

**Polaris Software Lab Limited - Group**  
**Consolidated Balance Sheet as at March 31, 2011**

Rs. in Lacs

	Schedule	March 31, 2011	March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	1	4,959.78	4,948.06
Reserves and surplus	2	98,294.72	82,298.81
		<u>103,254.50</u>	<u>87,246.87</u>
<b>MINORITY INTEREST</b>		254.16	-
<b>LOAN FUNDS</b>			
Secured loans	3	572.04	245.60
<b>DEFERRED TAX LIABILITIES (NET)</b>	11	220.84	302.54
		<u><b>104,301.54</b></u>	<u><b>87,795.01</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross block	4	60,796.74	55,989.08
Less: Accumulated depreciation and amortisation		37,944.84	34,520.36
Net block		<u>22,851.90</u>	<u>21,468.72</u>
Capital-work-in progress including capital advances		6,514.58	1,245.68
		<u>29,366.48</u>	<u>22,714.40</u>
<b>GOODWILL</b>		6,440.33	5,057.45
<b>INVESTMENTS</b>	5	38,429.51	38,967.06
<b>DEFERRED TAX ASSETS (NET)</b>	12	1,154.75	644.67
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry debtors	6	22,718.54	17,463.24
Cash and bank balances	7	14,225.44	12,372.13
Other current assets, loans and advances	8	30,019.15	20,835.15
		<u>66,963.13</u>	<u>50,670.52</u>
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	9	29,168.46	24,618.65
Provisions	10	8,884.20	5,640.44
		<u>38,052.66</u>	<u>30,259.09</u>
<b>NET CURRENT ASSETS</b>		<u>28,910.47</u>	<u>20,411.43</u>
		<u><b>104,301.54</b></u>	<u><b>87,795.01</b></u>

**Polaris Software Lab Limited - Group**

**Consolidated Profit and Loss Account for the quarter ended March 31, 2011**

Rs. in Lacs except per share data

	Schedule	Year Ended		Quarter Ended	
		March 31, 2011	March 31, 2010	Mar 31, 2011	March 31, 2010
		YTD - FY11	YTD - FY 10	Q4 - FY 11	Q4 - FY 10
<b>INCOME</b>					
Software development services and products					
- Overseas		139,907.94	121,748.61	38,238.99	31,346.57
- Domestic		17,057.74	10,447.64	5,189.24	3,197.11
Income from Business Process Management (BPM)					
- Overseas		137.31	461.64	18.23	72.80
- Domestic		1,530.15	2,717.73	306.82	487.22
Other income, net	16	5,906.95	(730.08)	2,298.57	545.34
		<b>164,540.09</b>	<b>134,645.54</b>	<b>46,051.85</b>	<b>35,649.04</b>
<b>EXPENDITURE</b>					
Software development and BPM expenses	13	107,239.25	87,009.58	30,218.02	22,311.97
Selling, administrative and other general expenses	14	30,004.20	26,164.22	8,266.37	6,978.02
		<b>137,243.45</b>	<b>113,173.80</b>	<b>38,484.39</b>	<b>29,289.99</b>
<b>OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION</b>					
		<b>27,296.64</b>	<b>21,471.74</b>	<b>7,567.46</b>	<b>6,359.05</b>
Finance charges	15	114.87	91.09	38.01	34.97
Depreciation and amortisation	4	3,365.86	3,501.53	868.56	919.16
		<b>3,480.73</b>	<b>3,592.62</b>	<b>906.57</b>	<b>954.13</b>
<b>PROFIT BEFORE TAX</b>					
		<b>23,815.91</b>	<b>17,879.12</b>	<b>6,660.89</b>	<b>5,404.92</b>
Income taxes - Current tax		4,616.97	3,148.58	905.38	935.00
- Deferred tax		(441.64)	(30.08)	(346.42)	32.54
- Fringe benefit tax		-	-	-	-
- MAT credit entitlement		(587.23)	(565.23)	336.33	(136.33)
<b>PROFIT AFTER TAX</b>		<b>20,227.81</b>	<b>15,325.85</b>	<b>5,765.60</b>	<b>4,573.71</b>
Minority Interest		18.16	(7.85)	(7.85)	-
Share of profit / (loss) of associate companies		-	(41.61)	-	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>20,245.97</b>	<b>15,284.24</b>	<b>5,757.75</b>	<b>4,573.71</b>
Profit brought forward from previous year		45,510.39	35,583.68	60,003.89	43,332.73
<b>Amount available for appropriation</b>		<b>65,756.36</b>	<b>50,867.92</b>	<b>65,761.64</b>	<b>47,906.44</b>
<b>APPROPRIATIONS</b>					
Dividend					
- Interim		-	1,730.81	-	-
- Final		4,465.02	1,731.82	4,465.02	1,731.82
Tax on dividend		717.65	588.47	717.65	294.46
Residual dividend		-	-	(1.21)	-
Reversal of excess provision for tax on dividend		-	-	6.49	-
Amount transferred to general reserve		1,900.00	1,306.43	1,900.00	369.77
Balance carried to balance sheet		58,673.69	45,510.39	58,673.69	45,510.39
		<b>65,756.36</b>	<b>50,867.92</b>	<b>65,761.64</b>	<b>47,906.44</b>
<b>EARNINGS PER SHARE</b>					
(equity shares par value Rs 5 each)					
Basic		20.43	15.48	5.80	4.62
Diluted		20.28	15.34	5.76	4.58
<b>Number of shares used in computing earnings per share</b>					
Basic		99,100,729	98,765,014	99,187,192	98,919,919
Diluted		99,825,120	99,667,786	99,911,583	99,842,023

