

| Particulars | Quarter ended | | Nine months ended | | Year ended |
|---|-------------------|-------------------|-------------------|-------------------|-----------------------|
| | December 31, 2003 | December 31, 2002 | December 31, 2003 | December 31, 2002 | March 31 2003 Audited |
| Income from Software services and products | 16,503.23 | 12,292.06 | 47,612.28 | 27,235.92 | 42,827.52 |
| Software development expenses | 10,346.55 | 6,628.29 | 29,947.05 | 15,679.19 | 25,134.57 |
| Gross Profit | 6,156.68 | 5,663.77 | 17,665.23 | 11,556.73 | 17,692.95 |
| Selling and marketing expenses | 1,264.88 | 776.24 | 3,379.73 | 1,656.46 | 2,616.66 |
| General and Administrative expenses | 1,400.33 | 1,835.28 | 4,054.90 | 3,785.11 | 5,635.08 |
| Operating Profit before interest and depreciation | 3,491.47 | 3,052.25 | 10,230.60 | 6,115.16 | 9,441.21 |
| Interest | 45.99 | 3.29 | 128.06 | 6.76 | 100.54 |
| Depreciation | 814.51 | 701.75 | 2,488.71 | 1,296.40 | 1,858.14 |
| Operating profit after interest & depreciation | 2,630.97 | 2,347.21 | 7,613.83 | 4,812.00 | 7,482.53 |
| Provision for diminution in value of Investments | -- | -- | -- | -- | 639.78 |
| Share of Loss of Associate Companies | 18.26 | -- | 33.30 | -- | 51.45 |
| Profit | 2,612.71 | 2,347.21 | 7,580.53 | 4,812.00 | 6,791.30 |
| Other Income | 137.86 | 7.86 | (156.54) | 244.84 | 278.73 |
| Profit before tax | 2,750.57 | 2,355.07 | 7,423.99 | 5,056.84 | 7,070.03 |
| Provision for taxation including deferred tax | 424.11 | 569.00 | 1,288.49 | 907.00 | 1,616.88 |
| Profit after tax | 2,326.46 | 1,786.07 | 6,135.50 | 4,149.84 | 5,453.15 |
| Earnings per share - Basic (Rs) | | | | | |
| Basic | 2.39 | 2.18 | 6.30 | 6.76 | 7.76 |
| Diluted | 2.37 | 2.15 | 6.24 | 6.60 | 7.64 |
| Basic (annualised) | 9.56 | | 8.40 | | |

POLARIS SOFTWARE LAB LIMITED
Unaudited Financial Results for the period ended December 31, 2003

| Particulars | Quarter ended | | Nine months ended | | Year ended |
|---|-------------------|-------------------|-------------------|-------------------|-----------------------|
| | December 31, 2003 | December 31, 2002 | December 31, 2003 | December 31, 2002 | March 31 2003 Audited |
| Income from Software services and products | 14,140.91 | 11,492.57 | 42,448.65 | 24,789.50 | 39,606.98 |
| Software development expenses | 8,388.20 | 6,135.19 | 26,074.27 | 14,555.30 | 24,038.30 |
| Gross Profit | 5,752.71 | 5,357.38 | 16,374.38 | 10,234.20 | 15,568.68 |
| Selling and marketing expenses | 1,168.54 | 265.35 | 3,077.58 | 963.16 | 1,365.58 |
| General and Administrative expenses | 1,304.77 | 1,475.98 | 3,738.57 | 3,041.37 | 4,890.57 |
| Operating Profit before interest and depreciation | 3,279.40 | 3,616.05 | 9,558.23 | 6,229.67 | 9,312.53 |
| Interest | 36.57 | -- | 99.79 | -- | 92.48 |
| Depreciation | 761.36 | 687.98 | 2,372.48 | 1,263.19 | 1,803.65 |
| Operating profit after interest & depreciation | 2,481.47 | 2,928.07 | 7,085.96 | 4,966.48 | 7,416.40 |
| Provision for diminution in value of Investments | -- | -- | -- | -- | 639.78 |
| Profit | 2,481.47 | 2,928.07 | 7,085.96 | 4,966.48 | 6,776.62 |
| Other Income | 16.17 | (681.47) | (208.76) | (195.76) | 178.79 |
| Profit before tax | 2,497.64 | 2,246.60 | 6,877.20 | 4,770.72 | 6,955.41 |
| Provision for taxation including deferred tax | 348.11 | 551.00 | 1,098.49 | 859.00 | 1,532.42 |
| Profit after tax | 2,149.53 | 1,695.60 | 5,778.71 | 3,911.72 | 5,422.99 |
| Paid-up equity share capital | 4,881.54 | 4,863.18 | 4,881.54 | 4,863.18 | 4,867.26 |
| Reserves excluding revaluation reserves | 44,915.26 | 37,462.54 | 44,915.26 | 37,462.54 | 38,973.81 |
| Earnings per share of Rs 5 each (Rs) | | | | | |
| Basic | 2.21 | 2.07 | 5.93 | 6.37 | 7.72 |
| Diluted | 2.19 | 2.04 | 5.89 | 6.22 | 7.60 |
| Aggregate of Non-promoter shareholding | | | | | |
| Number of shares | 74,004,043 | 27,786,361 | 74,004,043 | 27,786,361 | 27,867,851 |
| Percentage of shareholding | 75.80 | 54.05 | 75.80 | 54.05 | 54.12 |
| Face value per share(Rs) | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |

