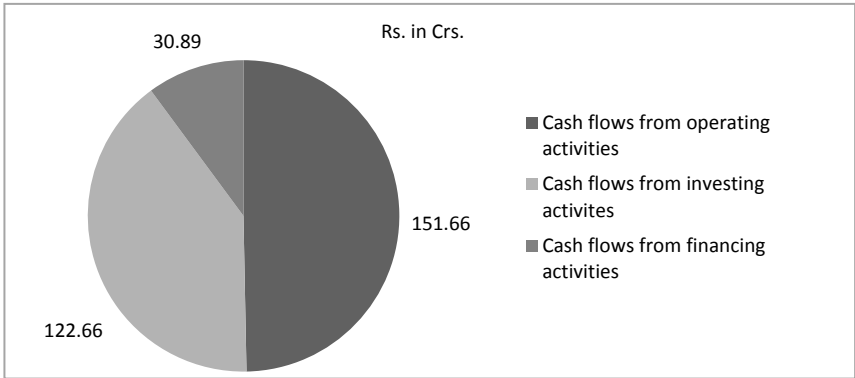
Increase in net current assets is mainly due to increase in the current investments by Rs.116.31 Cr

## 13. Deferred Tax Assets / Liability

As on March 31, 2013, the company recorded net Deferred Tax Liability aggregating Rs.1.93 Cr (Rs.1.23 Cr of Net Deferred Tax Asset in FY12). 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 profitability that the deferred tax liability will be adjusted from future taxable income.

## 14. 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.151.66 Cr was generated from operating activities by the company in FY13. Net cash provided 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 FY13, the company used Rs.122.66 Cr on investing activities. The significant items of cash flow from investing activities were purchase of fixed assets and investment in non trade securities.

**Cash Flow from financing activities**

In FY13, the Company used Rs.30.89 Cr in financing activities. The substantial items of cash used from financing activities are for payment of dividend and tax on dividend during the current year.

Cash equivalents of Rs.489.76 Cr 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 86.85% revenue from Export business and 13.15% revenue from domestic market, the total revenue for the year ended March 31, 2013 stands at Rs.2,258.63 Cr A revenue growth of 10.22% is achieved in FY13.

#### 2. Other income

The Company's other income amounts to Rs.34.14 Cr

This comprises of:

- Rs.5.50 Cr from interest on bank deposits and others
- Rs.15.95 Cr from dividend received on mutual funds
- Rs.11.18 Cr from profit on sale of assets\*
- Rs.1.52 Cr through miscellaneous income

\*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
- Contribution to Provident Fund, Superannuation and other funds, Group Gratuity scheme.
- Social security and other benefit plans for overseas employees.
- Staff welfare expenses

During the year our employee benefit expenses were Rs.1,663.12 Cr at 73.63% of revenue against Rs.1441.65 Cr at 70.35% of revenue in the previous year.

##### 3.2 Other Expenses

Other expenses include Operating, General & Other Administrative expenses. General and administrative expenses primarily consists of rent, power & fuel, repairs & maintenance, travelling & communication expenses, rates & taxes, 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 lives of assets, whichever is higher.

Depreciation provided was Rs.53.69 Cr for March 31, 2013 as against Rs.47.23 Cr for March 31, 2012 for the respective years representing 2.38% and 2.30% of total revenues.

## 5. Research and Development

The company is incurring expenses on various Research and Development activities consisting primarily of salaries and related expenses for our research and development staff, outsourcing costs, and allocated overhead. We continue to focus our research and development efforts on adding new features and services, developing new delivery methodology and frameworks that would lead to delivery efficiencies, increasing product functionality and enhancing the ease of use of our products and services.

Research and development expenditures came in at 5.37% of Revenue in F2013 as compared with 5.20% of revenue during F2012.

A unique role called office of Chief Designer has been created and being manned a very senior Chief Design Officer who runs the R&D and Design labs for the company.

## 6. Income Taxes

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 under section 115 JB of Income Tax Act, 1961.

