



This book is dedicated to every member of
the Polaris family past and present, who
believed enough to turn a vision into reality.



EVOLUTION OF POLARIS TILL 2001

*Polaris Software Lab Pvt Ltd, India, 5th Jan 1993 as a Pvt Ltd Company and
subsequently converted to a Public Ltd Company on 24th June 1996*

Polaris Software Lab Inc, US, 26th August 1996

Polaris Software Lab Pte Ltd, Singapore, 17th February 1997

Polaris Software Lab Ltd, UK, 3rd June 1998

Polaris Retail Infotech Ltd, India, 23rd Nov 1998

Polaris Software Consulting GmbH, Germany, 28th June 2000

Polaris Software Lab S.A., Switzerland, 14th Aug 2000

Polaris Software Pty Limited, Australia, 9th Nov 2000

T H E
POWER OF
SIMPLICITY
THE ESSENCE OF SUCCESS
AT POLARIS

Annual Report 2000-2001

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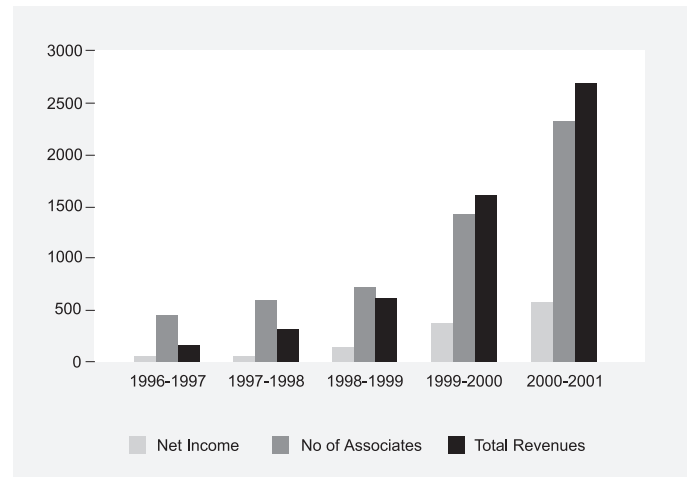
CONTENTS

| | |
|--|----|
| Financial Highlights | i |
| Letter to the Shareholders | ii |
| Preface | iv |
| Polaris Vision | vi |
| CHAPTER ONE | |
| Future Ready - Speedy Delivery | 2 |
| • Accelerated time to Market | |
| • Widening horizons | |
| • Keeping the technology edge honed | |
| CHAPTER TWO | |
| Relationship Focus - Long-Term Approach | 10 |
| • A Dream Workplace for Associates | |
| • Polaris and the Society | |
| CHAPTER THREE | |
| Harnessing the Power of Knowledge - Knowledge Management | 16 |
| • <i>Funda</i> | |
| • Nalanda - The University | |
| CHAPTER FOUR | |
| The Infrastructure Edge - Quality above all | 22 |
| CHAPTER FIVE | |
| Attitude is Everything - The Strength of Beliefs | 28 |
| Appendix 1- Learning from Mistakes | 32 |
| Appendix 2 - Hard Talk - Panel Discussion | 34 |

FINANCIAL REPORT

| | |
|---|-----|
| Polaris Software Lab Ltd. | 38 |
| Polaris Software Lab Pte Ltd, Singapore | 114 |
| Polaris Software Lab Limited, UK | 134 |
| Polaris Software Lab S.A., Switzerland | 148 |
| Polaris Software Consulting GmbH, Germany | 154 |
| Polaris Retail Infotech Limited (PRIL) | 160 |
| TipTop Holdings Limited | 178 |
| FREQUENTLY ASKED QUESTIONS | 190 |
| INDEX | 196 |

FINANCIAL HIGHLIGHTS



Rs. in million

| | 1996 -1997 | 1997-1998 | 1998 -1999 | 1999 - 2000 | 2000 -2001 |
|----------------------------|------------|-----------|------------|-------------|------------|
| For the Year | | | | | |
| Total Revenues | 153.11 | 311.31 | 605.49 | 1602.89 | 2696.73 |
| Operating Income | 36.18 | 65.53 | 161.57 | 451.72 | 674.91 |
| Net Income | 34.78 | 47.11 | 146.45 | 372.12 | 601.04 |
| At the Year end | | | | | |
| Total Fixed Assets | 20.27 | 56.45 | 98.88 | 274.46 | 520.44 |
| Shareholders Equity | 77.96 | 210.38 | 371.44 | 1377.47 | 1924.43 |
| Number of Shares | | | | | |
| Outstanding of Rs. 5 each | 1.76 | 8.7 | 27.1 | 34.12 | 34.12 |
| Earnings Per Share - Basic | 19.76 | 5.42 | 5.41 | 11.93 | 17.61 |
| Dividend % | 20% | 20% | 20% | 30% | 30% |
| Number of Associates | 444 | 596 | 725 | 1435 | 2334 |

KEY FINANCIAL INDICATORS

| | 1996 -1997 | 1997-1998 | 1998 -1999 | 1999 - 2000 | 2000 -2001 |
|------------------------|------------|-----------|------------|-------------|------------|
| Return on Net worth | 60.07% | 32.68% | 50.34% | 42.55% | 36.41% |
| PAT by Sales | 22.76% | 15.36% | 24.30% | 25.47% | 22.64% |
| Operating PAT by Sales | 22.58% | 14.33% | 23.82% | 18.30% | 21.07% |
| Assets Turnover ratio | 11.65 | 7.99 | 8.65 | 11.35 | 8.74 |

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

The simplicity of the Gandhian movement is staggering. Whether it was the Salt Satyagraha or the practice of Ahimsa, the beliefs were simple, yet the result powerful. It won freedom for our nation and acclaim around the world.

We at Polaris believe as much in the essence of simplicity. Our movement has been towards global leadership. And we are getting there.

Forbes ranked Polaris among the 300 Best Small Companies in the world. And a recent survey conducted by Businessworld Magazine ranks Polaris as the fastest growing software company in India and the second fastest growing company in the country.

We have come this far by delivering a simple yet powerful advantage to clients: Accelerated time to Market. Our promise is to deliver reliable solutions at a faster rate.

In our bid to move up the value chain, we have invested our energies in two new growth engines: The Component Warehouse (CWH) and BankWare™. CWH offers ready to use components for speedier delivery and BankWare™ is the brand for launching current and future product offerings.

As a learning organization, this year we have initiated an Intranet portal Funda through which all our people are linked. This gives us the ability to share our experiences and leverage expertise whichever part of the globe it is available in. Nalanda, a University, dedicated to training of our people will soon be operational.

Two offices in North America and four new offices in Europe bring the total number of our offices worldwide to 15. Two new state-of-the-art development facilities are also well underway.

The growth is continuous. The methodologies are simple. And we plan to get to our goal by "Thinking like a Start-up and Acting like a Giant".

With best regards,

. . .

Arun Jain
Chairman and Managing Director

Cbennai
21 April 2001

Preface

The power of simplicity can be best understood by David's encounter with the giant Goliath. The latter was a giant with brute force on his side. David was a little boy with a handful of pebbles and a catapult. And he won.

Analyzing David's victory one sees that his strategy was simple. He aimed right and put his full force behind it. More importantly, he kept at it till the brute went down.

Interestingly, achieving simplicity is not simple. It requires a deep understanding of the subject. David wouldn't have made it if he did not use the right force aimed at the right spot.

Similarly, for an organization to achieve simplicity requires it to have complete understanding of the business it is in. Successful tools and methodologies can be derived only when the understanding is so complete it's easy to focus on the essentials. An excellent example of such an organization is Polaris Software.

A global IT solutions company with 2334 associates working out of 15 offices worldwide, Polaris has been recording a CAGR of around 100% since inception. When one looks closely at the organization we can detect the power of simplicity running through the various units of the organization like a quiet force.

Polaris' focus has been simple. It has been to offer clients "Accelerated time to Market". By understanding the client's business domain and supplementing it with technological expertise, Polaris crunches delivery time. Polaris' simple processes and a well-connected enterprise have created an open environment. This networking has encouraged direct interaction leading to faster delivery.

For a more in-depth understanding of the power of simplicity we take a closer look at Polaris through the following chapters.

Chapter One, “Future Ready” discusses the corporate purpose that has always steered Polaris. This chapter probes Polaris’ focus on facilitating Accelerated Time to Market to clients. Some interesting episodes that highlight this focus have been included for a clearer picture.

Chapter Two, “Relationships Focus” analyses how an organization’s commitment can result in building meaningful relationships with customers. We see how Polaris’ relationship model ENTITY paves the way for a long-term relationship with clients. On another level we learn how the kinship between associates is strengthened by various activities. Polaris’ relationship with society is also outlined.

Chapter Three, “Harnessing Knowledge” looks into how an organization’s belief in the power of shared knowledge has led to the implementation of Knowledge Management. We study how this has contributed to the transparency within the organization.

Chapter Four, “The Infrastructure Edge” is a study of the role of infrastructure in the growth of an organization. We look at the advantages of Polaris’ global network spread across 15 cities. And we also see what the emerging projects, Track I near Chennai and Track II near New Delhi, mean to the organization.

Chapter Five, “Attitude is Everything” illustrates the spirit which is Polaris through various personal accounts of experiences. It tries to fathom how ready the organization is to take on the future.

We take this opportunity to salute all the pioneering spirits - past, present and future, for believing in the power of simplicity and translating it into success.



*According to **Aruna Kashinath**, Managing Partner & Senior Vice President, “Polaris is a global corporate in the sense that we identify common needs around the world and then cater to them. So whether it’s Europe, US or Singapore the quality and essence of our products remain the same.”*

POLARIS VISION

To build future leaders through continuous learning, creativity, excellence and mutual respect and reaching new horizons with our creative energies ensuring customer delight and social fusion.

Future

Ready

1

SPEEDY DELIVERY

It was almost 11 pm, in Delhi, one February night in 1986 when Arun Jain and Yogesh completed the proposal that would transform the fate of International Information Systems (IIS). The proposal was to be presented to an international bank in Mumbai the next day.

Interestingly, the logo for the new company promoted by IIS to handle this project, was still not ready. It was in fact, created that same night by Govind Singhal. The new company Nucleus Software Workshop Pvt. Ltd. was to be assigned as a dedicated partner to develop the software requirements of the bank.

The proposal was presented the next day and accepted. And thus began the story of Nucleus Software which later evolved to Polaris (incorporated in 1993).

Polaris' first project involved building a state-of-the-art credit card application for Citibank. The Credit Card System itself was a novelty in the country then. And it had to be built from scratch on UNIX, a platform that was not familiar to many. Though it was a big risk for a small organization to take, Polaris took it up as a challenge and completed the task in a record 9 months!

Today, Polaris is a global software house providing customized, quality IT solutions for the banking and financial services industry.

ACCELERATED TIME TO MARKET

As seen in the above example, domain knowledge, technical expertise and risk management ability is crucial for quick turnaround. Further, today's dynamic business environment demands the acceleration of all processes for speedy delivery. Polaris is doing this effectively through the Component Warehouse (CWH).

The CWH is a business application framework. It integrates technology, business and knowledge components for speedier solutions. As the name suggests it has a repository of ready-to-use components. Also it de-links the technology from the business logic. Hence changes in either can be made independently, further crunching delivery time.

Clients in turn pass on this benefit of faster turnaround to their customers. In other words, by offering the clients Accelerated time to Market, Polaris is arming them with a competitive edge.

It is commitment such as this that has won the appreciation of clients and to date over 500 projects have been successfully completed.

BankWare™ MODERNIZING MONEY WITH POLARIS

This year, Polaris established BankWare™, a unit committed to roll out banking products to address the new and emerging technology needs of banks. The focus is on developing products aligned with the strategic requirements for global banks.

BankWare™ was showcased in major international trade and banking fairs at Germany, Dubai and at IT Comdex, India. The markets being currently explored are the Middle East, the ASPAC region, Eastern Europe and the Indian sub-continent. Apart from a number of distribution partners in various geographies, IBM and Sybase are key partners of BankWare™.

The following are the other products of BankWare™ - BankNow, CollectNow, OriginateNow, DeliverNow, AlertNow, PaybillNow and BankWise.



"Polaris is respected for its dedication to quality and commitment to accelerated delivery,"
said **R. Sbekar**, Senior Vice President.



EFFECTIVE BANKING SOLUTIONS
OR
WHY OUR CLIENT LOVED
US WHEN WE SAID “NO!”

It all started when our client in Singapore needed a new Asset Liability Management System. The old one was laborious with limited capabilities. The client approached us to develop a system based on a conventional platform. We studied the problem and said no. Our clients were thrilled when they realized the alternative application we suggested would need no dedicated administrator and would be so much more easy to implement and use. The prototype for the above project was up and running on five systems in 90 days flat!



*"BankWare is a brand under which, products that meet the evolving needs of global banks are being released continuously," states **Rajiv Malhotra**, Senior Vice President.*

BankNow ANYWHERE ANYTIME ANYMODE

The first offering from BankWare is a relationship oriented Core Retail Banking product - BankNow. It is derived from M&I's EastPoint which is successfully running in over 60 banks in the US. This strategic alliance, signed by Polaris with M&I, gives Polaris the licensing rights for the International version of EastPoint. Polaris has enhanced the product by adding new product processes and features. The product has met with success in the market with implementation already successfully completed in the Himachal Pradesh State Cooperative Bank, India. Implementation is underway in Bank Artha Graha, Indonesia.

BankNow has a la carte menu of modules to meet specific customer needs - CustomerNow, LoanNow, DepositNow and TellNow.

BankWise NEXT GENERATION BANKING

Recognizing the fact that some banks have unique needs and require a tailor made, scalable and flexible solution, Polaris offers BankWise. This is a banking solution that evolves out of strategic consulting, exploiting the availability of reusable components and familiarity with best of breed satellite products.

WIDENING HORIZONS

Taking intelligent risks is an integral part of good business planning. Recognizing that the Banking and Financial Services sector held great promise, Polaris pooled all its energies to achieve domain expertise from the start. Even when the world was swept away by the Y2K boom, Polaris kept to its course. Polaris' focus was the contemporary segment and it remains unshaken even today.

At the same time, Polaris is on the lookout for new areas with growth potential. Polaris keeps honing its expertise in horizontal practices such as Mobile Technology, Internet Technology and so on. These horizontal practices can be converted into new verticals as soon as the need arises.

With the demand for manpower, resource shortage is to be expected during the course of long projects. This is handled through the Buffer Manpower Planning System. Through cross training of resources each person is enriched with multiple capabilities. Hence, even if there is a technology expertise roll over, work will continue smoothly.

Right from the start Polaris has guarded against the trap of a single geography focus. The mission has been to create a global organization. Business from Asian geographies has been quite high since start. A step by step implementation has seen new offices opening up in North America, the Middle East, Asia Pacific and Europe.

Polaris' teams are constantly trained in new capabilities to handle future projects. The organization also draws expertise from various new technology initiatives such as the Component Warehouse and the WebLab.



*"While working with a relationship focus, decisions are made keeping the bigger picture and long term plans in mind," says **Govind Singhal**, Executive Director.*



An interesting element of the WebLab is the theme that has influenced the design. The five elements of nature Earth, Fire, Wind, Water and Sky have been reflected as five vibrant colours. Each unit has been given the equivalent Sanskrit name of these elements.

KEEPING THE TECHNOLOGY EDGE HONED

The Component Warehouse (CWH) framework is a recent technology initiative of Polaris. The CWH framework applies ready to use components to provide reliable solutions faster. Being built on tested components, the stability of the application and the maintainability index also receives a boost. Polaris deploys the CWH framework to corporations on the acquisition and merger mode for faster integration of varied systems. New applications are built using the Co-authoring Methodology™ whereby the application is created with client. In short, CWH ensures effective products are built faster and at reduced costs.

The WebLab is geared towards harnessing the power of the Internet. This foray into the web space allows Polaris to work towards assisting small and large corporate organizations to face up to critical challenges and support them in keeping pace with evolving technologies and environments.

Polaris has also initiated various alliances with leading technology players such as Siebel for Customer Relationship Management (CRM), Top Tier for Enterprise Integration Portal (EIP), and Lotus IBM for Enterprise Knowledge Management (EKM).

READING THE FUTURE

Polaris makes it a point to have a finger on the pulse of things. Long before retail chains actually started mushrooming around the country, Polaris had a firm foothold in Retail Solutions. Towards this end, a new subsidiary Polaris Retail Infotech Limited (PRIL) was established in November 1998. Today PRIL offers a wide range of retail solutions for stores, enterprises and chains.

Similarly when it came to Insurance, Polaris' foresight helped forge an alliance with the insurance technology major, Sherwood International & Deloitte Consulting. This strategic alliance has given the organization valuable insights into a highly specialized business.

Polaris always has an eye on the future. Through constant training, resource planning and risk management, Polaris is prepared for the future.

HIGHLIGHTS

- Accelerated Delivery made possible through Domain and Technological expertise as well as the Component Warehouse framework
- Over 500 Banking & Finance projects completed on time, within budget and as per highest quality standards
- Horizons constantly widened in terms of competencies, technology and geographical focus
- A new retail banking division - BankWare™ launched
- The WebLab is a new technology initiative
- Foresaw the need for retailing solutions



"Having been with the organization since inception, I am constantly awed by the depth of expertise and the richness of relationships built in such a short time," said G. N. Matbur, Executive Director.

**Relationship
Focus**

2

LONG-TERM APPROACH

The place: Polaris Conference Room, 713, Anna Salai (Carex Center), Chennai.

The year: 1994

The debate: Diversification in favor of new clients

Polaris' Management Consultant was strongly recommending a diversification. But the decision went the other way. The organization at that time was young and did not have the resources to extend the same high quality service to multiple clients. The Polaris team decided on leveraging the resources to serve one client well, rather than spreading it thin across many clients. At the same time it was agreed that Polaris would continue to grow by offering newer services to the existing clients.

Such decisions highlight Polaris' philosophy and vision of building a solid foundation. Polaris' commitment to building long-term relationships is greatly appreciated by clients.



The objective of the entire exercise is not completing the project but building a relationship.

Clients in turn reciprocate by entrusting Polaris with new projects. This is how Polaris grew with Citibank. And thus, Polaris continues to grow by strengthening relationships with other clients too.

NEC would be another good example. Recognized as a worldwide leader in high-end technology, NEC, is developing a Global Banking System (GBS) using object-oriented technology. Polaris was one of the partners considered for software development. The team at Polaris went beyond its assigned responsibility and suggested a 'Design Partitioning' approach to complete the

"If you can dream it, we can do it," Arun Jain, Chairman & Managing Director.



project on schedule. NEC was impressed by the proposal and used it as the standard architecture for GBS. Polaris' development of 'Proof of Concept', meeting NEC's stringent norms on schedule, also enabled Polaris to wrest additional work from competition. In fact, though NEC has similar partnerships with four other organizations, Polaris is developing around 50% of it!

Polaris' relationship approach is further strengthened by the application of its Customer Relationship Model ENTITY (Extended Technology Facility). This model is useful in building an understanding with the client even before the project begins. By applying it, NEC and Polaris were able to arrive at a mutually agreeable onsite and offshore work distribution. In NEC's case, it was agreed that onsite activities would include the designing and integrated testing of logical servers. The Polaris team would work with an NEC team at San Jose to achieve this. There would be an offshore team working on the design too. The use of this methodology is a testimony to the immense confidence NEC has placed in Polaris' ability to deliver.



Figure 2.1 Polaris' Customer Engagement Methodology - ENTITY

A DREAM WORKPLACE FOR ASSOCIATES

People need to enjoy themselves to be able to achieve full potential at work. As Eva James, Assistant Vice President, SBU 5, puts it, "No matter how challenging your work is, how many awards you are winning, or how much you are changing the world, if you aren't

having fun, you'll never be completely happy. Though we sometimes put in even 16 hours of work at Polaris the stress is not as much as it could be. The work environment is spacious and soothing and programs such as Bonzer allow us to loosen up. Recreation facilities such as the café, indoor games and the gym also make a lot of difference.”

Associates are also fully involved in the crucial processes of the organization at various levels. A bottom-up process is followed where associates shape the organization's vision. This attitude has turned Lakshya, the annual goal setting forum into a critical and much looked forward to event. Pre-Lakshya inputs from the entire organization are carried forward to Lakshya. Here, growth strategies are evolved Konarks and the large technical resource pools are aligned towards a common goal. And at post-Lakshya the plans are communicated back to the people.

This approach has been of great value in the retention of associates. Polaris had addressed this issue in depth even before it became as critical as it is today. Those who believed in the philosophy of coming together to build a vision at Polaris earned the title of Konark. This philosophy of a Shared Vision was a success even before the launch of the Shared Ownership concept nine months later.

It is also seen that the longer a person stays with Polaris the more he or she is committed to this philosophy of a shared vision. There cannot be a more powerful testimony to the culture of Polaris.

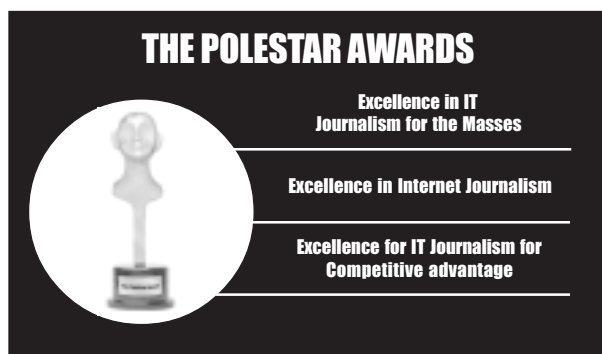


Figure 2.2 The PoleStar Awards honouring excellence in IT Journalism

POLARIS AND THE SOCIETY

Polaris believes an institution's responsibility is to serve businesses, its associates and the society at large.

The PoleStar Award was instituted by the PoleStar Foundation in 1997 when IT journalism in India was at a nascent stage. The idea was to give a thrust to the profession for the betterment of the industry. The award is one of its kind and since inception it has become a prestigious one for IT journalists. An independent jury comprising members of media, corporate and advertising sectors, decides the winner. Apart from two awards in the print category, a new award to recognize excellence in Internet Journalism has been introduced this year.

Through the Ullas Trust, Polaris also took up the initiative to guide students from Class IX upwards. Wherein, each associate takes up the responsibility of mentoring a student. He or she acts as a role model and also provides 40% of the scholarship for the student. The rest is the responsibility of Polaris.

EXPLORE INDIA EXPLORE ENTITY - A WINDOW TO THE WORLD

Explore India Explore Entity is an event unique to Polaris. Conducted in Chennai, it spans three days during which prospective customers get to see Polaris from up close. They can explore the offerings of Polaris in terms of infrastructure and expertise, understand the outsourcing model and even get a glimpse of the mystery that is India.

The program offers a window of dialogue between Polaris and potential clients without any commitment from the visitors. This makes it easier for the visitors to get an unbiased view of Polaris and opens up further channels of communication.

The touch 'n feel sessions familiarize the visitors with the technologies used and deployed by Polaris. The various services offered by Polaris in the areas of banking and finance, trading and risk management, migration and maintenance, testing and validation, retail and merchandising, enterprise resource planning and project management are showcased.



CUSTOMIZING ERP SOLUTIONS
OR
HOW WE CELEBRATED
NEW YEAR'S EVE

A client who was implementing an ERP project in Denmark signed us up in India, to customize the solution. Resisting the pressure of a tight deadline and limited budget we completed this task within 35 days (working even through Christmas and New Year's eve)!

The project went live on 1 Jan 1999 in Denmark as per schedule, moving our client to say, "This was the first time I have tried to run a project where all the programming was done abroad. But I can tell you this will not be the last."

**Harnessing
the Power
of Knowledge**

3

KNOWLEDGE MANAGEMENT

Openness. Sharing. Connectivity. These underlying values of Knowledge Management are being shared with something very unusual: a building. Polaris Foundation, the facility at Navalur, near Chennai, is built on the theme of knowledge sharing. Interestingly, the building has no visible pillars. It encourages visual connectivity, openness and interaction. What's even more delightful than the pleasant structure of this building is the fact that Knowledge Management has taken firm root in Polaris.

The level of expertise and experience available at Polaris in the field of Knowledge Management has increased rapidly in the past couple of years. So much so that specialized services in Enterprise Knowledge Management (EKM) are being offered to clients. These are critical services as V. Balakrishnan, the driving force behind EKM in Polaris comments, "Knowledge Management encourages a culture of sharing not hoarding, imperative in a knowledge economy."

Knowledge in an organization is determined by three factors - Storing, Sharing and the Culture.

Storage and retrieval of information has been streamlined at Polaris through the efficient implementation of the Lotus Notes system. As, Balakrishnan says, there is no "Lost and Found" section for information at Polaris.

Apart from the channelizing of workflow and processes, an Intranet system, *Funda*, has been implemented at Polaris.

"The only way to thrive in today's business environment is to thoroughly understand the intricacies of technology and use it strategically to leverage knowledge," is the opinion of V. Balakrishnan, Senior Vice President.



Funda, an enterprise wide knowledge sharing and communication system to manage Polaris' intellectual assets is also in use at Polaris. It allows associates to tap into the wide talent base of the company. It ensures Polarisites the world over, have access to a common platform where they can share their resources and expertise with each other. From policies and procedures to ideas and suggestions, *Funda* offers an open forum for intellectual exchange.

Information on the company's background, its structure, vision, policies and much more is easily available on *Funda*. Articles, weekly columns, presentations and research data is put up. This exchange of ideas and ready access to organization related information facilitates a sense of identification with the organization's mission and its growth.

More importantly, each business division and resource group within the company also maintains an individual site within *Funda*. This ensures that information from different divisions is swiftly disseminated across the company. The business units thus draw upon each other's experiences in streamlining their activities. This in turn enhances the scope, quality and timeliness of their delivery - which, no doubt, translates into improved growth prospects for the company.

In short, *Funda* is all set to catapult Polaris' enterprise competitiveness and market value. Firstly, this strategic move is testimony to the culture of Polaris that believes in the value created through sharing of information and knowledge within the organization. Secondly, it is a showcase of the discipline within the organization committed to the promotion of innovation. Thirdly, it is proof that the technology environment at Polaris is capable of automating the process.



"It's the quality of people who work on the project that finally decides the quality of the project." **Raja Krishnamoorthy**, President - Human Resources.

FUN WITH FUNDA

In an age of global competitiveness, shrinking response time, shortage of expertise and high turnover of ideas Knowledge Management gains critical importance.

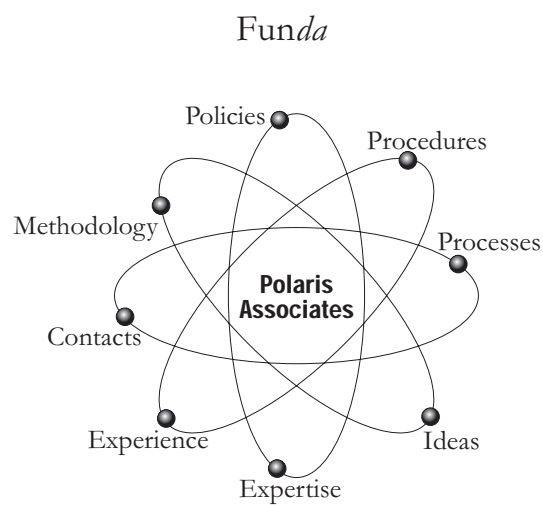


Figure 3.1 Managing Intellectual Assets through Funda

NALANDA - THE UNIVERSITY

As part of Polaris' ongoing efforts to enhance skills and expertise, an exclusive University, Nalanda, named after the renowned University of ancient India, has been planned by Polaris. The University will be able to impart 50,000 person days training.

Conceptualized and driven by Prof. Ashok Korwar, one of India's eminent strategy thinkers and faculty at IIM (Ahmedabad), Nalanda would be the fulcrum of Polaris' individual and organizational learning initiatives. It will be a centralized umbrella for strategically relevant learning solutions for each job family within the organization. It will have a competency-based career development focus. The University is slated to be up in a sprawling campus on the IT Highway near Chennai.

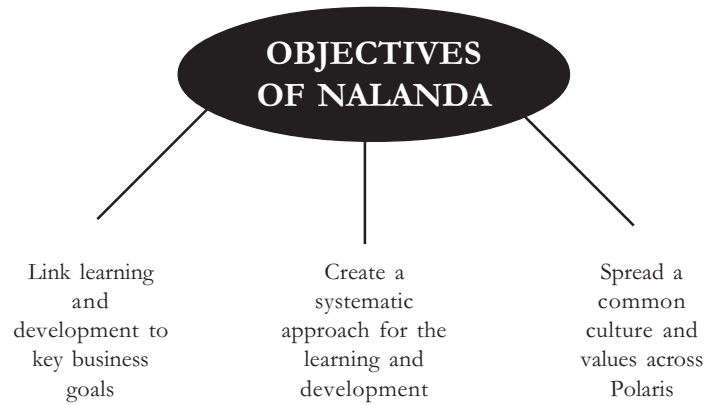


Figure 3.2 The essential driving objectives of Nalanda

Education at Nalanda will cover the entire PROSPECT path: PROcess, Skills, PEople management, Customer management, and profiT management, over the career of an associate. Nalanda would have a dedicated set of faculty imparting knowledge on skills, technology, business and people. The executive council of Nalanda would provide the overall strategic direction and thrust.

A Chapter on knowledge sharing without a mention of Lakshya would be incomplete. As mentioned earlier, Lakshya is a forum where all the Konarks come together for strategic thinking. The sessions involve presentations, brainstorming and lectures. Very high levels of mental stimulation and energy lead to the realization of many an important truth and the charting of many valuable goals. Ultimately, the company receives a strategic direction that can be implemented across various geographies.

At Lakshya 2001, 150 associates from across the world came together for four days. The theme for Lakshya 2001 was 'Think like a Start-up, Act like a Giant'. The group spent more than 80 hours (3 hours of sleep per day) to arrive at a positioning for Polaris in the coming years. The ideas, generated through intense sessions (150 x 80 hours) were pooled together and a roadmap was charted out for the organization.

HIGHLIGHTS

- EKM - Expediting a Knowledge Economy
- Funda - An enterprise wide knowledge sharing and communication internal portal initiated
- Lakshya - A goal setting meet where the knowledge and experience of all Konarks is being leveraged year after year
- Nalanda - A University to train associates of Polaris

"Having been with Polaris since inception, I've watched the organization grow from strength to strength. I'm proud to be associated with Polaris."

Janardhan Gaur, Manager - Accounts.

**The
Infrastructure
Edge** | **4**

QUALITY ABOVE ALL

A rainy day in October 96 saw Arun Jain, Manju Jain and K. Govindarajan visiting a vast plot of land, 25 kms from Chennai. A decision was taken right there and then. This was where the future development facility of Polaris would be built to house over two thousand people. Definitely an ambitious plan for an organization of just 600 people then! But true to the dream, the structure was soon up and humming with activity.

This was definitely a milestone for an organization that started out of a rented office with an electronic typewriter as the only asset. In no time, this scenario has faded into a fond memory for Polaris. Today, Polaris has offices in 15 global locations networked through powerful online technology for 24 x 7 x 365 days a year.

With the focus clearly on Global 1000 clients, Polaris has aligned its facilities and reach, to service these customers better. Polaris' global network has been expanded and intensified to place teams closer to the customer. Recently, three wholly owned subsidiaries have been added, one each in Switzerland Germany and Australia. With offices in Chennai, London, New Delhi, Riyadh, Singapore, Sydney and six more in the United States, Polaris has a clear advantage. No matter which part of the world the client is in, a team will be close enough for fast service.



Figure 4.1 Quality Policy

Polaris' facilities too have been expanded to accommodate the growing team, which would soon reach a critical size of over 3000 software engineers.



"Our competencies address current and emerging technology fields and are globally appreciated for their range and depth," says V. Mabadavan, Senior Vice President.

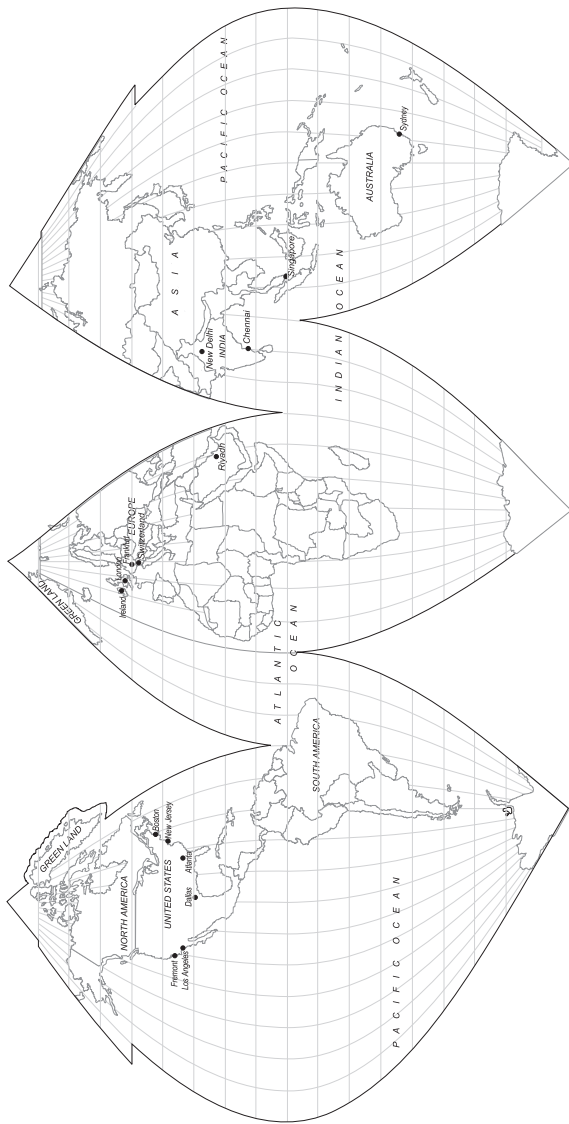


Figure 4.2 Global Presence of Polaris



N.Vaidyanathan, Chief Finance Officer, notes "Polaris is an excellent example of an organization which believes in finding creative solutions to problems whether they be in finance or administration."

As of today, Polaris has five development centers in India. Work on two new facilities to house about 1900 associates is well underway. Named Track I and Track II, these facilities are to house 1200 and 700 associates in Chennai and New Delhi respectively.

Both these proposed facilities, to be funded by internal accruals and IPO proceeds, are being constructed at project costs of Rs.33 Crores (Track I) and Rs. 20 Crores (Track II) respectively.

Track I, with built up area of 2,00,000 square ft., will have a development block, a food court and 1200 workstations. And Track II, with built up area of 90,000 square ft. will have 700 workstations.

The networking of all these facilities is the responsibility of a specialized Communications Network unit. This forms the backbone of Polaris, which controls software and the desktop as parts of its workstation policy. In its role as an intelligence organ in charge of monitoring and surveillance, this unit has laid out the Internet policy and the back up and virus control mechanism for the company that includes controlled-browsing facility and back up of all server data.

Processes such as those applied to realize quality are housed on the Intranet for ease of online access. A powerful feedback option facilitates speedy interaction between the user and the Process Excellence Group. This ensures a uniform code governing the processes at all centers, no matter which part of the globe they are situated in. This also gives space for processes to be improved to suit the evolving needs of the user, the business and the changing paradigms of technology without the fear of non-uniformity in implementation.

All facilities are designed keeping in mind the fundamental philosophy driving Polaris: of providing only the best quality to associates so that this quality is passed on to the clients in the form of superior solutions. Whether it is the technology or the amenities for associates, care is taken to ensure only the latest finds its way within the facilities.

The innovations in e-business, telecommunications and the Internet are driving businesses to discover new ways to equip themselves. As an IT solutions provider Polaris has been more than sensitive to these needs and has moved fast to keep pace with the changes.