| Segment Information | Quarter ended | | Nine months ended | | Year ended |
|--|-------------------|-------------------|-------------------|-------------------|-----------------------|
| | December 31, 2003 | December 31, 2002 | December 31, 2003 | December 31, 2002 | March 31 2003 Audited |
| A) Segment revenue: | | | | | |
| Banking & Financial services | 12,156.53 | 9,555.78 | 36,883.40 | 19,267.45 | 31,583.59 |
| Emerging verticals | 1,984.38 | 1,936.79 | 5,565.25 | 5,522.05 | 8,023.39 |
| Total Revenues | 14,140.91 | 11,492.57 | 42,448.65 | 24,789.50 | 39,606.98 |
| B) Segment results: | | | | | |
| Profit/loss before tax and interest | | | | | |
| Banking & Financial services | 3,320.58 | 3,465.96 | 10,386.89 | 7,542.74 | 11,663.00 |
| Emerging verticals | 143.06 | 452.15 | 382.72 | 1,202.33 | 1,392.24 |
| Total | 3,463.64 | 3,918.11 | 10,769.61 | 8,745.07 | 13,055.24 |
| a) Interest | (36.57) | -- | (99.79) | -- | (92.48) |
| b) Other unallocable expenditure net of unallocable income | (929.43) | (1,671.51) | (3,792.62) | (3,974.35) | (6,007.35) |
| Total profit before tax | 2,497.64 | 2,246.60 | 6,877.20 | 4,770.72 | 6,955.41 |
| C) Capital employed:** | 49,796.80 | 42,325.72 | 49,796.80 | 42,325.72 | 43,841.07 |

** 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 approved by the Board at its meeting held on 29th January, 2004
- The statutory auditors of the Company have carried out a limited review of the stand alone financial statements of the Company for the Quarter ended 31st December, 2003.
- Staff Costs for the Quarter ended 31st December 2003 was Rs.7,802.89 lakhs (Quarter ended 31.12.2002 was Rs.6,196.99 Lakhs)
- No. of Complaints pending at the beginning of the quarter Nil
No. of Complaints received and disposed off during the quarter 38
No. of Complaints lying unresolved at the end of the quarter Nil
- The Company has allotted 241,768 Equity Shares of Rs. 5/- each on exercise of options by the employees under the ASOP Schemes during the quarter
- Effective April, 2003 the cost of software products capitalised as intangible assets includes other appropriate direct cost also. The effect of the same for the nine months ended, 31.12.2003 is Rs.512.44 lakhs (for current quarter it is Rs.173.92 lakhs)
- Figures of the earlier periods, whereever necessary, have been regrouped and rearranged to conform with those of the current quarter and the year
- Figures reported for the quarter and period ended December 31, 2002 includes the business performance of erstwhile Orbitech Solutions Ltd. from November 1, 2002, the date of merger of Polaris and Orbitech Solutions Ltd.

Registered Office:

Polaris House, 244, Anna Salai, Chennai - 600 006.
Chennai, 29 January 2004

For Polaris Software Lab Limited

Arun Jain
Chairman & Managing Director