

Polaris Software Lab Limited - Group
Consolidated Balance Sheet as at June 30, 2011

Rs. in Lacs

| | June 30, 2011 | March 31, 2011 |
|---|--------------------------|--------------------------|
| SOURCES OF FUNDS | | |
| SHAREHOLDERS' FUNDS | | |
| Share capital | 4,963.83 | 4,959.78 |
| Share application money pending allotment | 12.09 | - |
| Reserves and surplus | 103,042.54 | 98,294.72 |
| | <u>108,018.46</u> | <u>103,254.50</u> |
| MINORITY INTEREST | 252.35 | 254.16 |
| LOAN FUNDS | | |
| Secured loans | 1,667.39 | 572.04 |
| Unsecured loans | 4,877.08 | - |
| DEFERRED TAX LIABILITIES (NET) | 219.80 | 220.84 |
| | <u>115,035.08</u> | <u>104,301.54</u> |
| APPLICATION OF FUNDS | | |
| FIXED ASSETS | | |
| Gross block | 64,782.85 | 60,796.74 |
| Less: Accumulated depreciation and amortisation | 41,468.39 | 37,944.84 |
| Net block | <u>23,314.46</u> | <u>22,851.90</u> |
| Capital-work-in progress including capital advances | 8,313.95 | 6,514.58 |
| | <u>31,628.41</u> | <u>29,366.48</u> |
| GOODWILL | 19,201.06 | 6,440.33 |
| INVESTMENTS | 25,205.42 | 38,429.51 |
| DEFERRED TAX ASSETS (NET) | 1,077.70 | 1,154.75 |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| Sundry debtors | 26,959.02 | 22,718.54 |
| Cash and bank balances | 17,736.68 | 14,225.44 |
| Other current assets | 21,013.06 | 18,383.35 |
| Loans and advances | 11,676.83 | 11,635.80 |
| | <u>77,385.59</u> | <u>66,963.13</u> |
| Less: CURRENT LIABILITIES AND PROVISIONS | | |
| Current liabilities | 31,011.64 | 29,168.46 |
| Provisions | 8,451.46 | 8,884.20 |
| | <u>39,463.10</u> | <u>38,052.66</u> |
| NET CURRENT ASSETS | <u>37,922.49</u> | <u>28,910.47</u> |
| | <u>115,035.08</u> | <u>104,301.54</u> |

Polaris Software Lab Limited - Group

Consolidated Profit and Loss Account for the period ended June 30, 2011

Rs. in Lakhs except per share value data

| | Quarter Ended June 30, 2011 | Quarter Ended June 30, 2010 |
|--|--|--|
| | Q1 - FY 12 | Q1 - FY 11 |
| INCOME | | |
| Software development services and products | | |
| - Overseas | 40,307.10 | 32,079.24 |
| - Domestic | 4,400.21 | 3,441.26 |
| Income from Business Process Management (BPM) | | |
| - Overseas | 6.73 | 50.63 |
| - Domestic | 304.83 | 485.37 |
| Other income, net | 1,361.79 | 1,423.74 |
| | 46,380.66 | 37,480.24 |
| EXPENDITURE | | |
| Software development and BPM expenses | 30,853.78 | 24,295.35 |
| Selling, administrative and other general expenses | 8,375.66 | 6,941.66 |
| | 39,229.44 | 31,237.01 |
| OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND AMORTISATION | 7,151.22 | 6,243.23 |
| Finance charges | 48.17 | 23.70 |
| Depreciation and amortisation | 956.35 | 780.81 |
| | 1,004.52 | 804.51 |
| PROFIT BEFORE TAX | 6,146.70 | 5,438.72 |
| Income taxes - Current tax | 1,615.25 | 1,063.41 |
| - Deferred tax | 77.23 | (31.14) |
| - MAT credit entitlement | - | (246.71) |
| PROFIT AFTER TAX | 4,454.22 | 4,653.16 |
| Minority Interest | 1.81 | 6.93 |
| Share of profit / (loss) of associate companies | - | - |
| NET PROFIT FOR THE YEAR | 4,456.03 | 4,660.09 |
| Profit brought forward from previous year | 58,673.69 | 45,510.39 |
| Amount available for appropriation | 63,129.72 | 50,170.48 |
| Balance carried to balance sheet | 63,129.72 | 50,170.48 |
| | 63,129.72 | 50,170.48 |
| EARNINGS PER SHARE (equity shares par value Rs 5 each) | | |
| Basic | 4.49 | 4.71 |
| Diluted | 4.46 | 4.66 |
| Number of shares used in computing earnings per share | | |
| Basic | 99,226,969 | 98,996,500 |
| Diluted | 99,974,982 | 99,898,225 |

Polaris Software Lab Limited - Group
Statement of cash flows for the Quarter ended June 30, 2011

Rs in Lacs

| | June 30, 2011 | March 31, 2011 |
|---|--------------------|-------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 6,146.70 | 23,815.91 |
| Adjustments for: | | |
| Depreciation | 956.35 | 3,365.86 |
| Interest income | (82.17) | (240.56) |
| Dividend income | (452.74) | (1,778.69) |
| (Profit) / Loss on sale of fixed assets | (221.11) | (1,061.16) |
| Provision for doubtful debts & Bad debts written off | 105.00 | 367.99 |
| Interest on borrowings | 11.80 | - |
| Exchange differences on translation of foreign currency cash and cash equivalents | 25.80 | 270.41 |
| Unrealised exchange (gain) / loss | 65.95 | 402.51 |
| Changes in current assets and liabilities | | |
| Decrease / (Increase) in sundry debtors | (4,087.09) | (5,839.24) |
| Decrease/ (Increase) in loans and advances | (2,977.68) | (7,759.69) |
| Increase/(Decrease) in current liabilities and provisions | (3,673.61) | 4,405.45 |
| Net Taxes paid/Refund received | (960.60) | (5,346.27) |
| Net cash flows from operating activities | (5,143.40) | 10,602.52 |
| Cash flows from investing activities | | |
| Purchase of fixed assets and changes in capital work in progress | (2,873.35) | (9,413.90) |
| Acquisition of Subsidiary | (8,794.62) | (2,303.47) |
| Sale proceeds / (Purchase) of other long term investments | - | (331.51) |
| Proceeds from sale of fixed assets | 237.00 | 1,189.73 |
| Interest received | 82.17 | 240.56 |
| Dividend received | 452.74 | 1,778.69 |
| Net cash flows used in investing activities | (10,896.06) | (8,839.90) |
| Cash flows from financing activities | | |
| Proceeds from share capital issued on exercise of stock options | 4.05 | 11.72 |
| Proceeds from share premium on exercise of stock options | 69.25 | 190.68 |
| Change in secured loans | 3,905.65 | 326.45 |
| Interest on borrowings | (11.80) | - |
| Dividends paid during the year | (0.11) | (2,022.99) |
| Dividend tax paid during the year | - | - |
| Net cash flows used in investing activities | 3,967.04 | (1,494.14) |
| Exchange differences on translation of foreign currency cash and cash equivalents | (25.80) | (270.41) |
| Exchange differences on translation of foreign subsidiaries | 164.51 | 669.16 |
| Total increase / (decrease) in cash and equivalents during the year | (11,933.71) | 667.23 |
| Cash balance of subsidiaries on acquisition | 2,220.88 | 317.01 |
| Cash and cash equivalents at the beginning of the Period/Year | 51,405.61 | 50,421.37 |
| Cash and cash equivalents at the end of the Period/Year | 41,692.78 | 51,405.61 |

* The balances include Rs 62.59 (March 31, 2011: Rs 62.70) 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