

**Polaris Software Lab Limited - Group**  
**Consolidated Balance Sheet as at**

Rs. in Lacs

|   | Schedule | March 31, 2009          | March 31, 2008          |
|---|----------|-------------------------|-------------------------|
| <b>SOURCES OF FUNDS</b>                   |          |                         |                         |
| <b>SHAREHOLDERS' FUNDS</b>                |          |                         |                         |
| Share capital                             | 1        | 4,933.81                | 4,933.73                |
| Share application money pending allotment |          | 0.02                    | 0.02                    |
| Reserves and surplus                      | 2        | 72,333.36               | 60,815.11               |
|   |          | <u>77,267.19</u>        | <u>65,748.86</u>        |
| <b>LOAN FUNDS</b>                         |          |                         |                         |
| Secured loans                             | 3        | 35.71                   | 82.58                   |
| <b>DEFERRED TAX LIABILITY</b>             |          |                         |                         |
|   | 11A      | 664.74                  | 686.36                  |
|   |          | <u><b>77,967.64</b></u> | <u><b>66,517.80</b></u> |
| <b>APPLICATION OF FUNDS</b>               |          |                         |                         |
| <b>FIXED ASSETS</b>                       |          |                         |                         |
| Cost                                      | 4        | 52,834.86               | 46,671.60               |
| Less: Depreciation and amortisation       |          | 31,374.21               | 25,833.24               |
| Net book value                            |          | 21,460.65               | 20,838.36               |
| Capital-work-in progress                  |          | 114.24                  | 495.58                  |
|   |          | <u>21,574.89</u>        | <u>21,333.94</u>        |
| <b>GOOD WILL</b>                          |          |                         |                         |
|   |          | 1,987.62                | -                       |
| <b>INVESTMENTS</b>                        |          |                         |                         |
|   | 5        | 24,424.70               | 9,696.60                |
| <b>DEFERRED TAX ASSET</b>                 |          |                         |                         |
|   | 11B      | 969.63                  | 792.67                  |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b> |          |                         |                         |
| Sundry debtors                            | 6        | 20,312.66               | 21,044.82               |
| Cash and bank balances                    | 7        | 10,539.21               | 7,676.00                |
| Loans and advances                        | 8        | 23,251.40               | 24,450.30               |
|   |          | <u>54,103.27</u>        | <u>53,171.12</u>        |
| <b>CURRENT LIABILITIES AND PROVISIONS</b> |          |                         |                         |
| Current liabilities                       | 9        | 20,520.07               | 14,005.07               |
| Provisions                                | 10       | 4,572.40                | 4,471.46                |
|   |          | <u>25,092.47</u>        | <u>18,476.53</u>        |
| <b>NET CURRENT ASSETS</b>                 |          |                         |                         |
|   |          | <u>29,010.80</u>        | <u>34,694.59</u>        |
|   |          | <u><b>77,967.64</b></u> | <u><b>66,517.80</b></u> |