Rs. In Cr

Particulars	March 31,2013	March 31, 2012
Tax	49.03	63.00
Profit before tax (PBT)	243.09	283.44
% of tax on PBT	20.17%	22.23%

## 7. Profit after tax

- The Net Profit after tax for the year 2012-13 stood at Rs.200.80 Cr as against Rs.220.71 Cr for the year 2011-12

## 8. 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

	2012-13	2011 -12	2010-11	2009-10	2008-09
Dividend %	100	100	90	70	55
Dividend payout %	25	23	22	23	21

## 9. 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 2012-13.

## 10. Subsidiary Companies

For subsidiary details refer the Report on Subsidiaries under Section 212 of the Companies Act, 1956, mentioned elsewhere in the report.

## SECTION D

### 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 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.

### COMPETITION

Polaris with its competitive capabilities of banking, financial services and insurance solution offerings is placed in a unique position among its competitors. Considering the Banking platform, Polaris' best-in-class portfolio of business application solutions marketed under the brand of Intellect competes with players such as Temenos, Infosys, Oracle, TCS, FIS and Nucleus in the global arena along with few regionally available solutions providers in different geographies. The competition is spread across various sections based on the offerings.

Other than Intellect Core, Polaris' widespread solutions such as Liquidity, Wealth Management and Portals are best in class and are ranked among the Global best. Unlike majority of the Indian competitors, Polaris' solution offerings span across Retail, Investment and Corporate Banking. Combined together, Polaris owns the largest IP and application infrastructure in Banking and Insurance space.

In Services, Polaris is a top services provider in the financial services outsourcing space competing with global outsourcing vendors' viz. IBM, CapGemini and Cognizant. Other Indian outsourcing vendors are TCS, Wipro and HCL.

Equipped with various differentiators as discussed earlier - MPX, Octopus, D-3 OTIF, various frameworks, 5x5 and others as part of FT Sourcing and established Intellect Platforms on CBC, GTB, TCM and Insurance, Polaris is rightfully placed to combat the competition and accomplish the business objectives.

### THREAT

The global financial industry continues to pass through uncertain times. The tighter regulation to combat this uncertainty has led to protectionist tendencies in some of our markets. It may pose the threat of visa issues in Onsite deployment. New projects continue to face budget constraints for IT investments as the focus is still on regulatory compliance. However, since our focus has been in getting work done offshore, the threat to our business due to fewer visas is mitigated. Also, our domain focus on BFSI enables us to provide outcome based solution which helps us win in the more competitive market.

Various operation and execution plans continuously watch for such developments and constraints to business strategy and plans. Need based Strategy and operational plans are continuously re-calibrated to minimize the impact of such threats to business objectives and goals.

## RISKS & CONCERN

The risk model adopted in 2005 continues to guide us with continuous improvement and upgrade to that model. The macro and micro risks continue to get identified on an ongoing basis. Their impact on the Organization is assessed and risk mitigation strategy is rolled out. Special attention is paid to IT security risk. Other risks which are mentioned are:

- a) Market risk
  - i) Vendor Consolidation risk
  - ii) Reduction in IT budget
- b) Cost increase
- c) Exchange risk
- d) Compliance risk

The uncertainties unleashed during the 2008 financial crisis are yet to settle down. The Government reacted by bringing in more regulations and pumping in public money into private financial institutions. Thus the BFSI sector, our main market is far more regulated today than it was earlier.

Risk	Impact	Mitigation
Market Risk	<ul style="list-style-type: none"> <li>• Consolidation of IT vendors which put midsized companies like ours to risk</li> <li>• Smaller budget for IT</li> </ul>	<p>Polaris increasingly focuses on domain led solutions. This allows us to win projects in the face of competition from larger players. Domain led solutions space does not have vendor consolidation.</p> <p>Our improved productivity &amp; offshore leverage allows us to deliver more for less</p>
Cost increase	High inflation in India leads to high salary	We use productivity tools and better program and project management techniques to improve productivity
Exchange Risk	Fluctuation in exchange rate	We have hedged a portion of our Forex earnings
Compliance Risk	<ul style="list-style-type: none"> <li>• IT Security requirements of our customers</li> <li>• Government regulation</li> </ul>	<p>We have strengthened our ISAG team which can pass the audit of the most stringent customers</p> <p>We have strengthened our legal and compliance team so that any unintended lapse is avoided.</p>

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has disclosure controls and procedures in place that are designed to provide reasonable assurance that material information relating to Polaris is disclosed on a timely basis. Management has reviewed the Company's disclosure controls and concluded that they were effective during the reporting period.

