

POLARIS SOFTWARE LAB - GROUP

UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED JUNE 30, 2004 PREPARED AS PER INDIAN GAAP

Rs. Lakhs

PARTICULARS	Quarter Ending June 30, 2004 (Unaudited)	Quarter Ending June 30, 2003 (Unaudited)	Year ending March 31, 2004 Audited
Income from Software services and products	17,959.07	15,367.92	64,642.59
Software development expenses	11,811.88	9,688.97	40,844.76
Gross Profit	6,147.19	5,678.95	23,797.83
Selling and marketing expenses	1,505.55	976.88	5,122.21
General and Administrative expenses	1,654.87	1,354.16	5,698.59
Provision for doubtful debts and bad debts	818.19	14.76	176.20
Operating Profit before interest and depreciation	2,168.58	3,333.15	12,800.83
Interest	36.59	43.18	141.54
Depreciation / Amortisation	871.50	832.19	3,317.69
Operating profit after interest & depreciation	1,260.49	2,457.78	9,341.60
Provision for diminution in value of Investments	--	--	10.14
Share of Loss of Associate Companies	50.18	12.94	225.62
Profit	1,210.31	2,444.84	9,105.84
Other Income	784.60	95.13	328.07
Foreign Exchange Gain / (Loss)	715.95	(394.42)	(935.47)
Profit before tax	2,710.86	2,145.55	8,498.44
Provision for taxation including deferred tax	693.38	503.00	1,513.24
Profit after tax	2,017.48	1,642.55	6,985.20
Earnings per share - Basic (Rs.)			
Basic	2.06	1.86	7.17
Diluted	2.05	1.83	7.09

POLARIS SOFTWARE LAB LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED JUNE 30, 2004

Rs. Lakhs

PARTICULARS	Quarter Ending June 30, 2004 (Unaudited)	Quarter Ending June 30, 2003 (Unaudited)	Year ending March 31, 2004 Audited
Income from Software services and products	15,647.02	14,254.72	57,848.57
Software development expenses	10,224.55	8,935.47	36,384.05
Gross Profit	5,422.47	5,319.25	21,464.52
Selling and marketing expenses	1,264.37	819.89	4,457.30
General and Administrative expenses	1,531.23	1,160.41	5,007.90
Provision for doubtful debts and bad debts	818.19	14.51	163.18
Operating Profit before interest and depreciation	1,808.68	3,324.44	11,836.14
Interest	29.17	33.66	117.65
Depreciation / Amortisation	820.48	801.18	3,160.73
Operating profit after interest & depreciation	959.03	2,489.60	8,557.76
Provision for diminution in value of investments	--	--	10.14
Profit	959.03	2,489.60	8,547.62
Other Income	781.60	94.23	214.79
Foreign Exchange Gain / (Loss)	726.26	(373.81)	(747.11)
Profit before tax	2,466.89	2,210.02	8,015.30
Provision for taxation (including def. tax)	601.38	477.00	1,245.62
Profit after tax	1,865.51	1,733.02	6,769.68
Paid-up equity share capital	4,887.71	4,869.45	4,884.96
Reserves excluding revaluation reserves	46,413.67	40,733.38	44,490.74
Earnings per share of Rs 5 each (Rs)			
Basic	1.91	1.78	6.95
Diluted	1.89	1.76	6.87
Aggregate of Non-promoter shareholding			
Number of shares	74,127,878	27,911,726	74,072,868
Percentage of shareholding	75.83	54.16	75.82
Face value per share(Rs)	5.00	5.00	5.00

Segment Information	Quarter Ending June 30, 2004 (Unaudited)	Quarter Ending June 30, 2003 (Unaudited)	Year ending March 31, 2004 Audited
A) Segment revenue:			
Banking & Financial services	13,697.65	12,685.59	50,189.62
Emerging verticals	1,949.37	1,569.13	7,658.95
Total Revenues	15,647.02	14,254.72	57,848.57
B) Segment results:			
Profit/loss before tax and interest			
Banking & Financial services	4,011.05	3,827.87	13,989.60
Emerging verticals	241.18	131.92	505.65
Total	4,252.23	3,959.79	14,495.25
a) Interest	(29.17)	(33.66)	(117.65)
b) Other unallocable expenditure net of unallocable income	(1,756.17)	(1,716.11)	(6,362.30)
Total profit before tax	2,466.89	2,210.02	8,015.30
C) Capital employed:**	51,301.38	45,602.83	49,375.70

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

NOTES :

- The above results were approved by the Board at its meeting held on July 28, 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 June 30, 2004.
- Staff Costs for the quarter ended June 30, 2004 was Rs.10,496.30 lakhs (quarter ended June 30, 2003 was Rs.7,179.02 lakhs).
- Other income includes Rs.750 lakhs (Quarter ended June 30, 2003 - Rs. NIL) receivable from Orbitech Limited, the erstwhile shareholder of Orbitech Solutions Limited (which has been amalgamated with Polaris Software Lab Limited on November 1, 2002) towards pre merger contingencies and/ or any merger related matters.
- No of complaints pending at the beginning of the quarter - NIL
No of complaints received and disposed off during the quarter - 17
No of complaints lying unresolved at the end of the quarter - NIL
- The company has allotted 55,010 equity shares of Rs.5 each on exercise of options by the employees under the ASOP 2000 & 2001 Schemes and granted 673,000 options under ASOP 2003 Scheme during the quarter.
- The Company has made an additional investment of Rs.96 lakhs in Empower Works Limited, an associate company, during the quarter.
- Figures of the earlier periods, wherever necessary, have been regrouped and rearranged to conform with those of the current quarter and the year.

Place : Chennai
Date : July 28, 2004

for Polaris Software Lab Limited
Arun Jain
Chairman & CEO

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