**Polaris Software Lab Limited - Group**  
**Consolidated Profit and Loss Account for the period**

Rs. in Lacs except per share data

|  | Schedule | Year ended March 31, |                   | Quarter ended March 31, |                  |
|--|----------|----------------------|-------------------|-------------------------|------------------|
|  |          | 2009                 | 2008              | 2009                    | 2008             |
| <b>INCOME</b>  |          |                      |                   |                         |                  |
| Software development services and products                             |          |                      |                   |                         |                  |
| - Overseas   |          | 122,329.35           | 96,295.58         | 30,000.73               | 24,740.38        |
| - Domestic   |          | 9,303.82             | 8,049.49          | 2,462.56                | 2,111.13         |
| Income from Business Process Management (BPM)                          |          |                      |                   |                         |                  |
| - Overseas   |          | 96.31                | 217.55            | 30.66                   | 18.85            |
| - Domestic   |          | 6,065.06             | 5,367.43          | 1,230.66                | 1,745.42         |
|  |          | <b>137,794.54</b>    | <b>109,930.05</b> | <b>33,724.61</b>        | <b>28,615.78</b> |
| <b>EXPENDITURE</b>   |          |                      |                   |                         |                  |
| Software development and BPM expenses                                  | 13       | 88,540.10            | 74,465.26         | 20,921.17               | 19,550.37        |
| Selling, administrative and other general expenses                     | 14       | 25,902.00            | 23,645.42         | 6,623.85                | 5,834.64         |
|  |          | <b>114,442.10</b>    | <b>98,110.68</b>  | <b>27,545.02</b>        | <b>25,385.01</b> |
| <b>OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION</b> |          | <b>23,352.44</b>     | <b>11,819.37</b>  | <b>6,179.59</b>         | <b>3,230.77</b>  |
| Finance charges  | 15       | 73.54                | 78.61             | 18.55                   | 18.47            |
| Depreciation and amortisation  | 4        | 5,051.43             | 4,602.48          | 855.26                  | 1,131.31         |
|  |          | <b>5,124.97</b>      | <b>4,681.09</b>   | <b>873.81</b>           | <b>1,149.78</b>  |
| <b>OPERATING PROFIT AFTER INTEREST, DEPRECIATION AND AMORTISATION</b>  |          | <b>18,227.47</b>     | <b>7,138.28</b>   | <b>5,305.78</b>         | <b>2,080.99</b>  |
| Other income, net  | 16       | (3,161.72)           | 1,811.01          | (1,529.69)              | 390.66           |
| <b>PROFIT BEFORE TAX</b>   |          | <b>15,065.75</b>     | <b>8,949.29</b>   | <b>3,776.09</b>         | <b>2,471.65</b>  |
| Income taxes - Current tax   |          | 2,309.25             | 1,454.87          | 827.92                  | 397.87           |
| - Deferred tax   |          | (169.42)             | (134.51)          | (13.31)                 | (77.18)          |
| - Fringe benefit tax   |          | 262.76               | 290.68            | 57.82                   | 70.56            |
| - MAT credit entitlement   |          | (317.01)             | -                 | (317.01)                | -                |
| <b>PROFIT AFTER TAX</b>  |          | <b>12,980.17</b>     | <b>7,338.25</b>   | <b>3,220.67</b>         | <b>2,080.40</b>  |
| Share of profit / (loss) of associate companies                        |          | 91.09                | (16.75)           | (10.02)                 | 65.03            |
| <b>NET PROFIT FOR THE YEAR</b>   |          | <b>13,071.26</b>     | <b>7,321.50</b>   | <b>3,210.65</b>         | <b>2,145.43</b>  |
| Profit brought forward from previous year                              |          | 27,557.47            | 22,493.89         | 34,927.97               | 27,669.96        |
| <b>Amount available for appropriation</b>                              |          | <b>40,628.73</b>     | <b>29,815.39</b>  | <b>38,138.62</b>        | <b>29,815.39</b> |
| <b>Appropriations</b>  |          |                      |                   |                         |                  |
| Dividend   |          |                      |                   |                         |                  |
| - Interim  |          | 1,480.14             | -                 | -                       | -                |
| - Final  |          | 1,233.45             | 1,480.11          | 1,233.45                | 1,480.11         |
| Tax on dividend  |          | 461.18               | 251.48            | 209.63                  | -                |
| Amount transferred to general reserve                                  |          | 1,865.09             | 526.33            | 1,106.67                | -                |
| Balance carried to balance sheet                                       |          | 35,588.87            | 27,557.47         | 35,588.87               | 28,335.28        |
|  |          | <b>40,628.73</b>     | <b>29,815.39</b>  | <b>38,138.62</b>        | <b>29,815.39</b> |
| <b>Earnings per share</b><br>(equity shares par value Rs 5 each)       |          |                      |                   |                         |                  |
| Basic  |          | 13.25                | 7.42              | 3.25                    | 2.17             |
| Diluted  |          | 13.24                | 7.40              | 3.25                    | 2.17             |
| <b>Number of shares used in computing earnings per share</b>           |          |                      |                   |                         |                  |
| Basic  |          | 98,675,728           | 98,639,382        | 98,676,197              | 98,673,233       |
| Diluted  |          | 98,697,955           | 98,938,304        | 98,738,709              | 98,982,968       |

