

| Particulars | 9 months ended | Quarter ended | | Year ended | |
|--|-------------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| | December 31, 2003 (Unaudited) | March 31, 2004 (Unaudited) | March 31, 2003 (Unaudited) | March 31, 2004 (Audited) | March 31, 2003 (Audited) |
| Income from Software services and products | 47,612.28 | 17,030.31 | 15,591.60 | 64,642.59 | 42,827.52 |
| Software development expenses | 29,947.05 | 10,897.71 | 9,455.38 | 40,844.76 | 25,134.57 |
| Gross Profit | 17,665.23 | 6,132.60 | 6,136.22 | 23,797.83 | 17,692.95 |
| Selling and marketing expenses | 3,379.73 | 1,742.48 | 960.20 | 5,122.21 | 2,616.66 |
| General and Administrative expenses | 4,054.90 | 1,819.89 | 1,849.97 | 5,874.79 | 5,635.08 |
| Operating Profit before Interest, Depreciation and Amortisation | 10,230.60 | 2,570.23 | 3,326.05 | 12,800.83 | 9,441.21 |
| Interest | 128.06 | 13.48 | 93.78 | 141.54 | 100.54 |
| Depreciation | 2,488.71 | 828.98 | 561.74 | 3,317.69 | 1,858.14 |
| Operating Profit after Interest, Depreciation and Amortisation | 7,613.83 | 1,727.77 | 2,670.53 | 9,341.60 | 7,482.53 |
| Provision for diminution in value of Investments | -- | 10.14 | 639.78 | 10.14 | 639.78 |
| Share of Loss of Associate Companies | 33.30 | 192.32 | 51.45 | 225.62 | 51.45 |
| Other Income | (156.54) | (450.86) | 33.89 | (607.40) | 278.73 |
| Profit before tax | 7,423.99 | 1,074.45 | 2,013.19 | 8,498.44 | 7,070.03 |
| Provision for taxation including deferred tax | 1,288.49 | 224.75 | 709.88 | 1,513.24 | 1,616.88 |
| Profit after tax | 6,135.50 | 849.70 | 1,303.31 | 6,985.20 | 5,453.15 |
| Earnings per share of Rs.5/- each - Basic (Rs) | | | | | |
| Basic | 6.30 | 0.87 | 1.86 | 7.17 | 7.76 |
| Diluted | 6.23 | 0.86 | 1.83 | 7.09 | 7.64 |

POLARIS SOFTWARE LAB LIMITED
Audited Financial Results for the period ended March 31, 2004

Rs. Lakhs

| Particulars | 9 months ended | Quarter ended | | Year ended | |
|--|-------------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| | December 31, 2003 (Unaudited) | March 31, 2004 (Unaudited) | March 31, 2003 (Unaudited) | March 31, 2004 (Audited) | March 31, 2003 (Audited) |
| Income from Software services and products | 42,448.65 | 15,399.92 | 13,852.48 | 57,848.57 | 39,606.98 |
| Software development expenses | 26,074.27 | 10,309.78 | 8,518.00 | 36,384.05 | 24,038.30 |
| Gross Profit | 16,374.38 | 5,090.14 | 5,334.48 | 21,464.52 | 15,568.68 |
| Selling and marketing expenses | 3,077.58 | 1,379.72 | 402.42 | 4,457.30 | 1,365.58 |
| General and Administrative expenses | 3,738.57 | 1,432.51 | 1,849.20 | 5,171.08 | 4,890.57 |
| Operating Profit before Interest, Depreciation and Amortisation | 9,558.23 | 2,277.91 | 3,082.86 | 11,836.14 | 9,312.53 |
| Interest | 99.79 | 17.86 | 92.48 | 117.65 | 92.48 |
| Depreciation | 2,372.48 | 788.25 | 540.46 | 3,160.73 | 1,803.65 |
| Operating Profit after Interest, Depreciation and Amortisation | 7,085.96 | 1,471.80 | 2,449.92 | 8,557.76 | 7,416.40 |
| Provision for diminution in value of Investments | -- | 10.14 | 639.78 | 10.14 | 639.78 |
| Other Income | (208.76) | (323.56) | 374.55 | (532.32) | 178.79 |
| Profit before tax | 6,877.20 | 1,138.10 | 2,184.69 | 8,015.30 | 6,955.41 |
| Provision for taxation including deferred tax | 1,098.49 | 147.13 | 673.42 | 1,245.62 | 1,532.42 |
| Profit after tax | 5,778.71 | 990.97 | 1,511.27 | 6,769.68 | 5,422.99 |
| Paid-up equity share capital | 4,881.54 | 4,884.96 | 4,867.26 | 4,884.96 | 4,867.26 |
| Reserves excluding revaluation reserves | 44,915.26 | 44,490.74 | 38,973.81 | 44,490.74 | 38,973.81 |
| Earnings per share of Rs 5 each (Rs) | | | | | |
| Basic | 5.93 | 1.02 | 2.15 | 6.95 | 7.72 |
| Diluted | 5.89 | 1.01 | 2.12 | 6.87 | 7.60 |
| Aggregate of Non-promoter shareholding | | | | | |
| Number of shares | 74,004,043 | 74,072,868 | 27,867,851 | 74,072,868 | 27,867,851 |
| Percentage of shareholding | 75.80 | 75.82 | 54.12 | 75.82 | 54.12 |
| Face value per share(Rs) | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |