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have evaluated the effectiveness of the Company's disclosure controls and procedures related to the preparation of Management's discussion and analysis and the consolidated financial statements. They have concluded that the Company's disclosure controls and procedures were effective, at a reasonable assurance level, to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which the Management's discussion and analysis and the consolidated financial statements contained in this report were being prepared.

The Company's management, with the participation of its CEO and CFO, are also responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Indian GAAP. Under the supervision of the CEO and CFO, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Indian GAAP.

There have been no changes in the Company's disclosure controls or internal control over financial reporting during FY2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company's CEO and CFO expect to certify Polaris's annual filings with the Indian securities regulatory authorities.

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**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 TWENTIETH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON 8<sup>th</sup> AUGUST 2013 AT 3 : 00 PM AT CHINMAYA HERITAGE CENTRE, NO.2, 13<sup>th</sup> AVENUE, HARRINGTON ROAD, CHETPET, CHENNAI – 600031 TO TRANSACT THE FOLLOWING BUSINESS**

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date together with the reports of the Directors' and the Auditors' thereon.
2. To declare final dividend for the financial year 2012-13, if any.
3. To appoint a Director in the place of Mr. Arvind Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Satya Pal, a director retiring by rotation and who is unable to offer himself for reappointment as a Director of the Company.
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 LLP, Chartered Accountants, the retiring auditors are eligible for re-appointment.

**SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:  
 "RESOLVED that Mr. Rajesh Mehta, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on 19/11/2012 and who shall hold office up to the date of the Twentieth Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:  
 RESOLVED that Mr. V Balaraman, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 on 27th April 2013 and who shall hold office up to the date of the Twentieth Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company in the vacancy caused by retirement of Mr. Satya Pal.
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:  
 RESOLVED that subsequent to the approval given by the members of the Company at the Annual General Meeting held on 17th July 2008, pursuant to section 309(4)(b) and other applicable provisions, if any, of the Companies act. 1956, the Company do hereby accord its consent to extend the payment of the commission to the non-executive directors of the company, for a further period of 5 years commencing from the financial year 2013-14, 1% of

the net profit limit or not exceeding Rs.50 lacs whichever is lower as determined in accordance with the provisions of Section 198, 349 and 350 and other applicable provisions, if any, of the Companies Act, 1956 for each financial year.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to decide from time to time, the quantum and manner of distribution of commission to the said Non executive directors within the aforesaid limit.

RESOLVED FURTHER that the aforesaid commission shall be in addition to the fee payable to such directors for attending the meeting of the Board and committee thereof.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take all such steps as may be considered necessary, desirable or expedient for giving effect to this resolution.

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

“**RESOLVED** that pursuant to the provisions of Sections 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to Mr. Vinay Garg, a relative of Mr. Arun Jain, Chairman and Managing Director of the Company, to hold an office or place of profit as Financial Controller of the Company in Polaris Software Lab Inc, a Subsidiary of the Company, in USA for a period of three years commencing from February 20, 2013, on the following terms and conditions:

- 1) Salary: upto US\$ 260,000/- per annum, with a provision for increase in salary of not more than 10% per annum over the previous year.
- 2) Annual bonus: not exceeding US\$ 26,000/-
- 3) Perquisites and Allowances: (a) Medical and accident insurance premium as per company rules. (b) Provision of car on lease. (c) Leave in accordance with the leave rules of the Company from time to time.

