

| PARTICULARS  | QUARTER ENDED     |                   | NINE MONTHS ENDED |                   | YEAR ENDED             |
|--|-------------------|-------------------|-------------------|-------------------|------------------------|
|  | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 | March 31, 2008 Audited |
| Income from software services, products and Business Process Management  | 372,57.80         | 282,14.15         | 1,040,69.93       | 813,14.28         | 1,099,30.05            |
| Software development expenses  | 232,34.77         | 186,96.56         | 676,18.93         | 549,14.88         | 744,65.26              |
| <b>Gross Profit</b>  | <b>140,23.03</b>  | <b>95,17.59</b>   | <b>364,51.00</b>  | <b>263,99.40</b>  | <b>354,64.79</b>       |
| Selling and marketing expenses   | 35,04.45          | 31,62.16          | 101,20.07         | 94,15.15          | 125,13.35              |
| General and Administrative expenses                                      | 29,78.35          | 29,74.61          | 91,58.08          | 83,95.64          | 111,32.07              |
| <b>Operating Profit before interest, depreciation &amp; amortisation</b> | <b>75,40.23</b>   | <b>33,80.82</b>   | <b>171,72.85</b>  | <b>85,88.61</b>   | <b>118,19.37</b>       |
| Depreciation / Amortisation  | 8,80.01           | 11,23.98          | 30,22.90          | 34,71.18          | 46,02.48               |
| Finance Charges  | 17.77             | 23.77             | 54.99             | 60.14             | 78.61                  |
| <b>Operating Profit after interest, depreciation &amp; amortisation</b>  | <b>66,42.45</b>   | <b>22,33.07</b>   | <b>140,94.96</b>  | <b>50,57.29</b>   | <b>71,38.28</b>        |
| Exchange Gain/(Loss)   | (28,54.15)        | 1,27.21           | (36,79.58)        | 11,66.44          | 14,45.69               |
| Other Income   | 4,66.09           | 23.22             | 7,46.18           | 2,53.91           | 3,65.32                |
| Share of profit/(loss) of Associate Companies                            | 23.63             | (23.44)           | 1,01.11           | (81.78)           | (16.75)                |
| Profit on sale of Investments  | -                 | -                 | 13,01.37          | -                 | -                      |
| Intangible Assets - Amortised fully                                      | -                 | -                 | (11,73.27)        | -                 | -                      |
| <b>Profit before tax</b>   | <b>42,78.02</b>   | <b>23,60.06</b>   | <b>113,90.77</b>  | <b>63,95.86</b>   | <b>89,32.54</b>        |
| Provision for taxation   | 5,61.29           | 4,48.26           | 15,30.16          | 12,19.79          | 16,11.04               |
| <b>Profit after tax</b>  | <b>37,16.73</b>   | <b>19,11.80</b>   | <b>98,60.61</b>   | <b>51,76.07</b>   | <b>73,21.50</b>        |
| Earnings per share of Rs.5 each (Rs.)                                    |                   |                   |                   |                   |                        |
| Basic  | 3.77              | 1.94              | 9.99              | 5.25              | 7.42                   |
| Diluted  | 3.77              | 1.93              | 9.99              | 5.22              | 7.40                   |

**POLARIS SOFTWARE LAB LIMITED**  
AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2008 PREPARED AS PER INDIAN GAAP

| PARTICULARS  | QUARTER ENDED     |                   | NINE MONTHS ENDED |                   | YEAR ENDED       |
|--|-------------------|-------------------|-------------------|-------------------|------------------|
|  | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 | March 31, 2008   |
| Income from Software services and products                                       | 317,28.33         | 239,30.76         | 884,71.61         | 6,98,65.12        | 938,01.78        |
| Software development expenses  | 207,19.31         | 171,85.55         | 611,70.20         | 511,37.70         | 690,21.62        |
| <b>Gross Profit</b>  | <b>110,09.02</b>  | <b>67,45.21</b>   | <b>273,01.41</b>  | <b>187,27.42</b>  | <b>247,80.16</b> |
| Selling and marketing expenses   | 16,73.58          | 15,87.74          | 48,30.26          | 46,97.26          | 62,04.94         |
| General and Administrative expenses  | 27,00.93          | 27,04.45          | 83,61.63          | 76,95.12          | 100,60.03        |
| <b>Operating Profit before interest, depreciation &amp; amortisation</b>         | <b>66,34.51</b>   | <b>24,53.02</b>   | <b>141,09.52</b>  | <b>63,35.04</b>   | <b>85,15.19</b>  |
| Depreciation / Amortisation  | 6,79.21           | 9,43.31           | 24,45.85          | 29,93.34          | 39,07.15         |
| Finance Charges  | 11.47             | 17.86             | 39.40             | 39.90             | 60.32            |
| <b>Operating Profit after interest, depreciation &amp; amortisation</b>          | <b>59,43.83</b>   | <b>14,91.85</b>   | <b>116,24.27</b>  | <b>33,01.80</b>   | <b>45,47.72</b>  |
| Exchange Gain/(Loss)   | (33,13.88)        | 1,69.10           | (43,91.42)        | 13,45.96          | 16,50.34         |
| Other Income   | 4,34.13           | 4.04              | 6,77.93           | 2,06.68           | 3,12.08          |
| Provision for diminution in value of Investments                                 | -                 | (32.83)           | (71.13)           | (1,02.60)         | (1,02.60)        |
| Profit on sale of Investments  | -                 | -                 | 19,79.45          | -                 | -                |
| Intangible Assets - Amortised fully  | -                 | -                 | (11,73.27)        | -                 | -                |
| <b>Profit before tax</b>   | <b>30,64.08</b>   | <b>16,32.16</b>   | <b>86,45.83</b>   | <b>47,51.84</b>   | <b>64,07.54</b>  |
| Provision for taxation   | 3,76.35           | 2,86.16           | 10,61.65          | 8,42.71           | 11,44.21         |
| <b>Profit after tax</b>  | <b>26,87.73</b>   | <b>13,46.00</b>   | <b>75,84.18</b>   | <b>39,09.13</b>   | <b>52,63.33</b>  |
| Paid-up equity share capital   | 49,33.81          | 49,33.45          | 49,33.81          | 49,33.45          | 49,33.73         |
| Reserves excluding revaluation reserves  | 621,54.58         | 554,75.29         | 621,54.58         | 554,75.29         | 551,96.51        |
| Earnings per share of Rs 5 each (Rs)   |                   |                   |                   |                   |                  |
| Basic  | 2.72              | 1.36              | 7.69              | 3.96              | 5.34             |
| Diluted  | 2.72              | 1.36              | 7.69              | 3.95              | 5.32             |
| Total Public Shareholding as defined under clause 40A of the Listing Agreement** |                   |                   |                   |                   |                  |
| Number of shares   | 69,897,588        | 71,076,696        | 69,897,588        | 71,076,696        | 70,676,436       |
| Percentage of shareholding   | 70.84             | 72.04             | 70.84             | 72.04             | 71.63            |
| Face value per share (Rs)  | 5.00              | 5.00              | 5.00              | 5.00              | 5.00             |