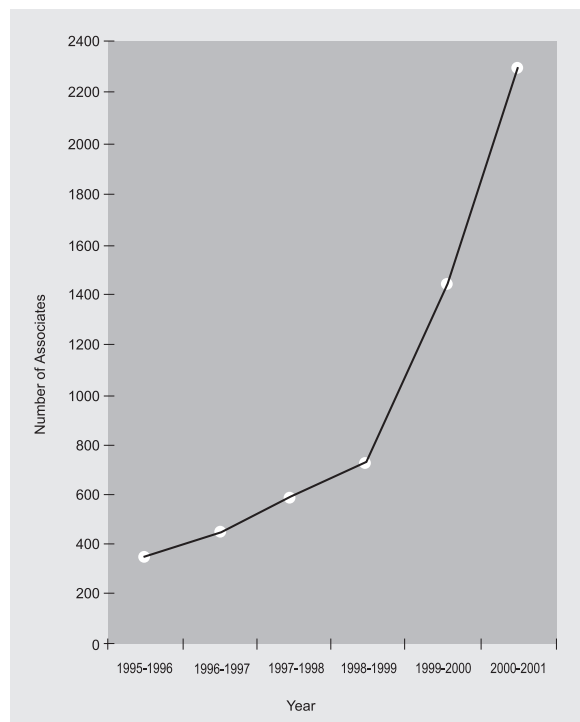


Figure 4.3 Exponential growth of associates at Polaris

HIGHLIGHTS

- Moving towards a critical size of over 3000 software engineers
- More than half a million square feet of infrastructure to be added
- Global reach extended and intensified

There have been many instances where associates have met seemingly impossible deadlines. We are very proud of this one specific project, where we streamlined data inputs from different units into a master corporate repository. This job called for a tremendous amount of coordination and some meticulous exercises that we took on willingly. And the effort resulted in a data repository treasure trove.

S. Radhakrishnan, Senior Officer - HR.

**Attitude
is Everything**

5

THE STRENGTH OF BELIEFS

Polaris' project for Viador required 15 different configurations to be tested. The team was up to the challenge. New scripts were developed to manage frequent changes in functionality and test cases. In all, 800 test cases were successfully executed using multiple platforms and browsers.

The technology architecture to be used was new. The geography was new. And Polaris had no previous experience in the domain. That was the scene before the start of the Ganesha project for a client in Germany. One thing was certain. The team had to adapt fast and learn to be able to deliver the project to the satisfaction of the client. And that's exactly what happened. An impressed client was moved to say, "The people of Polaris throughout the world speak the same language."

CRM has been an area where Polaris has delivered on time even when the projects are very complex. One of the biggest deployment of CRM solutions was for a large global client. The project was rolled out on time in over 140 outlets in Europe with multi-currency as well as multilingual deployment.

Projects like this abound in the history of Polaris. Teams have performed admirably under the most demanding conditions. The credit without doubt goes to the attitude of the people of Polaris. The refrain "We can do it" has seen the teams meet challenges head-on to taste success.

This attitude can be detected right from the first project implemented by Polaris - The Credit Card Application developed on Unix platform. The application was new to the domain and the platform new to the IT industry. Yet the project was taken on by the young team and completed in 9 months.

This spirit has been nurtured and it is potent to this day. Associates are encouraged to take on new responsibilities and explore their potential.

As Shirin, Vice President - Projects says, "From Programmer to Vice President - Projects, today I have experienced amazing vertical growth at Polaris. This is proof of a work environment that encourages the development of an individual's potential."

This freedom and space to discover one's true strengths is reflected in the stories of many others at Polaris. When the large project for an MNC client was relocated at Polaris, Chennai, Aruna Kashinath who was handling it as a Technology Manager at Delhi had to look for new projects. This was the beginning of her transformation into a Business Manager. Today she is a Managing Partner and Senior Vice President at Polaris.

The relocation of the project to Chennai was a start for V. Mahadevan too as a Project Manager. Till then a technical person he handled the transition process responsibly. He even took charge of the recruitment process for project. He had a 45-member team beginning work in 15 days time.

Polaris places great stress on the enhancement of professional capabilities. Equal importance is given to the personal development of the associates. Many training programs are organized to this end.

The Annual Day function provides an opportunity for associates to display their individual talent. Associates come forward and participate enthusiastically in the celebrations. They dance, sing and put up skits to entertain fellow associates.

The various teams at Polaris have the freedom to use the stream budget assigned to them, for a stream outing. They can use it for any other purpose too as they have unquestionable power to use the budget. Bonzer programs are also organized to introduce fun at the workplace.

At home in the US -1996

The cheque was towards buying a car. But the amount was an incredible US\$ 500. Had the manager setting up office in the USA, missed a zero in the amount? No. He was trying to make ends meet for the company while ensuring business flowed in. He had actually tracked down a good car in a new geography, for that amount! That's dedication for you.

The attitude of Polaris towards associates is to encourage their all-round development. Their families are considered as part of the Polaris family. A separate section has been assigned in Polaris Navalur for the children of associates to display their artistic prowess. An invitation for the Post-Lakshya music concert is extended to parents of associates too. Associates believe these small thoughtful gestures count.

As you can see there is simplicity in the pattern of Polaris' success. And Polaris has steadily armed itself with the latest in technology. It has built among its people sensitivity to changing trends. And above all it has created a very strong culture of working together for superior results. Polaris has proved and continues to prove that attitude counts.



"Success begins in the mind," says Prof. Ashok Korwar, Strategic Advisor.

Kabir, Venkateswaran and I, waited out an entire night in the parking lot of the airport, 60 km from Riyadh, to pick up our associate who was supposed to arrive that night. The flight was delayed and reached only early morning. The thought of seeing a fellow-Polarite far out - weighed the discomfort of the wait.

R. Ratnakumar, Vice President - Marketing (US operations).

Appendix 1

LEARNING FROM MISTAKES

Polaris has been delivering IT solutions to clients around the world in various platforms, using different technologies. Each project has been unique in its own way. It brings into focus points, which may have been taken for granted or entirely missed in the larger scheme of things. The following are a few such examples that have been good learning experiences for Polaris.

In a retail banking project for a global client, the same basic application had to be put into operation in various geographies. This project threw up the fine differences that can interfere in the deployment of the same project in different geographies. This was a good learning for Polaris in Requirement Change Management.

A Maintenance and Re-engineering Project for the software development arm of a Fortune 500 Bank highlighted issues on timely updating. Though periodicity for updates and changes is pre-defined for each project, we learnt that this process has to be more dynamic. Updates many a time have to be based on criticality rather than on a rigid schedule.

While developing a comprehensive asset and liability system for an MNC bank, the factor of coordination turned out to be vital. It drove home the crucial advantages of a dedicated resource for coordination between onsite and offshore.

A retail banking system deployed for a leading MNC bank in India required moving to a new platform and technology. At the insistence of the client the resources working on the project were replaced by those trained in the new skills. This was not so wise as the wealth of knowledge gained by the earlier team was lost to the project. The lesson was a good one in Intelligent Resource Management.

Though Polaris has completed over 500 projects, associates are open to the truth that every new project brings with it its share of learning.

Appendix 2

HARD TALK - PANEL DISCUSSION

Panel Discussion - **Hard Talk** among members of the Business Leadership Team, moderated by Professor Ashok Korwar.

Arun Jain, Chairman & Managing Director; **G. N. Mathur**, Executive Director; **Govind Singhal**, Executive Director; **Aruna Kashinath**, Managing Partner & Senior Vice President; **Ashok Korwar**, Strategic Advisor; **V. Balakrishnan**, Senior Vice President; **V. Mahadevan**, Senior Vice President; **N. Vaidyanathan**, Chief Finance Officer & Senior Vice President; **Raja Krishnamoorthy**, President HR; **Rajiv Malhotra**, Senior Vice President; **R. Shekar**, Senior Vice President.

Prof. Korwar: Let's start off the discussion by identifying some future challenges for Polaris. Arun?

Arun Jain: Our vision basically is to move the company to a different orbit. Most Indian companies today are surviving in the marketplace by leveraging cost arbitrage across geographies. Though this will continue to be a key selling point we want to differentiate ourselves by offering the customer, not just cost-effective solutions, but faster time to market.

Prof. Korwar: And how do we plan to do that?

Arun Jain: Pre-fabricated solutions from the Component Warehouse will be key to delivering Accelerated time to Market to our clients. We are ready to create solutions on the fly, in front of the customer, even as he briefs. We will do this by applying components already developed using our proprietary framework.

Prof. Korwar: Any more challenges?

Govind Singhal: As we absorb new people we need to make sure they have enough space to grow in the organization. I suppose this would be a big challenge.

“Pre-fabricated solutions from the Component Warehouse will be key to delivering Accelerated time to Market to our clients.”

Arun Jain: Our new organization structure, with around 30 Strategic Relationship and Delivery Units and around 30 Strategic Practice Units, makes space for at least that many new leaders. This should be an exciting opportunity for our young achievers to take charge and make space for themselves.

“Retaining that Arjun-like focus on the customer, which is what has brought us this far, will be a key challenge for the future.”

Prof. Korwar: Is anything else being done to deal with the issues of an ever-growing organization?

Aruna Kashinath: I would say, maintaining transparency is of crucial importance. This is how we have always built a relationship of trust with our clients, associates, and investors to this date, and it will continue to be the key as we go forward. The ENTITY methodology for clients and Lakshya for associates are just two visible examples of our transparent work style.

Raja Krishnamoorthy: And then there's *Funda*, our Intranet. When any associate can tap into any information he wants, about anything in any part of the company; when he can know what each business unit is doing and why, he knows that the whole organization is completely open to him. A special sense of transparency and trust is created. *Funda*, is not just an administrative convenience, or a fancy gimmick, it is really about building a transparent and open culture.

V. Mahadevan: To my mind, customer focus - retaining that Arjun-like focus on the customer, which is what has brought us this far, will be a key challenge for the future. Again, our new structure, with identified strategic relationship and delivery managers for each customer, goes a long way in doing that.

Arun Jain: Yes, this is something we have always done well. All we are doing now is emphasizing it in our structure.

Prof. Korwar: Customer focus is, of course paramount. Developing knowledge and competence is also going to be critical - very soon, there is going to be intense competition for knowledge resources. How are we prepared for this kind of challenge?

V. Balakrishnan: I agree with you. Dealing as we are with global clients we are very much aware of this trend. We are addressing the challenge through many channels: Training, benefits, rewards, and opportunities for learning are provided to all associates.

R. Shekar: Besides these knowledge enhancing initiatives, building customer-focused repositories is also crucial for future success. Funda plays an important role in this sharing of knowledge and enrichment of these repositories.

Prof. Korwar: How about branding? Is that going to be one of our drivers in the future?

Rajiv Malhotra: Definitely, no question about it. With Bankware™, has begun our exercise of creating, positioning, and nurturing brands in the fin-tech world.

Prof. Korwar: What new spaces do we plan to get into? How do we propose to do it?

V. Balakrishnan: Well, Enterprise Knowledge Management will be the hot area in future, just as CRM is today and ERP was yesterday. We are positioning ourselves early here.

Prof. Korwar: Polaris has been recording impressive and consistent growth rate. What are the stabilizing factors that make this possible?

G. N. Mathur: For the success of any global organization it is important for associates worldwide to believe in the philosophy driving the organization. I believe the ability of Polaris to communicate this philosophy and the capacity of the associates to believe firmly in it is the stabilizing factor that has kept Polaris going and growing.

N. Vaidyanathan: We have a very strong base of people and resources. In terms of infrastructure too stability has been established by additional facilities for more people and to explore newer areas of interest.

Financial Report

POLARIS SOFTWARE LAB LIMITED

Financial Statements for the year ended 31 March 2001

Polaris House, 244 (Old No.713) Anna Salai, Chennai - 600 006.
INDIA

POLARIS SOFTWARE LAB LTD

Board of Directors

Arun Jain

Chairman & Managing Director

G.N. Mathur

Executive Director

Govind Singhal

Executive Director

Satya Pal

Retd. Secretary - Telecom Commission Ex. Chairman - MTNL

M. L. Garg

Former Chairman - Trade Development Authority

R. C. Bhargava

Former Managing Director - Maruti Udyog Ltd.

Arvind Kumar

Senior Lawyer - Supreme Court

Abhay Agarwal

Practicing Chartered Accountant

Ajay Relan

India Head - Citibank N.A. Private Equity



Left to Right : Abhay Agarwal, M. L. Garg, G. N. Mathur, Ajay Relan, Arun Jain, Satya Pal, Govind Singhal, R. C. Bhargava, Arvind Kumar

BANKERS :
Citibank N A
Vijaya Bank
HDFC Bank
Fleet Bank, New Jersey
Chase Bank, New Jersey

AUDITORS :
M/s. Bharat S. Raut & Co.
Wescare Towers
No. 16, Cenotaph Road
Teynampet
Chennai - 600 018.

CONTENTS

| | |
|--|-----|
| Directors' Report | 41 |
| Annexures to Directors' Report | 47 |
| Report on Corporate Governance | 58 |
| Auditors' Report | 73 |
| Balance Sheet | 77 |
| Profit & Loss Account | 78 |
| Schedules | 79 |
| Notes to Accounts | 86 |
| Statement of Cash Flows | 92 |
| Balance Sheet Abstract | 93 |
| Statements under Section 212 | 94 |
| Management Discussion & Analysis | 101 |
| The Team | 113 |

POLARIS SOFTWARE LAB LIMITED**Directors' Report**

To the Members,

Your Directors have great pleasure in presenting the Eighth Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2001.

1. Financial Highlights.

Financial results for the year ending,

Rs. lakhs

| | March 31st 2001 | March 31st 2000 |
|------------------------------------|-----------------------------------|-----------------------------------|
| Operating Profit | 6,749.08 | 4517.17 |
| Profit before Depreciation and Tax | 6,745.82 | 4487.21 |
| Less : Depreciation | 679.31 | 298.02 |
| Profit Before Tax | 6066.51 | 4189.19 |
| Less : Provision for tax | 56.11 | 468.00 |
| Profit After Tax | 6010.40 | 3721.19 |
| Add : Surplus brought forward | — | 1821.08 |
| Profit available for appropriation | 6010.40 | 5542.27 |

Appropriated as follows:

Rs. lakhs

| | March 31st 2001 | March 31st 2000 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Provision for proposed dividend | 511.88 | 467.42 |
| Tax on Distributed profits | 115.68 | 51.42 |
| Transferred to General Reserve | 5267.05 | 5023.44 |
| Balance Transferred to Balance Sheet. | 115.79 | — |

2. Performance.

Your Company's revenue from operations increased to Rs.26,552.09 lakhs in 2000-01 from Rs. 14,611.35 lakhs in 1999-00 registering a growth of 81.72%. Profit after tax increased by 61.52% to Rs. 6,010.40 lakhs from 3,721.19 lakhs in the previous year. The Reserves went up from 12,068.48 lakhs in 1999-2000 to Rs. 17,538.05 lakhs in 2000-2001. The profit before tax excluding other income grew by an impressive 103.90% to Rs. 5,651.25 lacs and the profit margins before other income grew to 21.28% from 18.97% in the previous year. The Export income grew by 84.60 % increasing to Rs.24,940.79 lakhs in 2000-01 from Rs. 13,510.89 lakhs in 1999-2000.

3. Dividend.

Your Directors are pleased to recommend a dividend of Rs.1.50 per share (30% on par value of Rs.5) on the Equity Share Capital of the Company for the year ended March 31, 2001. Under the Indian Income tax Act, 1961, the receipt of dividend is tax free in the hands of the shareholders. The dividend if approved at the forthcoming Annual General Meeting will be paid out of the profits of the Company for the year to all those

equity shareholders whose names appear on the Register of Members of the Company on 8th June, 2001 being the first day of the book closure and to those whose names appear as beneficial owners on the records of National Securities Depository limited and Central Depository Services (India) Limited as on the said date.

4. Issue of Bonus Shares.

Your directors are pleased to recommend an issue of fully paid up bonus shares to the equity share holders of the Company by capitalising a part of its free reserves and/or the share premium account. The issue of bonus shares will be subject to the approval of shareholders and a sum of Rs. 8,53,12,750/- (Rupees eight crores fifty three lakhs twelve thousand seven hundred and fifty only) is proposed to be capitalised out of the reserves and/or the share premium account of the Company for the issue of fully paid up bonus shares. The bonus shares proposed to be issued would be in the proportion of 1(one) equity share for every 2(two) equity shares held by the shareholders on the record date as may be determined by the Board of Directors for the said purpose.

5. Sub division of Equity Shares.

Pursuant to the approval granted by shareholders of the Company in the Extra-ordinary General Meeting held on 9th March, 2000 the equity shares of the Company were sub-divided from Rs. 10/- to Rs. 5/- each. Further to the sub division of the nominal value of shares, new shares of Rs.5/- each in lieu of shares of Rs.10/- each, were issued to those shareholders whose names appeared in the Register of Members on 23rd May, 2000.

6. Dematerialization of Equity Shares.

The facility for dematerialisation has been there for the shares of Polaris right from the date of listing. However w.e.f. from May 8, 2000 SEBI has by a circular notified that the Company's shares are to be traded compulsorily in the dematerialised form. The Company has entered into agreements with National Securities Depository limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in the dematerialized form. M/s Karvy Consultants Limited, 46, Avenue-4, Street No 1, Banjara Hills, Hyderabad 500 034 who is a Depository Participant having connectivity with NSDL and CDSL, is the electronic connectivity provider for Polaris. M/s Karvy Consultants Limited is also the Registrar and Share Transfer Agent of your Company.

7. Employee Stock Option Scheme

Any knowledge based industry driven by intellectual power works on a partnership model. The Board of Directors of your Company had formulated an Associate Stock Option Plan (ASOP) providing for issue of stock options to employees of the Company, that can be converted into equity shares after a specified period.

Pursuant to the resolution passed in the Extra-ordinary General Meeting (EGM) held on 9th March, 2000, the Members had authorised the Company to issue options convertible into equity shares not exceeding 2.75% of the issued shares of the Company aggregating to 9,38,400 equity shares of Rs. 5/- each. The details of options granted under this scheme are given herewith:

| | | |
|---------|--|---|
| (a) | Options granted; | 8,57,500 |
| (b) | The pricing formula | Not less than 75% of the market value on the date of grant |
| (c) | Options vested | Nil |
| (d) | The total number of shares arising as a result of exercise of option | Nil |
| (f) | Options lapsed: | 3,500 |
| (g) | Variation of terms of options | The compensation committee has been vested with more powers viz. to cancel, accept surrender of options and reissue of cancelled options etc, for administrative convenience and the period for exercising options on vesting has been shortened vide shareholders resolution dated 7th March, 2001 |
| (h) | Money realised by exercise of options | Nil |
| (i) | Total number of options in force | 8,54,000 |
| (j) (i) | Employee wise details of options granted to senior managerial personnel of the Company | |
| S.No. | Name | No. of options |
| 1 | Aruna Kashinath | 10000 |
| 2 | Balaji S | 3000 |
| 3 | Balakrishnan V | 3500 |
| 4 | Chandramouleeswaran S | 3000 |
| 5 | Gayatri Ramani | 3000 |
| 6 | Govind Singhal | 10000 |
| 7 | Govindarajan K | 3500 |
| 8 | Mahadevan V | 3500 |
| 9 | Mathur G N | 6000 |
| 10 | Mukesh Mathur | 3500 |
| 11 | Rajiv Malhotra | 3500 |
| 12 | Raymond Arogyaswamy | 3000 |
| 13 | Segar D | 3000 |
| 14 | Sudha Ramesh | 3000 |
| 15 | Thyagarajan V | 3000 |
| 16 | Vaidyanathan N | 3500 |
| 17 | Vikas Misra | 3000 |
| | Total | 71000 |

| | |
|---|-----------|
| (ii) any other employee who received a grant in any one year of options amounting to 5% or more of options granted during that year | Nil |
| (iii) identified employees who were granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; | Nil |
| (k) Diluted Earnings Per Share (EPS) pursuant to the issue of the above options | Rs. 17.39 |

In the year 2001, a new stock option scheme by name Associate Stock Option Plan 2001, was formulated by the Company and approved by the shareholders in the EGM held on 7th March, 2001. The shareholders in the said meeting also approved the variation in the terms of existing ASOP as mentioned in clause (g) in the table above and christened it as "Associate Stock Option Plan 2000". The total number of options that could be granted pursuant to the ASOP 2001 will not exceed 11,94,000 equity shares of Rs.5/- each, being 3.5% of the total shares issued by the Company. The total number of options which can be granted pursuant to the ASOP 2000 and ASOP 2001 will not exceed 21,32,400 equity shares of Rs.5/- each, being 6.25% of the total shares issued by the Company. No options have been issued so far under ASOP 2001

8. SUBSIDIARIES

Overseas Subsidiaries

The Company has Wholly Owned Subsidiaries in the United Kingdom (UK), Singapore, Germany, Switzerland and Australia. While the subsidiaries in the UK and Singapore have been operating for over two years, the other subsidiaries mentioned above have commenced operations in the current year. The results of the operations of these subsidiaries have been provided in the appended financial statements and the Management Discussions and Analysis.

During the year, the operations of the Company's subsidiary in the United States have been wound up and the assets and the liabilities have been taken over by the Company's Branch in the US after obtaining necessary approvals.

Strategic Investments

In order to get access to newer technologies and to get a foothold in newer domains, Polaris has invested DM 2,300,000 (approx USD 1,000,000) in M/s Sidoun GmbH, Germany to acquire 18.7% of its equity share capital. This investment would give Polaris an access to the German Markets and to the component technology used in its new technology framework "Component Warehouse".

Indian Subsidiaries

Polaris Retail Infotech Ltd. (PRIL) has succeeded in bagging orders from clients like Adidas, Archies, Crossroads, Maxwell, Tanishq, Titan, etc. during the year. The Company has plans to expand its foray further into the retail segment. The results of the operations of this Company are given in the appended Financial Statements. The other subsidiary

M/s Tiptop Holdings Limited has landed properties in Gurgaon, Haryana which the Company proposes to use for development of infrastructure at a future date.

9. Fixed Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

10. Auditors

M/s Bharat S Raut and Co. (a member firm of KPMG) the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The retiring Auditors, have furnished a Certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue.

11. Directors

Mr. Arun Jain and Mr. R C Bhargava, Directors retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Govind Singhal has been appointed as an Additional Director of the Company in the Board Meeting held on 18th October, 2000 to hold office until this Annual General Meeting. Notice has been received from a member proposing Mr. Govind Singhal's appointment as a director in terms of Section 257 of the Companies Act, 1956. Mr. G N Mathur was re-appointed as a Whole-time director of the Company for two years with effect from 1st July, 2000. His appointment was approved by the shareholders in the previous AGM held on 24th May, 2000. Mr. Arun Jain is being re-appointed as a Managing Director of the Company with effect from 1st June 2001 for a period of five years and his appointment is subject to approval by the shareholders of the Company in the ensuing AGM.

12. Corporate Governance

In line with the recommendations of the Securities and Exchange Board of India (SEBI) on Corporate Governance, three separate committees for Audit, Remuneration and protection of Shareholder's interest were formed and named as Audit Committee, Remuneration Committee and Shareholders Committee respectively. The Company has taken steps to comply with the provisions of the Corporate Governance Report and the Listing Agreements of the Stock Exchanges. Accordingly separate reports on Corporate Governance and Management Discussion and Analysis giving details of the Company's business and operating results are annexed as a part of the Annual Report.

13. Impending Litigation(s)

The Company had signed a Memorandum of Understanding (MoU) on 22nd May, 2000, for the acquisition of M/s. Data Inc. which is headquartered in New Jersey USA. The consideration of this acquisition, was fixed at USD 21 million, and was subject to a due diligence by KPMG, an international audit firm.

The Company subsequently dropped the proposal for acquisition of Data Inc based on the recommendations of the Audit Committee. Mr. Arun Verma and Data Inc have filed a complaint against the Company, in US court for damages towards breach of contract, for non-acquisition of Data Inc. Since the case is in the preliminary stage, it is not possible for the company to predict the outcome of the case. The Company believes that the allegations are without merit and is vigorously contesting the case. The company further believes, that any outcome of the case will not have a material adverse effect on its earnings or financial position.

14. Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The particulars as prescribed under subsection (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the annexure included in this report.

15. Particulars of employees

The information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2001 is annexed.

16. Director's Responsibility

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis.

17. Acknowledgment

Your Board takes this opportunity to thank its clients, vendors, shareholders and bankers for their support to the Company. Your Board also wishes to thank the Government of India, the Customs and Excise Departments, Software Technology Park-Chennai, Noida and Gurgaon, RBI, VSNL, the State Government and other Government agencies for their continued support.

The Board wishes to place on record its sincere appreciation of the contribution made by all associates towards the growth of the Company at all levels of employment.

By Order of the Board,
For Polaris Software Lab Limited

Arun Jain
Chairman & Managing Director

Date : 21 April 2001
Place: Chennai

The particulars as prescribed under subsection (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. Details of Conservation of Energy

The operations of your company do not consume high levels of energy. Adequate measures have been taken to conserve energy by using energy-efficient computers and equipment with the latest technologies. Your company is on a constant look out for newer and efficient energy conservation technologies and introduces them appropriately. As the cost of energy consumed by the Company forms a very small portion of the total costs, the impact of changes in energy cost on total costs is insignificant.

2. Research and Development

Being a global player in the information technology arena, your Company is constantly engaged in the research and development of newer technologies. Efforts have been put into the development of newer processes, frameworks and methodologies which will help the Company in delivering the best solutions to the customers with productivity and service levels comparable to the best in the industry.

a. Specific areas of R & D at Polaris

As the environment is fast changing, your company continually invests in research and development ensuring the lead in technical competence in the areas of project management and technology management. Your company always focuses on the initiatives, which are beneficial to the company and to its clients. The Company is in a continuous process of improving its delivery capabilities, offshore project management techniques to sustain its lead in emerging technologies. Your company has made significant strides in the evolution of the object and component technologies by creating a Component Warehouse. Apart from all these high technology areas, your company is also constantly improving its processes to reduce the time to market and to increase productivity with better quality.

Polaris has set up several competency centers, particularly focussing on Component Technologies, Web Technologies, WAP, and Knowledge Management. Polaris has also setup a new learning university Nalanda, which focuses on enhancing the skills of associates as part of the skill development initiative.

b. Benefits derived

Your company achieved a higher degree of methodology standardization in handling software projects, which has resulted in delivering better solutions to its customers with improved margins.

c. Future plan of actions

Your company is continuously strengthening its research exposure in application development areas, absorption of new languages and technologies. It has started two practice units in the area of web related technologies and object and component technologies. Your company is on its way to create a world standard virtual workplace, which connects each office in every geography on a real time mode with multimedia linkups.

3. Technology absorption, adaptation, and innovation

Your company has upgraded all critical servers to Dual processor Pentium III 866 MHz with 1 GB RAM and 108 GB Hard disk space. Further, it has standardized the use of Dual

Pentium III with 1 GB RAM and 72 GB Hard disk space for servers. To provide fault-tolerance, all servers have been protected using RAID Levels 0 and 5.

The desktop has been standardized at Pentium III 866 MHz with 128 MB RAM and at least 20 GB Hard disk space. All the business managers and the travelling managers are given Pentium III notebooks with 128 MB RAM. All new workstations and notebooks use the Windows 2000 operating system.

As part of the business continuity policy, the backup process has been made top-of-the-line by the addition of an HP Superstore 2/20 DLT Library in conjunction with Veritas Backup Exec 8.5. Further, a secondary DNS server has been registered at the Noida center. Also, a secondary Internet link via an alternate gateway has been provided at the main data center. This ensures a well planned disaster-recovery.

An indicator of the expansion of the Polaris Global Network is the number of new WAN links added. A new T-1 link connecting the two offices at New Jersey. The link between the main data center at Chennai and New Jersey has been upgraded, as also the link between Chennai and Noida. Further expansion plans include an E-1 link between Noida and the new center at Gurgoan, a separate Internet link at Gurgoan, and a link between Noida and London. There has been a significant change in the video-conferencing infrastructure, with at least 5 centers being connected with PictureTel 970 and Accord MCU equipment.

4. Foreign exchange earnings and outgo.

a. Export initiatives and development of new export markets.

All the units of the Company in India are registered with Software Technology Park of India and it has a network of international offices across the Globe. In North America, Polaris has six branch offices. In Europe, your Company has set up wholly owned subsidiaries in UK, Germany and Switzerland. In the Asia Pacific region, Polaris has wholly-owned subsidiaries in Singapore and Australia. Polaris also has long term business partnerships in the Middle East for its client operations.

In the year 2000-2001 the revenue derived out of software exports stood at Rs.24,940.79 lakhs which is 93.93% of the total revenue from operations generated by the Company as compared to 92.46% during the previous year. Your Company has been participating in international exhibitions for the promotion of its products and services and will continue to do so in the days to come.

b. Foreign exchange earned and used for the year ended March 31

| | Rs. in lakhs | |
|---|--------------|-----------|
| | 2001 | 2000 |
| Foreign exchange earnings | 24,940.79 | 13,510.89 |
| Foreign exchange outgo(including capital goods) | 14,247.21 | 9,453.62 |

Date : 21 April 2001
Place: Chennai

By Order of the Board,
For Polaris Software Lab Limited

Arun Jain
Chairman & Managing Director

POLARIS SOFTWARE LAB LIMITED
Annexure to Directors' report for the year ended 31 March 2001

Statement of Particulars pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975.

| Sl. No. | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (Rs) | Designation - Previous Employment |
|---------|--------------------------------|------------------------------|--------------------------|-------------|-----------------|--------------------|-------------------------|---|
| 1 | Abdul Majeeth, Sheik Dawood * | Software Consultant | MCA, BSc | 29 | 01-Jan-00 | 5 | 808,971 | Software Consultant - Polaris Software Lab Inc |
| 2 | Adhimali, Vijay Kumar * | Software Consultant | BE | 29 | 27-Nov-00 | 4 | 836,005 | Software Engineer-Heddelberg Web Systems Inc |
| 3 | Advaney, Ajay * | AVP - Marketing | BE | 33 | 21-Aug-00 | 10 | 1,842,754 | VP Marketing-Novara Computer Services Inc |
| 4 | Agarwal, Rajesh K. | Software Consultant | MCA | 25 | 01-Jan-00 | 4 | 3,434,549 | Software Consultant - Polaris Software Lab Inc |
| 5 | Agarwal, Sanjeev * | Software Consultant | MCA | 26 | 30-Jun-00 | 2 | 2,108,070 | Software Consultants-GE Capital India |
| 6 | Ahamed, Mohamed Riyaz * | Software Consultant | BSc | 25 | 01-Jun-00 | 4 | 2,228,119 | Software Engineer - Imagetrek Software Limited |
| 7 | Ahmedkoya, Salahudeen * | Software Consultant | Btech | 31 | 08-Jan-01 | 3 | 569,596 | Software Engineer - Bilaspur Steel Plant |
| 8 | Aisenberg, Kathleen A * | Administrative Assistant | High School | 46 | 19-Feb-01 | 12 | 180,872 | Admin Asst. Spencer Gifts Inc |
| 9 | Algersamy, Rajesh | Software Consultant | BE | 27 | 02-Jul-97 | 4 | 3,605,992 | Software Engineer - J. T. C. |
| 10 | Avanaharanan, Raju | Software Consultant | ME | 33 | 27-Apr-98 | 4 | 3,941,277 | Software Engineer - Chemplast |
| 11 | Arsau, Thimetherdhill | Software Consultant | MSC | 29 | 28-Feb-00 | 8 | 4,002,338 | Software Consultant-vooy Consulting Inc |
| 12 | Aravamudan, Bharathram * | Software Consultant | BE | 28 | 30-Oct-00 | 3 | 858,913 | Software Engineer/Signature Services Ltd |
| 13 | Arun Jain | Chairman & Managing Director | B.Sc Engg. (Electronics) | 41 | 01-Jun-96 | 18 | 2,373,052 | Director - Nucleus Software Workshop Private Limited |
| 14 | Arna Kashinath | Managing Partner | M.Sc. | 44 | 01-Jul-96 | 23 | 1,475,864 | Area Director - Nucleus Software Workshop Private Limited |
| 15 | Ayyail, Abdul Kader | Account Manager | MBA | 27 | 16-Mar-00 | 2 | 1,859,038 | Technical Recruiter - Global Technical Talent |
| 16 | Bahl, Suresh Kumar * | Software Consultant | BE | 45 | 29-Mar-99 | 15 | 1,728,425 | Software Engineer-Bemter Coleman Co Ltd |
| 17 | Bankroda, Ravi Shankara * | Software Consultant | BSc | 27 | 20-Jul-00 | 3 | 1,328,074 | Software Consultant-CitiBank India |
| 18 | Balakrishnan, Venkataraman | Vice President | BE (Elec), M.Tech | 51 | 17-Feb-97 | 29 | 2,757,898 | Vice President - HCL Connet |
| 19 | Balan, Satharaj * | Software Consultant | BE | 27 | 09-Jan-98 | 4 | 1,871,563 | Software Engineer-Focus |
| 20 | Balasubramanian, R. Yegna | Software Consultant | MSC | 27 | 16-Dec-98 | 5 | 3,285,933 | Software consultant-Bank of Madras Ltd. |
| 21 | Balsamy, Muthukrishnam * | Software Consultant | BE | 30 | 22-May-00 | 4 | 1,776,189 | Software Engineer - Citibank India |
| 22 | Bhagavula, Raghunath * | Software Consultant | BE | 37 | 01-Jun-99 | 4 | 1,438,283 | Software Engineer-Ministry of Industry - Govt of India |
| 23 | Bhalla, Vijay K. | Software Consultant | BSc | 35 | 18-Jan-99 | 6 | 2,787,043 | Software consultant-Ann Ex India Ltd |
| 24 | Bhannagar, Manoj * | Software Consultant | BSc | 27 | 26-Sep-00 | 5 | 1,568,217 | Software consultant-Reuters Corporation |
| 25 | Call, Thomas | AVP - Marketing | BA | 40 | 15-Nov-99 | 14 | 2,922,150 | Asst.Vice President-MTC (former NCR division) |
| 26 | Carr, Kristen M * | Administrative Assistant | High School | 27 | 18-Sep-00 | 5 | 793,235 | Admin. Asst. - Pacific Bell Wireless |
| 27 | Chakrabarty, Debashish | Software Consultant | B.Tech | 44 | 29-Oct-97 | 9 | 2,536,616 | Software Consultant-Hindustan Aeronautics Ltd |
| 28 | Chaliki, Srinivas Satyanarayan | Software Consultant | BE | 30 | 12-Mar-98 | 5 | 3,211,002 | Software Engineer-Sipla Labs |
| 29 | Chandrasekaran, Raghuraman * | Managing Partner | M.Tech | 42 | 21-Nov-98 | 18 | 2,073,912 | Head Business-Maxworth Homes |