**Polaris Software Lab Limited - Group**  
**Statement of cash flows for the year ended**

| Particulars  | March 31, 2009    | March 31, 2008    |
|--|-------------------|-------------------|
| <b>Cash flows from operating activities</b>  |                   |                   |
| Profit before taxation   | 15,156.86         | 8,932.54          |
| Adjustments for:   |                   |                   |
| Interest and dividend income   | (1,120.11)        | (439.86)          |
| Exchange differences on foreign exchange of cash and cash equivalents                              | (760.54)          | (268.03)          |
| Depreciation   | 5,051.42          | 4,602.48          |
| Provision for doubtful debts & bad debts written off   | 907.90            | 35.55             |
| ( Profit ) / Loss on sale of fixed assets  | 117.55            | 132.61            |
| ( Profit ) / Loss on sale of AIG and others  | (1,306.15)        | -                 |
| Lease finance charges  | 5.82              | 9.67              |
| Share of loss/(profit) on associate companies  | (91.09)           | 16.75             |
| <b>Changes in current assets and liabilities</b>   |                   |                   |
| Decrease / (Increase) in sundry debtors & Revenue accrued but not billed                           | 3,571.10          | (2,728.14)        |
| Decrease/ (Increase) in loans and advances   | 923.46            | (1,996.90)        |
| Increase/(Decrease) in current liabilities and provisions  | 4,727.09          | 2,769.25          |
| Net Taxes paid/Refund received   | (3,013.93)        | (2,449.39)        |
| <b>Net cash flows from operating activities</b>  | <b>24,169.38</b>  | <b>8,616.55</b>   |
| <b>Cash flows from investing activities</b>  |                   |                   |
| Purchase of fixed assets and changes in capital work in progress                                   | (2,601.43)        | (3,897.88)        |
| Acquisition and investment cost  | (3,700.00)        | -                 |
| Proceeds from sale of fixed assets   | 56.50             | 131.77            |
| Sale proceeds / (Purchase) of other long term investments  | 2,305.97          | (185.00)          |
| Interest and dividend received   | 1,120.11          | 439.86            |
| <b>Net cash flows from investing activities</b>  | <b>(2,818.85)</b> | <b>(3,511.25)</b> |
| <b>Cash flows from financing activities</b>  |                   |                   |
| Proceeds from share capital issued on exercise of stock options                                    | 0.08              | 4.64              |
| Proceeds from share premium on exercise of stock options   | 1.15              | 72.18             |
| Change in secured loans  | (46.88)           | (46.12)           |
| Lease finance charges  | (5.82)            | (9.67)            |
| Dividends paid during the year   | (3,442.62)        | (1,236.01)        |
| <b>Net cash flows from financing activities</b>  | <b>(3,494.09)</b> | <b>(1,215.14)</b> |
| <b>Effect of exchange differences on foreign exchange translation of cash and cash equivalents</b> | <b>643.59</b>     | <b>(106.43)</b>   |
| Total increase / (decrease) in cash and equivalents during the year                                | <b>18,500.03</b>  | <b>3,783.72</b>   |
| Cash and cash equivalents at the beginning of the Period/Year                                      | 15,504.80         | 11,721.08         |
| <b>Cash and cash equivalents at the end of the Period/Year</b>                                     | <b>34,004.84</b>  | <b>15,504.80</b>  |

Previous year/period figures have been regrouped to confirm to current year/period presentation