| Segment Information | 9 months ended | Quarter ended | | Year ended | |
|--|-------------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| | December 31, 2003 (Unaudited) | March 31, 2004 (Unaudited) | March 31, 2003 (Unaudited) | March 31, 2004 (Audited) | March 31, 2003 (Audited) |
| A) Segment revenue: | | | | | |
| Banking & Financial services | 36,883.40 | 13,306.22 | 11,651.15 | 50,189.62 | 31,583.59 |
| Emerging verticals | 5,565.25 | 2,093.70 | 2,201.33 | 7,658.95 | 8,023.39 |
| Total Revenues | 42,448.65 | 15,399.92 | 13,852.48 | 57,848.57 | 39,606.98 |
| B) Segment results: | | | | | |
| Profit/loss before tax and interest | | | | | |
| Banking & Financial services | 10,386.89 | 3,602.71 | 2,928.31 | 13,989.60 | 11,663.00 |
| Emerging verticals | 382.72 | 122.93 | 244.12 | 505.65 | 1,392.24 |
| Total | 10,769.61 | 3,725.64 | 3,172.43 | 14,495.25 | 13,055.24 |
| a) Interest | (99.79) | (17.86) | (92.48) | (117.65) | (92.48) |
| b) Other unallocable expenditure net of unallocable income | (3,792.62) | (2,569.68) | (895.26) | (6,362.30) | (6,007.35) |
| Total profit before tax | 6,877.20 | 1,138.10 | 2,184.69 | 8,015.30 | 6,955.41 |
| C) Capital employed:** | 49,796.80 | 49,375.70 | 43,841.07 | 49,375.70 | 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 May 19, 2004.
- Staff Costs for the Quarter ended March 31, 2004 was Rs.10,308 lakhs (Quarter ended March 31, 2003 was Rs.5,050.42 Lakhs)
- No. of Complaints pending at the beginning of the quarter
Nil
- No. of Complaints received and disposed off during the quarter
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- No. of Complaints lying unresolved at the end of the quarter
Nil
- The Company has allotted 68,325 equity shares of Rs.5 each on exercise of options by the employees under the ASOPschemes during the quarter.
- The Board of Directors at their meeting proposed a dividend of 35% (Rs.1.75 per share) for the year, subject to the approval of the shareholders.
- The Company has during the quarter made additional investments in the following subsidiaries / associate companies:
 - Polaris Retail Infotech Limited
Rs.400 Lakhs (4,000,000 shares of Rs.10 each)
 - Optimus Outsourcing Company Limited
Rs.700 Lakhs (shares yet to be allotted - 14,000,000 equity shares of Rs.5 each)
 - Polaris Software Lab SA, Switzerland
Rs.71.74 Lakhs (20,000 equity shares of CHF 10 each)
 - Polaris Software Lab Ireland Limited
Rs.56.02 Lakhs (100,000 equity shares of Euro 1 each)
 - Empower Works Limited
Rs.99.50 Lakhs (Associate Company - 1,592,000 equity shares of Rs.5 each at a premium of Rs.1.25 per share).
- In view of the merger of Orbitech Solutions Limited on 1st November, 2002 with the company, the figures for the year ended March 31, 2004 are not comparable with the year ended March 31, 2003
- Figures of the earlier periods, wherever necessary, have been regrouped and rearranged to conform with those of the current quarter and the year.

Registered Office: Polaris House, 244, Anna Salai, Chennai - 600 006.

Chennai
May 19, 2004.

For Polaris Software Lab Limited

Arun Jain
Chairman & CEO