| Sl. No. | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (Rs) | Designation - Previous Employment |
|---------|-------------------------------|--------------------------|-------------------|-------------|-----------------|--------------------|-------------------------|--|
| 30 | Chandrasekaran, Sathish | Software Consultant | MSC | 27 | 01-Feb-99 | 5 | 3,490,060 | Software Consultant-ITSG Integration |
| 31 | Chandru, Vardrajan B * | Software Consultant | BS | 37 | 01-Mar-99 | 4 | 1,619,299 | Software Consultants-Infotech |
| 32 | Chawla, Rerna * | Software Consultant | BE | 31 | 19-Jun-00 | 7 | 2,508,015 | Software Consultants-Infotium Software Inc |
| 33 | Chegu, Sangram | Account Manager | BSc | 26 | 15-Feb-00 | 6 | 2,902,745 | Sales Manager-Business India |
| 34 | Chellappan, Jayakumar | Software Consultant | BE | 28 | 26-Jan-98 | 5 | 3,054,694 | Software Consultant-Software Applications |
| 35 | Cherji, Ramesh Dattatreya | Manager - Finance | MBA | 32 | 16-Aug-99 | 10 | 2,261,791 | Junior Prof. Account - Govt of Tamil Nadu. |
| 36 | Chinnasamy, Yuvaraj | Software Consultant | Msc | 30 | 01-Jan-00 | 6 | 3,608,688 | Software Consultant-Polaris Software Lab Inc |
| 37 | Chinnaswamy, Sebakumar * | Software Consultant | Dipl. In Software | 30 | 14-Aug-00 | 10 | 1,717,266 | Software consultants-KG Denim Ltd |
| 38 | Corera, Mailda P | Software Consultant | BSc | 40 | 31-Mar-99 | 7 | 1,218,264 | Project Leader-DSQ Software Ltd. |
| 39 | Gross, Tammy | Executive - Finance | AM | 29 | 23-Mar-98 | 6 | 1,540,257 | Accounts Clerk-Nations Bank Inc |
| 40 | Dahary, Shital * | Account Manager | BSc | 26 | 01-Aug-00 | 6 | 1,556,378 | Account Manager-SBD NetProducts Inc. |
| 41 | Damodaran, Sundaresan | Software Consultant | MSC | 33 | 19-Oct-98 | 8 | 3,077,162 | Software Consultant - Polaris Software Lab Inc |
| 42 | Datta, Navneet * | Software Consultant | MSC | 32 | 01-Jun-00 | 7 | 2,587,151 | Software Consultant - Western Computer Services Inc |
| 43 | David, Philip Dhinakaran * | Software Consultant | BE | 25 | 22-May-00 | 1 | 1,914,794 | - |
| 44 | De'Unha Bernard * | Marketing Manager | BA | 34 | 01-Sep-00 | 9 | 1,926,759 | Business Manager-Xerox Canada Ltd |
| 45 | Deenadayalan, Narasimhalu * | Software Consultant | BCOM, MCP | 30 | 07-Jul-99 | 4 | 2,448,105 | Software Consultant-Magnium Mail Management |
| 46 | Dhanapaul, Par S * | Software Consultant | Bsc | 26 | 04-Dec-00 | 5 | 785,697 | Software Consultant-Computer Point |
| 47 | Dhanasakharan, Sridhar | Software Consultant | BE | 29 | 19-Jan-00 | 6 | 2,203,400 | Software Engineer-Crompton Greaves Ltd. |
| 48 | Dharmi, Ashish * | Software Consultant | Bcom | 31 | 01-Jan-00 | 8 | 421,527 | Software Consultant-Polaris Software Lab Inc |
| 49 | Diaz, Salvacion Aileen * | Administrative Assistant | High School | 31 | 05-Feb-01 | 13 | 212,139 | Admin Assistant-Celgene Corporation |
| 50 | Doddamani, Lingaraj * | Software Consultant | BE | 30 | 05-May-00 | 6 | 2,993,015 | Software Consultant - Polaris Software Lab Inc |
| 51 | Dominic, Gerald * | Software Consultant | BSc, PG Dipl | 27 | 01-Jan-00 | 5 | 1,752,486 | Software Consultant-Paramount Technologies |
| 52 | Dorairaj, Christopher * | Software Consultant | BE | 31 | 12-Feb-98 | 6 | 906,154 | Software Consultant-Polaris Software Lab Inc |
| 53 | Duggi, Mohan Rao | Software Consultant | BE | 32 | 01-Jan-00 | 8 | 4,308,011 | Software Engineer-Polaris Software Lab Inc |
| 54 | Edison, Winston * | Software Consultant | BE | 26 | 31-Oct-00 | 4 | 1,061,836 | Systems Engineer-Innovision India Digital Technologies |
| 55 | Eloore, Sridhar | Software Consultant | BE | 30 | 14-Nov-98 | 6 | 2,857,702 | Software Consultant-Dr Reddy's Lab |
| 56 | Gajjani, Sanjay C * | Accounts Auditor | Bcom | 35 | 05-Apr-00 | 4 | 1,776,975 | Accounts & Audit Assistant - Parita Textiles, Bombay. |
| 57 | Gajria, Hemant J. * | Account Manager | MBA | 27 | 09-Jun-00 | 4 | 1,701,808 | Account Manager-Data Edge Inc. |
| 58 | Ganaprakasam, Uthiramadakamy | Software Consultant | BE | 31 | 11-Apr-97 | 7 | 2,911,502 | Software Engineer-Logic Version Computers |
| 59 | Gandhi, Kailash * | Software Consultant | BE | 26 | 20-Dec-99 | 5 | 1,368,012 | Software Consultant-Echne Infotech Pvt Ltd |
| 60 | Ganesan, Padmanabhan * | Software Consultant | BA | 31 | 01-Jan-00 | 6 | 1,002,073 | Software Consultant-Polaris Software Lab Inc |
| 61 | Gang, Geetar * | Software Consultant | BE | 28 | 21-Apr-00 | 6 | 2,493,288 | Software Consultant-EBI Systems |
| 62 | Gopal, Muthu * | Software Consultant | B.Com, PG Dipl | 24 | 07-May-00 | 6 | 2,297,848 | Executive - Sterling Holiday Resorts Ltd |
| 63 | Goud, Chintakunta Vijayakumar | Software Consultant | BE | 29 | 25-Jul-99 | 8 | 3,212,256 | Customer Support Manager - Cansus Services Pvt. Ltd |
| 64 | Govind Singhal | Executive Director | MSC | 40 | 01-Nov-96 | 16 | 3,444,800 | Assistant Vice President - Systems Bank of America |
| 65 | Govindkeshavan, Ramesh V | Software Consultant | BS | 32 | 05-Feb-00 | 6 | 3,573,859 | Senior Systems Analyst - Software Technology Group |

| Sl. No. | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (Rs) | Designation - Previous Employment |
|---------|----------------------------------|-----------------------------|---------------|-------------|-----------------|--------------------|-------------------------|---|
| 66 | Goyal, Shalini K * | Executive Assistant | BA | 28 | 26-May-99 | 6 | 353,507 | Admin Assistants-Safeway Inc |
| 67 | Gudlun, PratapKumar * | Software Consultant | Msc | 30 | 21-Aug-00 | 5 | 1,355,622 | Software Consultants-ADA |
| 68 | Gulati, Sanjeev | Vice President - Marketing | MBA, BE | 35 | 09-Jan-99 | 11 | 4,449,041 | Sr. Trade Prom. Advisor-British Council |
| 69 | Gupta, Rajeev * | Software Consultant | MBA, BE | 38 | 26-May-99 | 10 | 667,782 | Software Engineer-ABB Ltd |
| 70 | Gupta, Vidhubhushana * | Software Consultant | MCA | 27 | 10-Jul-00 | 3 | 1,527,346 | Software Consultant-Metamor Global Solutions Ltd |
| 71 | Hakim, Suresh * | Software Consultant | MSc | 39 | 30-Mar-98 | 14 | 1,929,123 | Software Consultant-HCL Consulting |
| 72 | Harharan, Sankaran * | Software Consultant | BE | 26 | 04-Dec-00 | 6 | 624,125 | Software Consultant-Visual Tech |
| 73 | Hemchandra, Athar * | Vice-President - Marketing | BE | 51 | 01-Jan-00 | 25 | 1,736,220 | Vice President, Marketing-Polaris Software Lab Inc |
| 74 | Holly, Andre R * | Account Manager | BSc | 37 | 05-Sep-00 | 12 | 1,707,408 | Account Manager-Infotech Consulting Services Inc |
| 75 | Imam, Syed Marzer | Software Consultant | MCA | 27 | 01-Jan-00 | 5 | 3,440,914 | Software Consultant-Polaris Software Lab Inc |
| 76 | Iyer, Eshwar S * | Software Consultant | MMS, BSc | 34 | 01-Jan-00 | 11 | 552,849 | Software Consultant-Polaris Software Lab Inc |
| 77 | Jadep Billal * | Senior Vice President | B.TECH, MBA | 36 | 24-Feb-99 | 15 | 1,215,231 | Group Manager - HCL Perot Systems Ltd |
| 78 | Jakka, Tirupala Rao * | Software Consultant | BSc, PG Dipl | 31 | 18-Jan-99 | 6 | 212,612 | Software Consultant-Hindustan Dealers Ltd |
| 79 | Jambulesan, Mungesan | Vice President - Technology | PG Dipl, BA | 37 | 01-Jan-00 | 14 | 5,093,386 | Software Engineer-Polaris Software Lab Inc |
| 80 | Jayakumar, Dineshkumar * | Software Consultant | BE | 26 | 01-Jan-00 | 4 | 610,099 | Software Consultant-Polaris Software Lab Inc |
| 81 | Jayakumar, Mambakkam A | Software Consultant | BSc | 51 | 09-Dec-99 | 7 | 2,555,631 | Software Consultant-Whirlpool India |
| 82 | Jayapal, Kishore Kumar * | Software Consultant | BE | 27 | 22-Jul-00 | 3 | 1,664,303 | Software Consultant-Maharashtra State Police |
| 83 | Jayaraman, Sathyanarayanan * | Software Consultant | BSc | 31 | 01-Nov-00 | 9 | 1,176,913 | Software Consultant-bhar Software |
| 84 | Jayareel, Suresh * | Software Consultant | BE | 31 | 01-Jul-98 | 7 | 868,110 | Software Consultant-Chips and Bytes |
| 85 | Jeevanubhan, Muthusamy * | Software Consultant | BSc | 30 | 23-Sep-00 | 6 | 832,828 | Faculty - MIT |
| 86 | Joshi, Ajay | Software Consultant | Btech | 28 | 19-Jun-98 | 5 | 3,872,136 | Software Engineer-Compton Greaves Ltd |
| 87 | Jothivekatesan, Govindan * | Software Consultant | MSc | 28 | 04-May-00 | 4 | 2,041,766 | Software Analyst-Grifbank India |
| 88 | Kaliperumal, Dharmodharan * | Software Consultant | BSc | 38 | 17-Jul-00 | 11 | 2,193,663 | Program Analyst-Florida Power & Light Co. |
| 89 | Kala, Alka * | Software Consultant | Bcom, PG Dipl | 31 | 03-Dec-98 | 5 | 989,951 | Software Consultant-HCL Infosystems |
| 90 | Kambath, Manoj K | Software Consultant | MCA | 36 | 01-Jul-99 | 10 | 6,297,658 | Asst. systems Manager - Card Systems Pvt. Ltd. |
| 91 | Kanchan, Sujata * | Software Consultant | BE | 29 | 17-Jul-00 | 6 | 1,757,329 | Software Engineer-Britania Industries Ltd |
| 92 | Kannanraja, Rajesh Raj * | Software Consultant | PG Dipl, Bsc | 30 | 12-Sep-00 | 3 | 1,237,341 | Software Consultant-kosi housing and Development |
| 93 | Kannappan, Ramesh * | Software Consultant | BE | 33 | 03-Apr-00 | 10 | 1,091,652 | Software Consultant-Polaris Software Lab Inc |
| 94 | Kannappan, Vijayarajan T. | Software Consultant | BE | 28 | 01-Mar-99 | 5 | 2,646,182 | Software Consultants-Software Login System |
| 95 | Kasivasanathan, Palanirappan * | Software Consultant | MCA, BSc | 28 | 16-Nov-98 | 4 | 2,516,547 | Software Engineer-G. E. A. |
| 96 | Khalid Hussain, Yousuf Hussain * | Software Consultant | BSc | 25 | 15-Aug-00 | 5 | 1,354,389 | Software Engineer-Lucent Technologies, KSA |
| 97 | Khanuja, Rajiv | Software Consultant | BSc | 31 | 06-Feb-99 | 4 | 2,597,125 | Software Consultant-Geneco Systems |
| 98 | Koka, Srikanth | Software Consultant | BE | 32 | 01-Jan-00 | 6 | 7,009,943 | Software Engineer-Polaris Software Lab Inc |
| 99 | Kolluru, Srinivas * | Software Consultant | BSc | 32 | 30-Sep-00 | 6 | 689,142 | Customer Support Executive - Software, Mart India Ltd |
| 100 | Kothandaraman, Jakkumar * | Software Consultant | BE | 28 | 02-Aug-99 | 4 | 591,617 | Software Engineer-Goldwire Communications |
| 101 | Kothandaraman, Ravikumar * | Software Consultant | BSc | 28 | 13-Aug-00 | 4 | 1,491,048 | Systems Analyst - Medspan Ltd. |

| Sl. No. | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (Rs) | Designation - Previous Employment |
|---------|-----------------------------------|---------------------------|--|-------------|-----------------|--------------------|-------------------------|---|
| 102 | Koithamasu Nandaraajogopa * | Software Consultant | BSc | 26 | 12-Feb-01 | 4 | 185,582 | Trainee- Kamit Services |
| 103 | Krishna, Girish Kumar * | Software Consultant | MCA | 29 | 22-Feb-99 | 5 | 2,131,621 | Software Engineer/SKO |
| 104 | Krishnamoorthy, Sankala * | Software Consultant | BSc, Dipl In Comp | 24 | 03-Jul-00 | 5 | 1,806,187 | Software Consultant-Ranco Systems |
| 105 | Krishnamurthy, Sriam Munipurpet * | Software Consultant | BSc | 24 | 23-Jun-00 | 2 | 1,688,154 | Software Consultant-Data Software Research Co Lt |
| 106 | Krishnan, Mayakoothan | Software Consultant | BE | 29 | 08-Feb-99 | 5 | 1,850,890 | Software Consultant-Indian Software Systems |
| 107 | Krishnan, Senthil Kumar * | Software Consultant | PG Dipl., Bcom | 30 | 21-Jul-99 | 5 | 1,841,963 | Software Consultant-Broad Lines Computers |
| 108 | Krishnan, Sundarajan | Software Consultant | BSc | 30 | 01-Dec-99 | 8 | 3,178,910 | Programmer Analyst - Rane, (Madras) Ltd. |
| 109 | Krishnaswamy, Rangarajesh | Software Consultant | BE | 28 | 14-Mar-00 | 7 | 2,575,516 | Software Engineer-Bank of America |
| 110 | Kumar, Arun Ramachandra | Software Consultant | PG Dipl., BE | 30 | 09-Jun-99 | 3 | 3,350,678 | Software Engineer-Senu Precision Tooling Systems |
| 111 | Kumar, Sayendra | Business Manager | MBA, Btech | 30 | 02-Sep-99 | 3 | 1,558,442 | - |
| 112 | Kumarar Marappan, Panner S. * | Software Consultant | BE | 25 | 23-Nov-98 | 3 | 102,805 | Software Consultant-Focus Infotech |
| 113 | Lakshmanan, Thiagarajan * | Software Consultant | BE | 30 | 08-Aug-00 | 6 | 1,451,378 | Software Consultant-Nexus Computers |
| 114 | Lalithakumar, Rajagopal * | Software Consultant | BE | 25 | 23-Jul-00 | 4 | 1,445,021 | Software Engineer-NYNEX |
| 115 | Lawrence, Alex Louis Mandikaraj * | Software Consultant | MBA, BE | 29 | 05-Sep-98 | 4 | 395,965 | Software Consultant-Advanced Technology Labs Ltd |
| 116 | Lingam, Srinivas | Software Consultant | MBA, BS | 30 | 10-Mar-99 | 3 | 2,484,195 | - |
| 117 | Madupasi, Balaji * | Software Consultant | MSc, BE | 34 | 14-Jun-00 | 6 | 2,805,566 | Project Manager-Webproducts, Net Inc. |
| 118 | Mahadevan V | Senior Vice President | B.Sc, PGDCA | 37 | 01-Nov-96 | 16 | 1,325,896 | Assistant Vice President - Nucleus Software Workshop Pvt Ltd. |
| 119 | Malik, Veeru * | Account Manager | Bcom | 30 | 01-Aug-00 | 4 | 989,326 | Technical Recruiter-Corporate Software Solutions Inc |
| 120 | Manaswaram, Kundhavaidevi | Software Consultant | MCA, Bcom | 33 | 14-Jun-99 | 3 | 2,475,870 | Program Analyst-Computer Point |
| 121 | Managu Pavan Kumar * | Software Consultant | BSc | 33 | 23-Sep-99 | 6 | 1,459,235 | Software Consultant-Gulf Trading Corp Ltd |
| 122 | Mari, Sajan * | Software Consultant | BCom | 30 | 29-Jan-01 | 6 | 439,111 | Software Analyst-Saudi American Bank |
| 123 | Manthiram, Swan * | Software Consultant | BSc | 27 | 09-Sep-99 | 3 | 445,508 | Software Analyst-Roshan Chand & Co |
| 124 | Manthappen, Kathiresan | Software Consultant | BE | 27 | 04-Nov-99 | 3 | 2,082,585 | Software Consultant-Cyber Tech |
| 125 | Mathur G N | Executive Director | Grad. In Navigation From Flg. Academy | 61 | 01-May-97 | 37 | 1,227,190 | Director HR & Admin - Nucleus Software Workshop Pvt Ltd. |
| 126 | Mehta, Vishal | Software Consultant | BE | 29 | 24-Aug-98 | 2 | 3,509,475 | Software Consultant-Johnson Controls, Malaysia |
| 127 | Minor, Sridharan * | Software Consultant | MCA | 31 | 01-Jan-00 | 3 | 1,097,016 | Software Consultant-Polaris Software Lab Inc |
| 128 | Mishra, Mamata | Manager - Human Resources | MBA | 27 | 15-May-97 | 3 | 2,044,337 | - |
| 129 | Mohammed A, Qudus * | Account Manager | MBA | 33 | 05-Sep-00 | 3 | 1,176,518 | Integrated Resources Inc |
| 130 | Mohammed, Kaleem Abdul | Software Consultant | BE | 29 | 29-Dec-99 | 7 | 2,713,418 | Network Support Engineer - Frontline Computers |
| 131 | Mohanarangan, Ramprakash | Software Consultant | BE | 26 | 01-Jan-00 | 4 | 2,673,185 | Software Consultant-Polaris Software Lab Inc |
| 132 | Mohanty, Alok Kumar * | Software Consultant | BE | 26 | 30-Oct-00 | 2 | 814,388 | Software Engineer-Reliant Telesystems Ltd |
| 133 | Mohanty, Satyendu * | Software Consultant | Btech | 29 | 22-Apr-00 | 3 | 2,522,735 | Graduate Engineer Trainee-Bajaj Steels P. Ltd. |
| 134 | Mukherji, Abhrajdeep * | Business Manager | MBA | 30 | 05-Jul-00 | 5 | 1,350,809 | Business Manager-Transcom Intl |
| 135 | Murugesan, Vijayakumar | Software Consultant | BSc, Dipl In Comp | 27 | 01-Apr-99 | 6 | 3,478,683 | Software Consultant-Warpriest Design |
| 136 | Muthiah, Karuppan * | Software Consultant | BE | 26 | 26-Dec-00 | 3 | 628,300 | Software Consultant-Lonus Lamination Ltd |

| Sl. No. | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (Rs) | Designation - Previous Employment |
|---------|---------------------------------|----------------------------|--------------------|-------------|-----------------|--------------------|-------------------------|--|
| 137 | Muthukrishnan, Kamakrishnan * | Software Consultant | MSc, BSc | 30 | 06-Mar-00 | 4 | 2,592,790 | Software Consultant-Citibank India |
| 138 | Muzzammil, Fatigue Babbani * | Software Consultant | BE | 30 | 16-Aug-00 | 7 | 1,420,956 | Program Analyst-Infoway AC Contracting |
| 139 | Nagarajan, Mohan Kumar | Software Consultant | BE | 30 | 17-Jan-00 | 7 | 2,307,846 | Software Consultant-Beerd Software Services |
| 140 | Nagarajan, Prabalad | Software Consultant | PG Dipl., Bcom | 27 | 01-Jan-00 | 3 | 2,685,025 | Software Consultant-Polaris Software Lab Inc |
| 141 | Nagarajan, Rajesh Kannan | Software Consultant | ME, BE | 30 | 25-Jan-99 | 9 | 2,899,926 | Software Engineer-Indus Electronics |
| 142 | Nagarajan, Sikanth * | Software Consultant | MCA | 29 | 01-Nov-94 | 9 | 3,369,068 | Developer - Brilliant Computer Centre. |
| 143 | Nagashi, Kiran | Business Manager | MBA | 28 | 01-Jun-99 | 6 | 3,251,959 | Assistant Manager-Agro Pulping Machinery |
| 144 | Nalcker, Venkatesh T. * | Software Consultant | BSc, PG Dipl | 36 | 01-Jan-00 | 10 | 465,797 | Software Consultant-Polaris Software Lab Inc |
| 145 | Nair, Jayachandran V * | AWP | MBA | 29 | 04-Jan-01 | 7 | 829,045 | Assistant Vice President-Palm Computer Systems |
| 146 | Narasimhan, Senthilkumar * | Software Consultant | MBA, Btech | 29 | 22-Nov-99 | 4 | 2,623,051 | Software Consultant-Vivid Consultancy Services |
| 147 | Narayanan, Arambha * | Software Consultant | BS | 37 | 21-Dec-98 | 9 | 172,445 | Program Analyst-Sivram Chis |
| 148 | Narayanan, Mahesh M * | Software Consultant | Bcom, Dipl in Comp | 37 | 01-Jan-00 | 10 | 2,167,761 | Software Consultant - Polaris Software Lab Inc |
| 149 | Natarajan, Hope K * | Software Consultant | MCA | 24 | 30-Jun-00 | 4 | 1,768,216 | Software Engineer - Haritha Infoserve India Ltd. |
| 150 | Nathu, Hareesh * | Software Consultant | BBA | 27 | 09-Apr-00 | 5 | 2,361,683 | Network Engineer - Business India Information Technologies |
| 151 | Nazarius, Britto L. * | Software Consultant | BSc | 25 | 19-Apr-00 | 4 | 2,258,349 | Senior Programmer - Object Oriented Programming Serv.Ltd |
| 152 | Nelson, Vijal | Software Consultant | BE | 31 | 26-Feb-97 | 8 | 2,783,800 | Software Consultantsystech System and Consultant |
| 153 | Nesargi, Ajay A * | Account Manager | BE | 37 | 17-Apr-00 | 7 | 717,773 | Account Manager-MAIRS Inc |
| 154 | Nesargi, Sunitha A * | Software Consultant | BE | 32 | 19-Jun-00 | 2 | 972,435 | Software Consultant-Sys Com International Inc |
| 155 | Packerisamy, Gopalakrishnan | Software Consultant | MSc | 29 | 27-Jan-99 | 5 | 2,838,765 | Software Consultant-Info Process |
| 156 | Palaniameri, Subramanian V. * | Software Consultant | BS | 44 | 24-Aug-98 | 5 | 1,695,775 | Software Consultant-Case Mix |
| 157 | Palaniswaminathan, Sathish * | Software Consultant | BE | 29 | 12-Jun-00 | 8 | 1,999,486 | Software Engineer-Titan Industries |
| 158 | Pandurangan, Elango | Software Consultant | MSC | 30 | 26-May-99 | 7 | 2,625,326 | Program Analyst-Saumar Shipping |
| 159 | Panse, Nirod * | Vice President - Marketing | BE | 36 | 01-Feb-99 | 12 | 217,621 | Manager-Apptech Ltd |
| 160 | Parathi, Devi Arava * | Software Consultant | Btech | 44 | 03-Nov-00 | 5 | 563,495 | Software Engineer-KIOCIL |
| 161 | Pasricha, Sanjay * | Software Consultant | Bcom | 39 | 01-Feb-99 | 8 | 1,706,004 | Software Consultant-EJR Corp |
| 162 | Pattamaddai Babu, Jawahar * | Software Consultant | BE | 25 | 20-Jun-00 | 1 | 1,850,445 | - |
| 163 | Pazhanappan, Viprakumar | Software Consultant | BE | 27 | 01-Jan-00 | 5 | 2,512,767 | Software Consultant-Polaris Software Lab Inc |
| 164 | Perannacherry, Senthilkumar * | Software Consultant | BE | 34 | 17-Jun-99 | 10 | 2,429,576 | Software Engineer-SYCE |
| 165 | Peryasamy, Chinnadurai * | Software Consultant | MCA | 28 | 11-Jun-99 | 5 | 1,590,204 | Software Consultant-Mason Tech Svs Ltd |
| 166 | Pillai, Sankar Madhavan | Software Consultant | BE | 31 | 23-Nov-99 | 5 | 2,427,738 | Software Consultant-Maxworth India Ltd. |
| 167 | Platoode, Rajesh M. * | Software Consultant | BSC | 27 | 27-Nov-00 | 5 | 907,271 | Systems Analyst-CitiBank |
| 168 | Plencey, Dhiraj * | Software Consultant | MCP | 22 | 27-Sep-99 | 2 | 1,505,999 | Technical help desk-Nework Training Inc |
| 169 | Pojala, Guruprasad * | Software Consultant | BE | 30 | 01-Nov-99 | 3 | 743,359 | Software Consultant-Zenith Computers |
| 170 | Romada, Thirupathi * | Software Consultant | Btech | 27 | 05-Sep-00 | 3 | 607,722 | Software Consultant-WIN Information Technologies Ltd |
| 171 | Poondi Varadan, Bharath Kumar * | Software Consultant | BE | 23 | 17-Oct-00 | 1 | 901,281 | - |
| 172 | Prakash, Nataraj * | Software Consultant | BE | 23 | 05-Jun-00 | 2 | 1,767,038 | Software Consultant-Billing Inc |

| Sl. No. | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (Rs) | Designation - Previous Employment |
|---------|------------------------------|----------------------------|-------------------|-------------|-----------------|--------------------|-------------------------|--|
| 173 | Pramanick, Surajit | Software Consultant | B.S | 36 | 01-Mar-00 | 5 | 2,360,711 | Software Consultant- Neyveli Lignite Corporation |
| 174 | Puthisigamam, Sathesh Kumar | Software Consultant | BE | 30 | 15-Nov-99 | 6 | 3,564,871 | Software Consultant- Ramsh chit funds Pvt. Ltd. |
| 175 | Redhaleshan, Kulasekaran | Software Consultant | BE | 31 | 09-Aug-99 | 9 | 2,052,466 | Software Consultant-Tech Centre Systems Ltd. |
| 176 | Begavendra Swamy, Lakshmi M. | Software Consultant | BSC | 26 | 23-Nov-98 | 4 | 3,338,734 | Software Consultants-Aditi Technologies |
| 177 | Raina, Vikas * | Software Consultant | MSc; Dipl in Comp | 28 | 07-May-00 | 4 | 1,430,453 | Systems Analyst-CitiBank |
| 178 | Beja, Krishnamoorthy * | President | MBA | 48 | 15-Jan-01 | 25 | 393,726 | Human Resource Consultant |
| 179 | Raja, Jeffrey | Software Consultant | BSC | 30 | 01-Jan-00 | 6 | 2,099,005 | Software Consultant-Polaris Software Lab Inc |
| 180 | Bejan, Manu * | Assistant Manager- HR | MBA, BBA | 26 | 12-Jun-00 | 4 | 1,524,268 | Manager-Magma Consulting, Inc. |
| 181 | Bejaram, Sathesh Kumar | Software Consultant | BE | 29 | 01-Jan-00 | 4 | 2,460,376 | Software Consultant-Polaris Software Lab Inc |
| 182 | Bejaraman, Gunaprasad * | Software Consultant | BA, Dipl in Comp | 29 | 21-Aug-00 | 6 | 872,070 | Programmer-Suja Rubber Industries |
| 183 | Bejaraman, Rethakumar | Vice President - Marketing | MBA, MSc | 37 | 01-Jan-00 | 14 | 4,741,099 | Vice President-Polaris Software Lab Inc |
| 184 | Bejesundaram, Sugandhan * | Software Consultant | BE | 25 | 28-Apr-00 | 3 | 1,445,021 | Software Consultant-Standard Chartered Bank - India |
| 185 | Bejendran, Saisih Kumar * | Software Consultant | BE | 26 | 02-Jul-00 | 4 | 1,837,485 | Programmer - NPT Offset Pvt. Ltd. |
| 186 | Bejendran, Sudhakar * | Software Consultant | BS | 25 | 19-Jan-01 | 2 | 276,333 | Network Engineer - ITS Technology Ltd. |
| 187 | Rejpal, Davinder K. | Software Consultant | PG Dipl., Bcom | 35 | 17-Feb-99 | 7 | 3,454,019 | Program Analyst-Pashupati Spinning & Weaving |
| 188 | Beja, Kamalaveni * | Software Consultant | MCA | 27 | 12-Oct-99 | 4 | 513,035 | Software Consultant-Means Software Int Ltd |
| 189 | Ramadoss, Vaithiyamathan * | Software Consultant | BE | 30 | 01-Jan-00 | 6 | 548,280 | Software Consultant-Polaris Software Lab Inc |
| 190 | Ramakrishnan, Srinivasan | Software Consultant | MCA, BSC | 29 | 01-Jan-00 | 5 | 3,719,849 | Software Consultant-Polaris Software Lab Inc |
| 191 | Remalingam, Mohan * | Software Consultant | BE | 25 | 26-Jul-00 | 3 | 1,305,158 | Software Consultant-Bharti IT Systems Pvt Ltd |
| 192 | Renamurthy, Sridya * | Software Consultant | BE | 26 | 25-Jul-00 | 3 | 1,424,638 | System Analyst-CTS |
| 193 | Renuanathan, Srinivasan * | Assistant Manager - Admin | MA | 35 | 06-Jan-99 | 7 | 1,370,638 | Manager-Academy for Mountain Environments |
| 194 | Renuajulu, Saravaran | Software Consultant | BE | 29 | 21-Mar-00 | 6 | 2,752,732 | Software Consultant - Polaris Software Lab Inc. |
| 195 | Ramasamy, Vani * | Software Consultant | BE | 25 | 30-Sep-00 | 3 | 1,162,278 | Software Consultants-Ashay Software Tech. Ltd. |
| 196 | Remiah, Kumar | Software Consultant | BE | 29 | 01-Jan-00 | 4 | 2,012,761 | Software Consultant - Polaris Software Lab Inc. |
| 197 | Rao, Ramesh Narayana | Software Consultant | MCA | 36 | 20-Jul-99 | 10 | 2,440,257 | Systems Analyst-Indira Gandhi Insr. for atomic research |
| 198 | Rao, Sireenivasa Kb * | Software Consultant | BSC | 38 | 26-Jun-00 | 4 | 1,852,291 | Software Consultant-Niche Digital Systems |
| 199 | Rao, Suresh Banganatha | Software Consultant | MCA, | 28 | 29-Sep-99 | 6 | 2,832,414 | Systems Analyst-Liton Enterprises |
| 200 | Rbett, Dainne | Accounts - Book Keeper | AA | 43 | 20-Mar-00 | 3 | 1,256,474 | Accounts Clerk-Community Agencies Corp |
| 201 | Boy, Indranil * | Software Consultant | BSC | 34 | 06-Nov-00 | 5 | 716,374 | Software Consultants-Advanced Technology Labs |
| 202 | Sadanandan, Mohanraj * | Software Consultant | BE | 26 | 04-Jun-99 | 3 | 798,122 | Software Consultant-Shion Software |
| 203 | Sai, Satya | Software Consultant | MCA | 29 | 07-Jun-99 | 5 | 3,454,126 | Systems Analyst-Sona Screening Systems Ltd. |
| 204 | Sampath, Ravindran * | Software Consultant | BSc, PG Dipl | 31 | 09-Dec-98 | 5 | 814,835 | Systems Analyst-TI Cycles of India |
| 205 | Sampath, Venkatesh | Software Consultant | BSC | 25 | 03-Feb-99 | 6 | 2,641,719 | Software Consultants-Yeshwar Associates |
| 206 | Sankaralingam, Ganapathy S. | Software Consultant | MSc | 27 | 01-Jan-00 | 3 | 2,776,711 | Software Consultant-Polaris Software Lab Inc |
| 207 | Santanaigalaidan, SriLatha * | Software Consultant | BE | 27 | 01-Sep-99 | 5 | 710,799 | Senior Systems Executive - Mason Ltd. |
| 208 | Saraswathy, Anu S * | Software Consultant | BS | 26 | 07-Oct-00 | 3 | 805,109 | Software Support Exec. - Informatics Technomet Solutions Pvt. Ltd. |

| Sl. No. | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (Rs) | Designation - Previous Employment |
|---------|----------------------------------|-----------------------|----------------|-------------|-----------------|--------------------|-------------------------|---|
| 209 | Saravanan, Balsubramanian | Software Consultant | MSc | 28 | 01-Jan-00 | 5 | 2,421,542 | Software Consultant-Polaris Software Lab Inc |
| 210 | Saravaya, Tejash Kumar C | Software Consultant | MCA | 27 | 05-Jan-00 | 3 | 3,519,475 | Software Consultant-Santeel Group of Companies |
| 211 | Saravanan, Ramachandran G. | Software Consultant | BSc | 30 | 01-Aug-99 | 7 | 2,837,826 | Software Consultant-L.K.Global Software Engg |
| 212 | Sathappan, Mullaivelan * | Software Consultant | BE | 29 | 01-Jan-00 | 4 | 1,354,343 | Software Consultant-Polaris Software Lab Inc |
| 213 | Sathiamurthy, Venkatesan * | Software Consultant | BE, PG Dipl | 27 | 25-May-98 | 5 | 249,924 | Software Consultant-Infosoft |
| 214 | Sathyan, Devendran * | Software Consultant | MSc | 29 | 22-May-98 | 5 | 159,915 | Systems Analyst-Binary Equipments |
| 215 | Sathyanarayana, Balaji Venkatesh | Head - HR & Mgmt Svcs | MBA, BE | 30 | 27-Oct-99 | 10 | 3,744,765 | Director -Resources-Leading Edge System's Inc |
| 216 | Saxena, Sharad * | Software Consultant | Btech, PG Dipl | 37 | 16-Nov-98 | 8 | 1,699,485 | Software Engineer-NHPC |
| 217 | Saxena, Rohit * | Account Manager | MBA | 26 | 28-Aug-00 | 2 | 977,177 | Account Manager-Management Development Intl Inc |
| 218 | Scengupta, Prabh Kumar * | Software Consultant | BE | 36 | 31-Jul-00 | 11 | 1,526,960 | Systems Analyst-Tata Teleservices Ltd |
| 219 | Sehadri, Venkata R | ANP - Marketing | BE | 31 | 10-Jun-99 | 9 | 3,417,319 | Manager-Business India |
| 220 | Shanmugasdas, Suresh K. * | Software Consultant | MSc, PG Dipl | 28 | 01-Jan-00 | 5 | 1,470,197 | Software Consultant-Polaris Software Lab Inc |
| 221 | Shanmugam, Sobraj | Software Consultant | BE | 27 | 01-Jan-00 | 5 | 2,516,864 | Software Consultant-Polaris Software Lab Inc |
| 222 | Shanmugam, Srakumar * | Software Consultant | BSc | 29 | 10-Jul-00 | 5 | 1,905,878 | Software Consultant-Citibank Singapore |
| 223 | Shanmugam, Venkatachalam | Software Consultant | MSc | 27 | 01-Jan-00 | 5 | 2,643,025 | Software Consultant-Polaris Software Lab Inc |
| 224 | Shanmugam, Venkatesh | Software Consultant | BSc, PG Dipl | 29 | 27-Mar-00 | 5 | 1,756,582 | Software Consultant-SoftwareSiddhant GMBH |
| 225 | Sharma, Rohit * | Software Consultant | Bcom | 37 | 07-Aug-00 | 8 | 1,905,142 | Systems Analyst-National Panasonic India Ltd |
| 226 | Shekar, Rangarajan * | Senior Vice President | MBA | 50 | 21-Apr-00 | 25 | 2,604,143 | Director QM-CitiBank India |
| 227 | Shekh, Sheetal P. * | Software Consultant | MCA | 27 | 08-Aug-99 | 6 | 1,027,568 | Software Consultant-Vista Software |
| 228 | Singam, Sudhakara Reddy * | Software Consultant | BS | 25 | 07-Oct-00 | 3 | 994,129 | Associate Systems Exec. - Info-matics technomet solutions Pvt. Ltd. |
| 229 | Singh, Paramjeet | Software Consultant | BE | 28 | 05-Jan-00 | 4 | 2,871,038 | Software Consultant-Gunbkal Software Systems Limited |
| 230 | Singh, Raman Preet | Software Consultant | BE | 27 | 03-Jan-00 | 3 | 2,971,952 | Software Consultant-TCL Belsouth Ltd. |
| 231 | Sinha, Sayendra P * | Software Consultant | BE | 33 | 14-Jun-00 | 11 | 1,659,786 | Systems Manager - Trilokne Corporation India |
| 232 | Sivaranathan, Ramesh * | Software Consultant | MCA | 28 | 01-Jun-99 | 6 | 1,393,789 | Software Consultant-White house Cotton Industries Ltd. |
| 233 | Sivaraman, Raja | Software Consultant | BE | 25 | 01-Jan-00 | 4 | 2,888,796 | Software Consultant-Polaris Software Lab Inc |
| 234 | Sivasubramaniam, Saravanavathi * | Software Consultant | MSc, BSc | 28 | 26-Aug-99 | 3 | 392,934 | Software Consultant-Rics Systems India P. Ltd. |
| 235 | Sonu, Chokkalingam | Software Consultant | BE | 28 | 16-Mar-98 | 6 | 6,126,526 | Software Consultant-Wipro |
| 236 | Sondhi, Gayatri | Software Consultant | BSc | 39 | 01-Jan-00 | 7 | 2,990,730 | Software Consultant-Polaris Software Lab Inc |
| 237 | Soundarapandian, Manivannan | Software Consultant | BSc | 30 | 10-Aug-99 | 8 | 2,421,150 | Software Consultant-Management Info Systems |
| 238 | Sridharan, Konda Kuppannatchary | Software Consultant | BE | 31 | 10-Aug-99 | 8 | 3,028,722 | Systems Analyst - Nucleus Software Group |
| 239 | Srinivasan, Balachandran | Software Consultant | BE | 32 | 01-Jan-00 | 7 | 2,583,907 | Software Consultant-Polaris Software Lab Inc |
| 240 | Srinivasan, Krishnan | Senior Vice President | MBA, BSc | 33 | 01-Jan-00 | 12 | 6,199,559 | Vice President-Polaris Software Lab Inc |
| 241 | Srinivasan, Prabhakaran * | Software Consultant | BSc | 32 | 30-Aug-99 | 4 | 813,556 | Software Consultant-Abacus Computers |
| 242 | Srinivasan, Ravindran * | Software Consultant | BSc | 38 | 10-Jan-00 | 7 | 1,881,786 | Systems Analyst-Rame Brake Linings Ltd |
| 243 | Srinivasan, Vijayarani * | Software Consultant | BE | 26 | 09-Aug-00 | 4 | 1,384,700 | Software Consultant-Commercial Bank of Kuwait |
| 244 | Srinivasaraghavan, Jaganathan | Software Consultant | MCA | 28 | 01-Aug-99 | 7 | 2,448,982 | Software Consultant-Track Zero Systems |

