

PARTICULARS	9 MONTHS ENDED	QUARTER ENDED		YEAR ENDED	
	December 31, 2005 (Unaudited)	March 31, 2006 (Audited)	March 31, 2005 (Unaudited)	March 31, 2006 (Audited)	March 31, 2005 (Audited)
Income from Software development services and products	62,622.13	19,885.49	19,642.97	82,507.62	78,712.33
Software development expenses	42,158.68	14,049.03	13,819.07	56,207.71	50,434.99
Gross Profit	20,463.45	5,836.46	5,823.90	26,299.91	28,277.34
Selling and marketing expenses	5,991.11	2,177.55	1,931.18	8,168.66	6,840.84
General and Administrative expenses	7,900.61	2,523.69	2,478.81	10,424.30	11,217.34
Operating Profit before interest, depreciation & amortisation	6,571.73	1,135.22	1,413.91	7,706.95	10,219.16
Interest	57.17	22.01	33.15	79.18	112.67
Depreciation / Amortisation	3,702.51	1,242.15	1,279.54	4,944.66	4,069.97
Operating Profit / (Loss) after interest, depreciation & amortisation	2,812.05	(128.94)	101.22	2,683.11	6,036.52
Provision for diminution / (write back) in value of Investments	(6.31)	-	0.25	(6.31)	0.25
Share of Profit / (Loss) of Associate Companies	(89.93)	12.99	(238.66)	(76.93)	(487.19)
Profit / (Loss) before other income and tax	2,728.43	(115.95)	(137.69)	2,612.49	5,549.08
Other Income	323.54	509.41	321.35	832.95	1,330.82
Profit / (Loss) before tax	3,051.97	393.46	183.66	3,445.44	6,879.90
Provision for taxation	1,134.12	180.68	(50.38)	1,314.80	1,075.84
Profit / (Loss) after tax	1,917.85	212.78	234.04	2,130.64	5,804.06
Earnings per share - of Rs.5 each (Rs.)					
Basic	1.96	0.22	0.24	2.17	5.93
Diluted	1.95	0.22	0.24	2.17	5.90

POLARIS SOFTWARE LAB LIMITED

Audited Financial Results for the Year ended March 31, 2006 prepared as per Indian GAAP

PARTICULARS	9 MONTHS ENDED	QUARTER ENDED		YEAR ENDED	
	Dec 31, 2005 (Audited)	Mar 31, 2006 (Audited)	Mar 31, 2005 (Unaudited)	Mar 31, 2006 (Audited)	Mar 31, 2005 (Audited)
Income from Software development services and products	52,179.02	16,215.04	17,299.44	68,394.06	66,896.58
Software development expenses	36,426.00	11,453.57	12,163.43	47,879.57	42,227.99
Gross Profit	15,753.02	4,761.47	5,136.01	20,514.49	24,668.59
Selling and marketing expenses	4,972.45	1,805.23	1,590.14	6,777.68	5,899.93
General and Administrative expenses	5,874.01	1,508.42	2,197.86	7,382.43	10,480.57
Operating Profit before interest, depreciation & amortisation	4,906.56	1,447.82	1,348.01	6,354.38	8,288.09
Interest	39.48	15.44	21.70	54.92	81.53
Depreciation / Amortisation	3,482.13	1,161.84	1,181.65	4,643.97	3,840.27
Operating Profit / (Loss) after interest, depreciation & amortisation	1,384.95	270.54	144.66	1,655.49	4,366.29
Provision for diminution in value of investments	180.03	36.63	0.25	216.66	0.25
Profit / (Loss) before other income and tax	1,204.92	233.91	144.41	1,438.83	4,366.04
Other Income	147.78	452.85	439.90	600.63	1,605.17
Profit / (Loss) before tax	1,352.70	686.76	584.31	2,039.46	5,971.21
Provision for taxation	501.73	208.18	(146.87)	709.91	628.36
Profit / (Loss) after tax	850.97	478.58	731.18	1,329.55	5,342.85
Paid-up equity share capital	4,907.11	4,911.50	4,900.51	4,911.50	4,900.51
Reserves excluding revaluation reserves	49,154.13	48,214.95	48,035.08	48,214.95	48,035.08
Earnings per share of Rs 5 each (Rs.)					
Basic	0.87	0.49	0.75	1.36	5.46
Diluted	0.87	0.49	0.74	1.35	5.43
Aggregate of Non-promoter shareholding					
Number of shares	74,515,848	74,603,683	74,383,958	74,603,683	74,383,958
Percentage of shareholding	75.93	75.95	75.89	75.95	75.89
Face value per share (Rs.)	5.00	5.00	5.00	5.00	5.00

SEGMENT INFORMATION	9 MONTHS ENDED	QUARTER ENDED		YEAR ENDED	
	Dec 31, 2005 (Audited)	Mar 31, 2006 (Audited)	Mar 31, 2005 (Unaudited)	Mar 31, 2006 (Audited)	Mar 31, 2005 (Audited)
A) Segment revenue:					
Banking & Financial services	46,882.59	14,570.94	15,601.14	61,453.53	59,840.71
Emerging verticals	5,296.43	1,644.10	1,698.30	6,940.53	7,055.87
Total Revenues	52,179.02	16,215.04	17,299.44	68,394.06	66,896.58
B) Segment results:					
Profit before interest and tax					
Banking & Financial services	12,932.61	3,609.21	3,804.31	16,541.82	17,355.73
Emerging verticals	675.51	41.31	207.18	716.82	828.49
Total	13,608.12	3,650.52	4,011.49	17,258.64	18,184.22
a) Interest	(39.48)	(15.44)	(21.70)	(54.92)	(81.53)
b) Other unallocable expenditure net of unallocable income	(12,215.94)	(2,948.32)	(3,405.48)	(15,164.26)	(12,131.48)
Profit / (Loss) before tax	1,352.70	686.76	584.31	2,039.46	5,971.21
C) Capital employed:**	54,061.24	53,126.45	52,935.59	53,126.45	52,935.59

** 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 audited results were reviewed by the Audit Committee and were approved by the Board at its meeting held on April 27, 2006.
- The Board of Directors of the Company has recommended a dividend of Re.1.25 Per share (25%) subject to the approval of the shareholders of the company.
- Staff Costs for the Quarter ended March 31, 2006 was Rs.11,911.06 Lakhs (Quarter ended March 31, 2005 was Rs.12,401 Lakhs).
- Provision for taxation includes current tax, deferred tax and fringe benefit tax. Current Year taxes include an amount of Rs. 139.26 lakhs (Rs.110.29 lakhs in the stand alone) relating to earlier Year taxes paid arising on account of assessment made by the overseas tax authorities.
- No. of Complaints pending at the beginning of the quarter Nil
No. of Complaints received during the quarter 17
No. of Complaints disposed off during the quarter 17
No. of Complaints lying unresolved at the end of the quarter Nil
- The company has allotted 87,835 equity shares of Rs.5 each on exercise of options by the employees / directors under ASOP 2000, 2001 & 2003 Schemes during the Quarter ended March 31, 2006.
- The Company has made an additional investment of Rs.25 lakhs in the form of preference share capital during the quarter in Adrenalin eSystems Limited, an Associate Company.
- Figures of the earlier periods, wherever necessary, have been regrouped and rearranged to confirm with those of the current period's presentation.

For Polaris Software Lab Limited

Registered Office:

Polaris House, 244, Anna Salai, Chennai - 600 006.
Place : Chennai Date : April 27, 2006

Arun Jain
Chairman & Managing Director

Prabal Basu Roy
Group CFO & Executive Vice President