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

“**RESOLVED** that pursuant to the provisions of Sections 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Ms.Ruchira Gupta, a relative of Mr. Satya Pal, Director of the Company, to hold an office or place of profit as Assistant Manager - MIS of the Company in USA, for a further period of three years commencing from 20th February, 2013 on the following terms and conditions:

- 1) Salary: upto US\$ 40,000/- per annum, with a provision for increase in salary of not more than 10% per annum over the previous year.
- 2) Perquisites and Allowances:
  - a. Medical and accident insurance premium as per company rules.
  - b. Leave in accordance with the leave rules of the Company from time to time.

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

Place: Chennai  
Date: April 27, 2013

**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 atleast 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 **30<sup>th</sup> July, 2013 to 8<sup>th</sup> August, 2013** (both days inclusive). The dividend declared at the Annual General Meeting will be paid to those members whose names are on the Register of Members of the Company as on 8<sup>th</sup> August, 2013.
4. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956 (hereinafter 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 Companies Act, 1956 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 (Employee 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 (ATA) 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 20th 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 of 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

Companies Act, 1956 no further claim shall be entertained. Information in respect of such unclaimed dividend when due for transfer to IEPF of Government of India including the unclaimed amount since 2006, are given in Corporate Governance Report.

12. This notice for the 20th Annual General Meeting is attached hereto with the Annual Report for the financial year 2012-13.
13. Explanatory statement pursuant to Section 173 of Companies Act, 1956 for item 6, 7, 8, 9 and 10 are annexed herewith.
14. Non-resident Indian shareholders are requested to inform about the following to the Company or it's RTA or DP as the case may be immediately of –
  - a. The change in the Residential Status on return to India for Permanent settlement.
  - b. The particulars of NRE a/c with a Bank in India, if not furnished earlier.
15. Company will be disclosing to the Stock Exchanges, as per Clause 35A of Listing Agreement, the details of results of voting on each of the resolutions proposed in the Notice.
16. Additional information of Directors those who are seeking re-appointment at the 20th Annual General Meeting to be held on 8<sup>th</sup> August, 2013.

<b>Name</b>	<b>Mr. Arvind Kumar</b>
Father's Name	S.N.Mathur
Address	117 Supreme Enclave, Mayur Vihar, Phase I, New Delhi – 110 091.
Date of Birth	02-06-1942
Nationality	Indian
Occupation	Senior Lawyer, Supreme Court
Date of Appointment	12-05-1995

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 2012-13.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6 – Reappointment of Mr. Rajesh Mehta****Profile of Mr. Rajesh Mehta**

Father's name: Mr. Lajpat Raj Mehta

Address: Flat 1, 58, Fitzjohns Avenue, Hampstead, London, NW35LT

Date of birth: 02-05-1961

Nationality: Indian

Occupation: Treasury & Trade Solutions Head, EMEA, Citi Global Transaction Services, London

Date of Appt.: 19-11-2012

The Board of Directors of the Company has appointed Mr. Rajesh Mehta as an Additional Director w.e.f. 19<sup>th</sup> November 2012, under Section 260 of the Companies Act, 1956 and to hold office until the next AGM of the Company.

The Company has received a notice in writing from a member proposing the candidature of Mr. Rajesh Mehta as a Director liable to retire by rotation in terms of Section 257 of the Companies Act, 1956.

Mr. Rajesh Mehta's expertise, directorship and shareholding details are provided in the Corporate Governance Report which forms part of the Annual Report 2012-13. None of the directors except Mr. Rajesh Mehta is interested in the resolution.

**Item No. 7 – Reappointment of Mr. V. Balaraman****Profile of Mr. V Balaraman**

Father's name: Mr. Venkataraman

Address: Guru Guha, New No.24, 3rd Main Road,  
Kasturba Nagar, Chennai-600 020

Date of birth: 18-08-1946

Nationality: Indian

Occupation: Former MD and CEO, Pond's India Ltd.

Date of Appt: 27-04-2013

The Board of Directors of the Company has appointed Mr. V Balaraman as an Additional Director w.e.f. 27th April 2013, under Section 260 of the Companies Act, 1956 and to hold office until the next AGM of the Company.