| Sl. No. | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (Rs) | Designation - Previous Employment |
|---------|------------------------------------|----------------------------------|---------------|-------------|-----------------|--------------------|-------------------------|--|
| 245 | Subashree, Shanthi * | Software Consultant | BS | 33 | 14-Sep-97 | 7 | 1,690,073 | Software consultants-Nucleus Software Workshop Limited |
| 246 | Subbiah, Parthiban | Software Consultant | MSc | 30 | 01-Jan-00 | 5 | 4,755,906 | Software Consultants-Polaris Software Lab Inc |
| 247 | Subramanian, Kadirvel * | Software Consultant | BSc | 36 | 25-Sep-00 | 8 | 1,290,676 | Systems Analysts-CeeVee AR Rubbers Pvt Ltd |
| 248 | Subramanian, Dharam | Software Consultant | BE | 31 | 08-Sep-99 | 7 | 2,125,088 | Software Consultant-Tata Consultancy Services |
| 249 | Subramanian, Hantharadharmarajan * | Software Consultant | BSc | 25 | 01-Jan-98 | 6 | 2,469,949 | Consultant-Benchmark Softtek Ltd |
| 250 | Subramanian, Kalasem S. * | Software Consultant | BS | 28 | 01-Jan-00 | 5 | 228,450 | Software Consultant-Polaris Software Lab Inc |
| 251 | Subramanian, Ramaswamy G. * | Software Consultant | BS | 29 | 14-Oct-00 | 5 | 2,656,288 | Assistant Consultant-Tata Consultancy Services |
| 252 | Subramanian, Rameshankar | Software Consultant | BE | 24 | 01-Jan-98 | 4 | 2,557,072 | - |
| 253 | Subramanyam, Swaminath * | Software Consultant | BE | 32 | 05-Sep-00 | 9 | 1,306,115 | Systems Engineer-SPICeSMO |
| 254 | Sudendra, Laha * | Software Consultant | BS | 35 | 15-Mar-99 | 10 | 878,436 | Systems Analyst-ADA |
| 255 | Sudhakar, Kaliyannurthy | Software Consultant | BE | 31 | 29-Jun-98 | 5 | 2,861,427 | Software Consultant-Syntel Software |
| 256 | Sunder, Kenneth * | Account Manager | BA | 27 | 29-Nov-99 | 4 | 2,065,188 | Account Manager-Leading Edge Systems Inc |
| 257 | Sundaram, Murali | Software Consultant | BE | 28 | 01-Jan-00 | 6 | 2,638,169 | Software Consultant-Polaris Software Lab Inc |
| 258 | Suresh, Boyapati * | Software Consultant | BE | 28 | 07-Aug-00 | 4 | 1,106,215 | Systems Analyst-Herbullie Intl |
| 259 | Swamyathan, Prabhakaran | Software Consultant | MSc | 33 | 31-Oct-97 | 8 | 2,623,200 | Software Consultant-Abacus Computers |
| 260 | Thakkar, Ketan | Business Manager | BE | 30 | 26-May-99 | 8 | 4,173,191 | Sales Engineer-Kandel Oil Industries |
| 261 | Thambireddy, Raghuramireddy | Software Consultant | MSc | 34 | 12-Jan-98 | 5 | 3,387,685 | Systems Analyst-Kamadheenu Fertilizers |
| 262 | Thangapandian, Murugupandi * | Software Consultant | MCA | 27 | 17-Nov-99 | 3 | 1,483,221 | Software Consultants-Steering Holiday Resorts Ltd |
| 263 | Thanjayakumaran, Chakravarthy | Software Consultant | BE | 30 | 01-Jan-00 | 6 | 2,674,637 | Software Consultant-Polaris Software Lab Inc |
| 264 | Tharal, Roy Jose | Software Consultant | BA | 31 | 01-Jun-99 | 7 | 3,626,033 | Software Consultant-Eastern Software Systems |
| 265 | Thiagarajan, Janardhanan | Software Consultant | BE | 30 | 01-Jan-00 | 3 | 3,162,677 | Software Consultant-Polaris Software Lab Inc |
| 266 | Thiagarajan, Sorram * | Executive - Human Resources | BA | 23 | 17-Jul-00 | 1 | 1,337,820 | - |
| 267 | Thillainathan, Balagurunathan | Software Consultant | BE | 28 | 01-Jan-00 | 5 | 2,485,099 | Software Consultant-Polaris Software Lab Inc |
| 268 | Thomas, Vinu * | Software Consultant | BE | 24 | 08-Aug-00 | 3 | 1,298,432 | Software Consultant-Infossys |
| 269 | Thoopul, Rajesh Raman | Software Consultant | BE | 26 | 01-Jan-00 | 4 | 3,070,459 | Software Consultant-Polaris Software Lab Inc |
| 270 | Tilko, Rahul * | Software Consultant | BE | 30 | 01-Jan-00 | 4 | 1,779,991 | Software Consultant-Polaris Software Lab Inc |
| 271 | Tomar, Ajay | Software Consultant | BE | 30 | 01-Jan-00 | 8 | 3,264,077 | Software Consultant-Polaris Software Lab Inc |
| 272 | Tyagi, Parveen Kumar * | Software Consultant | MCA | 29 | 01-Jan-00 | 4 | 1,781,026 | Software Consultant-Polaris Software Lab Inc |
| 273 | Umaipathy, Periasamy | Software Consultant | Mech | 27 | 01-Jan-00 | 3 | 2,753,188 | Software Consultant-Polaris Software Lab Inc |
| 274 | Unk, Karakaraian * | Software Consultant | BE | 27 | 19-Jun-00 | 5 | 2,216,426 | Software Consultant-L&T Information Technology Ltd |
| 275 | Vaidyanathan N | C. F. O. & Senior Vice President | BSc, FCA | 48 | 12-Mar-97 | 25 | 1,218,128 | Vice President Finance - Shirram Group of Companies |
| 276 | Vaidyanathan, Arunachalam * | Software Consultant | MCA | 25 | 11-Jul-00 | 1 | 1,431,591 | - |
| 277 | Vallur, Sathyanaayaman * | Software Consultant | MCA | 27 | 01-Jan-96 | 4 | 1,791,749 | Software Consultants-SSI Ltd |
| 278 | Varadhan, Lakshmi * | Software Consultant | BE | 26 | 19-Jun-00 | 2 | 1,515,618 | Software Consultant-Banco Systems |
| 279 | Varadharijan, Prakash * | Software Consultant | BS | 30 | 05-Jan-98 | 5 | 1,161,749 | Software Consultant-Polaris Software Lab Inc |
| 280 | Vasudevan, Sreenathan | Software Consultant | BSc | 30 | 01-Jan-00 | 5 | 2,697,995 | Software Consultant-Polaris Software Lab Inc |

| Sl. No. | Name | Designation | Qualification | Age (Years) | Date of Joining | Experience (Years) | Gross Remuneration (Rs) | Designation - Previous Employment |
|---------|-----------------------------------|---------------------|--------------------|-------------|-----------------|--------------------|-------------------------|---|
| 281 | Veeraraghavan, Krishnamoorthy * | Software Consultant | Bcom, Dipl in Comp | 24 | 01-Jan-98 | 4 | 696,894 | Software Consultant-Warrier Design & Software Innovators |
| 282 | Velmurugan, Thavasi | Software Consultant | BE | 26 | 01-Jan-00 | 5 | 2,699,850 | Software Consultant-Polaris Software Lab Inc |
| 283 | Venkataraman, Perumal | Software Consultant | MSc | 40 | 01-Jan-00 | 8 | 2,822,527 | Software Consultant-Polaris Software Lab Inc |
| 284 | Venkataraman, Ramnathan * | Software Consultant | ME | 31 | 10-Jan-00 | 4 | 2,344,982 | Software Consultant-BPL Systems |
| 285 | Venkatesubramanian, Chandramouli* | Software Consultant | BE | 29 | 16-Aug-99 | 3 | 653,823 | Systems Analyst-Hftelligent Technologies |
| 286 | Venugopalan, Suresh Kumar | Software Consultant | BS | 31 | 30-Apr-97 | 7 | 3,364,018 | Systems Analyst-Informatics Computer Systems |
| 287 | Vijayakanthan, Sukumaran * | Software Consultant | MSc | 27 | 11-Mar-00 | 2 | 1,884,742 | . |
| 288 | Viswanathan, Mahendran Tanjore* | Software Consultant | BSc | 28 | 17-Apr-00 | 6 | 2,856,403 | Analyst Programmer - DSQ Ltd. |
| 289 | Viswanathan, Ramachandran | Software Consultant | MCA | 28 | 01-Mar-96 | 4 | 2,827,996 | . |
| 290 | Vudayagiri, Venkatakrisna S. * | Software Consultant | BE | 31 | 01-Jan-00 | 5 | 402,410 | Software Consultant-Polaris Software Lab Inc |
| 291 | Wadhvani, Anirash | APP - Marketing | MBA, BE | 33 | 01-Feb-00 | 9 | 2,837,288 | Head Inst. Sales-Vickers Bullas Investment Bank |
| 292 | Yada, Visva Prasad | Software Consultant | ME | 34 | 01-Jan-00 | 5 | 2,684,135 | Software Consultant-Polaris Software Lab Inc |
| 293 | Yadav, Dharmendra Kumar | Software Consultant | BE | 29 | 18-Aug-98 | 4 | 2,384,236 | Software Consultant-Sony Precision Engineering, Singapore |
| 294 | Yagnaraman, Nagalakshmi | Software Consultant | BSc | 30 | 01-Mar-00 | 6 | 3,091,430 | Consultant-GEC-Alsbom |
| 295 | Yellapragada, Rajasekhar * | Software Consultant | Btech | 25 | 12-Oct-98 | 4 | 742,828 | Software Consultant-Mastermind Solutions |

Note : 1. None of the above employees are related to any director of the company.

2. All appointments other than sl. No.13, 64 & 125 are non contractual and are in terms of respective letters of appointment and subject to the rules and regulations of the company.

3. * Denotes employed for part of the year.

REPORT ON CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

1. In order to promote and raise the standards of Corporate Governance, the Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance for implementation by listed companies. The recommendations of SEBI suggested suitable amendments to the listing agreement to improve the standards of corporate governance in the listed companies, and are divided into Mandatory and Non- mandatory recommendations.

Some of the recommendations are absolutely essential for the framework of corporate governance and virtually forms its core hence mandatory, while others, which are considered as desirable, are categorized as non-mandatory. The ultimate responsibility for putting the recommendations into practice lies directly with the board of directors and the management of the company.

2. Board of Directors:

- **Composition of the Board of Directors as on 31st March, 2001**

The Managing Director along with the Executive Directors manages the day-to-day affairs of the Company. The Board of the Company has a combination of executive and non-executive directors with over fifty percent of the board comprising the non executive directors.

Composition of the Board of Directors

| Directors | Number |
|---------------|-------------|
| Executive | Three |
| Non-Executive | Six |
| Total | Nine |

The Board met eight times during the year on 19th April, 2000; 29th April, 2000; 24th May 2000; 14th July, 2000; 18th October, 2000; 10th January, 2001; 7th February, 2001 and 7th March, 2001.

Members of the Board and the number of Board Meetings attended by each director for the financial year 2000-2001

| Name | Designation | In person | By tele** conference | Last AGM attendance |
|----------------|---|-----------|----------------------|---------------------|
| Arun Jain | Chairman and Managing Director | 5 | 3 | Yes |
| G N Mathur | Executive Director | 8 | 0 | Yes |
| Govind Singhal | Executive Director* | 2 | 2 | Yes |
| Abhay Agarwal | Non-Executive Director | 7 | 1 | Yes |
| Arvind Kumar | Non-Executive Director | 8 | 0 | Yes |
| M L Garg | Non-Executive Director | 3 | 5 | No |
| R C Bhargava | Non-Executive Director | 7 | 1 | Yes |
| Satya Pal | Non-Executive Director | 7 | 1 | Yes |
| Ajay Relan | Nominee Director, Citicorp Finance (India) Ltd. | 4 | 4 | Yes |

Notes: * Mr. Govind Singhal has been inducted on the Board on 18th October, 2000

** Directors who could not attend the Board Meetings have participated in the discussions through tele conferencing.

3. Audit Committee of the Board

The said committee was formed on 29th April, 2000, with qualified and independent members of the Board of Directors of the Company with the purpose of enhancing the credibility of the financial disclosures of the Company and for promoting transparency. The Company Secretary acts as the secretary to the committee. The Audit Committee has met four times during the year 2000-2001 on 13th July, 2000; 30th September, 2000; 17th October, 2000 and 9th January, 2001.

The powers of the committee include the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice, if necessary.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- To ensure that the financial statement is correct, sufficient and credible.
- To recommend the appointment and removal of external auditor.
- To ensure compliance of accounting standards
- To ensure compliance with Stock Exchange and legal requirements concerning financial statements.
- To review with the management and auditors, the adequacy of internal control systems.
- To review the adequacy of internal audit function.

Members of the Audit Committee and the number of Meetings Attended by each member for the financial year 2000-2001

| Name | Designation | Numbers |
|---------------|-----------------------------------|---------|
| Arvind Kumar | Chairman / Non-Executive Director | 4 |
| Abhay Agarwal | Non-Executive Director | 4 |
| M L Garg | Non-Executive Director | 1 |
| R C Bhargava | Non-Executive Director | 3 |

Note: • Mr. R C Bhargava has been a member of the Committee since 18th October, 2000 and he attended two meetings of the Committee in the capacity of a special invitee.

4. Remuneration Committee of the Board

The Board has set up a remuneration committee on 29th April, 2000, to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. The Committee had met on 18th October, 2000 for recommending the remuneration payable to Mr. Govind Singhal, Executive Director.

Members of the Remuneration Committee and the number of Meetings attended by each member for the financial year 2000-2001

| Name | Designation | Numbers |
|---------------|-----------------------------------|---------|
| R C Bhargava | Chairman / Non-Executive Director | 1 |
| Abhay Agarwal | Non-Executive Director | 1 |
| Arvind Kumar | Non-Executive Director | 1 |

Remuneration Policy

The remuneration committee recommends the remuneration payable to directors based on their contribution to the growth and development of the Company. The remuneration structure of the Managing / Executive Directors comprises of salary, perquisites and allowances, contribution to provident fund, superannuation and gratuity. The non-executive directors are paid sitting fees for attending the Board and Committee Meetings and a fixed remuneration, the details of which are provided hereunder. Remuneration paid / payable to executive and non-executive directors are approved by the shareholders and such other authorities as may be necessary.

Gross Remuneration paid/ payable to directors for the financial year 2000-2001

| Name of the Director | Salary & Perquisites | Allowances | Remuneration | Sitting fees | Stock Options |
|----------------------|----------------------|------------|--------------|--------------|---------------|
| | Rs. | Rs. | Rs. | Rs. | Nos |
| Arun Jain | 1,434,000 | 939,052 | - | - | - |
| G N Mathur | 956,333 | 270,857 | - | - | 6,000 |
| Govind Singhal | 3,158,500 | 286,300 | - | - | 10,000 |
| Abhay Agarwal | - | - | 200,000 | 35,000 | 3,000 |
| Arvind Kumar | - | - | 200,000 | 40,000 | 3,000 |
| M L Garg | - | - | 100,000 | 17,000 | 1,000 |
| R C Bhargava | - | - | 200,000 | 30,000 | 4,000 |
| Satya Pal | - | - | 200,000 | 30,000 | 3,000 |
| Ajay Relan | - | - | - | - | - |

- Notes:**
- Remuneration to Non-Whole time directors has been approved by the shareholders in the EGM held on 7th March, 2001 and is payable subject to the approval of the Central Government under Section 309 of the Companies Act, 1956. The Company has preferred an application to the Central Government for obtaining necessary approval.
 - Although Mr. Govind Singhal has been appointed as a director only from 18th October, 2000, his remuneration for the full year is given in the table above.
 - Stock options to Mr. Govind Singhal, Director was granted on 24th July, 2000 @ Rs. 480/- per share. Options to all other Directors except Mr. Govind Singhal were granted on 18th October, 2000 @ Rs. 326/- per share and all such options were granted at a discount of 25% to the market price and are exercisable over a period of 5 years.

5-A.Shareholders Committee of the Board

The said Committee has been formed on 29th April, 2000, to specifically look into the redressing of shareholder complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The purpose of forming this Committee is to uphold the basic rights of the shareholders including right to transfer and registration of shares, obtaining relevant information on the company on a timely and regular basis, participating and voting in shareholder meetings, electing members of the Board and

sharing in the residual profits of the Company. The shareholders committee met thrice during the year 2000-2001 on 14th July, 2000; 18th October, 2000 and 10th January, 2001

Members of the Shareholders Committee and the number of Meetings attended by them for the financial year 2000-2001

| Name | Designation | Numbers |
|------------|---------------------------------|---------|
| Satya Pal | Chairman/Non-Executive Director | 3 |
| G N Mathur | Executive Director | 3 |
| Ajay Relan | Non-Executive Director | 1 |

Note: • Mr. G Rajesh, Company Secretary is the compliance officer

Details of request/complaints received during the year

| Sl.No | Nature of Requests | Received | Attended | Pending |
|-------|--|--------------|--------------|-----------|
| 1 | Change of address in the Register of Members | 282 | 282 | 0 |
| 2 | Change/Correction of Bank Mandate | 171 | 171 | 0 |
| 3 | General correspondence relating to NSDL operations | 597 | 597 | 0 |
| 4 | Revalidation of Dividend Warrants | 61 | 61 | 0 |
| 5 | Revalidation of Refund Orders | 27 | 27 | 0 |
| 6 | Issue of duplicate Share Certificates* | 47 | 36 | 11 |
| 7 | Splitting and Demat | 11699 | 11699 | 0 |
| 8 | Request for stop transfer | 6 | 6 | 0 |
| 9 | Transfer, Transmission etc. | 9064 | 9064 | 0 |
| | Total | 21954 | 21943 | 11 |

Note: * Requests for issue of duplicate certificates from 11 shareholders pending on 31st March, 2001 were resolved on 7th April, 2001.

In addition, the Company during the year received 626 complaints from shareholders for non receipt of share certificates after transfer/split, non receipt of dividend warrants, refund orders, name corrections in the share certificates which were duly attended to. Most of the complaints were attended to by the Company within 7 days from the date of receipt, except in cases of any legal disputes or constraints.

5-B. Other Committees**Compensation Committee**

A Compensation Committee was formed on 9th March, 2000 for finalising among other things, the procedures and modalities for giving effect to the Employee Stock Option Scheme which inter alia include determination of eligibility criteria, maximum number of options/shares offered to each employee and the aggregate number of options/shares offered during the period covered under the Scheme, identification of classes of employees entitled to participate in the scheme, framing of a detailed pricing formula, mode or process of exercise of the option etc.

The Compensation Committee of the Company is comprised of the following directors:

| Name of Member | Designation |
|----------------|-----------------------------------|
| Satyapal | Chairman / Non-Executive Director |
| R C Bhargava | Non-Executive Director |
| Abhay Agarwal | Non-Executive Director |
| G N Mathur | Executive Director |

The Committee met twice during the year under the Chairmanship of Mr. Satyapal. The first meeting was held on 24th July, 2000 and the second one on 18th October, 2000. The options were granted at a discount of 25% over the market price of shares prevailing on the date of grant.

| Date of Grant | No. of Employees | No. of Shares | Exercise Price in Rs. |
|---------------|------------------|---------------|-----------------------|
| 24/07/2000 | 863 | 820700 | 480 |
| 18/10/2000 | 13 | 36800 | 326 |

Note: • The exercise price is the closing market price in the National Stock Exchange Ltd., on the date of grant less 25% discount.

Share Issue & Allotment Committee

The said committee is empowered to act on behalf of the Board, in the matters connected with allotment of shares, issuing of duplicate share certificates, split and consolidation of shares into marketable lots etc. The quorum for the committee meetings is three directors out of which one will be a whole-time director. The Committee met thrice during the year 2000-2001 on 22nd May, 2000; 14th August, 2000 and 15th December, 2000.

The Committee is comprised of the following directors:

| Name of Director | Designation |
|------------------|------------------------------|
| Arun Jain | Chairman & Managing Director |
| G N Mathur | Executive Director |
| Abhay Agarwal | Non-Executive Director |
| Arvind Kumar | Non-Executive Director |
| M L Garg | Non-Executive Director |
| R C Bhargava | Non-Executive Director |

Share Transfer Committee

The share transfer committee is empowered to consider and approve the transfer, transmission, transposition etc. of the shares of the Company. The Committee has met twenty six times during the year 2000-2001. Mr. Arun Jain, Chairman and Managing Director was approving the share transfers till 17th October, 2000. The Board decided to revamp the constitution of the committee with effect from 18th October, 2000 and the reconstituted committee now comprise of the following members:

| Name of Member | Designation |
|----------------|-----------------------|
| G N Mathur | Executive Director |
| N Vaidyanathan | Chief Finance Officer |
| G Rajesh | Company Secretary |

6. General Body Meetings

Particular of annual general meeting (AGM) held during the three previous years

| Meeting | 5th AGM | | 6th AGM | | 7th AGM | |
|---------|---|------|--|------|--|------|
| Date | 29th August,1998 | | 22nd May,1999 | | 24th May,2000 | |
| Time | 4.00 pm | | 3.00 pm | | 3.00 pm | |
| Venue | Hotel Connemera, Chennai | | Hotel Connemera, Chennai | | Music Academy, Chennai | |
| Sl. No. | Resolutions Passed | Type | Resolutions Passed | Type | Resolutions Passed | Type |
| 1 | Adoption of Annual Accounts (31/3/98) | O | Adoption of Annual Accounts (31/3/99) | O | Adoption of Annual Accounts (31/3/00) | O |
| 2 | Declaration of Dividend (20%) | O | Declaration of Dividend (20%) | O | Declaration of Dividend (30%) | O |
| 3 | Re-appt. of Mr.Arvind Kumar as a director | O | Re-appt.of Mr.M.L.Garg as a director | O | Re-appt.of Mr.Satya Pal as a director | O |
| 4 | Re-appt. of Mrs.Manju Jain as a director | O | Re-appt.of Mr.Abhay Agarwal as a director | O | Re-appt.of Mr.G.N.Mathur as a director | O |
| 5 | Appt. of M/s.Bharath S. Raut & Co, as Statutory Auditors | O | Appt. of M/s.Bharath S. Raut & Co, as Statutory Auditors | O | Appt. of M/s.Bharath S. Raut & Co, as Statutory Auditors | O |
| 6 | Increase in remuneration payable to Mr.Arun Jain | O | Appt.of Mr.R.C.Bhargava as a director under Sec 257 | O | Further issue of shares including ADR/GDR etc. | S |
| 7 | Appointment of Mr.G.N.Mathur as a Whole-time director for two years | O | -- | -- | Re-appointment of Mr.G.N.Mathur as a Whole-time director for 2 years | O |
| 8 | Increase of Authorised Share Capital | O | -- | -- | -- | -- |
| 9 | Alteration of Capital Clause in the Memorandum of Association | O | -- | -- | -- | -- |
| 10 | Alteration of Capital Clause in the Articles of Association | S | -- | -- | -- | -- |
| 11 | Appointment of Mr.Ajay Relan as a nominee director | O | -- | -- | -- | -- |

Type - O=Ordinary Resolution S=Special Resolution

Note: • No resolutions were put through postal ballots till the last AGM as the then prevailing laws did not allow postal ballots.

7. Disclosures on materially significant related party transactions and compliance of statutory formalities.

Details on materially significant related party transactions are given in the appended financial statement under note 10 of annexure to the Auditors Report.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets during the last three years

-None-

8. Means of communication.

• **Quarterly and Half-yearly financial results**

Quarterly Provisional financial results and the Half-yearly financial results subjected to a limited review of the Company are published in one widely circulated English Newspaper and a Vernacular (Tamil) Newspaper. The results are also promptly forwarded to stock exchanges in which the shares of the Company are listed and simultaneously displayed in the Company's website www.polaris.co.in. The website also displays all official news releases issued by the Company from time to time.

• **Investor Education**

Investors are being provided with timely information on all company related matters including recruitment/appointment and remuneration of executive directors, advantages of Dematerialisation and sub-division of shares.

The company's official web site www.polaris.co.in has in it a separate page for investor relations in which the quarterly, half-yearly and annual results of the Company are displayed. All press releases issued by the Company from time to time are informed to the respective stock exchanges in which the shares of the Company are listed and the same are also hosted in the Company's web site for the knowledge of the investors. A separate column in the website called "Frequently Asked Questions" is given, which answers substantially all the expected queries of investors about the Company, its history, its promoters, the public issue, employees, its Registrars, share transfers, dematerialization etc.

• **The Management Discussion & Analysis (MDA)**

The Management Discussion & Analysis giving an overview of the Industry, Company's business and its Financials etc. is provided separately as a part of this Annual Report

9. General Shareholder Information

- | | |
|---|---|
| • Date of incorporation | 5 th of January 1993 |
| • Registered Office | Carex Center, 244 (Old No.713), Anna Salai, Chennai-600 006 |
| • Date and time of Annual General Meeting | Saturday the 16 th of June 2001 at 11.30 A.M |
| • Venue of Annual General Meeting | Kamaraj Arangam, 574 – A, Anna Salai, Chennai – 600 018 |

- Financial Calendar
(tentative and subject to change) :

| | |
|--|--------------------------------------|
| Financial reporting for the first quarter ending June 30, 2001 | Between 10th to 20th of July 2001 |
| Financial reporting for the second quarter ending September 30, 2001 | Between 10th to 20th of October 2001 |
| Financial reporting for the third quarter ending December 31, 2001 | Between 10th to 20th of January 2002 |
| Financial results for the year ending March 31, 2002 | Between 15th to 25th of April 2002 |
| Annual General Meeting for the year ending March 31, 2002 | May / June 2002 |

- Date of Book closure for dividend From June 8, 2001 to June 15, 2001(Both days inclusive)
- Dividend Payment Date Within thirty days from the Annual General Meeting
- Listing on Stock Exchanges Polaris shares are traded in Madras Stock Exchange w.e.f. 27th September, 1999. The Stock Exchange Mumbai w.e.f. 29th September, 1999. National Stock Exchange w.e.f. 24th November, 1999.
- Reuters Code POLS.BO (BSE)
POLS.NS (NSE)
- Scrip Code (BSE) 32254
- Scrip Code (NSE) POLARIS
- International Securities Identification Number (ISIN Code - NSDL) INE763A01023
- Bloomberg Code POL@IN
- Registrars and Share Transfer Agent Karvy Consultants Limited
Unit: Polaris Software Lab Limited
"Karvy House" 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500034
Tel:3320751/52/53 www.karvy.com
- The Company's shares are traded in "**Group A**" category in the Stock Exchange, Mumbai since 26th March 2001.

Share Transfer System

The application for transfers, transmission and transposition are received by the Company at its Registered office address at Chennai or at M/s Karvy Consultants Limited, Registrar and Transfer Agents, Hyderabad. As the Company's shares are currently traded in

dematerialized form the transfers are processed and approved in the electronic form by NSDL/ CDSL through their depository participants. The physical transfers are processed by the Company on a regular basis and the certificates are dispatched by the Registrars directly to the transferees.

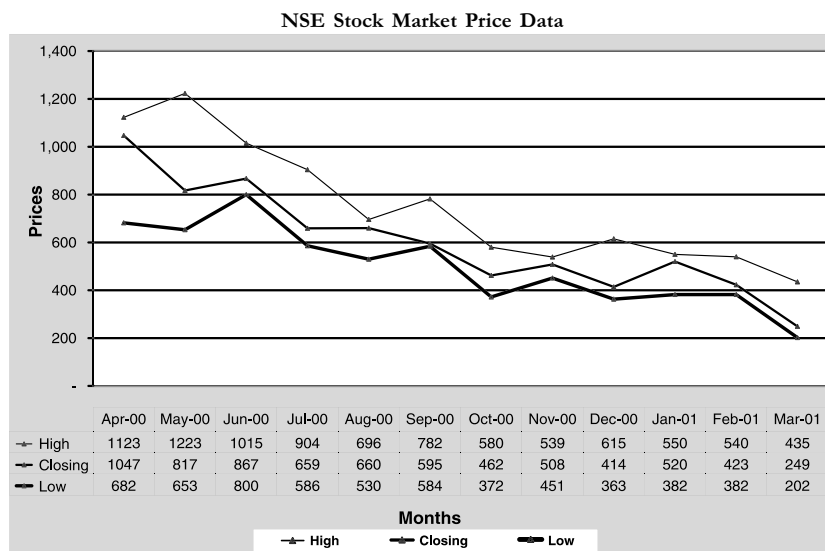
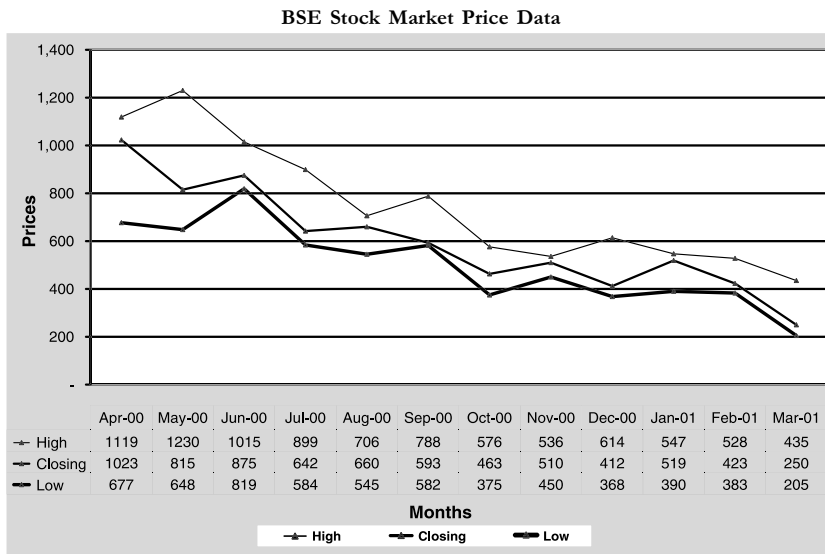
The details of the share transfer system have been mentioned in this report under the heading 'Share Transfer Committee'.

- Market Price Data : Opening, High, Low, Closing prices and number of shares traded during each month in the last financial year

| The Mumbai Stock Exchange Ltd., (BSE) & The National Stock Exchange Ltd. (NSE) | | | | | | | | | | |
|--|------------|------------|------------|------------|-----------|-----------|-------------|-------------|------------------|-------------------|
| Stock market data for the period commencing from April 2000 to March 2001 | | | | | | | | | | |
| | BSE | NSE | BSE | NSE | BSE | NSE | BSE | NSE | BSE | NSE |
| Date | Open (Rs.) | Open (Rs.) | High (Rs.) | High (Rs.) | Low (Rs.) | Low (Rs.) | Close (Rs.) | Close (Rs.) | No. of Shares | No. of Shares |
| April 00 | 911.18 | 900.05 | 1,119.50 | 1,123.95 | 677.98 | 682.03 | 1,023.88 | 1,047.60 | 1,067,600 | 1,247,662 |
| May 00 | 1,070.00 | 1,040.00 | 1230.00 | 1,223.50 | 648.25 | 653.85 | 815.35 | 817.90 | 416,790 | 1,231,508 |
| June 00 | 870.00 | 882.00 | 1015.00 | 1,015.00 | 819.90 | 800.00 | 875.80 | 867.55 | 307,841 | 473,436 |
| July 00 | 825.00 | 904.00 | 899.00 | 904.00 | 584.95 | 586.45 | 642.30 | 659.95 | 297,217 | 578,955 |
| August 00 | 645.00 | 640.00 | 706.00 | 696.00 | 545.00 | 530.00 | 660.00 | 660.15 | 513,673 | 816,931 |
| September 00 | 695.00 | 696.40 | 788.00 | 782.00 | 582.00 | 584.00 | 593.30 | 595.45 | 935,809 | 1,361,489 |
| October 00 | 546.00 | 576.00 | 576.00 | 580.00 | 375.05 | 372.15 | 463.25 | 462.65 | 1,413,889 | 2,681,690 |
| November 00 | 470.00 | 485.00 | 536.00 | 539.00 | 450.15 | 451.00 | 510.20 | 508.85 | 488,126 | 998,161 |
| December 00 | 500.00 | 502.00 | 614.80 | 615.45 | 368.00 | 363.00 | 412.15 | 414.70 | 464,773 | 1,036,873 |
| January 01 | 428.00 | 415.05 | 547.00 | 550.00 | 390.00 | 382.10 | 519.00 | 520.30 | 1,192,828 | 2,113,939 |
| February 01 | 515.00 | 512.10 | 528.00 | 540.00 | 383.70 | 382.00 | 423.10 | 423.55 | 895,881 | 1,377,869 |
| March 01 | 425.00 | 434.00 | 435.00 | 435.00 | 205.00 | 202.15 | 250.35 | 249.00 | 917,633 | 1,401,070 |
| Total shares traded during the year | | | | | | | | | 8,912,060 | 15,319,583 |

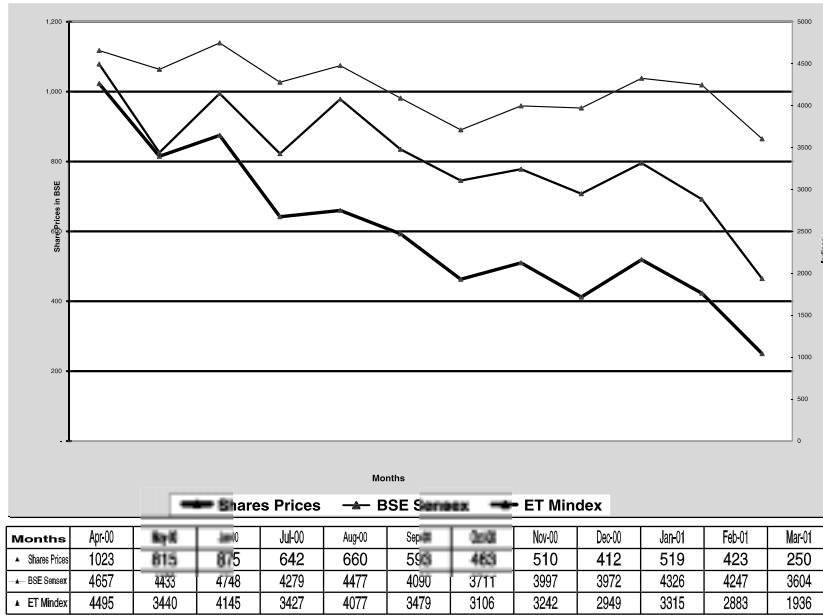
Note: • Sub-divided shares of Rs.5/- were traded from the month of May, 2000. Hence, quotes for the month of April 2000 have been suitably converted to match Rs.5/- shares for the purpose of comparison and easy reference.