**SEGMENT INFORMATION**

| SEGMENT INFORMATION  | QUARTER ENDED     |                   | NINE MONTHS ENDED |                   | YEAR ENDED       |
|--|-------------------|-------------------|-------------------|-------------------|------------------|
|  | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 | March 31, 2008   |
| <b>A) Segment revenue:</b>                                 |                   |                   |                   |                   |                  |
| Banking & Financial services                               | 285,77.91         | 215,15.14         | 797,12.14         | 621,86.37         | 837,87.19        |
| Emerging verticals   | 31,50.42          | 24,15.62          | 87,59.47          | 76,78.75          | 100,14.59        |
| <b>Total Revenues</b>                                      | <b>317,28.33</b>  | <b>239,30.76</b>  | <b>884,71.61</b>  | <b>698,65.12</b>  | <b>938,01.78</b> |
| <b>B) Segment results:</b>                                 |                   |                   |                   |                   |                  |
| <b>Profit before interest and tax</b>                      |                   |                   |                   |                   |                  |
| Banking & Financial services                               | 77,41.07          | 60,29.93          | 228,61.77         | 164,51.47         | 223,18.53        |
| Emerging verticals   | 9,14.13           | 3,34.99           | 24,84.55          | 10,48.51          | 14,59.92         |
| <b>Total</b>   | <b>86,55.20</b>   | <b>63,64.92</b>   | <b>253,46.32</b>  | <b>174,99.98</b>  | <b>237,78.45</b> |
| a) Finance Charges   | (11.47)           | (17.86)           | (39.40)           | (39.90)           | (60.32)          |
| b) Other unallocable expenditure net of unallocable income | (55,79.65)        | (47,14.90)        | (166,61.09)       | (127,08.24)       | (173,10.59)      |
| <b>Profit before tax</b>                                   | <b>30,64.08</b>   | <b>16,32.16</b>   | <b>86,45.83</b>   | <b>47,51.84</b>   | <b>64,07.54</b>  |
| <b>C) Capital employed:**</b>                              | <b>670,88.39</b>  | <b>604,08.74</b>  | <b>670,88.39</b>  | <b>604,08.74</b>  | <b>601,30.24</b> |

\*\*The assets & liabilities of the Company cannot be classified under any specific segment as they are used/contracted interchangeably, hence segment wise capital employed is not disclosed.

**NOTES:**

- The above results were reviewed by the Audit committee and approved by the Board of Directors at its meeting held on January 20, 2009.
- The Stand alone financial statements of the Company for the Quarter and nine months ended Dec 31, 2008 was audited by the Statutory Auditors of the Company.
- The board of directors has recommended an Interim Dividend of 30% (Rs. 1.50 per equity share of Rs 5/- each on equity share capital of the company).
- Staff Costs Rs 21,948.47 Lakhs incurred for the Quarter ended Dec 31, 2008 (Quarter ended Dec 31, 2007 was Rs. 17,881.75 Lakhs).
- Provision for taxation includes current tax, deferred tax and fringe benefit tax.
- No. of Complaints pending at the beginning of the quarter Nil  
No. of Complaints received during the quarter 22  
No. of Complaints disposed off during the quarter 22  
No. of Complaints lying unresolved at the end of the quarter Nil
- The Company has not allotted any shares under Associate Stock option Plans of the Company during the Quarter ended December 31, 2008.
- The company has divested its holding in AIG Systems Solutions Pvt Ltd for a consideration of Rs.2306 lakhs during the earlier quarters. Consolidated results for the nine months ended December 31, 2008 include a net gain of Rs.1,301.37 lakhs.
- The Company has revisited the useful life of intangible assets and accordingly an additional sum of Rs.1,173.27 lakhs has been amortised during the earlier quarters.
- The Group has acquired SEEC Inc. a US based insurance Technology Solution Provider, during the quarter and the Group results for the quarter includes revenue Rs. 411.11 lakhs and profit Rs. 51.57 lakhs of SEEC Inc.
- Figures of the earlier periods, wherever necessary, have been regrouped to conform with those of the current periods.