The Company has received a notice in writing from a member proposing the candidature of Mr. V Balaraman as a Director liable to retire by rotation in terms of Section 257 of the Companies Act, 1956.

Mr. V Balaraman's expertise, directorship and shareholding details are provided below.

**Profile & Directorship of Mr. V. Balaraman**

Mr. V. Balaraman is a B.Tech Chemical Engineer from the University of Madras and a MBA from the Indian Institute of Management, Ahmedabad. He was the MD and CEO of Pond's India Ltd between 1991 and 1998 and was Director - Exports in Hindustan Lever Ltd. between 1998 and 2002; He became MD and CEO of Adrenalin E systems Ltd., a Polaris group company between 2002 and 2006.

Today he is a non executive director on the Boards of M/s India Nippon Electricals Ltd., Mahindra world city developers Ltd, Parry Enterprises India Ltd, Computer Age Management systems Ltd, and Adrenalin E systems Ltd. He is also a Director of Computer Age Management Services Pvt. Ltd., Pond's Exports Ltd., and CAMS Repository Service Ltd.,

Outside the corporate world Mr. V.Balaraman also served as the President of the Madras Chamber of Commerce and Industry, Madras Management Association, Indian Shoe Federation, Federation of Indian Export Organizations Southern Region and as Chairman of the Footwear Design and Development Institute.

Mr. V.Balaraman is passionate about Brand Marketing and Human Development and in pursuit of these interests, provides consultancy to companies besides coaching / mentoring business leaders. Frequently he is a speaker at Management seminars and business events in India and abroad.

Mr. V.Balaraman joined the Board of Polaris in April 2013.

Shareholding in Polaris Financial Technology Ltd.: Nil

None of the directors except Mr. V.Balaraman is interested in the resolution.

#### **Item No.8 – Commission to Non-Executive Directors**

Your Company presently has seven non-executive directors on its Board, These directors are eminent personalities, drawn from diverse fields, and they spend substantial time and energy for the company and contribute through their professional and management expertise.

Considering the valuable services being rendered by the non – executive directors, the Board has approved subject to the approval of the members, the payment of commission for a further period of five years commencing from the financial year 2013-14, 1% of the net profit limit or not exceeding Rs.50 lacs whichever is lower, as determined in accordance with the provisions of section 198 read with sections 349 and 350 of the Companies Act, 1956. Members may recall the earlier approval for payment of commission to the non executive directors sanctioned at the Annual General Meeting held on 17th July 2008 for a period of five financial years upto 2012-13.

All the non-executive Directors are concerned or interested in the resolution to the extent of the remuneration payable to them by way of commission, Accordingly, the special resolution set out under item no. 8 of the notice is submitted for approval.

#### **Item No. 9 - Appointment of Mr. Vinay Garg under section 314(1)(b) of the Companies Act, 1956**

##### **Profile of Mr. Vinay Garg**

Father's Name: Mr M L Garg

Date of Birth: February 27, 1956

Mr. Vinay Garg is qualified with MBA from Pace University, New York and he was employed at Jefferson Screw and Bolt Industries Inc, New Jersey as an Asst. Controller from 1978 to 1983, thereafter at M/s. M Eagles Tool Warehouse Inc, New Jersey as an Asst. Controller from 1983 before joining Polaris Software Lab India Ltd. in USA.

He joined Polaris Software Lab India Ltd., Iselin, New Jersey in June 2001 as Financial Controller and was made responsible for the complete supervision of Accounts & Finance operations of the Company in US and continued as Financial Controller till February 19, 2013. He was appointed to the above position with the approval of the share holders at the appropriate shareholders' meetings and approval from the Ministry of Corporate Affairs, Government of India, wherever required.

However, with effect from February 20, 2013, he has been appointed in one of the subsidiaries of the Company in USA, namely Polaris Software Lab Inc.,

Since, he is a relative of Mr. Arun Jain, Chairman and Managing Director of the Company, his appointment has to be approved by the shareholders under section 314(1)(b) of the Companies Act, 1956.