Graphical representation of the movement of high, low and closing market prices of the Company's shares quoted in the Mumbai (BSE) and National (NSE) Stock Exchanges from April, 2000 to March, 2001.



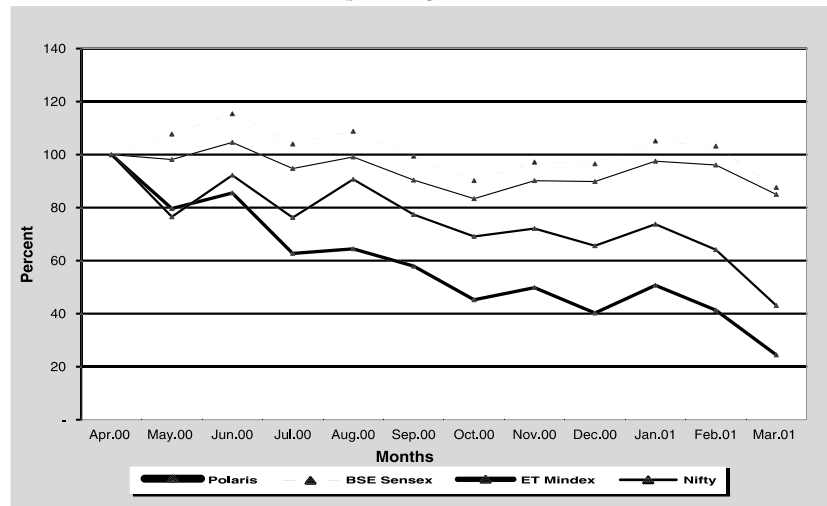
Graphical representation of the movement of Company's shares quoted in the Mumbai (BSE) in comparison with Stock Indices.

Performance of Polaris Shares at BSE vis-a-vis BSE Sensex and ET Mindex



Note: The closing prices at BSE and the closing indices have been taken for comparison.

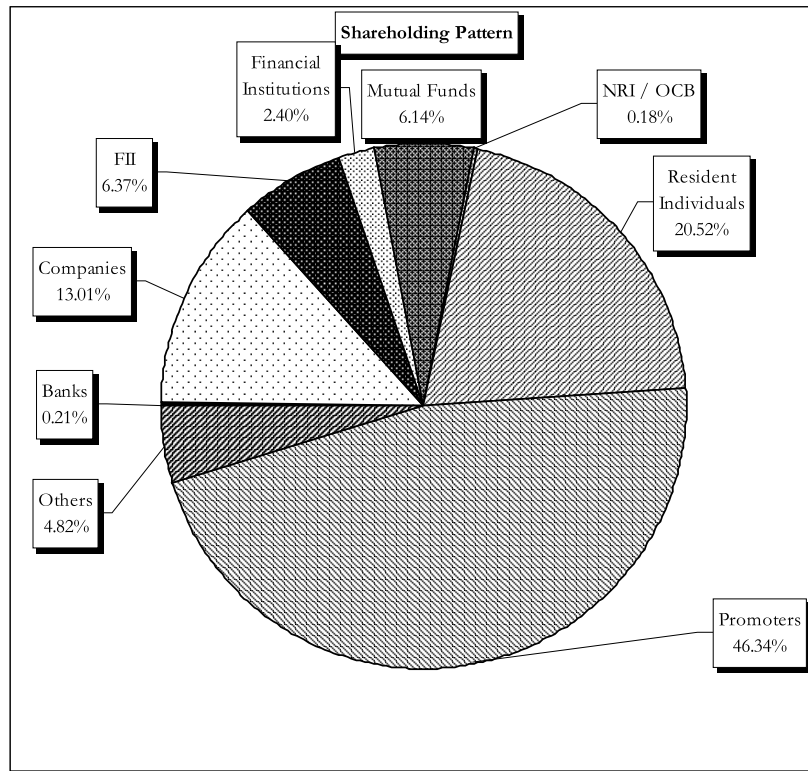
Performance of Polaris Shares at BSE vis-a-viz BSE Sensex, ET Mindex and Nifty in percentage terms



Note: The closing prices at BSE and the closing indices have been taken for comparison.

Shareholding Pattern as on 31 March 2001

| Category | No. of Holders | No. of Shares | % Holding |
|--|----------------|-------------------|------------|
| Banks | 8 | 72,260 | 0.21 |
| Companies | 885 | 4,438,601 | 13.01 |
| Foreign Institutional Investors | 25 | 2,172,770 | 6.37 |
| Indian Financial Institutions | 6 | 819,649 | 2.40 |
| Mutual Funds | 47 | 2,096,949 | 6.14 |
| Non-Resident Indians/Overseas Corporate Bodies | 223 | 61,039 | 0.18 |
| Resident Individuals | 21,160 | 7,003,889 | 20.52 |
| Promoters | 6 | 15,813,827 | 46.34 |
| Others | 7 | 1,646,116 | 4.82 |
| Total | 22,367 | 34,125,100 | 100 |



DISTRIBUTION SCHEDULE OF PHYSICAL AND DEMATERIALIZED SHARES OF THE COMPANY AS ON 31-03-2001

| Sl. No. | Category From - To | No. of Holders | | % of Shares | | No. of Shares | | % of Shares | | No. of Holders | | % of Holders | | No. of Shares | | % of Shares | |
|---------|--------------------|----------------|--------------|------------------|-------------|---------------|--------------|-------------------|--------------|----------------|------------|-------------------|------------|---------------|----------|-------------|----------|
| | | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL | PHYSICAL |
| 1 | upto- 250 | 3,577 | 15.99 | 413,450 | 1.21 | 16,446 | 73.53 | 1,331,273 | 3.90 | 20,023 | 89.52 | 1,744,723 | 5.11 | | | | |
| 2 | 251-500 | 261 | 1.17 | 92,200 | 0.27 | 935 | 4.18 | 341,918 | 1.00 | 1,196 | 5.35 | 434,118 | 1.27 | | | | |
| 3 | 501-1000 | 119 | 0.53 | 94,600 | 0.28 | 451 | 2.02 | 348,164 | 1.02 | 570 | 2.55 | 442,764 | 1.30 | | | | |
| 4 | 1001- 5000 | 58 | 0.26 | 116,100 | 0.34 | 360 | 1.61 | 741,751 | 2.17 | 418 | 1.87 | 857,851 | 2.51 | | | | |
| 5 | 5001- 10000 | 3 | 0.01 | 22,900 | 0.07 | 53 | 0.24 | 375,337 | 1.10 | 56 | 0.25 | 398,237 | 1.17 | | | | |
| 6 | 10001 + | 6 | 0.03 | 2,576,878 | 7.55 | 98 | 0.47 | 27,670,529 | 81.09 | 104 | 0.46 | 30,247,407 | 88.64 | | | | |
| | TOTAL | 4,024 | 17.99 | 3,316,128 | 9.72 | 18,343 | 82.04 | 30,808,972 | 90.28 | 22,367 | 100 | 34,125,100 | 100 | | | | |

- With effect from 8th May 2000, SEBI has directed the shares of Polaris to be compulsorily transacted in electronic or demat form. The number of shareholders as on 31st March 2000 was 24,136 as compared to 22,367 as on 31st March 2001.
- The Company had 1,22,34,912 shares (71.71%) (face value of Rs. 10/-) dematerialised on 31st March 2000 and 6,491 shareholders representing 26.89% of the total shareholders held the shares in demat form.
- The non-promoter holding in the Company as on 31st March 2001 is 53.66%

- Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

Not applicable

- **Share Transaction Regulatory System in place for controlling insider trading Policy on Insider Trading,**

Effective date : 15th December, 1999.

A Policy on insider trading has been implemented and continues to be in force since December, 1999. This Policy deals with the rules, regulations and process for transactions in the shares of the Company and shall apply to all transactions and for all associates in whatever capacity they may be including Directors. This code forms part and parcel of the service conditions of the employees of the company.

- **Locations**

Polaris services its clients through a network of international offices. In North America, Polaris has six branch offices. In Europe, Polaris has wholly owned subsidiaries at UK, Germany and Switzerland. In the Asia Pacific region, Polaris has wholly owned subsidiaries in Singapore and Australia. Polaris also has long term business partnerships in the Middle East for its client operations. Polaris has 5 state of the art development centers- 2 in Chennai, 1 in Navalur (near Chennai), 2 in Noida (near NewDelhi)- totally spread over a quarter million square feet. Two new development centers (1 in Navalur and 1 near New Delhi) spread over another quarter million square feet have been initiated to enable our infrastructure to keep pace with our growth.

- **Address for correspondence**

The Company Secretary
POLARIS SOFTWARE LAB LIMITED
Regd. Office : Carex Center, 244(Old No.713),
Anna Salai, Chennai - 600 006
Phone 044-852 4154, Fax : 044-852 3280
investor@polaris.co.in

AUDITORS' REPORT

For the Financial Statements for the year ended 31 March 2001

AUDITORS' REPORT

To the members of Polaris Software Lab Limited

We have audited the attached Balance Sheet of Polaris Software Lab Limited ("the Company") as at 31 March 2001 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of the books of account;
 - (c) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - (e) on the basis of written representations received by us from the directors of the Company as at 31 March 2001 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2001; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
3. We have also examined the cash flow statement of the Company for the year ended 31 March 2001. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreements entered into with the stock exchanges.

for Bharat S Raut & Co.
Chartered Accountants

S Balasubrahmanyam
Partner

Chennai
21 April 2001

Annexure referred to in paragraph 1 of the Auditor's Report to the members of Polaris Software Lab Limited for the year ended 31 March 2001.

1. The provisions of clauses (C), (D) and subclauses (iii), (iv), (v), (vi), (xii), (xiii), (xiv), (xvi) and (xx) of clause (A) of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 are not applicable to the Company.

Internal Controls

2. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of computer hardware and software, plant and machinery, equipment and other assets. The activities of the Company do not involve sale of goods.
3. In our opinion and according to the information and explanations given to us, in respect of the service activities of the company:
 - the nature of services rendered are such that they do not involve consumption of materials and stores; and
 - the Company has a reasonable system of authorizing and allocating man-hours to each project, commensurate with its size and nature of its business.
4. In our opinion, the company has an internal audit function, commensurate with its size and the nature of its business.

Fixed Assets

5. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and locations. Physical verification of fixed assets has been carried out during the period. No material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
6. None of the fixed assets have been revalued during the period.

Loans and Advances

7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or to companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans were given by the Company are regular in repaying the principal amounts stipulated and interest where applicable.

Related Parties

10. According to information and explanations given to us and having regard to the fact that some of the items purchased and sold are of a special nature and suitable alternate sources do not exist for obtaining competitive quotations, the transactions for purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 as aggregating during the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices as available with the Company for such goods, materials and services.

Staff Welfare

11. The Company has been generally regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities during the current year.
12. According to the information and explanations given to us, and on the basis of the examination of the books of account carried out by us, no personal expenses of employees have been charged to the profit and loss account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

Taxation

13. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at 31 March 2001 for a period of more than six months from the date they became payable.

for **Bharat S Raut & Co.**
Chartered Accountants

S Balasubrahmanyam
Partner

Chennai
21 April 2001

POLARIS SOFTWARE LAB LIMITED**Balance Sheet as at**

| | Schedule | 31 March 2001 (Rs) | 31 March 2000 (Rs) |
|---|----------|-----------------------|-----------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share capital | 1 | 170,625,500 | 170,625,500 |
| Reserves and surplus | 2 | 1,753,804,932 | 1,206,847,816 |
| | | 1,924,430,432 | 1,377,473,316 |
| LOAN FUNDS | | | |
| Secured loans | 3 | - | 633,198 |
| | | 1,924,430,432 | 1,378,106,514 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Cost | 4 | 546,916,661 | 221,632,122 |
| Less: Depreciation | | 113,977,372 | 46,943,607 |
| Net book value | | 432,939,289 | 174,688,515 |
| Capital work in progress | | 87,498,392 | 99,770,127 |
| | | 520,437,681 | 274,458,642 |
| INVESTMENTS | | | |
| | 5 | 539,194,378 | 650,034,193 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Cash and bank balances | 6 | 313,114,852 | 108,281,085 |
| Sundry debtors | 7 | 703,406,814 | 483,745,313 |
| Loans and advances | 8 | 197,290,351 | 126,458,616 |
| | | 1,213,812,017 | 718,485,014 |
| CURRENT LIABILITIES | | | |
| Liabilities | 9 | 242,999,585 | 165,236,068 |
| Provisions | 10 | 106,014,059 | 99,635,267 |
| | | 349,013,644 | 264,871,335 |
| NET CURRENT ASSETS | | | |
| | | 864,798,373 | 453,613,679 |
| | | 1,924,430,432 | 1,378,106,514 |

Significant accounting policies and notes to accounts 15

The Schedules referred to above and the notes thereon form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

for **Bharat S Raut & Co.**

Chartered Accountants

| | | | | |
|---|---|--|--|-------------------------------------|
| S Balasubrahmanyam <i>Partner</i> | Arun Jain <i>Chairman & Managing Director</i> | G N Mathur <i>Executive Director</i> | Govind Singhal <i>Executive Director</i> | Satya Pal <i>Director</i> |
| Chennai 21 April 2001 | Arvind Kumar <i>Director</i> | R C Bhargava <i>Director</i> | Abhay Agarwal <i>Director</i> | M L Garg <i>Director</i> |
| | N Vaidyanathan <i>Chief Finance Officer</i> | G Rajesh <i>Company Secretary</i> | | |

POLARIS SOFTWARE LAB LIMITED

Profit and Loss Account for the year ended

| | Schedule | 31 March 2001 (Rs) | 31 March 2000 (Rs) |
|--|----------|-----------------------|-----------------------|
| INCOME | | | |
| Software development services and products | | | |
| - Overseas | | 2,494,078,679 | 1,351,089,209 |
| - Domestic | | 161,130,130 | 110,046,286 |
| Other income | 11 | 41,526,601 | 141,754,809 |
| | | 2,696,735,410 | 1,602,890,304 |
| EXPENDITURE | | | |
| Software development expenses | 12 | 1,651,972,347 | 975,672,317 |
| Administrative and other expenses | 13 | 369,855,297 | 175,500,197 |
| | | 2,021,827,644 | 1,151,172,514 |
| Operating profit | | 674,907,766 | 451,717,790 |
| Finance charges | 14 | 324,918 | 2,996,003 |
| Depreciation | | 67,931,483 | 29,801,960 |
| | | 68,256,401 | 32,797,963 |
| Profit before taxation | | 606,651,365 | 418,919,827 |
| Provision for taxation | | 5,611,000 | 46,800,000 |
| Profit after taxation | | 601,040,365 | 372,119,827 |
| Profit brought forward from previous year | | - | 182,108,155 |
| Amount available for appropriation | | 601,040,365 | 554,227,982 |
| Appropriations | | | |
| Proposed dividend | | 51,187,650 | 46,741,628 |
| Tax on proposed dividend | | 11,568,409 | 5,141,579 |
| Amount transferred to general reserve | | 526,705,387 | 502,344,775 |
| Balance carried to Balance Sheet | | 11,578,919 | - |
| | | 601,040,365 | 554,227,982 |

Significant accounting policies and notes to accounts 15

The Schedules referred to above and the notes thereon form an integral part of these financial statements.

This is the Profit & Loss account referred to in our report of even date.

for **Bharat S Raut & Co.**

Chartered Accountants

| | | | | |
|--------------------------------------|---|---|---|------------------------------|
| S Balasubrahmanyam Partner | Arun Jain Chairman & Managing Director | G N Mathur Executive Director | Govind Singhal Executive Director | Satya Pal Director |
|--------------------------------------|---|---|---|------------------------------|

| | | | | |
|--------------------------|---------------------------------|---------------------------------|----------------------------------|-----------------------------|
| Chennai 21 April 2001 | Arvind Kumar Director | R C Bhargava Director | Abhay Agarwal Director | M L Garg Director |
|--------------------------|---------------------------------|---------------------------------|----------------------------------|-----------------------------|

| | |
|--|--------------------------------------|
| N Vaidyanathan Chief Finance Officer | G Rajesh Company Secretary |
|--|--------------------------------------|

POLARIS SOFTWARE LAB LIMITED**Schedules to the Balance Sheet as at**

| | 31 March 2001 (Rs) | 31 March 2000 (Rs) |
|---|-----------------------|-----------------------|
| 1. SHARE CAPITAL | | |
| Authorised Capital | | |
| 50,000,000 equity shares of Rs 5 each. (2000: 25,000,000 equity shares of Rs 10 each) | 250,000,000 | 250,000,000 |
| 10,000,000 11 % preference shares of Rs 5 each. (2000: 5,000,000 11% preference shares of Rs 10 each) | 50,000,000 | 50,000,000 |
| | 300,000,000 | 300,000,000 |
| Issued, Subscribed and Paid-up Capital | | |
| 34,125,100 (2000: 17,062,550 Equity Shares of Rs 10 each) Equity Shares of Rs 5 each fully paid up. | 170,625,500 | 170,625,500 |
| | 170,625,500 | 170,625,500 |
| 2. RESERVES AND SURPLUS | | |
| GENERAL RESERVE | | |
| As per last Balance Sheet | 541,766,775 | 39,422,000 |
| Less: Capital loss on merger (Refer note B.13 of Schedule 15) | 10,782,193 | - |
| Add: Transferred from Profit & Loss Account | 526,705,387 | 502,344,775 |
| | 1,057,689,969 | 541,766,775 |
| SECURITIES PREMIUM ACCOUNT | | |
| As per last Balance Sheet | 665,081,041 | 14,406,408 |
| Add: Addition during the period | - | 702,510,000 |
| Less: Share issue expenses | - | 51,835,367 |
| | 665,081,041 | 665,081,041 |
| Employee Stock option outstanding account | | |
| As per last Balance Sheet | - | - |
| Add: Employee compensation on options issued during the year | 131,033,164 | - |
| | 131,033,164 | - |
| Less: Deferred employee compensation expenses account | (111,578,161) | - |
| | 19,455,003 | - |
| Profit and Loss account balance | 11,578,919 | - |
| | 1,753,804,932 | 1,206,847,816 |
| 3. SECURED LOANS | | |
| Hire purchase (Vehicle loans secured by hypothecation of vehicles purchased from these loan proceeds) | - | 633,198 |
| | - | 633,198 |

POLARIS SOFTWARE LAB LIMITED
Schedules to the Balance Sheet as at

4. FIXED ASSETS

| Sl. No | Assets | Cost | | | Depreciation | | Net book value | | |
|--------|------------------------------------|--------------------|--------------------|------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| | | 1 April 2000 | Additions | Deletions | 31 March 2001 | 1 April 2000 | For the Year | 31 March 2001 | 31 March 2000 |
| 1 | Land | 20,156,963 | 20,937,197 | - | 41,094,160 | - | - | 41,094,160 | 20,156,963 |
| 2 | Buildings | 31,850,759 | 88,813,871 | - | 120,664,630 | 881,492 | 3,263,902 | 116,519,236 | 30,909,267 |
| 3 | Plant and machinery | 12,714,715 | 7,747,716 | 46,000 | 20,416,431 | 1,479,285 | 2,816,530 | 16,121,164 | 11,235,430 |
| 4 | Computer equipment and accessories | 103,069,651 | 116,760,756 | 834,189 | 218,996,218 | 35,217,830 | 48,220,808 | 136,187,783 | 67,851,821 |
| 5 | Electricals | 6,032,612 | 7,957,532 | - | 13,990,144 | 2,199,453 | 1,479,946 | 10,310,745 | 3,833,159 |
| 6 | Office equipment | 19,119,626 | 28,906,109 | - | 48,025,735 | 2,005,182 | 3,854,241 | 42,166,312 | 17,114,444 |
| 7 | Furniture and fixtures | 23,614,905 | 54,222,965 | 255,152 | 77,582,718 | 3,925,772 | 7,324,171 | 66,466,840 | 19,689,133 |
| 8 | Vehicles | 5,072,891 | 1,378,690 | 304,956 | 6,146,625 | 1,234,593 | 971,885 | 4,073,049 | 3,838,298 |
| | | 221,632,122 | 326,724,836 | 1,440,297 | 546,916,661 | 46,943,607 | 67,931,483 | 432,939,289 | 174,688,515 |
| | Previous year | 100,129,579 | 122,475,341 | 972,598 | 221,632,122 | 17,306,007 | 29,801,960 | 174,688,515 | |

Note: Vehicles include assets purchased under hire purchase costing Rs. Nil (2000: 995,438)

POLARIS SOFTWARE LAB LIMITED**Schedules to the Balance Sheet as at**

| | 31 March 2001 (Rs) | 31 March 2000 (Rs) |
|---|-----------------------|-----------------------|
| 5. INVESTMENTS | | |
| TRADE (UNQUOTED) | | |
| LONG TERM INVESTMENT | | |
| Polaris Software Lab Pte Ltd | 9,459,814 | 9,459,814 |
| A wholly owned subsidiary company incorporated in Singapore 385,000 ordinary shares of Sing\$ 1 each fully paid (2000: 385,000 ordinary shares of Sing\$ 1 each fully paid) | | |
| Polaris Software Lab Inc | - | 81,305,000 |
| A wholly owned subsidiary company incorporated in the USA 18,000,000 shares of US\$ 0.10 each and 20,000,000 shares of US\$ 0.01 each fully paid - aggregating to US\$ 2,000,000 (2000: 18,000,000 shares of US\$ 0.10 each and 20,000,000 shares of US\$ 0.01 each fully paid aggregating to US\$ 2,000,000) (Refer note B-13 of Schedule 15) | | |
| Polaris Software Lab Limited, UK | 26,511,095 | 11,565,095 |
| A wholly owned subsidiary company incorporated in the UK 365,000 equity shares of GBP 1 each fully paid (2000: 165,000 equity shares of GBP 1 each fully paid) | | |
| Polaris Retail Infotech Limited | 45,000,000 | 35,000,000 |
| A wholly owned subsidiary company incorporated in India 4,500,000 Equity shares of Rs. 10 each fully paid (2000: 3,500,000 Equity shares of Rs. 10 each fully paid) | | |
| Tip Top Holdings Limited | 27,943,105 | 27,804,075 |
| A wholly owned subsidiary company incorporated in India 855,510 Equity shares of Rs. 10 each fully paid (2000: 855,510 Equity shares of Rs. 10 each fully paid) | | |
| Polaris Software Consulting GmbH | 4,469,900 | - |
| A wholly owned subsidiary company incorporated in Germany Common stock of 101,000 Euros (2000: nil) | | |
| Polaris Software Lab SA | 2,694,609 | - |
| A wholly owned subsidiary company incorporated in Switzerland 10,000 Equity shares of CHF 10 each (2000: nil) | | |
| Polaris Software Lab Pty - Australia | 810,750 | - |
| A wholly owned subsidiary company incorporated in Australia 25,000 Ordinary Shares of A\$ 1 each (2000: nil) | | |
| Software Sidoun - Germany | 52,370,393 | - |
| A company incorporated in Germany Common stock of DM 2,300,000 (2000: nil) | | |
| | 169,259,666 | 165,133,984 |

POLARIS SOFTWARE LAB LIMITED

Schedules to the Balance Sheet as at

| | 31 March 2001 (Rs) | 31 March 2000 (Rs) |
|--|-----------------------|-----------------------|
| 5. INVESTMENTS (continued) | | |
| NON-TRADE (QUOTED) | | |
| Mutual Funds | | |
| Chola Triple Ace 449,064 units(2000: 402,518 units) | 7,306,273 | 4,392,579 |
| Sun F&C Money Value Fund, Bond Nil units (2000: 1,951,219 units) | - | 20,000,000 |
| Alliance Liquid Income Nil units (2000: 3,172,262 units) | - | 33,150,140 |
| Alliance Cash Manager - Dividend 46,361 units (2000: Nil) | 46,372,128 | - |
| SBI Magnum Liquibond Income Fund Nil units (2000: 5,675,315 units) | - | 60,000,000 |
| Templeton India Income Fund 4,640,766 units (2000: 7,744,434 units) | 49,224,488 | 80,000,000 |
| Sundaram Bond Saver 4,769,308 units (2000: 4,095,765 units) | 48,732,089 | 43,545,531 |
| Birla Income Plus 5,114,010 units (2000: 10,298,661 units) | 49,707,252 | 100,000,000 |
| Zurich India High Interest Fund 5,076,620 units (2000: 1,206,914 units) | 51,769,713 | 12,117,420 |
| Jardine Fleming India Bond Fund 4,652,830 units (2000: 1,461,988 units) | 48,471,658 | 14,924,908 |
| Prudential ICICI Income Fund - Dividend Plan 3,530,322 units (2000: 4,803,074 units) | 35,973,988 | 50,000,000 |
| Prudential ICICI Income Fund - Growth Plan 1,256,480 units (2000: Nil) | 17,377,123 | - |
| Prudential ICICI Gilt Fund Nil units (2000: 1,040,525 units) | - | 10,556,128 |
| K-Bond Unit Scheme 99 1,498,052 units (2000: Nil) | 15,000,000 | - |
| Kotak Mahindra K Gilt Nil units (2000: 5,397,328 units) | - | 56,676,675 |
| Total | 369,934,712 | 485,363,381 |
| (Aggregate market value of the above investments as on 31 March 2001 is Rs.375,351,285) | | |
| Less: Provision for fall in value | - | 463,172 |
| | 369,934,712 | 484,900,209 |
| | 539,194,378 | 650,034,193 |

POLARIS SOFTWARE LAB LIMITED**Schedules to the Balance Sheet as at**

| | 31 March 2001 (Rs) | 31 March 2000 (Rs) |
|---|-----------------------|-----------------------|
| 6. CASH AND BANK BALANCES | | |
| Cash on hand | 272,141 | 227,846 |
| Balances with scheduled banks | | |
| - in current accounts | 210,062,736 | 13,252,572 |
| - in deposit accounts | 70,225,000 | 42,788,704 |
| Balances with non-scheduled banks in current accounts | | |
| - Fleet Bank, New Jersey (Maximum amount outstanding during the year Rs 94,130,472 2000: Rs 70,154,172) | 28,620,079 | 27,820,108 |
| - Wells Fargo Bank, California (Maximum amount outstanding during the year Rs 231,955 2000: Nil) | 100,749 | - |
| - Bank of America , Atlanta (Maximum amount outstanding during the year Rs 96,669 2000: Nil) | 96,177 | - |
| - Chase Bank, New Jersey (Maximum amount outstanding during the year Rs 43,086,343 2000: Rs 24,191,855) | 3,737,970 | 24,191,855 |
| | 313,114,852 | 108,281,085 |
| 7. SUNDRY DEBTORS | | |
| Debts outstanding for a period exceeding six months | | |
| Unsecured | | |
| - considered good | 61,379,342 | 45,883,146 |
| - considered doubtful | 21,924,021 | 12,792,920 |
| Other debts - unsecured, considered good | 642,027,472 | 437,862,167 |
| | 725,330,835 | 496,538,233 |
| Less: Provision for doubtful debts | 21,924,021 | 12,792,920 |
| | 703,406,814 | 483,745,313 |

POLARIS SOFTWARE LAB LIMITED

Schedules to the Balance Sheet as at

| | 31 March 2001 | 31 March 2000 |
|--|----------------------|----------------------|
| | (Rs) | (Rs) |
| 8. LOANS AND ADVANCES | | |
| (Unsecured considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 87,411,860 | 34,050,526 |
| Advance income tax (Including tax deducted at source) | 46,942,552 | 48,419,592 |
| Loans to employees | 16,124,655 | 2,649,877 |
| Other advances | 1,941,360 | 293,440 |
| Interest/dividend receivable | 1,712,613 | 6,009,241 |
| Rent, maintenance and security deposits | 43,157,311 | 35,035,940 |
| | 197,290,351 | 126,458,616 |
| 9. CURRENT LIABILITIES | | |
| Sundry creditors | | |
| - for goods to SSI units | - | 67,348 |
| - for goods to other units | 23,153,325 | 19,838,762 |
| - for expenses | 160,864,808 | 142,960,320 |
| Unclaimed dividends | 385,819 | 39,700 |
| Advances received from clients | 58,595,633 | 2,329,938 |
| | 242,999,585 | 165,236,068 |
| 10. PROVISIONS | | |
| Provision for taxation | 43,258,000 | 47,752,060 |
| Proposed dividend | 51,187,650 | 46,741,628 |
| Provision for tax on proposed dividend | 11,568,409 | 5,141,579 |
| | 106,014,059 | 99,635,267 |

POLARIS SOFTWARE LAB LIMITED**Schedules to the Profit and Loss Account for the year ended**

| | 31 March 2001 (Rs) | 31 March 2000 (Rs) |
|--|-----------------------|-----------------------|
| 11. OTHER INCOME | | |
| Interest received on deposits with banks and others (Tax deducted at source Rs 336,700) (2000: Tax deducted at source Rs 21,596,329) | 4,789,611 | 98,242,474 |
| Miscellaneous Income | 26,188,183 | 41,337,936 |
| Gains from translation of foreign branch balances | 10,548,807 | 2,174,399 |
| | 41,526,601 | 141,754,809 |
| 12. SOFTWARE DEVELOPMENT EXPENSES | | |
| Salaries and bonus including overseas staff expenses | 1,239,511,918 | 733,190,033 |
| Employee stock compensation | 19,455,003 | - |
| Staff welfare | 81,779,319 | 36,326,390 |
| Contribution to provident fund & other funds | 30,621,931 | 14,651,419 |
| Foreign tour and travel | 147,577,892 | 85,022,639 |
| Consumables & computer maintenance | 4,128,577 | 4,270,408 |
| Communication expenses | 42,811,897 | 20,240,209 |
| Sponsorship charges | 86,085,810 | 81,971,219 |
| | 1,651,972,347 | 975,672,317 |
| 13. ADMINISTRATION AND OTHER EXPENSES | | |
| Salaries and bonus including overseas staff expenses | 95,616,897 | 34,859,182 |
| Contribution to provident fund & other funds | 3,893,302 | 1,954,403 |
| Professional charges | 32,269,161 | 20,725,152 |
| Legal expenses | 30,060,377 | 10,436,860 |
| Travelling and conveyance | 41,867,580 | 29,744,538 |
| Rent | 38,089,459 | 18,600,948 |
| Business promotion | 27,236,582 | 12,634,848 |
| Power and fuel | 27,208,349 | 8,491,324 |
| Printing and stationery | 8,805,411 | 5,305,687 |
| Office maintenance | 9,674,747 | 3,851,450 |
| Provision for doubtful debts | 9,131,101 | 8,854,332 |
| Insurance charges | 4,810,676 | 2,871,476 |
| Advertisements | 6,759,780 | 2,523,571 |
| Bad debts written off | 10,483,457 | 1,893,474 |
| Rates & taxes | 2,645,345 | 1,615,827 |
| Auditors' remuneration | 1,046,241 | 1,216,339 |
| Loss on sale of assets | 217,164 | 628,337 |
| Repairs - Building | 2,061,442 | 467,635 |
| Repairs - Plant & machinery | 5,379,031 | 1,860,914 |
| Repairs - Others | 4,507,131 | 2,728,802 |
| Bank charges and commission | 554,832 | 359,574 |
| Provision (reversed)/made for diminution in value of investments | (463,172) | 183,172 |
| Directors' sitting fees | 152,000 | 52,000 |
| Donations | 1,739,201 | 33,541 |
| Miscellaneous expenses | 6,109,203 | 3,606,811 |
| | 369,855,297 | 175,500,197 |
| 14. FINANCE CHARGES | | |
| Interest on term loan | 58,299 | 455,757 |
| Interest on others | 266,619 | 2,540,246 |
| | 324,918 | 2,996,003 |

POLARIS SOFTWARE LAB LIMITED

Schedules to the Balance Sheet and Profit and Loss Account

15. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete software development, provision for doubtful debts, and the useful life of fixed assets. Actual results could differ from these estimates.

3. Revenue recognition

Revenue from software development services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the percentage of completion basis. Provision for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Revenue from licensing of software products is recognized on commencement of the license period and fulfillment of acceptance terms, provided that no significant vendor obligations remain and the collection of the related receivable is probable.

4. Fixed assets and capital work in progress

Fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation. Direct costs are capitalised until the assets are ready to be put to use.

5. Depreciation

Depreciation on fixed assets is provided using the straight-line method. It is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing Rs. 5,000 or less are depreciated in full in the year of purchase.

Depreciation was charged at the rates specified in the Schedule XIV of the Companies Act, 1956 till 31 March 1999. However, with effect from 1 April 1999, the management revised the estimates of useful lives of assets as listed below, which are higher than the prescribed rates under Schedule XIV.

| Asset category | Estimated Useful Life (years) |
|--|--------------------------------------|
| Buildings | 29 |
| Computer Equipment | 3 |
| Servers & Computer Accessories | 5 |
| Software | 3 |
| Air Conditioners | 6-7 |
| Furniture, office and electrical equipment | 10 |
| Vehicles | 6 |

6. Foreign currency transactions

Transactions in foreign currencies are recorded at a rate that approximates the exchange rate prevailing at the date of the transaction. Current assets and liabilities denominated in foreign currency are translated at the rate of exchange as at the Balance Sheet date. All resulting gains or losses are recognised in the Profit and Loss Account.

7. Investments

The Investments are classified into Long term investments and Current investments. Long term investments are stated at cost and any decline, other than temporary, in the value of such investments is charged to the Profit and Loss Account. Current investments are stated at the lower of cost and market value.

8. Retirement benefits

Provident Fund

In accordance with Indian law, employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan equal to 12% of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions.

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a non funded, defined benefit retirement plan (the "Gratuity Plan") covering all employees. The plan, subject to the provisions of the Act, provides a lump sum payment to vested employees at retirement or termination of employment of an amount based on the respective employee's salary and the years of employment with the Company. The Company estimates its liability as of each balance sheet date based on an actuarial valuation.