**Polaris Software Lab Limited - Group**  
**Statement of cash flows for the Quarter ended March 31, 2011**

Rs in Lacs

	March 31, 2011	March 31, 2010
<b>Cash flows from operating activities</b>		
Profit before taxation	23,815.91	17,879.12
Adjustments for:		
Depreciation	3,365.86	3,501.53
Interest income	(240.56)	(156.35)
Dividend income	(1,778.69)	(1,481.31)
( Profit) / Loss on sale of fixed assets	(1,061.16)	(40.24)
Provision for doubtful debts & Bad debts written off	367.99	355.65
Lease finance charges	-	2.44
Exchange differences on translation of foreign currency cash and cash equivalents	270.41	(197.97)
Unrealised exchange (gain) / loss	402.51	151.28
<b>Changes in current assets and liabilities</b>		
Decrease / (Increase) in sundry debtors	(5,839.24)	3,560.62
Decrease/ (Increase) in loans and advances	(7,759.69)	2,480.36
Increase/(Decrease) in current liabilities and provisions	4,405.45	2,251.33
Net Taxes paid/Refund received	(5,346.27)	(2,904.67)
<b>Net cash flows from operating activities</b>	<b>10,602.52</b>	<b>25,401.79</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets and changes in capital work in progress	(9,413.90)	(3,466.27)
Acquisition of Subsidiary	(2,303.47)	(3,471.95)
Sale proceeds / (Purchase) of other long term investments	(80.80)	
Investment of 2.5% equity shares in Tyfone Inc., US	(250.61)	-
Proceeds from sale of fixed assets	1,189.73	75.94
Interest received	240.56	156.35
Dividend received	1,778.69	1,481.31
<b>Net cash flows used in investing activities</b>	<b>(8,839.80)</b>	<b>(5,224.62)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital issued on exercise of stock options	11.72	14.25
Proceeds from share premium on exercise of stock options	190.68	225.62
Change in secured loans	326.45	142.82
Lease finance charges	-	(2.44)
Dividends paid during the year	(2,022.99)	(3,460.39)
Dividend tax paid during the year	-	
<b>Net cash flows used in investing activities</b>	<b>(1,494.14)</b>	<b>(3,080.14)</b>
Exchange differences on translation of foreign currency cash and cash equivalents	(270.41)	197.97
Exchange differences on translation of foreign subsidiaries	669.16	(1,123.77)
<b>Total increase / (decrease) in cash and equivalents during the year</b>	<b>667.33</b>	<b>16,171.23</b>
Cash balance of subsidiaries on acquisition	317.01	245.31
Cash and cash equivalents at the beginning of the Period/Year	50,421.37	34,004.83
<b>Cash and cash equivalents at the end of the Period/Year</b>	<b>51,405.71</b>	<b>50,421.37</b>

\* The balances include Rs 62.70 (March 31, 2010: Rs 64.82 ) which are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

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