The appointment is for a period of 3 years commencing from February 20, 2013. The proposed remuneration to Mr. Vinay Garg is commensurate with his experience and is in line with the industry standards prevalent in USA. The Board recommends this resolution.

This resolution is required to be passed as a Special Resolution, pursuant to the provisions of Section 314(1)(b) of the Companies Act, 1956 and shall take effect from February 20, 2013.

None of the Directors except Mr. Arun Jain, Chairman & Managing Director who is relative of Mr. Vinay Garg, are interested and restrained himself in participating in the discussion while the board recommends this resolution.

**Item No. 10 – Reappointment of Ms. Ruchira Gupta under section 314(1)(b) of the Companies Act, 1956.**

**Profile of Ms. Ruchira Gupta**

Father's Name: Mr. Satya Pal

Date of Birth: April 13, 1962

Ms. Ruchira Gupta is qualified with MS (Computer Science) Post Graduate Degree, from Bradley University, Peoria, USA. She worked with Sprint International Restor, VA as Network Designer during 1988 to 1990 and Seta Corporation, McLean, VA as Systems Analyst during 1990 to 1995. In Polaris, she has been designated as Assistant Manager – MIS and is responsible for assisting the Spro Administration Manager in Citigroup time sheet recording and billing activities. Her responsibilities include using Microsoft Excel and the Spro system to generate various MIS and reconciliation reports. Presently she is working as an Assistant Manger – MIS in Polaris Software Lab India Ltd, in USA and has ten years of experience in the area of communication network design, configuration, software engineering & database management and she was found competent to hold the said position in the Company.

She was appointed to the above position earlier with the necessary approval of the share holders at the appropriate meetings and approval from the Ministry of Corporate Affairs, Government of India, wherever required.

In the light of explanations and justifications given above, it is proposed to re-appoint Ms. Ruchira Gupta, as Assistant Manager (MIS) of the Company in USA branch of Polaris Software Lab India Ltd., for a further period of 3 years commencing from February 20, 2013. The proposed remuneration to Ms. Ruchira Gupta is commensurate with her experience and is in line with the industry standards prevalent in US. The Board recommends this resolution.

This resolution is required to be passed as a Special Resolution, pursuant to the provisions of Section 314(1)(b) of the Companies Act, 1956 shall take effect from February 20, 2013.

None of the Directors except Mr. Satya Pal, Director of the Company who is a relative of Ms. Ruchira Gupta, is interested in this resolution and further restrained himself in participating in the discussion while the board recommends this resolution.

**For Polaris Financial Technology Limited**

Place: Chennai  
Date: April 27, 2013

**B.Muthusubramanian**  
Senior Vice President (Finance & Secretary)

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**POLARIS FINANCIAL TECHNOLOGY LIMITED**

Regd. Office: Polaris House, 244, Anna Salai, Chennai - 600 006.

20<sup>th</sup> Annual General Meeting to be held on 8<sup>th</sup> August 2013 at 3 : 00 pm  
at Chinmaya Heritage Centre, No.2, 13<sup>th</sup> Avenue, Harrington Road, Chetpet, Chennai – 600031.

**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.

20<sup>th</sup> Annual General Meeting to be held on 8<sup>th</sup> August 2013 at 3 : 00 pm  
at Chinmaya Heritage Centre, No.2, 13<sup>th</sup> Avenue, Harrington Road, Chetpet, Chennai – 600031.

**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 20<sup>th</sup> Annual General Meeting of the Company to be held on 8th August 2013 at 3 : 00 pm at Chinmaya Heritage Centre, No.2, 13th Avenue, Harrington Road, Chetpet, Chennai – 600031 and at any adjournment thereof.

In witness whereof

I / We have signed on this ..... day of ..... 2013

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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## NOTES

## NOTES



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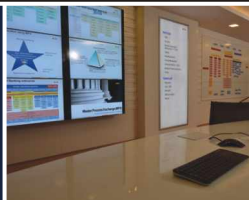
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