Superannuation

The Company contributes annually 10% of the eligible employees' basic salary towards a superannuation fund. A trust has been created and approved by the Income-tax authorities for this purpose. This plan provides for various options for payment of pension at retirement or termination of employment as per trust rules. The Company has no further obligations under the plan beyond its annual contribution.

9. Stock based compensation

In accordance with the Employee Stock Option Scheme and Employee Stock Purchase Scheme issued by the Securities and Exchange Board of India (SEBI), the Company recognizes the excess, if any, of the market price of the options granted as of the date of the grant over the exercise price of the options, and amortizes it on a straight line basis over the vesting period.

POLARIS SOFTWARE LAB LIMITED

Schedules to the Balance Sheet and Profit and Loss Account

B. NOTES TO ACCOUNTS:

1. Income from Software development services and products include gain on account of exchange fluctuations amounting to Rs 1,202,943 (2000: Rs 2,515,226)

2. Earnings in foreign currency

| | Year ended 31 March 2001 (Rs) | Year ended 31 March 2000 (Rs) |
|--|-------------------------------------|-------------------------------------|
| Income from software services and products | 2,494,078,679 | 1,351,089,209 |

3. Expenditure in foreign currency

| | | |
|---|----------------------|--------------------|
| Travel expenses | 141,282,950 | 96,060,513 |
| Other expenditure incurred overseas for software development | 1,164,922,850 | 786,936,856 |
| | 1,306,205,800 | 882,997,369 |

4. Value of imports on CIF basis

| | | |
|---------------|-------------|------------|
| Capital goods | 118,514,885 | 62,364,696 |
|---------------|-------------|------------|

5. Quantitative details:

The Company is engaged in the development of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

6. Managerial remuneration

| | Year ended 31 March 2001 (Rs) | Year ended 31 March 2000 (Rs) |
|--|-------------------------------------|-------------------------------------|
| Managing Director | | |
| Gross salary | 2,220,052 | 2,221,468 |
| Contribution to provident fund | 153,000 | 153,000 |
| Executive Directors & Other directors | | |
| Gross salary | 3,016,690 | 652,000 |
| Contribution to provident fund and others | 178,000 | - |

| | Year ended 31 March 2001 (Rs) | Year ended 31 March 2000 (Rs) |
|---|-------------------------------------|-------------------------------------|
| 7. Auditors' remuneration: | | |
| Statutory audit fees (including service tax) | 682,500 | 472,500 |
| For other services (including service tax) | 194,650 | 724,094 |
| Out of Pocket expenses | 169,091 | 19,745 |
| | 1,046,241 | 1,216,339 |
| 8. Contingent liabilities: | | |
| a) Estimated amount of contracts remaining to be provided on capital account | 133,157,816 | 63,856,426 |
| b) Guarantees given by the Company | 15,026,976 | 9,209,000 |
| | 148,184,792 | 73,065,426 |

9. Stock Option Plans:

The Company has two stock option plans that provides for the granting of stock options to employees including Directors of the Company (not being promoter directors and not holding more than 10% of the equity shares of the Company). The objectives of these plans include attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares.

The option plans are summarized below:

A) Associate Stock Option Plan 2000 (the 2000 Plan)

On 9 March 2000, the Company's shareholders approved in an Extraordinary General Meeting (EGM) an Associate Stock Option Plan (the 2000 Plan). The 2000 Plan provides for issuance of 938,400 equity shares of Rs.5 each to the employees including directors. The Employee Compensation Committee administers the 2000 Plan. Under the 2000 Plan, based on the recommendation of Employee Compensation Committee, the options are granted at a discount not exceeding 25% of the market price of shares on the date of grant. The option vests over a period of five years from the grant date. Subsequent to the approval of the shareholders in the EGM held on 7 March 2001, the 2000 Plan is modified to permit cancellation/accept surrender of options.

A summary of the status of the 2001 Plan is presented below:

| Number of options granted, exercised, surrendered and forfeited | Year ended 31 March 2001 | Year ended 31 March 2000 |
|--|-----------------------------|-----------------------------|
| Options outstanding at the beginning of the year | Nil | Nil |
| Granted during the year | 857,500 | Nil |
| Exercised during the year | Nil | Nil |
| Forfeited/Surrendered during the year | 3,500 | Nil |
| Outstanding at the end of the year | 854,000 | Nil |

B) Associate Stock Option Plan 2001 (the 2001 Plan)

The Shareholders of the Company in the Extraordinary General Meeting (EGM) held on the 7 March 2001 approved an Associate Stock Option Plan (the 2001 Plan). The 2001 Plan provides for issuance of 1,194,000 equity shares of Rs.5 each to the employees including directors at the closing market price of shares on the date of grant. The option vests over a period of five years from the grant date. The Company has not granted any options under the 2001 plan.

10. Maximum amount due from directors of the company during the year - Rs 2,565,000 (2000: Rs. 120,000)
11. The members of the Company approved 2-for-1 split of its equity shares i.e. a sub-division of every equity share from the current par value of Rs. 10 into 2 equity shares of par value of Rs. 5 each, at the Extraordinary General Meeting held on 9 March 2000. The Board of Directors of the Company had fixed 23 May to 24 May 2000 as the Record Dates for determining the shareholders entitled to stock split. As the split has been given effect to, the same is reflected in the financial statements for the year ended 31 March 2001.
12. Arun Verma and Data Inc (the plaintiffs) have filed a complaint against the Company, in US court for damages towards breach of contract and fraud, for non-acquisition of Data Inc. Since the case is in the preliminary stage, it is not possible for the company to predict the outcome of the case. The Company believes that the allegations are without merit and is vigorously contesting the case. The company further believes, that any outcome of the case will not have a material adverse effect on its earnings or financial position.
13. The Company had transferred the activities of Polaris Software Lab Inc (PSL Inc), a wholly owned subsidiary in the United States of America (US) to the Company's branch (the Branch) in the US in the previous year. Pursuant to an approval received from the Reserve Bank of India, the Company has transferred all the assets and liabilities of PSL Inc at 31 December 2000 to the Branch. The summary of the assets and liabilities is as follows:

| | (Rs) |
|------------------------|--------------------------|
| Land | 1,974,000 |
| Building | 9,148,834 |
| Office equipment | 1,389,290 |
| Furniture and fixtures | 212,314 |
| Other Assets | 836,376 |
| Inter company dues | 56,961,993 |
| Accumulated losses | 10,782,193 |
| Total Assets | <u>81,305,000</u> |

| | |
|--|------------|
| | (Rs) |
| Share Capital | 81,305,000 |
| 18,000,000 shares of US\$ 0.10 each and 20,000,000 shares of US\$ 0.01 each fully paid aggregating to US\$ 2,000,000 | |

| | |
|--------------------------|--------------------------|
| Total Liabilities | <u>81,305,000</u> |
|--------------------------|--------------------------|

The Company is in the process of completing certain other formalities as required by the Reserve Bank of India

14. The amount of Rs. 737,635,500 raised by the Company in its Initial Public Offer(IPO) has been utilized as follows :

| | |
|---|--------------------|
| | (Rs) |
| For various software development centers including overseas offices (Net of amount funded out of internal accruals) | 360,637,729 |
| Issues Expenses | 51,835,367 |
| | <u>412,473,096</u> |
| Balance IPO proceeds | 325,162,404 |

Represented by :

| | |
|---------------------------------------|-------------|
| Investments in Mutual Funds and Banks | 325,162,404 |
|---------------------------------------|-------------|

15. There are no dues to any small scale industrial units during the year (2000: Rs. 67,348).
16. The provision for taxation includes Rs. 4,526,000 (2000: Rs. 9,800,000) in respect of the tax payable on income arising from the company's overseas branch in the United States.
17. Sundry Debtors include a sum of Rs. 5,854,547 (2000: Rs. 13,442,577) being due from subsidiaries.
18. Loans and advances include a sum of Rs. 53,758,171 (2000: Rs. 6,978,778) being due from subsidiaries.
19. Figures for the previous year have been re-grouped to conform to the current year's presentation.

POLARIS SOFTWARE LAB LIMITED

Statement of cash flows for the year ended

| | 31 March 2001 (Rs) | 31 March 2000 (Rs) |
|---|-----------------------|-----------------------|
| Cash flows from operations | | |
| Profit before tax | 606,651,365 | 418,919,827 |
| Other income | (41,526,601) | (141,754,809) |
| Finance charges | 324,918 | 2,996,003 |
| Depreciation | 67,931,483 | 29,801,960 |
| Amortisation of employee stock compensation | 19,455,003 | - |
| Loss on sale of assets | 217,164 | 628,337 |
| (Reversal)/diminution in value of investments | (463,172) | 183,172 |
| Increase in sundry debtors | (219,241,885) | (344,717,111) |
| Increase in loans and advances | (17,749,610) | (78,579,598) |
| Increase in current liabilities | 77,417,398 | 132,727,966 |
| Net Cash inflow from operations | 493,016,063 | 20,205,747 |
| Cash flows from financing | | |
| Proceeds from issuance of share capital | - | 737,635,500 |
| Share issue expenses | - | (51,835,367) |
| Repayment of borrowings | (633,198) | (37,045,859) |
| Dividends paid | (46,395,509) | (8,671,440) |
| Taxes paid including taxes on dividend | (15,246,639) | (566,054) |
| Interest paid | (324,918) | (2,996,003) |
| Interest and dividend earned | 45,823,229 | 135,847,588 |
| Net cash (outflow)/inflow from financing | (16,777,035) | 772,368,365 |
| Cash flows from investing | | |
| Proceeds from sale of fixed assets | 325,415 | 179,901 |
| Purchase of fixed assets | (301,728,663) | (206,184,091) |
| Investments in subsidiaries | (33,060,289) | (33,046,913) |
| Investments in other companies | (52,370,393) | - |
| Sale/(purchase) of short term investments in mutual funds | 115,428,669 | (484,663,381) |
| Net cash outflow from investing | (271,405,261) | (723,714,484) |
| Total increase in cash and cash equivalents during the year | 204,833,767 | 68,859,628 |
| Cash and cash equivalents at the beginning of the year | 108,281,085 | 39,421,457 |
| Cash and cash equivalents at the end of the year | 313,114,852 | 108,281,085 |

Note : The above cash flow does not include the transfer of assets and liabilities of PSL Inc to PSL US branch. (Refer Note B.13 of Schedule 15 to the financial statements). Previous year's figures have been regrouped to conform to the current year's presentation.

This is the cash flow statement referred to in our report of even date.

for **Bharat S Raut & Co.**

Chartered Accountants

| | | | | |
|---|---|--|--|-------------------------------------|
| S Balasubrahmanyam <i>Partner</i> | Arun Jain <i>Chairman & Managing Director</i> | G N Mathur <i>Executive Director</i> | Govind Singhal <i>Executive Director</i> | Satya Pal <i>Director</i> |
| Chennai 21 April 2001 | Arvind Kumar <i>Director</i> | R C Bhargava <i>Director</i> | Abhay Agarwal <i>Director</i> | M L Garg <i>Director</i> |
| | N Vaidyanathan <i>Chief Finance Officer</i> | G Rajesh <i>Company Secretary</i> | | |

POLARIS SOFTWARE LAB LIMITED**Balance Sheet Abstract and Company's General Profile****I. Registration Details**

| | | | |
|-----------------|------------|------------|----|
| Registration No | 18-24142 | State Code | 18 |
| Balance Sheet | 31.03.2001 | | |

II. Capital Raised during the Year

| | | | |
|--------------|-----|-------------------|-----|
| Public issue | Nil | Rights Issue | Nil |
| Bonus Issue | Nil | Private Placement | Nil |

III. Position of Mobilisation and deployment of funds (Amount in thousands)

| | | | |
|-------------------|-----------|--------------|-----------|
| Total Liabilities | 1,924,430 | Total Assets | 1,924,430 |
|-------------------|-----------|--------------|-----------|

Source of funds

| | | | |
|-----------------|---------|--------------------|-----------|
| Paid up Capital | 170,626 | Reserves & Surplus | 1,753,805 |
| Secured Loans | - | Unsecured Loans | - |

Application of funds

| | | | |
|--------------------|---------|------------------|---------|
| Net Fixed Assets | 520,438 | Investments | 539,194 |
| Net Current Assets | 864,798 | Misc Expenditure | - |

IV. Performance of the Company (Amount in thousands)

| | | | |
|--------------------------|-----------|-------------------|-----------|
| Total Turnover | 2,696,735 | Total expenditure | 2,090,084 |
| Profit before tax | 606,651 | Profit after tax | 601,040 |
| Earning per share in Rs. | 17.61 | Dividend Rate | 30% |

V. Generic names of three principal products/services of Company (as per monetary terms)

| | | | | |
|---|--|--|---|---|
| Item Code No (ITC Code) | Not Applicable | | | |
| Product description | Computer Software | | | |
| Arun Jain <i>Chairman & Managing Director</i> | G N Mathur <i>Executive Director</i> | Govind Singhal <i>Executive Director</i> | Arvind Kumar <i>Director</i> | Satya Pal <i>Director</i> |
| R C Bhargava <i>Director</i> | Abhay Agarwal <i>Director</i> | M L Garg <i>Director</i> | N Vaidyanathan <i>Chief Finance Officer</i> | G Rajesh <i>Company Secretary</i> |

Chennai, 21 April 2001

POLARIS SOFTWARE LAB LIMITED

Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary company

1. Name of subsidiary Polaris Software Lab Pte Limited,
Singapore
 2. Financial year ended March 31,2001
 3. Holding Company's interest 100%
 4. Shares held by the holding company
in the Subsidiary's common stock at S\$ 385,000 shares @ S\$1/- each
 5. The net aggregate of profits or losses for the
current financial year of the subsidiary so
far as it concerns the members of the holding
company
 - a. dealt with or provided for in the
accounts of the holding company Nil
 - b. not dealt with or provided for in the
accounts of the holding company Profit S \$ 28, 729.16
 6. The net aggregate of profits or losses for the
previous financial year of the subsidiary so far
as it concerns the members of the holding
company
 - a. dealt with or provided for in the accounts
of the holding company Nil
 - b. not dealt with or provided for in the
accounts of the holding company Profit S \$ 32, 209.01
- Statement pursuant to section 212(5) of the Companies Act, 1956 relating to subsidiary company.
1. There has been **no change** in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company in respect of:
 - a. Fixed assets of the subsidiary
 - b. Investments of the subsidiary
 - c. Moneys lent by the subsidiary
 - d. Moneys borrowed by the subsidiary for any purpose other than that of meeting current liabilities

| | | | | |
|---|--|--|---|---|
| Arun Jain <i>Chairman & Managing Director</i> | G N Mathur <i>Executive Director</i> | Govind Singhal <i>Executive Director</i> | Arvind Kumar <i>Director</i> | Satya Pal <i>Director</i> |
| R C Bhargava <i>Director</i> | Abhay Agarwal <i>Director</i> | M L Garg <i>Director</i> | N Vaidyanathan <i>Chief Finance Officer</i> | G Rajesh <i>Company Secretary</i> |

Chennai, 21 April 2001

POLARIS SOFTWARE LAB LIMITED**Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary company**

- | | |
|--|----------------------------------|
| 1. Name of subsidiary | Polaris Software Lab Limited, UK |
| 2. Financial year ended | September 30, 2000 |
| 3. Holding Company's interest | 100% |
| 4. Shares held by the holding company in the subsidiary's common stock at GBP | 1,65,000 shares @ GBP 1/- each |
| 5. The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company | |
| a. dealt with or provided for in the accounts of the holding company | NIL |
| b. not dealt with or provided for in the accounts of the holding company | Profit GBP 47,101 |
| 6. The net aggregate of profits or losses for the previous financial year of the subsidiary so far as it concerns the members of the holding company | |
| a. dealt with or provided for in the accounts of the holding company | NIL |
| b. not dealt with or provided for in the accounts of the holding company | Loss GBP 37,167 |
- Statement pursuant to section 212(5) of the Companies Act, 1956 relating to Subsidiary company
1. The holding company's investment in the subsidiary between the end of the financial year of the subsidiary and that of the holding company has increased by GBP 2,00,000 (GBP Two hundred thousand only)
 2. Statement of material change which has occurred in respect of the following in the case of the Subsidiary, between the end of the financial year of the subsidiary and that of the holding company:

| | |
|--|------------|
| a. Fixed Asset | GBP 15,513 |
| b. Investments of the subsidiary | Nil |
| c. Moneys lent by the subsidiary | Nil |
| d. Moneys borrowed by the subsidiary for the purpose other than that of meeting current liabilities. | Nil |

| | | | | |
|---|---------------------------|---------------------------|------------------------------|--------------------------|
| Arun Jain | G N Mathur | Govind Singhal | Arvind Kumar | Satya Pal |
| <i>Chairman & Managing Director</i> | <i>Executive Director</i> | <i>Executive Director</i> | <i>Director</i> | <i>Director</i> |
| R C Bhargava | Abhay Agarwal | M L Garg | N Vaidyanathan | G Rajesh |
| <i>Director</i> | <i>Director</i> | <i>Director</i> | <i>Chief Finance Officer</i> | <i>Company Secretary</i> |

Chennai, 21 April 2001

POLARIS SOFTWARE LAB LIMITED

Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary company

| | |
|--|---------------------------------------|
| 1. Name of subsidiary | Polaris Software Lab S.A, Switzerland |
| 2. Financial year ended | March 31,2001 |
| 3. Holding Company's interest | 100% |
| 4. Shares held by the holding company in the Subsidiary's common stock at CHF | 10,000 shares @ CHF10/- each |
| 5. The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company | |
| a. dealt with or provided for in the accounts of the holding company | Nil |
| b. not dealt with or provided for in the accounts of the holding company | Loss CHF 57,671 |
| 6. The net aggregate of profits or losses for the previous financial year of the subsidiary so far as it concerns the members of the holding company | |
| a. dealt with or provided for in the accounts of the holding company | Not Applicable |
| b. not dealt with or provided for in the accounts of the holding company | Not Applicable |

Statement pursuant to section 212(5) of the Companies Act, 1956 relating to subsidiary company.

- 1 There has been **no change** in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company in respect of:
 - a. Fixed assets of the subsidiary
 - b. Investments of the subsidiary
 - c. Moneys lent by the subsidiary
 - d. Moneys borrowed by the subsidiary for any purpose other than that of meeting current liabilities

| | | | | |
|---|--|--|---|---|
| Arun Jain <i>Chairman & Managing Director</i> | G N Mathur <i>Executive Director</i> | Govind Singhal <i>Executive Director</i> | Arvind Kumar <i>Director</i> | Satya Pal <i>Director</i> |
| R C Bhargava <i>Director</i> | Abhay Agarwal <i>Director</i> | M L Garg <i>Director</i> | N Vaidyanathan <i>Chief Finance Officer</i> | G Rajesh <i>Company Secretary</i> |

Chennai, 21 April 2001

POLARIS SOFTWARE LAB LIMITED**Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary company**

| | |
|---|--|
| 1. Name of subsidiary | Polaris Software Consulting GmbH, Germany |
| 2. Financial year ended | March 31,2001 |
| 3. Holding Company's interest | 100% |
| 4. Shares held by the holding company in the Subsidiary's common stock at Euro | DM 197, 538.83 (Euro 1,01,000) |
| 5. The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company | |
| a. dealt with or provided for in the accounts of the holding company | Nil |
| b. not dealt with or provided for in the accounts of the holding company | Loss DM 1,13,717.89 |
| 6. The net aggregate of profits or losses for the previous financial year of the subsidiary so far as it concerns the members of the holding company | |
| a. dealt with or provided for in the accounts of the holding company | Not Applicable |
| b. not dealt with or provided for in the accounts of the holding company | Not Applicable |

Statement pursuant to section 212(5) of the Companies Act, 1956 relating to subsidiary company.

1. There has been **no change** in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company in respect of:
 - a. Fixed assets of the subsidiary
 - b. Investments of the subsidiary
 - c. Moneys lent by the subsidiary
 - d. Moneys borrowed by the subsidiary for any purpose other than that of meeting current liabilities

| | | | | |
|---|--|--|---|---|
| Arun Jain <i>Chairman & Managing Director</i> | G N Mathur <i>Executive Director</i> | Govind Singhal <i>Executive Director</i> | Arvind Kumar <i>Director</i> | Satya Pal <i>Director</i> |
| R C Bhargava <i>Director</i> | Abhay Agarwal <i>Director</i> | M L Garg <i>Director</i> | N Vaidyanathan <i>Chief Finance Officer</i> | G Rajesh <i>Company Secretary</i> |

Chennai, 21 April 2001

POLARIS SOFTWARE LAB LIMITED

Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary company

- | | |
|--|--|
| 1. Name of subsidiary | Polaris Software Pty Ltd, Australia |
| 2. Financial year ended | Polaris Software Pty Ltd Australia was incorporated on 09 th November 2000 and the first financial year for the Subsidiary is from 09 th November 2000 to 30 th June 2001 |
| 3. Holding Company's interest | 100% |
| 4. Shares held by the holding company in the Subsidiary's common stock at A \$ | 25,000 Shares @ A \$ 1/- each |
| 5. The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company | |
| a. dealt with or provided for in the accounts of the holding company | Nil |
| b. not dealt with or provided for in the accounts of the holding company | Not Applicable |
| 6. The net aggregate of profits or losses for the previous financial year of the subsidiary so far as it concerns the members of the holding company | |
| a. dealt with or provided for in the accounts of the holding company | Not Applicable |
| b. not dealt with or provided for in the accounts of the holding company | Not Applicable |

Statement pursuant to section 212(5) of the Companies Act, 1956 relating to subsidiary company.

- | | |
|----|---|
| 1 | Polaris Software Pty Ltd, Australia was incorporated on 09 th November 2000 and the first financial year for this subsidiary Company is from 09 th November 2000 to 30 th June 2001. Statement of material change which has occurred in respect of the following in the case of the subsidiary between the end of the financial year of the subsidiary and that of the holding company : |
| a. | Fixed assets of the subsidiary Not Applicable |
| b. | Investments of the subsidiary Not Applicable |
| c. | Moneys lent by the subsidiary Not Applicable |
| d. | Moneys borrowed by the subsidiary for any purpose other than that of meeting current liabilities Not Applicable |

| | | | | |
|---|--|--|---|---|
| Arun Jain <i>Chairman & Managing Director</i> | G N Mathur <i>Executive Director</i> | Govind Singhal <i>Executive Director</i> | Arvind Kumar <i>Director</i> | Satya Pal <i>Director</i> |
| R C Bhargava <i>Director</i> | Abhay Agarwal <i>Director</i> | M L Garg <i>Director</i> | N Vaidyanathan <i>Chief Finance Officer</i> | G Rajesh <i>Company Secretary</i> |

Chennai, 21 April 2001

POLARIS SOFTWARE LAB LIMITED**Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary company**

| | | |
|---|---|---------------------------------|
| 1 | Name of subsidiary | Polaris Retail Infotech Limited |
| 2 | Financial year ended | September 30, 2000 |
| 3 | Holding Company's interest | 100% |
| 4 | Shares held by the holding company in the subsidiary's common stock at Rs. | 35,00,007 shares @ Rs 10/ each |
| 5 | The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company | |
| | a dealt with or provided for in the accounts of the holding company | Nil |
| | b not dealt with or provided for in the accounts of the holding company | Loss: Rs. 62,33,316/- |
| 6 | The net aggregate of profits or losses for the previous financial year of the subsidiary so far as it concerns the members of the holding company | |
| | a dealt with or provided for in the accounts of the holding company | Nil |
| | b not dealt with or provided for in the accounts of the holding company | Loss : Rs. 99,33,544/- |

Statement pursuant to section 212(5) of the Companies Act, 1956 relating to subsidiary company

- The holding company's investment in the subsidiary between the end of the financial year of the subsidiary and that of the holding company has increased by Rs.1,00,00,000 -(Rupees One Crore Only)
- Statement of material change which has occurred in respect of the following in the case of the subsidiary, between the end of the financial year of the subsidiary and that of the holding company:
 - Fixed Assets Rs. 23,84,565/-
 - Investments of the subsidiary Not Applicable
 - Moneys lent by the subsidiary Not Applicable
 - Moneys borrowed by the subsidiary for the purpose other than that of meeting current liabilities. Not Applicable

| | | | | |
|---|--|--|--|-------------------------------------|
| Arun Jain <i>Chairman & Managing Director</i> | G N Mathur <i>Executive Director</i> | Govind Singhal <i>Executive Director</i> | Arvind Kumar <i>Director</i> | Satya Pal <i>Director</i> |
|---|--|--|--|-------------------------------------|

| | | | | |
|--|---|------------------------------------|---|---|
| R C Bhargava <i>Director</i> | Abhay Agarwal <i>Director</i> | M L Garg <i>Director</i> | N Vaidyanathan <i>Chief Finance Officer</i> | G Rajesh <i>Company Secretary</i> |
|--|---|------------------------------------|---|---|

Chennai, 21 April 2001

POLARIS SOFTWARE LAB LIMITED

Statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary company

1. Name of subsidiary TipTop Holdings Limited,
2. Financial year ended March 31, 2001
3. Holding Company's interest 100%
4. Shares held by the holding company in the subsidiary's common stock at Rs. 855,510 @ Rs 10/ each
5. The net aggregate of profits or losses for the current financial year of the subsidiary so far as it concerns the members of the holding company
 - a. dealt with or provided for in the accounts of the holding company Nil
 - b. not dealt with or provided for in the accounts of the holding company Loss Rs 15,649.50
6. The net aggregate of profits or losses for the previous financial year of the subsidiary so far as it concerns the members of the holding company
 - a. dealt with or provided for in the accounts of the holding company Nil
 - b. not dealt with or provided for in the accounts of the holding company Profit Rs 3,970.50

Statement pursuant to section 212(5) of the Companies Act, 1956 relating to subsidiary company

1. There has been **no change** in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company in respect of;
 - a. Fixed Assets
 - b. Investments of the subsidiary
 - c. Moneys lent by the subsidiary
 - d. Moneys borrowed by the subsidiary for the purpose other than that of meeting current liabilities.

| | | | | |
|---|--|--|---|---|
| Arun Jain <i>Chairman & Managing Director</i> | G N Mathur <i>Executive Director</i> | Govind Singhal <i>Executive Director</i> | Arvind Kumar <i>Director</i> | Satya Pal <i>Director</i> |
| R C Bhargava <i>Director</i> | Abhay Agarwal <i>Director</i> | M L Garg <i>Director</i> | N Vaidyanathan <i>Chief Finance Officer</i> | G Rajesh <i>Company Secretary</i> |

Chennai, 21 April 2001

MANAGEMENT DISCUSSIONS & ANALYSIS

Forming part of the Financial Statements for the year ended 31 March 2001

TOPICS DISCUSSED

...

- Company Background • Company Management • Products & Services • Business Outlook
- Challenges • Human Resource • Social Responsibility • Internal Controls and Systems
 - Financial Analysis

A. COMPANY BACKGROUND

- A.1 Polaris Software Lab Ltd. is a software company engaged in the business of delivering customized software solutions and products in the domain of contemporary services which include banking and financial services.
- A.2 The Company has over 2300 professionals placed in teams around the world. Thus, for a client in any geography there is a Polaris team close at hand for quick service. Polaris' world wide headquarters is at Chennai. Through a potent combination of subsidiaries, branches and business associations, Polaris has established an intensive global network of 15 offices. This network spans the United States of America, Europe, Middle East, the Indian sub-continent, Singapore and Australia. The development centers are located at Chennai and Noida in India. The Company is in the process of setting up two new development centers, one at Chennai and another near New Delhi.
- A.3 Polaris' focus on the banking and financial sector has been proved right. Today Polaris is among the top software services companies in India delivering Techno-Business solutions for this sector. The Company has consistently consolidated its focus by partnering with key technology players and complementary solution providers in this field.
- A.4 Forbes has ranked Polaris among the 300 Best Small Companies in the world. And recently Business World has judged Polaris to be the fastest growing software company in India.
- A.5 The Company's objective of offering accelerated delivery to the client has been well appreciated by them. By speeding up processes and using effective tools, over 500 projects have been delivered to the satisfaction of customers.

B. COMPANY MANAGEMENT

- B.1 The Company is managed through a Board of Directors with Mr Arun Jain as the Chairman and Managing Director. He is supported by two Executive Directors, Mr. G. N. Mathur and Mr. Govind Singhal.
- B.2 Until recently the organization was structured and divided into a number of Strategic Business Units (SBU), which were independent profit centers. The Company has recently embarked on a restructuring exercise to manage and facilitate the growth plans of the Company.

B.3 The Emerging Organization

The new organization structure is based on the three factors identified as crucial for a competitive edge in the emerging business scenario.

1. Speedy Delivery
2. Domain and Technology Competence
3. A Strong Sales Force

The organization has now been re-structured into the following units based on these core elements:

1. Strategic Relationship and Delivery Units (SRDU)
2. Strategic Practice Units (SPU)
3. Global Sales organizations (GSO)

The SRDU will serve as the cash engine and the SPU as the growth engine. Three GSOs, each headed by a senior official of the Company, have been created.

Each of these units will leverage the strengths of other support teams such as Planning, Human Resource, Quality, Finance and Accounts, Administration, Legal and Information Technology.

SRDU

SRDU will be a single point of control responsible for the project delivery to the customer. The mission is to build and nurture relationships with the objective of achieving customer delight. Consistent and accelerated delivery is the one sure factor that can ensure this. This would involve understanding customers' businesses and forecasting their needs. The ultimate aim of course is to ensure the growth of Polaris' business.

SPU

The mission is to develop and nurture competence in horizontal and vertical practice areas and to disseminate the competence in the organization. Each of these SPUs will have either a domain competency or a technology competency focus. To carry out its core responsibility of competence building, the SPU will also have to effectively manage partner alliances.

GSO

Global Sales Organization will be the backbone of the SRDUs and SPUs to access the market. The Company has created three GSOs, each being managed by a senior official of the Company.

Global Sales Organization - Banking, Financial Services and Insurance (BFSI)

Global Sales Organization - EIS and Emerging Vertical

Global Sales Organization - Banking Products and Retail

C. PRODUCTS & SERVICES

C.1 Polaris is focussed in the contemporary services segment. Within this segment, the Company has identified areas of customer needs and is building its products and services to fulfil them.

The needs of the customers in this segment are:

- Cross selling
- Integration of operations, products and services
- Time to market
- Cost reduction

C.2 The Company addresses the above needs of the customers through the following offerings:

Cross Selling:

Polaris offers its clients, solutions on Customer Relationship Management (CRM) and Data Warehousing.

A pioneer in Siebel implementation, Polaris' team of Technical and Functional

Consultants has also delivered a project for a large multinational bank in Europe. The team has the specific expertise of integrating Siebel with Banking and Insurance applications.

To address the complexities of cross selling products and services, Polaris has developed an Enterprise Customer Management (ECM) methodology. This methodology provides a low risk, rapid and reliable way to build end-to-end customer management solutions.

Integration of operations, products and services:

Polaris has entered into a strategic partnership with Top Tier, a pioneer in the Enterprise Integration Portal (EIP) technology and other leading solution partners like iPlanet, BEA, Servion, Oracle, Baan, etc., to provide integrated end to end solutions.

Time to Market

Polaris understands the time taken to deliver solutions can influence the time available with the clients to market their products and services. Hence Polaris' focus has been on speedy delivery of projects through the acceleration of processes. The "Component Warehouse" (CWH) framework has been developed to facilitate the Accelerated time to Market. CWH integrates technology, domain and knowledge components to create a pre-fabricated infrastructure. This gives Polaris the opportunity to co-author with clients and to dramatically reduce the deployment time of the business application.

Cost Reduction

Polaris uses a unique Customer Relationship Model ENTITY the clients' ExteNded Technology FACILITY. This model is useful in building an understanding with the client even before the project begins. It helps both parties decide on the allocation of work between onsite and offshore, among other things. The methodology is built around well-defined, pre-signed interaction models, systems and processes. ENTITY ensures transparency to the client and keeps the client informed of every step of the development process happening at the offshore center and is a cost-effective model.

C.3 Business Distribution:

The business distribution of the Company for the year 2000-01 has been as follows:

A. Domain Wise Break Up:

| Domain | 2000-01 |
|---|---------|
| Banking, Financial Services and Insurance | 66.2% |
| Network & Communications | 5.2% |
| Transportation | 1.9% |
| ERP/EIS | 13.2% |
| Others | 13.5% |

B. Geography Wise Break Up:

| Geography | 2000 – 2001 |
|----------------------------|-------------|
| USA and North America | 65.48% |
| Europe | 19.79% |
| Asia Pacific & Middle East | 8.66% |
| India | 6.07% |

D. BUSINESS OUTLOOK

The **Nasscom-McKinsey** report has set a target of US\$ 50 billion of annual IT software and services exports by 2008. In addition, India centric companies are expected to earn revenues of US\$ 12 billion by 2008. In 1999-2000, India exported software to 95 countries around the world, with almost 62% to North America with more than 1250 companies in India engaged in the business of software exports.

To achieve this goal, both the Industry and the Government of India are currently taking some bold and purposeful steps. These include measures by the government to further liberate the economy, simplification of procedures, deployment of additional resources for technical manpower development, opening up new marketing channels, enhancing global brand equity and providing state-of-the-art infrastructure for software development.

E-commerce solutions, software development, interactive integration services, Application Service Providers and IT-enabled services are leading the way.

E. CHALLENGES

E.1 Market risks

As the macro outlook for technology spending in the US takes a downturn, the Indian IT firms working for these companies from the US, might experience some slowdown in new projects. However, this is not the case with the 'old economy' clients of Indian firms whose cash flows have not been similarly stretched. In fact, offshore scalability, systems and processes and brand equity would help these top rung companies to continue to go strong on revenues and projects.

Also, as these US companies would be looking to cut costs further, the slowdown will not directly impact the IT budgets intended for Indian companies.

Another high point is that a slowdown gives an opportunity for the emergence of new leaders among IT solutions providers.

E.2 Credit risks

The business of Polaris involves extending credit to international customers. This has the inherent risk of accounts turning bad.

The Company's credit policy addresses this risk. It ensures that a credit analysis of the client is carried out before determining the amount and the period of credit to be extended.

E.3 Financial risks

The Company conducts business with international clients. Therefore a major risk that is likely to affect the costs and profits of the company is the difference due to exchange rate fluctuation.

Polaris has a Policy on Forex management. The Company keeps a watch on the Forex movements to ensure it does not incur financial losses due to fluctuation in exchange rates.

E.4 Human resource related risks

Software services projects are typically manpower intensive, and therefore knowledge assets management is a crucial factor. HR policies should be structured to foster innovation, team spirit, commitment and dedication to the organization. Companies

need to guard themselves against employee turnover as disruptions could prove costly. So the major challenge facing an organisation is the attraction and retention of talent.

The Company has a Human Resource Policy discussed in more detail under the head Human Resources in this discussion.

E.5 Geographical spread

The expansion of international operations requires an efficient integration across the globe. Adaptability to the new work culture and improvement in the operational, financial and internal controls are some of the areas that need to be addressed. Also, the company should have the ability to cope up with multiple demands, multiple competencies and multiple cultures, failing which, it is bound to incur losses.

The Company has gained adequate experience over the years in handling the problems arising out of operating in different countries and this experience will help in laying down processes to meet challenges arising out of operating in new regions.

E.6 Collection Management

Collections were a cause for concern during the previous year. The Company however, based on the experience gained, revisited the then existing collection policy. By introducing stringent review measures during the 2nd quarter of the previous year there has been a substantial improvement in the collection days from over 100 days during the previous year to 83 days during 2000 - 2001.

E.7 Forecasting model

Business organizations operate in an environment that is constantly changing. Some changes are quite unpredictable (random) but when some kind of prediction or forecast can be made decisions can be taken (given the objectives of the business and subject to any constraints which might apply) based on the expectations of future conditions. Hence a very robust forecasting model, which captures the uncertainty in the business is highly critical for the success of every organization.

The company is working on methods to improve the forecasting model to ramp up to the demand, at a lower cost.

E.8 Management information system

The Company is investing in an improved MIS system that will enable it to

- Maintain a tight control over the financial transactions
- To better its capabilities in estimating the demands for the services

This is expected to result in improved decision support system.

E.9 Client concentration:

The Company continues to derive a significant portion of its revenues from few large corporate clients. Citigroup continues to be the biggest client for Polaris accounting for 29.9% from 8 Citigroup entities and 29.2% from 12 Citigroup entities respectively, of the company's total revenue for fiscal 2000 and fiscal 2001 respectively. Its five largest clients accounted for 41% and 32%, respectively, of the company's total revenues for fiscal 2000 and fiscal 2001. The Company has added 22 clients during 2000-2001 thus taking the number of active clients to 76.

F. HUMAN RESOURCE

- F.1** "Only an informal, flexible and empowered workforce can deliver its best results supported by the opportunity to utilize maximum human potential".

This is the maxim on which the Human Resources (HR) program of the Company is founded.

The Human Resources program strives to create an environment to shape the organizational competencies and prepare the workforce to continuously innovate in a volatile and dynamic environment. It believes in the fact that, in the knowledge driven software industry, human capital alone provides the sustainable competitive advantage. The Human Resources Department has realized this fact and has taken the initiative of inducting the right resources, developing them and retaining them to build a knowledge-based intellectual asset base at Polaris.

F.2 HR KEY PROCESSES:

The Human Resource Management function is focussed on a set of key processes to provide high quality services to all associates – right from the trainee to the top management. This includes the following:

- **Associate sourcing:** The company has in place very effective recruitment processes which includes testing, panel interviewing, referral checks and stringent bench marks at all levels. Through this process the company has recruited 119 MBAs and 222 graduate engineers this year.
- **Associate Development:** Polaris has a culture of “Continuously learning and evolving”. Effective processes for training need, identification of potential, wholesome and comfortable training infrastructure facilities and a dedicated team of faculty and administrators. These ensure that the training programs are delivered with maximum impact. The Company is now embarking on the web-enabled learning systems through which it hopes to achieve 8 days of training per associate every year.
- **Associate Delight:** Fun@work alongwith excellence in performance has been the Polaris *mantra* for associate motivation. “BONZER” programs every month, GEM awards of the month, TEAM Excellence Awards, Stream outings, Open house sessions sums up the opportunities to experience an open lively work atmosphere. In short the Polaris work culture encourages proactive attitude of initiative from the associates.
- **Communication & Culture Building:** Polaris philosophy of transparency and it’s non-hierarchical approach has translated into a remarkable internal communication portal “FUNDA” this year. This portal for associates has made the necessary organizational information easily accessible, opened up knowledge exchange across Polaris and has created a sense of integration amongst the associates.
- **Performance Management:** All the above activities contribute to and happen alongside the serious business of producing results. The Human Resource function has introduced a unique goal oriented performance appraisal system and aligned it to the compensation and reward programs in the organization across all levels. This system will also ensure that excellence in performance is a corporate habit and not a random incident.

F.3 NALANDA: The University at Polaris

This year has also witnessed the beginning of the establishment of Nalanda - Learning Centre. We have acquired the necessary land, the designs are being developed, and the core faculty is in place. With this the learning opportunities in the technical, behavioral and managerial skills would be “unlimited” - to the point that an associate can determine his or her knowledge-input levels. The Nalanda initiative has been conceptualized by one of India’s renowned thinkers, Dr. Ashok Korwar, Senior Professor of

IIM –Ahmedabad and has on board four doctorates to steer the University functioning into the future.

F.4 KONARK

This is a unique philosophy that encourages the coming together of associates in the realization of a common vision. The Konark community, which has evolved over the years, is essentially a process of internal leadership. Outstanding performers, role models and potential change agents who can identify their values and vision with that of the organization are chosen as Konarks. This year the exclusive community of Konarks is 310 in numbers. The Polaris banyan is certainly spreading its roots.

G. SOCIAL RESPONSIBILITY

Ullas Trust is a step towards fulfilling the responsibility towards the society as an investment for a better future.

The company and its associates have taken up the responsibility of mentoring deserving students from the economically backward class of the society by

- Providing scholarship (40% by the associates and 60% by the company)
- By acting as a role model
- By organizing workshops for the overall development of the students

H. INTERNAL CONTROLS & SYSTEMS

H.1 The Company has been certified under the ISO standards 9001 : 2000.

H.2 ISO 9001-2000 is the new standard created by the ISO organization and as per auditors, Polaris is the third organization in the world to get certified on these standards.

H.3 The Company is registered for its quality system in marketing, design, development, support and maintenance of application software for projects and products in the areas of banking, finance, distribution and construction on the mainframe and midrange, client server platforms, offering consultants to meet customer demands at their site and the departmental activities.

H.4 The Company has ONE SINGLE Quality Management System which is designed to suit both SEI CMMI (North American Standards for Software Quality) and ISO (European Standards of Software Quality).

H.5 The Company believes that “We cannot improve unless we measure” and for that matter, the Company has a metrics/measurement system aligned to the business goals of the organisation. This is really a corner-stone of the company’s Quality programme.

H.6 The Company also has an internal audit system to ensure compliance with the laid down systems and processes.

I. ANALYSIS OF THE FINANCIAL PERFORMANCE

I.1 KEY FINANCIAL INDICATORS:

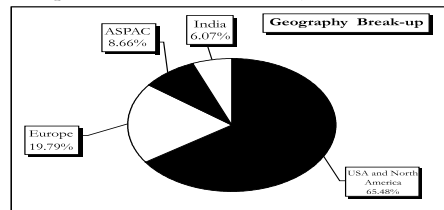
| | 1996 - 1997 | 1997 - 1998 | 1998 - 1999 | 1999 - 2000 | 2000 - 2001 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| Return on Net worth | 60.07% | 32.68% | 50.34% | 42.55% | 36.41% |
| PAT by Sales | 22.76% | 15.36% | 24.30% | 25.47% | 22.64% |
| Operating PAT by Sales | 22.58% | 14.33% | 23.82% | 18.30% | 21.07% |
| Fixed Assets Turnover (Times) | 11.65 | 7.99 | 8.65 | 11.35 | 8.74 |

I.2 REVENUES:

The business operations for 2000-2001 resulted in Polaris achieving total revenue of Rs. 269.67 crores. The operating income for the year (revenue less other income) is Rs. 265.52 crores, an increase of 81.72% over the previous year's operating revenue. The CAGR of the revenue over the past 3 yrs is 111.04%. The export income increased by 84.60% to Rs. 248.61 crores when compared to Rs. 135.11 crores for the previous year. The domestic income increased by 46.42% to Rs. 16.11 crores from Rs. 11.00 crores. The key drivers contributing to the increase have been the continued focus on the BFSI segment, geographical expansion, repeat business and new clients added during the year.

| YEAR | Rs in crores | |
|-------------------|--------------|-------------|
| | 1999 - 2000 | 2000 - 2001 |
| Operating Revenue | 146.11 | 265.52 |
| Other Income | 14.18 | 4.15 |
| Total Revenue | 160.29 | 269.67 |

The geography wise split of the revenue for the year 2001



Polaris has extensively diversified its geographical base by setting up new offices and subsidiaries worldwide. The Company has made an early entry into the European markets with three new subsidiaries during the year, in Switzerland, Germany and Australia. These expansions are in line with the goal of the company to become a global leader in the BFSI segment.

Revenues from North America for the current fiscal represent 65.48% as compared to 68% during the previous year. Revenues from Europe during the year 2000 – 2001 are 19.79%, representing a noticeable increase in the share of contribution from the European market. There has been a decrease in the percentage contribution from Asia Pacific.

I.3. OTHER INCOME

The other income for 2000-2001 is Rs. 4.15 crores as compared to Rs. 14.18 crores during the previous year. The income for the previous year included Rs. 9.69 crores, which was on account of interest on deposits placed out of the IPO proceeds. The components of other income in the current year are income from investments in mutual funds, interests received on deposits with banks, and gains from translation of foreign currency balances.

I.4. OPERATING INCOME

Operating profit (excluding Other income) for 2000-2001 is Rs. 63.34 crores, a 104.34% increase over the previous year. The PAT margin (excluding Other income) for 2000 - 2001 is 21.07% of the revenue as compared to 18.30% during the previous year. During 2000 - 2001 there has been a charge of Rs 1.95 crores in the profit and loss account towards amortisation of employee stock compensation as prescribed by SEBI guidelines.

I.5 COST OF REVENUE

The software development expenses for 2000 - 2001 is Rs. 165.20 crores as compared to Rs. 97.57 crores in the previous year, representing an increase of 69.32%. The increase in 2000 - 2001 is mainly on account of amortisation of charge on employee stock option expenses (Rs 1.95 crores) and increase in employee compensation due to normal increase and addition to the employee strength.

The software development expenses, as a percentage of revenue is 62.22% in 2000 2001 as compared to 66.77% in the previous year. This indicates efficient utilisation of resources to gain higher profit margins.

I.6 SHARE CAPITAL

In order to provide liquidity and to sustain the interest of the retail investor in the company, the company effected a 2:1 stock split during the year with the approval of its shareholders. On account of the split each equity share of par value Rs. 10 was sub-divided into two equity shares of par value of Rs. 5 each.

I.7 PROVISION FOR TAXATION

The tax for 2000-2001 is Rs. 0.56 crores as compared to Rs. 4.68 crores during the previous year. The provision for tax for the previous year was high due to tax on interest income from deposits placed out of the IPO proceeds.

I.8 DEBT

Polaris continues to be a debt free company in the year 2000-2001.

I.9 FIXED ASSETS

The capex for 2000 - 2001 is Rs. 32.67 crores, an increase of 166.77% over the previous year. During the year, the company has gone in for significant infrastructure expansion to expand activity within and outside India through well supported development centres. Track I, a 2 lakh sq.ft. facility is being set up in Chennai to house 1200 associates at the cost of Rs 33 crores. Track II, another development centre is being built in Gurgaon, near New Delhi. It is a 90,000 sq.ft. facility with the capacity to house 700 associates at the cost of Rs. 20 crores.

The company continues to give a thrust on offshore software development backed by efficient infrastructure expansion. The asset base of the company has increased from Rs. 22.16 crores in 1999-2000 to Rs. 54.69 crores in 2000-2001. The spending on technology infrastructure, computer equipments and accessories, constitute 71.69%

of the total capex. There has also been significant increase in purchase of office equipments, furniture and fixtures to enable the establishment of state-of-the-art development centres.

I.10 INVESTMENTS

a. Subsidiaries

During 2000-2001, the company furthered its international presence with the opening up of three wholly owned subsidiaries in Switzerland, Germany and Australia. It has invested Euro 0.10 million in the wholly owned subsidiary in Germany and CHF 0.10 million in its wholly owned subsidiary in Switzerland. The investment in the Australian subsidiary is AUD 25,000. Through the investments in Germany and Switzerland, the company is making its entry into the European markets where the potential for IT solutions business is very high as this market is relatively untapped. The company increased its investment in its subsidiary in UK and in its retail subsidiary, Polaris Retail Infotech Limited. The details of investments in subsidiaries are given in the schedules to the financial statements.

During the year, the US subsidiary was wound up and its operations, assets and liabilities taken over by the Company's branch in the US.

b. Other investments

During the year the company launched one of its technology framework, the 'Component Warehouse' by which the development process time in BFSI segment can be dramatically reduced and therefore customised solutions can be deployed 300% faster than before. In order to complete this suite of components to be offered to the clients, the company has taken an 18.7% stake for DM 2.3 mn in the German based SIDOUN GmbH. SIDOUN'S technology will enable Polaris to integrate the domain and technology components developed in-house, to build a complete suite of components and framework to offer a comprehensive technology framework, component warehouse to its client.

c. Short term investments

The company continues to follow a conservative policy in the investment of short term resources. These investments are mainly in debt related mutual funds. An Investment committee, having a Board representative has been set up to monitor these investments. The investments are monitored through internally set guidelines.

I.11 CURRENT ASSETS, LOANS & ADVANCES

a. Receivables

| Sundry Debtors | 31 st March 2001 Rs in crores | 31 st March 2000 Rs in crores |
|--|---|---|
| Debts outstanding for a period exceeding six months | | |
| Unsecured considered good | 6.14 | 4.59 |
| Unsecured considered doubtful | 2.19 | 1.28 |
| Other debts | | |
| Unsecured considered good | 64.20 | 43.79 |
| SUB TOTAL | 72.53 | 49.65 |
| Less: Provision for Doubtful Debts | 2.19 | 1.28 |
| TOTAL | 70.34 | 48.37 |

The receivables outstanding as on 31st March 2001 is Rs. 70.34 crores as compared to Rs. 48.37 crores during the previous year. To ensure that the receivables represent the true economic value, the company has provided for Rs. 2.19 crores as provision for doubtful debts.

The receivable days for 2000-2001 is 83 days and has decreased from over 100 days in the previous year. The decrease has been brought about by focus on comprehensive credit policy and collection drive through regular analysis of the debtors age and the history of the clients.

b. Loans & Advances

The loans and advances as on March 2001 was Rs. 19.73 crores as compared to Rs. 12.65 crores in the previous year. There has been a significant increase in the advance recoverables and rent and security deposits during the year. This has been primarily due to:

- Additional offices taken on rent to augment growth apart from own space
- Temporary advance made to the wholly owned subsidiary in UK
- Loans given to associates during the year in line with the company's associate friendly policy

c. Cash and Bank Balances

Polaris continues to be a cash positive company. As on March 31st the company had Rs. 31.31 crores as cash and bank balances.

I.12 CURRENT LIABILITIES

The current liabilities as on 31st March 2001 is Rs. 34.90 crores as compared to Rs. 26.49 crores during the previous year. This is primarily due to accrual of normal operating expenses which have grown along with the growth in the company's operations.

The Team

Strategic Relationship & Delivery Units (SRDUs)

| | |
|------------|-----------------------------------|
| SRDU - 1: | K S Subramaniam |
| SRDU - 2: | M.R. Ravichandran and Manoj Kumar |
| SRDU - 3: | V. Lalitha |
| SRDU - 4: | Shanthi Subhashree |
| SRDU - 5: | Manoj Kumar |
| SRDU - 6: | Hitesh Arora |
| SRDU - 7: | Peter Storrar |
| SRDU - 8: | N. Bharath |
| SRDU - 9: | B. Selvakannan |
| SRDU - 10: | B. Shyamala |
| SRDU - 11: | R. Venkatesh Kumar |
| SRDU - 12: | Ajit Kumar |
| SRDU - 13: | K. S. Badrinarayanan |
| SRDU - 14: | S. Gokulakrishnan |
| SRDU - 15: | Mahendran |
| SRDU - 16: | Sandeep Tandon |
| SRDU - 17: | Rajiv Arora |
| SRDU - 18: | Rajiv Arora |
| SRDU - 19: | Anil Tikoo |
| SRDU - 20: | Ravikant |
| SRDU - 21: | S. Karthikeyan |
| SRDU - 22: | Neeraja Krishnan |
| SRDU - 23: | N. Ayyappan |
| SRDU - 24: | Unni Krishnan |
| SRDU - 25: | Rajagopal |
| SRDU - 26: | T. Raghavan |
| SRDU - 27: | K V. Hari |
| SRDU - 28: | A. Ramesh |
| SRDU - 29: | Ilankumaran |
| SRDU - 30: | D. Segar |

Strategic Practice Units (SPUs)

Horizontals:

| | |
|---------------------------------|---------------------------|
| Enterprise Knowledge Management | : V. Balakrishnan |
| New Technologies | : V. Balakrishnan |
| New initiatives of EIS | : T.V. Sinha |
| Pre-fabricated Solutions | : Padmanabhan R V |
| Product Migration | : S. Balaji |
| Data Warehousing | : M.E. Thyagarajan |
| Sun I Planet | : Dr. Anbu Rathinavel |
| Architecting & Design Practice | : S. Ramesh |
| Application Certification | : T.M. Natarajan |
| ATM | : K.S. Subramanian |
| Mobile Technologies | : Vijay R Narasimhan |
| Vignette | : K. Subramanian |
| Broad Vision | : K. Subramanian |
| Siebel | : T.V. Sinha |
| Oracle Applications | : Hitesh Arora |
| Baan & Top Tier | : Dipak B & Peter Storrar |
| Data Center Management Practice | : Abraham |
| Payment Gateways & Services | : Radha Arur |
| Microsoft IDS MTS | : Ashok Kondapi |
| IBM Webshpere | : Praveen Saxena |
| Network Management | : S. Chandramouleeswaran |
| Verticals: | |
| Risks & Treasury | : Umesh Nayak |
| Credit Cards | : D. Segar |
| Consumer Credit | : Govind Singhal |
| Insurance - Life | : Govind Singhal |
| Insurance - Non-life | : Govind Singhal |
| Internet Banking | : Rajiv Malhotra |
| Retail Banking | : V. Mahadevan |
| Private Banking | : N. Bharath |
| Investment Banking | : Vikas Mishra |
| Transportation | : Sandeep Tandon |

Finance

N. Vaidyanathan
Amar Chintopanth
B. Muthusubramanian

Special Projects & Quality

G. N. Mathur
K. Govindarajan
Prajyot Singh Sambhy
Sudha Ramesh

Nalanda

Dr. Ashok Korwar
Dr. Anbu Rathinavel
Dr. Geetha Jayaram

Legal, Corporate Communications & Investor Relations

V. Thyagarajan
Raghuraman Balakrishnan

Human Resource & Corporate Planning

Raja Krishnamurthy
Raymond Arogyaswamy
Gayatri Ramani

THE GLOBAL TEAM

United States

R. Shekar
K. Srinivasan
Jambukesan
Rathnakumar

United Kingdom

Pawan Kumar Prasad
Bob Price
Peter Storrar

Republic of Germany

Vijay R Narasimhan
Rupert Picardo

Singapore

Kumaran Sunilkumar

Australia

Anil Verma

Switzerland

Anil Tikoo

POLARIS SOFTWARE LAB PTE LTD
(Incorporated in the Republic of Singapore)

Financial statements for the year ended 31 March 2001

12-01 High Street Centre 1 North Bridge Road
Singapore - 179094

POLARIS SOFTWARE LAB PTE LTD

| | |
|------------------|--|
| DIRECTORS | Arun Jain G.N. Mathur Kumaran Sunilkumar |
| SECRETARY | Mr Yacoob (Appt. w.e.f. 07.03.2001) |
| AUDITORS | M/s Natarajan & Swaminathan Certified Public Accountants 1 North Bridge Road #19-04/05 High Street Centre Singapore 179094 |

CONTENTS

| | |
|-------------------------------|-----|
| Report of the Directors | 116 |
| Statement of Directors | 120 |
| Auditors' Report | 121 |
| Financial Statements | 122 |

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended March 31, 2001.

1. DIRECTORS

The Directors of the Company in office at the date of this report are:

Mr Arun Jain

Mr G.N. Mathur

Mr Kumaran Sunilkumar

2. PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the Company are to develop software and to provide software related services.

There has been no significant change in the nature of these activities during the financial year.

3. HOLDING COMPANY

The Company is a subsidiary of 'POLARIS SOFTWARE LAB LTD' incorporated in India which owns 100% shares of the Company and which is also the ultimate holding company.

4. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There were no acquisition or disposal of subsidiaries during the financial year.

5. RESULTS FOR THE FINANCIAL YEAR

Net Profit for the year S\$ 31,329

6. MATERIAL TRANSFER TO/FROM RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions except as disclosed in the financial statements.

7. SHARE CAPITAL AND DEBENTURES

No shares or debentures were issued during the financial year.

8. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITIONS OF SHARES AND DEBENTURES

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Report of the Directors**9. DIRECTORS' INTEREST IN SHARES AND DEBENTURES**

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Cap.50, particulars of beneficial interests of directors who held office at the end of the year in the ultimate holding company are as follows:

| Name of Directors of this Company | At the beginning of the year | Additions/ (Transfers) | Share Split (2:1) | Additions/ (Transfers) | At the end of the year | As at date of report |
|-----------------------------------|------------------------------|------------------------|-------------------|------------------------|------------------------|----------------------|
| Holding Company | | | | | | |
| Mr Arun Jain | 1,026,972 | - | 2,053,944 | (5000) | 2,048,944 | 2,048,944 |
| Mr G.N. Mathur | 13,060 | (650) | 24,820 | - | 24,820 | 24,820 |
| Mr Kumaran Sunilkumar | 150 | - | 300 | - | 300 | 300 |

All the shares of 'Polaris Software Lab Pte Ltd' are 100% held by the Holding Company in India.

10. DIVIDENDS

No dividend has been paid, declared or recommended by the Company since the end of the previous financial year.

11. DIRECTORS' ACTIONS RELATING TO BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts or provided for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

12. DIRECTORS' ACTIONS RELATING TO CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values, or that adequate provision has been made for the diminution in values of such current assets.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Report of the Directors

13. CHARGE ON ASSETS AND EXISTENCE OF CONTINGENT LIABILITIES AFTER YEAR END DATE

At the date of this report, there does not exist any

- (a) charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person, and
- (b) contingent liability of the Company which has arisen since the end of the financial year.

14. ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

15. OTHER CIRCUMSTANCES AFFECTING FINANCIAL STATEMENTS

As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in their report or financial statements of the Company which would render any amount stated in the financial statements misleading.

16. UNUSUAL ITEMS

In the opinion of the Directors, the results of the operations of the Company have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial year.

17. UNUSUAL ITEMS AFTER YEAR END DATE

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company for the current financial year.

18. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a Firm of which he is a member, or with a Company in which he has a substantial financial interest.

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Report of the Directors**19. OPTIONS TO TAKE UP UNISSUED SHARES**

During the financial year, no option to take up unissued shares of the Company was granted.

20. OPTIONS EXERCISED

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

21. UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company under option.

22. AUDITORS

The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....

ARUN JAIN

.....

G.N. MATHUR

Singapore,

Date: April 2, 2001

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Statement of Directors

We, Arun Jain and G.N. Mathur, being two of the directors of POLARIS SOFTWARE LAB PTE LTD, do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheet, profit and loss account, statement of changes in equity and cash flow statement, together with the notes thereto are drawn up so as to exhibit a true and fair view of the state of affairs of the Company as at March 31, 2001 and of the results of the business of the Company for the year then ended, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors authorised these financial statements for issue on April 2, 2001.

ON BEHALF OF THE BOARD

.....
ARUN JAIN

.....
G.N. MATHUR

Singapore,
Date: April 2, 2001

AUDITORS' REPORT**To the members of the Polaris Software Lab Pte Ltd**

(Incorporated in the Republic of Singapore)

We have audited the accompanying balance sheet of POLARIS SOFTWARE LAB PTE LTD as at March 31 2001, the profit and loss account, statement of changes in equity and the cash flow statement for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard and so as to give a true and fair view of:
 - i) the state of affairs of the Company as at March 31, 2001 and of the results and the statement of changes in equity and cash flows of the Company for the year then ended on that date; and
 - ii) The other matters required by Section 201 of the Act to be dealt with in the financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Natarajan & Swaminathan

Certified Public Accountants

Singapore,

Date: April 2, 2001

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Balance Sheet as at 31 March

| | NOTE | 2001 | | 2000 | |
|-----------------------------------|------|-------------------|-------------------|-------------------|-------------------|
| | | S \$ | Rs. | S \$ | Rs. |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Plant and Equipment | 4 | 56,034.84 | 1,448,501 | 75,347.65 | 1,910,816 |
| Current Assets | | | | | |
| Trade Debtors Less Provision | | 311,389.70 | 8,049,424 | 234,372.30 | 5,943,682 |
| Other Debtors | 5 | 23,739.28 | 613,660 | 17,814.84 | 451,784 |
| Cash and Bank Balance | 6 | 207,602.86 | 5,366,534 | 134,183.13 | 3,402,884 |
| | | 542,731.84 | 14,029,618 | 386,370.27 | 9,798,350 |
| Less : Current Liabilities | | | | | |
| Amount due to Holding Company | 7 | 11,407.29 | 294,878 | 23,286.41 | 590,543 |
| GST Payable | | 12,591.97 | 325,503 | - | - |
| Provision for Income Tax | | 6,200.00 | 160,270 | 3,600.00 | 91,296 |
| Accrued Expenses | | 122,629.25 | 3,169,966 | 17,622.50 | 446,907 |
| | | 152,828.51 | 3,950,617 | 44,508.91 | 1,128,746 |
| NET CURRENT ASSETS | | 389,903.33 | 10,079,001 | 341,861.36 | 8,669,604 |
| NET ASSETS | | 445,938.17 | 11,527,502 | 417,209.01 | 10,580,420 |
| EQUITY | | | | | |
| Share Capital | 8 | 385,000.00 | 9,952,250 | 385,000.00 | 9,763,600 |
| Accumulated Profit | | 60,938.17 | 1,575,252 | 32,209.01 | 816,820 |
| Total Equity | | 445,938.17 | 11,527,502 | 417,209.01 | 10,580,420 |

Note 1: The annexed accounting policies and explanatory notes form an integral part of the financial statements.

Note 2: The Rupee equivalent of Singapore Dollars for the period ended 31-3-2001 and 31-3-2000 has been arrived at by converting at the average closing exchange rate of S \$ 1 = Rs 25.85 and S \$ 1 = Rs 25.36 respectively. This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956.

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Profit and Loss Account for the year ended 31 March

| | NOTE | 2001 | | 2000 | |
|---|------|---------------------|-------------------|-------------------|-------------------|
| | | S \$ | Rs. | S \$ | Rs. |
| Revenues | | | | | |
| Income from Software Projects | | 1,540,565.38 | 39,823,615 | 946,891.41 | 24,013,166 |
| Total Revenues | | 1,540,565.38 | 39,823,615 | 946,891.41 | 24,013,166 |
| COSTS AND EXPENSES | | | | | |
| Salary and Employee Benefits | 9 | 1,285,656.42 | 33,234,218 | 644,226.63 | 16,337,587 |
| Administration Expenses | 9 | 80,737.82 | 2,087,073 | 70,437.19 | 1,786,287 |
| Foreign Currency (Gain)/ Loss | | (6,492.99) | (167,844) | 1,750.20 | 44,385 |
| Provision for Bad Debts | | 21,356.26 | 552,059 | - | - |
| Depreciation | | 28,286.00 | 731,193 | 27,022.38 | 685,288 |
| Other Operating Expenses | | 99,692.71 | 2,577,057 | 192,280.10 | 4,876,224 |
| | | 1,509,236.22 | 39,013,756 | 935,716.50 | 23,729,771 |
| Profit before taxation | | 31,329.16 | 809,859 | 11,174.91 | 283,395 |
| Provision for Income Tax no longer required | | 3,600.00 | 93,060 | - | - |
| Income Tax Expenses | 10 | (6,200.00) | (160,270) | - | - |
| Net Profit for the year | | 28,729.16 | 742,649 | 11,174.91 | 283,395 |
| Accumulated Profit b/f | | 32,209.01 | 832,603 | 24,334.10 | 617,113 |
| Incorporation Exp. Written off | | - | - | (3,300.00) | (83,688) |
| Accumulated Profit trf. to Balance Sheet | | 60,938.17 | 1,575,252 | 32,209.01 | 816,820 |

Note 1: The annexed accounting policies and explanatory notes form an integral part of the financial statements.

Note 2: The Rupee equivalent of Singapore Dollars for the period ended 31-3-2001 and 31-3-2000 has been arrived at by converting at the average closing exchange rate of S \$ 1 = Rs 25.85 and S \$ 1 = Rs 25.36 respectively. This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956.

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Statement of Changes in Equity for the year ended 31 March 2001

| | Share | Capital | Accumulated | Profit |
|------------------------------------|------------|-----------|-------------|-----------|
| | S\$ | Rs. | S\$ | Rs. |
| Balance at 01.04.1999 | 385,000.00 | 9,952,250 | 24,334.10 | 629,036 |
| Net Profit for the year | - | - | 11,174.91 | 288,872 |
| Incorporation Expenses Written Off | - | - | (3,300.00) | (85,305) |
| Balance at 31.03.2000 | 385,000.00 | 9,952,250 | 32,209.01 | 832,603 |
| Net Profit for the year | - | - | 28,729.16 | 742,649 |
| Balance at 31.03.2001 | 385,000.00 | 9,952,250 | 60,938.17 | 1,575,252 |

Note 1: The annexed accounting policies and explanatory notes form an integral part of the financial statements.

Note 2: The Rupee equivalent of Singapore Dollars for the period ended 31-3-2001 and 31-3-2000 has been arrived at by converting at the average closing exchange rate of S \$ 1 = Rs 25.85 and S \$ 1 = Rs 25.36 respectively. This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956.

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Cash flow statement for the year ended 31 March

| | 2001 | | 2000 | |
|---|-------------------|------------------|--------------------|------------------|
| | S\$ | Rs. | S\$ | Rs. |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Operating Profit before taxation | 31,329.16 | 809,859 | 11,174.91 | 283,395 |
| Adjustment for: Depreciation | 28,286.00 | 731,193 | 27,022.38 | 685,288 |
| Operating profit before working capital changes | 59,615.16 | 1,541,052 | 38,197.29 | 968,683 |
| (Increase)/Decrease in Trade Debtors | (77,017.40) | (1,990,900) | 73,018.45 | 1,851,748 |
| (Increase)/Decrease in Other Debtors | (5,924.44) | (153,147) | 2,844.32 | 72,132 |
| Increase in Trade Creditors and Accruals | 117,598.72 | 3,039,927 | 11,422.50 | 289,675 |
| (Decrease)/Increase in Other Creditors | - | - | (34,576.12) | (876,850) |
| (Decrease) in Amount due to Director | - | - | (9,321.44) | (236,392) |
| (Decrease)/Increase in Amount due to Holding Company | (11,879.12) | (307,075) | 23,286.41 | 590,543 |
| Net cash from operating activities | 82,392.92 | 2,129,857 | 104,871.41 | 2,659,539 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | (8,973.19) | (231,957) | (15,567.48) | (394,791) |
| Net cash (used in) investing activities | (8,973.19) | (231,957) | (15,567.48) | (394,791) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | | |
| | 73,419.73 | 1,897,900 | 89,303.93 | 2,264,748 |
| Cash and Cash Equivalents at the beginning of the year | 134,183.13 | 3,468,634 | 44,879.20 | 1,138,136 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | | | |
| | 207,602.86 | 5,366,534 | 134,183.13 | 3,402,884 |

NOTES TO THE CASH FLOW STATEMENT:-

Cash and Cash Equivalents in the cash flow statement comprise the following balance sheet amounts:-

| | | | | |
|---------------|-------------------|------------------|-------------------|------------------|
| Cash at Banks | 207,121.12 | 5,354,081 | 129,027.52 | 3,272,138 |
| Cash in Hand | 481.74 | 12,453 | 5,155.61 | 130,746 |
| | 207,602.86 | 5,366,534 | 134,183.13 | 3,402,884 |

Note 1: The annexed accounting policies and explanatory notes form an integral part of the financial statements.

Note 2: The Rupee equivalent of Singapore Dollars for the period ended 31-3-2001 and 31-3-2000 has been arrived at by converting at the average closing exchange rate of S \$ 1 = Rs 25.85 and S \$ 1 = Rs 25.36 respectively. This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956.

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Notes on Financial Statements for the year ended 31 March 2001

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

The financial statements of the Company for the year ended March 31, 2001 were authorised for issue in accordance with a resolution of the directors on April 2, 2001. Polaris Software Lab Pte Ltd is a limited liability company, which is incorporated in Singapore.

During the financial year, the principal activities of the Company are to develop software and to provide software related services.

There has been no significant change in the nature of these activities during the financial year.

The Company employed 38 employees as of March 31, 2001.

2 SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Preparation**

The financial statements of the company have been prepared in accordance with Singapore Statement of Accounting Standard and applicable requirements of Singapore Law.

b) **Revenue Recognition**

The Company develops software and the software project development for various projects take a period of six months to twelve months. The software fees are collected progressively as per the terms accepted with the customers. The income is recognised based on the work completed for each software project undertaken by the Company.

c) **Foreign Currency Transactions**

Transactions in foreign currencies are recorded in Singapore dollars at the rate ruling on the date of transaction. At each balance sheet date, recorded monetary balances that are denominated in foreign currencies are reported at the rate ruling on the balance sheet date.

All realised exchange adjustment gains and losses are dealt within the profit and loss statements.

d) **Income Tax**

The tax expense is determined on the basis of tax effect accounting, using the liability method, and is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Notes on Financial Statements for the year ended 31 March 2001 (Cont)**e) Plant and Equipment**

Plant and Equipment are stated at cost less accumulated depreciation. The cost of asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

f) Depreciation

Depreciation is calculated on a straight-line method to write off the cost of the plant and equipment over their estimated useful lives at the following annual rates:

| | | |
|-------------------------|---|-----|
| Furniture & Fittings | - | 10% |
| Office Equipment | - | 10% |
| Computers & Peripherals | - | 20% |
| Computer Software | - | 20% |

g) Trade Debtors

Trade Debtors are recognised and carried at original invoice amount less an allowance for any un-collectible amounts. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad Debts are written-off as incurred.

h) Trade and Other Creditors

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

3 HOLDING COMPANY

The Company is a subsidiary of 'POLARIS SOFTWARE LAB LTD' incorporated in India which owns 100% shares of the Company and which is also the ultimate holding company.

4 PLANT AND EQUIPMENT

A separate schedule for Plant and Equipment is enclosed.

| | 2001 | | 2000 | |
|------------------------|------------------|----------------|------------------|----------------|
| | S\$ | Rs. | S\$ | Rs. |
| 5 OTHER DEBTORS | | | | |
| Other Debtors | 6,591.58 | 170,391 | 5,137.83 | 130,295 |
| Prepayment | 6,377.70 | 164,864 | 1,907.01 | 48,362 |
| Other Deposits | 10,770.00 | 278,405 | 10,770.00 | 273,127 |
| | <u>23,739.28</u> | <u>613,660</u> | <u>17,814.84</u> | <u>451,784</u> |

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Notes on Financial Statements for the year ended 31 March 2001 (Cont)

| | 2001 | | 2000 | |
|---------------------------------|-------------------|------------------|-------------------|------------------|
| | S\$ | R s | S\$ | R s |
| 6 CASH AND BANK BALANCES | | | | |
| Cash at Bank | 207,121.12 | 5,354,081 | 129,027.52 | 3,272,138 |
| Cash in Hand | 481.74 | 12,453 | 5,155.61 | 130,746 |
| | <u>207,602.86</u> | <u>5,366,534</u> | <u>134,183.13</u> | <u>3,402,884</u> |

7 AMOUNT DUE TO HOLDING COMPANY

The Company's transactions are made in the ordinary course of business and are reflected in these financial statements.

The inter-company balances are without fixed repayment terms and interest.

| | 2001 | | 2000 | |
|--|------------|------------|------------|------------|
| | S\$ | R s | S\$ | R s |
| 8 SHARE CAPITAL | | | | |
| Authorised:- | | | | |
| 500,000 Ordinary Shares of S\$1/- each | 500,000.00 | 12,925,000 | 500,000.00 | 12,680,000 |
| Issued And Fully Paid:- | | | | |
| 385,000 Ordinary Shares of S\$1/- each | 385,000.00 | 9,952,250 | 385,000.00 | 9,763,600 |

9 EXPENSES

Salary and Employee Benefits and Administration Expenses included the following for the year ended 31 March;

| | 2001 | | 2000 | |
|-------------------------------------|-----------|-----------|-----------|-----------|
| | S\$ | R s | S\$ | R s |
| Salary and Employee Benefits | | | | |
| Director's Remuneration | 85,500.00 | 2,210,175 | 79,500.00 | 2,016,120 |
| Director's Sales Incentives | 8,414.43 | 217,513 | 5,896.46 | 149,534 |
| Administration Expenses | | | | |
| Auditor's Remuneration | 3,090.00 | 79,877 | 3,090.00 | 78,362 |

10 TAXATION

| | | | | |
|-----------------------|-----------------|----------------|---|---|
| Current Year Taxation | <u>6,200.00</u> | <u>160,270</u> | - | - |
|-----------------------|-----------------|----------------|---|---|

The taxation charge of the Company is higher than the amount determined by applying the Singapore tax rate of 24.5% to the pre-tax profits because of non-deductible expenses and timing differences. For the timing difference, no deferred tax has been provided.

11 COMPARATIVE FIGURES

Certain items in the comparative figures have been reclassified where necessary to conform with the current year's presentation.

POLARIS SOFTWARE LAB PTE LTD
SCHEDULE FOR PLANT AND EQUIPMENT

| | FURNITURE & FITTINGS | | OFFICE EQUIPMENT | | COMPUTERS & PERIPHERALS | | COMPUTER SOFTWARE | | TOTAL |
|-----------------------------------|----------------------|----------|------------------|-----------|-------------------------|-----------|-------------------|------|-------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | R s. | |
| COST OR VALUATION | | | | | | | | | |
| At April 1, 2000 | 4,065.31 | 3,127.90 | 83,467.38 | 48,047.92 | 138,708.51 | 3,517,648 | | | |
| Additions | 407.00 | 4,903.19 | 3,663.00 | - | 8,973.19 | 231,957 | | | |
| Disposals | - | - | - | - | - | - | | | |
| At March 31, 2001 | 4,472.31 | 8,031.09 | 87,130.38 | 48,047.92 | 147,681.70 | 3,749,605 | | | |
| DEPRECIATION | | | | | | | | | |
| At April 1, 2000 | 919.59 | 604.98 | 42,626.71 | 19,209.58 | 63,360.86 | 1,606,832 | | | |
| Depreciation for the year | 447.23 | 803.11 | 17,426.08 | 9,609.58 | 28,286.00 | 731,193 | | | |
| Disposals | - | - | - | - | - | - | | | |
| At March 31, 2001 | 1,366.82 | 1,408.09 | 60,052.79 | 28,819.16 | 91,646.86 | 2,338,025 | | | |
| Depreciation as at March 31, 2000 | 406.53 | 312.79 | 16,693.48 | 9,609.58 | 27,022.38 | 685,288 | | | |
| NET BOOK VALUE | | | | | | | | | |
| At March 31, 2001 | 3,105.49 | 6,623.00 | 27,077.59 | 19,228.76 | 56,034.84 | 1,448,501 | | | |
| At March 31, 2000 | 3,145.72 | 2,522.92 | 40,840.67 | 28,838.34 | 75,347.65 | 1,910,816 | | | |

Note : The Rupee equivalent of Singapore Dollars for the period ended 31-3-2001 and 31-3-2000 has been arrived at by converting at the average closing exchange rate of S\$ 1 = Rs 25.85 and S\$1 =Rs 25.36 respectively. This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956.

POLARIS SOFTWARE LAB PTE LTD

**The Accompanying supplementray Profit and Loss Statement has been prepared
for management purposes only**

And does not form part of the Audited Financial Statement

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Detailed profit and Loss Account for the year ended 31 March

| | 2001 | | 2000 | |
|-------------------------------------|---------------------|-------------------|-------------------|-------------------|
| | S\$ | Rs. | S\$ | Rs. |
| REVENUES | | | | |
| Income from Software Projects | 1,540,565.38 | 39,823,615 | 946,891.41 | 24,013,166 |
| Total Revenues | 1,540,565.38 | 39,823,615 | 946,891.41 | 24,013,166 |
| COST AND EXPENSES | | | | |
| Salary and Employee Benefits | | | | |
| Salaries & Wages | 1,067,162.38 | 27,586,148 | 518,709.02 | 13,154,461 |
| CPF Contribution | 3,243.00 | 83,832 | 7,669.00 | 194,486 |
| Staff Accommodation | 27,192.86 | 702,935 | 24,828.88 | 629,660 |
| Staff Welfare | 3,296.99 | 85,227 | 2,364.99 | 59,976 |
| Training of Staff | 80,425.00 | 2,078,986 | 1,009.80 | 25,609 |
| Insurance | 10,421.76 | 269,402 | 4,248.48 | 107,741 |
| Director's Remuneration | 85,500.00 | 2,210,175 | 79,500.00 | 2,016,120 |
| Director's Sales Incentives | 8,414.43 | 217,513 | 5,896.46 | 149,534 |
| | <u>1,285,656.42</u> | <u>33,234,218</u> | <u>644,226.63</u> | <u>16,337,587</u> |
| Administration Expenses | | | | |
| Rent | 38,068.80 | 984,079 | 38,068.80 | 965,425 |
| Utilities | 1,014.06 | 26,213 | 317.98 | 8,064 |
| Telephone Expenses | 21,717.26 | 561,391 | 16,672.67 | 422,819 |
| Printing & Stationery | 790.98 | 20,447 | 866.00 | 21,962 |
| Postage & Courier | 1,520.86 | 39,314 | 572.74 | 14,524 |
| Auditor's Remuneration | 3,090.00 | 79,877 | 3,090.00 | 78,362 |
| Taxation Fees | 2,575.00 | 66,564 | 2,575.00 | 65,302 |
| Secretarial Fees | 1,200.00 | 31,020 | 1,200.00 | 30,432 |
| Visa Processing Charges | 10,760.86 | 278,168 | 7,074.00 | 179,397 |
| | <u>80,737.82</u> | <u>2,087,073</u> | <u>70,437.19</u> | <u>1,786,287</u> |
| Other Operating Expenses | | | | |
| Outsourcing of Software Development | - | - | 131,045.37 | 3,323,310 |
| Relocation of Staff | 27,677.00 | 715,451 | - | - |
| Travelling Expenses | 44,187.98 | 1,142,259 | 21,708.27 | 550,522 |
| Repairs & Maintenance | 987.20 | 25,519 | 628.93 | 15,950 |
| Books & Periodicals | 284.20 | 7,347 | 698.67 | 17,718 |
| Bank Charges | 268.61 | 6,944 | 48.30 | 1,225 |
| Advertisement | 1,133.00 | 29,288 | 610.00 | 15,470 |
| Entertainment | - | - | 136.43 | 3,460 |
| Transport | 6,792.34 | 175,582 | 3,604.15 | 91,401 |
| Discount Allowed | 16,541.52 | 427,598 | 29,482.99 | 747,689 |
| General Expenses | 1,820.86 | 47,069 | 4,316.99 | 109,479 |
| | <u>99,692.71</u> | <u>2,577,057</u> | <u>192,280.10</u> | <u>4,876,224</u> |

POLARIS SOFTWARE LAB PTE LTD

(Incorporated in the Republic of Singapore)

Detailed profit and Loss Account for the year ended 31 March

| | 2001 | | 2000 | |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
| | S\$ | Rs. | S\$ | Rs. |
| Foreign Currency (Gain)/Loss | (6,492.99) | (167,844) | 1,750.20 | 44,385 |
| Provision for Bad Debts | 21,356.26 | 552,059 | - | - |
| Depreciation | 28,286.00 | 731,193 | 27,022.38 | 685,288 |
| | <u>1,509,236.22</u> | <u>39,013,756</u> | <u>935,716.50</u> | <u>23,729,771</u> |
| Profit before taxation | 31,329.16 | 809,859 | 11,174.91 | 283,395 |
| Provision for Income Tax no longer required | 3,600.00 | 93,060 | - | - |
| Income Tax Expense | (6,200.00) | (160,270) | - | - |
| Net Profit for the year | <u>28,729.16</u> | <u>742,649</u> | <u>11,174.91</u> | <u>283,395</u> |
| Accumulated Profit b/f | 32,209.01 | 832,603 | 24,334.10 | 617,113 |
| Incorporation Expenses Written Off | - | - | (3,300.00) | (83,688) |
| ACCUMULATED PROFIT | | | | |
| TRANSFERRED TO BALANCE SHEET | <u>60,938.17</u> | <u>1,575,252</u> | <u>32,209.01</u> | <u>816,820</u> |

Note : The Rupee equivalent of Singapore Dollars for the period ended 31-3-2001 and 31-3-2000 has been arrived at by converting at the average closing exchange rate of S\$ 1 = Rs 25.85 and S\$1 =Rs 25.36 respectively. This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956.

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POLARIS SOFTWARE LAB LIMITED, UK

Financial Statements for the year ended 30 September 2000

22 - 24 Goodmayes Road Goodmayes Ilford Essex IG3 9UN
UK

POLARIS SOFTWARE LAB LIMITED, UK

| | |
|-------------------------|--|
| INCORPORATION | England and Wales on 3rd June 1998 |
| NUMBER | 3574904 |
| DIRECTORS | Arun Jain G N Mathur |
| SECRETARY | Amar Chintopanth |
| BANKERS | Barclays Bank Plc P O Box 544 54 Lombard Street London EC3V 9EX |
| BUSINESS ADDRESS | 100 Longwater Avenue Greenpark, Reading RG2 6GP |
| AUDITORS | N D Mehta & Co Chartered Accountants Marlborough House 159 High Street Wealdstone, Harrow Middlesex HA3 5DX |

CONTENTS

| | | |
|---|-------|-----|
| Directors' Report | ..... | 136 |
| Statement of directors responsibilities | ..... | 137 |
| Auditors' Report | ..... | 138 |
| Profit and Loss Account | ..... | 139 |
| Balance Sheet | ..... | 140 |
| Notes to Financial Statements | ..... | 141 |

The following pages do not form part of the statutory accounts

| | |
|--|------------|
| Detailed trading and profit and loss account | Appendix 1 |
| Schedule to the detailed trading and profit and loss account | Appendix 2 |

POLARIS SOFTWARE LAB LIMITED, UK

Directors' Report

The directors present their report and the audited financial statements for the year ended 30th September 2000.

Principal activity

The principal activity of the company was that of computer software development, software engineering and I.T. consultancy.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

| | 30th September 2000 | 1st October 1999 |
|------------|----------------------------|-------------------------|
| | Ordinary Shares | Ordinary Shares |
| Arun Jain | - | - |
| G N Mathur | - | - |

Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary, N D Mehta & Co will continue in office.

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

28 December 2000

Amar Chintopanth
Secretary

POLARIS SOFTWARE LAB LIMITED, UK**Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act, 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

Arun Jain

Director

28 December 2000

POLARIS SOFTWARE LAB LIMITED, UK

Auditors' Report

Auditors' report to the members of Polaris Software Lab Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

28 December 2000

N D Mehta & Co
Chartered Accountants
& Registered Auditors
Marlborough House
159 High Street
Wealdstone, Harrow
Middlesex HA3 5DX

POLARIS SOFTWARE LAB LIMITED, UK**Profit and loss account for the year ended 30 September**

| | Note | 2000 £ | 2000 Rs. | 1999 £ | 1999 Rs. |
|---|------|---------------|------------------|-----------------|--------------------|
| Turnover | 2 | 1,823,554 | 122,925,775 | 246,784 | 17,687,009 |
| Cost of sales | | (1,731,962) | (116,751,558) | (228,217) | (16,356,312) |
| Gross profit | | 91,592 | 6,174,217 | 18,567 | 1,330,697 |
| Net operating expenses | | | | | |
| Distribution costs | | (4,700) | (316,827) | (6,945) | (497,748) |
| Administrative expenses | | (152,018) | (10,247,533) | (57,064) | (4,089,777) |
| Other operating income | | 113,984 | 7,683,661 | 7,533 | 539,890 |
| Operating profit/(loss) | 3 | 48,858 | 3,293,518 | (37,909) | (2,716,938) |
| Investment income | 5 | 25 | 1,685 | 742 | 53,179 |
| Profit/(loss) on ordinary activities before taxation | | 48,883 | 3,295,203 | (37,167) | (2,663,759) |
| Taxation | 6 | (1,782) | (120,124) | - | - |
| Profit/(loss) on ordinary activities after taxation retained for the year | 12 | 47,101 | 3,175,079 | (37,167) | (2,663,759) |

Movements in reserves are shown in note 12.

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognized gains and losses in 2000 or 1999 other than the profit/(loss) for the year.

The Rupee equivalent of pound sterling for the year ended 30-9-2000 has been arrived at by converting at the average closing exchange rate of GBP 1 = Rs. 67.41 (Previous year GBP 1 = Rs. 71.67). This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956

POLARIS SOFTWARE LAB LIMITED, UK
Balance Sheet as at 30 September

| | Note | 2000 £ | 2000 Rs. | 1999 £ | 1999 Rs. |
|--|------|----------------|-------------------|---------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | 6,512 | 438,974 | 2,492 | 178,602 |
| Current assets | | | | | |
| Debtors | 8 | 916,215 | 61,762,053 | 132,425 | 9,490,900 |
| Cash at bank and in hand | | 127,015 | 8,562,081 | 34,737 | 2,489,600 |
| | | 1,043,230 | 70,324,134 | 167,162 | 11,980,500 |
| Creditors: amounts falling due | | | | | |
| within one year | 9 | (874,808) | (58,970,807) | (116,821) | (8,372,561) |
| Net current assets | | 168,422 | 11,353,327 | 50,341 | 3,607,939 |
| Total assets less current liabilities | | 174,934 | 11,792,301 | 52,833 | 3,786,541 |
| Capital and reserves | | | | | |
| Called up share capital | 11 | 165,000 | 11,122,650 | 90,000 | 6,450,300 |
| Profit and loss account | 12 | 9,934 | 669,651 | (37,167) | (2,663,759) |
| Total shareholders' funds | 10 | 174,934 | 11,792,301 | 52,833 | 3,786,541 |

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 11 were approved by the board of directors on 28th December 2000 and signed on its behalf by:

The Rupee equivalent of pound sterling for the year ended 30-9-2000 has been arrived at by converting at the average closing exchange rate of GBP 1 = Rs. 67.41 (Previous year GBP 1 = Rs. 71.67). This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956

Arun Jain
Director

POLARIS SOFTWARE LAB LIMITED, UK**Notes on Financial Statements for the year ended 30 September 2000****1. Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of services falling within the company's activities excluding value added tax.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Office equipment 25% on reducing balance

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions**Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

No provision for deferred taxation is made in the financial statements, as in the opinion of the directors, no liability will arise in the foreseeable future.

2. Turnover

Turnover attributable to geographical markets outside the United Kingdom amounted to 26% for the year.

POLARIS SOFTWARE LAB LIMITED, UK
Notes on Financial Statements for the year ended 30 September

| | 2000 | 2000 | 1999 | 1999 |
|--|------|------|------|------|
| | £ | Rs. | £ | Rs. |

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

| | | | | |
|---|---------|------------|---------|------------|
| Staff costs (note 4) | 824,156 | 55,556,356 | 171,317 | 12,278,289 |
| Auditors' remuneration | 4,000 | 269,640 | 3,000 | 215,010 |
| Loss on foreign exchange | 6,046 | 407,561 | - | - |
| Depreciation of tangible fixed assets (note 7): | | | | |
| Owned assets | 2,170 | 146,280 | 830 | 59,486 |

4. Directors and employees

Staff costs including directors' emoluments

| | | | | |
|--------------------|---------|------------|---------|------------|
| Wages and salaries | 820,406 | 55,303,568 | 171,317 | 12,278,289 |
| Pension costs | 3,750 | 252,788 | - | - |
| | 824,156 | 55,556,356 | 171,317 | 12,278,289 |

| Average monthly number employed including executive directors: | Number | Number |
|--|--------|--------|
| Software engineers, I.T consultants and Management | 50 | 16 |
| Directors | - | - |

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £ 3,750 (1999 £ 0)

| 5. Investment income | 2000 | 2000 | 1999 | 1999 |
|----------------------|------|-------|------|--------|
| | £ | Rs. | £ | Rs. |
| Interest receivable | 25 | 1,685 | 742 | 53,179 |

POLARIS SOFTWARE LAB LIMITED, UK**Notes on Financial Statements for the year ended 30 September**

| | 2000 | 2000 | 1999 | 1999 |
|-------------------------------------|-------------|-------------|-----------------------------|-------------|
| | £ | Rs. | £ | Rs. |
| 6. Taxation | | | | |
| Corporation tax | 1,782 | 120,124 | - | - |
| 7. Tangible fixed assets | | | | |
| | | | Office Equipment | |
| Cost | | | £ | Rs. |
| 1st October 1999 | | | 3,322 | 223,936 |
| Additions | | | 6,190 | 417,268 |
| 30th September 2000 | | | 9,512 | 641,204 |
| Depreciation | | | | |
| 1st October 1999 | | | 830 | 55,950 |
| Charge for the year | | | 2,170 | 146,280 |
| 30th September 2000 | | | 3,000 | 202,230 |
| Net book amount | | | | |
| 30th September 2000 | | | 6,512 | 438,974 |
| 1st October 1999 | | | 2,492 | 167,986 |
| 8. Debtors | 2000 | 2000 | 1999 | 1999 |
| | £ | Rs. | £ | Rs. |
| Amounts falling due within one year | | | | |
| Trade debtors and accrued income | 881,496 | 59,421,645 | 123,349 | 8,840,423 |
| Prepayments and sundry debtors | 34,719 | 2,340,408 | 9,076 | 650,477 |
| | 916,215 | 61,762,053 | 132,425 | 9,490,900 |

POLARIS SOFTWARE LAB LIMITED, UK

Notes on Financial Statements for the year ended 30 September

| | 2000 | 2000 | 1999 | 1999 |
|---|----------------|-------------------|----------------|------------------|
| | £ | Rs. | £ | Rs. |
| 9. Creditors: amounts falling due within one year | | | | |
| Amount owed to holding company | 429,355 | 28,942,821 | 45,086 | 3,231,314 |
| Corporation tax | 1,782 | 120,124 | - | - |
| Other taxation and social security | 143,183 | 9,651,966 | 29,833 | 2,138,131 |
| Accruals and other creditors | 300,488 | 20,255,896 | 41,902 | 3,003,116 |
| | <u>874,808</u> | <u>58,970,807</u> | <u>116,821</u> | <u>8,372,561</u> |
| 10. Reconciliation of movements in shareholders' funds | | | | |
| | 2000 | 2000 | 1999 | 1999 |
| | £ | Rs. | £ | Rs. |
| Profit/(loss) for the financial year | 47,101 | 3,175,078 | (37,167) | (2,663,759) |
| New share capital subscribed | <u>75,000</u> | <u>5,055,750</u> | <u>90,000</u> | <u>6,450,300</u> |
| Net addition to shareholders' funds | 122,101 | 8,230,828 | 52,833 | 3,786,541 |
| Opening shareholders' funds | 52,833 | 3,561,473 | - | - |
| Closing shareholders' funds | <u>174,934</u> | <u>11,792,301</u> | <u>52,833</u> | <u>3,786,541</u> |
| 11. Called up share capital | | | | |
| | 2000 | | 1999 | |
| | Number of | | Number of | |
| | shares | £ | shares | £ |
| Authorised | | | | |
| Ordinary shares of £1 each | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Allotted, called up and fully paid | | | | |
| Ordinary shares of £1 each | 165,000 | 165,000 | 90,000 | 90,000 |
| 12. Profit and loss account | | 2000 | | 2000 |
| | | £ | | Rs. |
| 1st October 1999 | | (37,167) | | (2,505,428) |
| Retained profit for the year | | 47,101 | | 3,175,079 |
| 30th September 2000 | | <u>9,934</u> | | <u>669,651</u> |
| 13. Ultimate parent undertaking | | | | |

The company regards Polaris Software Lab Ltd as its ultimate holding company, which is registered in India, and owns 100% of the issued share capital.

POLARIS SOFTWARE LAB LIMITED, UK **Appendix 1****Trading and Profit and Loss Account for the year ended 30 September**

| | 2000 | 2000 | 1999 | 1999 |
|---|------------------|--------------------|-----------------|--------------------|
| | £ | Rs. | £ | Rs. |
| Turnover | | | | |
| Sales | 1,823,554 | 122,925,775 | 246,784 | 17,687,009 |
| Cost of sales | | | | |
| Salaries and NIC | 820,406 | 55,303,568 | 171,317 | 12,278,289 |
| Outsourcing charges | 571,708 | 38,538,836 | 46,740 | 3,349,856 |
| Consultants | 275,647 | 18,581,364 | - | - |
| Travelling, fares etc | 64,201 | 4,327,790 | 10,160 | 728,167 |
| | <u>1,731,962</u> | <u>116,751,558</u> | <u>228,217</u> | <u>16,356,312</u> |
| Gross profit | <u>91,592</u> | <u>6,174,217</u> | <u>18,567</u> | <u>1,330,697</u> |
| Other operating income | | | | |
| Service charges | 113,984 | 7,683,661 | 7,533 | 539,890 |
| | <u>205,576</u> | <u>13,857,878</u> | <u>26,100</u> | <u>1,870,587</u> |
| Administration | 57,819 | 3,897,578 | 22,110 | 1,584,624 |
| Selling | 4,700 | 316,827 | 6,945 | 497,748 |
| Establishment | 34,614 | 2,333,330 | 4,819 | 345,378 |
| Financial | 57,415 | 3,870,345 | 29,305 | 2,100,289 |
| Depreciation | 2,170 | 146,280 | 830 | 59,486 |
| | <u>156,718</u> | <u>10,564,360</u> | <u>64,009</u> | <u>4,587,525</u> |
| Net trading profit/(loss) for the year | 48,858 | 3,293,518 | (37,909) | (2,716,938) |
| Other income | | | | |
| Bank deposit interest | 25 | 1,685 | 742 | 53,179 |
| Net profit/(loss) for the year | <u>48,883</u> | <u>3,295,203</u> | <u>(37,167)</u> | <u>(2,663,759)</u> |

POLARIS SOFTWARE LAB LIMITED, UK **Appendix 2**
Schedule to Trading and Profit and Loss Account for the year ended 30 September

| | 2000 | 2000 | 1999 | 1999 |
|------------------------------------|---------------|------------------|---------------|------------------|
| | £ | Rs. | £ | Rs. |
| Administration | | | | |
| Pension scheme contributions | 3,750 | 252,787 | - | - |
| Recruitment charges | - | - | 1,815 | 130,081 |
| Formation expenses | - | - | 150 | 10,751 |
| Health insurance | 1,360 | 91,678 | - | - |
| Travelling | - | - | 2,852 | 204,403 |
| Guest house rent and services | 12,765 | 860,489 | 6,929 | 496,601 |
| Acquisition of database | 10,000 | 674,100 | - | - |
| Telephone charges | 19,923 | 1,343,009 | 8,317 | 596,079 |
| Seminars and conferences | 4,455 | 300,311 | - | - |
| Magazine, journals and periodicals | 349 | 23,526 | 186 | 13,331 |
| Printing postage and stationery | 1,701 | 114,664 | 663 | 47,517 |
| Courier | 407 | 27,436 | 691 | 49,524 |
| Sundry expenses | 1,988 | 134,011 | 507 | 36,337 |
| Computer expenses | 1,121 | 75,567 | - | - |
| | <u>57,819</u> | <u>3,897,578</u> | <u>22,110</u> | <u>1,584,624</u> |
| Selling | | | | |
| Advertising | - | - | 320 | 22,934 |
| Travelling | - | - | 2,575 | 184,550 |
| Commissions | 4,700 | 316,827 | 4,050 | 290,264 |
| | <u>4,700</u> | <u>316,827</u> | <u>6,945</u> | <u>497,748</u> |
| Establishment | | | | |
| Repairs and renewals | 34 | 2,292 | 226 | 16,198 |
| Rent and services charges | 34,580 | 2,331,038 | 4,593 | 329,180 |
| | <u>34,614</u> | <u>2,333,330</u> | <u>4,819</u> | <u>345,378</u> |
| Financial | | | | |
| Bank charges and interest | 1,232 | 83,049 | 840 | 60,203 |
| Legal and professional fees | 39,137 | 2,638,225 | 23,465 | 1,681,736 |
| Auditors' remuneration | 4,000 | 269,640 | 3,000 | 215,010 |
| Accountants' fees | 7,000 | 471,870 | 2,000 | 143,340 |
| Profit/(loss) on foreign exchange | 6,046 | 407,561 | - | - |
| | <u>57,415</u> | <u>3,870,345</u> | <u>29,305</u> | <u>2,100,289</u> |
| Depreciation | | | | |
| Depreciation on office equipment | 2,170 | 146,280 | 830 | 59,486 |
| | <u>2,170</u> | <u>146,280</u> | <u>830</u> | <u>59,486</u> |

The Rupee equivalent of pound sterling for the year ended 30-9-2000 has been arrived at by converting at the average closing exchange rate of GBP 1 = Rs. 67.41 (Previous year GBP 1 = Rs. 71.67). This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956

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POLARIS SOFTWARE LAB S.A. SWITZERLAND

Financial statements for the period ended 31 March 2001

Passage Max-Meuron 1 P.O. Box 465 2001 Neuchatel
SWITZERLAND

POLARIS SOFTWARE LAB S.A.

DIRECTOR Francis Sermet
AUDITORS Mueller & Christe S.A.

CONTENTS

| | | |
|-------------------------------|-------|-----|
| Auditors' Report | ..... | 150 |
| Balance Sheet | ..... | 151 |
| Profit and Loss Account | ..... | 152 |
| Notes to Financial Statements | ..... | 153 |

FIDUCIAIRE

MUELLER & CHRISTE S.A.

Report of the statutory auditors to the general meeting of Polaris Software Lab S.A. Switzerland.

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of Polaris Software Lab S.A. for the year ended 31 March 2001.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statement submitted to you be approved.

We draw your attention to the requirement for the directors to call a general meeting of the shareholders under art. 725 al. 1 CO. since the net equity of the company is less than 50% of the share capital and legal reserves.

FIDUCIAIRE
MULLER ET CHRISTE S.A.

Roger Voirol

Georges Schneider
(auditor in charge)

Switzerland
31 March 2001

POLARIS SOFTWARE LAB S.A., SWITZERLAND**Balance Sheet as at 31 March**

| | (Period 15.08.00 - 31.03.01) | |
|---|------------------------------|--------------------|
| | 2001 | 2001 |
| | CHF | Rs. |
| FIXED ASSETS | 252 | 6,743 |
| TOTAL FIXED ASSETS | 252 | 6,743 |
| CURRENT ASSETS | | |
| Bank Balance | 23,258 | 622,384 |
| Polaris Software Lab - UK | 28,372 | 759,235 |
| Loan Anil Tikoo | 12,407 | 332,011 |
| Deposit Guarantee | 2,255 | 60,344 |
| Tax Recoverable | 30 | 803 |
| Prepayments | 3,892 | 104,150 |
| TOTAL CURRENT ASSETS | 70,214 | 1,878,927 |
| LESS : CURRENT LIABILITIES | | |
| Salary Control A/c | (8,059) | (215,659) |
| Social Security Charges | (6,556) | (175,438) |
| Tax at source | (3,528) | (94,409) |
| Creditors | (1,755) | (46,964) |
| Accruals | (8,239) | (220,476) |
| TOTAL CURRENT LIABILITIES | (28,137) | (752,946) |
| NET CURRENT ASSETS | 42,077 | 1,125,981 |
| TOTAL FIXED AND NET CURRENT ASSETS | 42,329 | 1,132,724 |
| REPRESENTED BY | | |
| Share Capital | 100,000 | 2,676,000 |
| Revenue Reserve brought forward | - | - |
| Profit /(Loss) for the period | (57,671) | (1,543,276) |
| TOTAL REVENUE RESERVES | (57,671) | (1,543,276) |
| TOTAL CAPITAL | 42,329 | 1,132,724 |

Note: The Rupee equivalent of CHF for the period ended 31-3-2001 has been arrived at by converting at the average closing exchange rate of CHF 1 = Rs. 26.76. This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956.

POLARIS SOFTWARE LAB S.A., SWITZERLAND

Profit and Loss Account for the period ended 31 March

| | (Period 15.08.00 - 31.03.01) | |
|--|------------------------------|--------------------|
| | 2001 | 2001 |
| | CHF | Rs. |
| FINANCIAL INCOME | | |
| Service Income | 28,372 | 759,235 |
| Bank Interest income | 85 | 2,274 |
| TOTAL FINANCIAL INCOME | 28,457 | 761,509 |
| EXPENSES | | |
| Salaries and wages | 29,120 | 779,251 |
| Social security charges | 4,597 | 123,016 |
| Lump sum allowance | 8,976 | 240,198 |
| Employees welfare | 3,120 | 83,491 |
| Accommodation costs | 4,694 | 125,611 |
| Employees private insurance | 2,197 | 58,792 |
| Travelling expenses | 3,772 | 100,938 |
| Entertaining expenses | 972 | 26,011 |
| Office rent | 2,340 | 62,618 |
| Foundation costs | 6,500 | 173,940 |
| Administration costs | 9,588 | 256,575 |
| Directors fees | 2,917 | 78,059 |
| Accounting fees | 1,500 | 40,140 |
| Audit fees | 1,500 | 40,140 |
| Legal and consultancy fees | 1,500 | 40,140 |
| Bank Interest and charges | 254 | 6,797 |
| Depreciation charges on Office equipment | 126 | 3,372 |
| Tax on capital | 250 | 6,690 |
| Irrecoverable VAT | 2,205 | 59,006 |
| TOTAL EXPENSES | (86,128) | (2,304,785) |
| Profit/(Loss) for the Period | (57,671) | (1,543,276) |

Note: The Rupee equivalent of CHF for the period ended 31-3-2001 has been arrived at by converting at the average closing exchange rate of CHF 1 = Rs. 26.76. This information is being provided in compliance with the directions of the Department of Company Affairs, Government of India, under section 212(8) of the Companies Act, 1956.

POLARIS SOFTWARE LAB S.A., SWITZERLAND**Notes to the Financial Statements**

There are no items which require disclosure in the notes to the financial statements for the year ended, in accordance with Article 663b of the Swiss Code of Obligations.

POLARIS SOFTWARE CONSULTING GmbH, GERMANY

Financial Statements for the period ended 31 March 2001

West End Street 19 60325 Frankfurt
GERMANY

POLARIS SOFTWARE CONSULTING GmbH, GERMANY**AUDITORS**

Treu GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

CONTENTS

| | | |
|-------------------------------|-------|-----|
| Auditors' Certificate | ..... | 156 |
| Balance Sheet | ..... | 157 |
| Profit and Loss Account | ..... | 158 |
| Notes to Financial Statements | ..... | 159 |

TREU - GMBH Wirtschaftsprüfungsgesellschaft - Steuerberatungsgesellschaft - Frankfurt

Auditor's Certificate

Our audit did not result in any objections.

In our opinion the financial statements present, in compliance with generally accepted accounting principles, a true and fair view of the financial position of the company.

Frankfurt am Main, April 2, 2001.

TREU - GMBH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Sohr
Wirtschaftsprüfer.

Polaris Software Consulting GmbH

Balance Sheet as at 31 March

| | 2001 | | 2001 | |
|-------------------------------|------------|-------------------|--------------|---------------------|
| | DM | DM | Rs. | Rs. |
| ASSETS | | | | |
| A. FIXED ASSETS | | | | |
| Tangible Assets | 11,279.51 | | 236,531.33 | |
| TOTAL FIXED ASSETS | | 11,279.51 | | 236,531.33 |
| B. CURRENT ASSETS | | | | |
| Receivables and Other Assets | 13,842.71 | | 290,281.63 | |
| Cash | 100,699.94 | | 2,111,677.74 | |
| TOTAL CURRENT ASSETS | | 114,542.65 | | 2,401,959.37 |
| C. PREPAID EXPENSES | | 10,859.00 | | 227,713.23 |
| TOTAL - ASSETS | | 136,681.16 | | 2,866,203.93 |
| LIABILITIES | | | | |
| A. SHAREHOLDERS EQUITY | | | | |
| Share Capital | | 197,538.83 | | 4,142,389.27 |
| Loss for the year | | (113,717.89) | | (2,384,664.15) |
| B. ACCRUALS | | 43,039.55 | | 902,539.36 |
| C. LIABILITIES | | 9,820.67 | | 205,939.45 |
| TOTAL - LIABILITIES | | 136,681.16 | | 2,866,203.93 |

Polaris Software Consulting GmbH

Profit and Loss Statement for fiscal year ending 31 March

| | 2001 | | 2001 | |
|------------------------------|-----------------|-------------------|------------------|---------------------|
| | DM | DM | Rs. | Rs. |
| Payroll expenses | | | | |
| a) Salaries and wages | 62,560.29 | | 1,311,889.28 | |
| b) Social Security | <u>3,956.56</u> | 66,516.85 | <u>82,969.06</u> | 1,394,858.34 |
| Depreciation on fixed assets | | 436.49 | | 9,153.20 |
| Other Business expenses | | 46,764.55 | | 980,652.61 |
| Loss for the year | | 113,717.89 | | 2,384,664.15 |

Polaris Software Consulting GmbH, Germany**Notes to financial statement as of 31 March 2001****1. Commercial Code :**

The company is classified as a small company in terms of S 267 Abs. 1 HGB Commercial code.

To facilitate the understanding all explanations to the financial statements are given in the notes to financial statements.

2. Valuation methods :

All assets are valued at cost. For all risks and contingencies accruals have been made up.

Liabilities are shown with their repayment values.

3. Explanations to balance sheet :

Other assets

| | | |
|-----------|-------------|------------------|
| VAT claim | DM 6,942.71 | (Rs. 145,588.63) |
|-----------|-------------|------------------|

Accruals

Accruals have been reserved for

- Legal accident insurance
- Chamber of commerce
- Auditing and consulting fees
- Misc. expenses

Liabilities affiliated Companies

| | | |
|---------------|-------------|------------------|
| Polaris India | DM 9,820.67 | (Rs. 205,939.45) |
|---------------|-------------|------------------|

4. Terms of repayment

| | | |
|---------------------------------|-------------|------------------|
| Liabilities due within one year | DM 9,820.67 | (Rs. 205,939.45) |
|---------------------------------|-------------|------------------|

5. Supplementary Information

General Manager

Mr. Gerard Sidoun, Freiburg

Polaris Software Consulting GmbH

Frankfurt, 2 April 2001

POLARIS RETAIL INFOTECH LIMITED

Financial statements for the year ended 30 September 2000

713, (New No. 244) Anna Salai Chennai - 600 006.

INDIA.

POLARIS RETAIL INFOTECH LIMITED**DIRECTORS**

Arun Jain
 Govind Singhal
 Aruna Kashinath
 N. Vaidyanathan
 V. Thyagarajan
 Mukesh Mathur
 Raja Krishnamoorthy

SECRETARY

B. Muthusubramanian

AUDITORS

Sivasubramanian & Rao
 Chartered Accountants
 #7, Lakshmanan Street,
 T. Nagar, Chennai - 600 017
 (O) 8281754/8223555 (R) 4354565
 E-mail : sandr@vsnl.com

CONTENTS

| | |
|-------------------------------------|-----|
| Directors' Report | 162 |
| Auditors' Report | 166 |
| Financial Statements | 169 |
| Notes to Financial Statements | 175 |

POLARIS RETAIL INFOTECH LTD.

Directors' Report

To the members of Polaris Retail Infotech Ltd

Your Directors have pleasure in presenting the Second Annual Report together with the Audited Statements of Accounts for the year ended September 30 2000.

1. Financial Highlights.

Financial results for the year ending September 30, 2000.

| Financial Results | Rs. in lakhs. | |
|----------------------------------|----------------------|------------------|
| | 30/9/2000 | 30/9/1999 |
| Loss before depreciation and tax | (68.00) | (98.90) |
| Add: Depreciation | (1.74) | (0.43) |
| Net Loss | (69.74) | (99.33) |

2. Review of Operations

This year was significant for your company as we have made a strong presence in the Indian Retail Industry by offering Polaris Retail Solutions – SuperStore and NTerprise to the corporate sector.

During the year, your company added a number of new clients, which include some prestigious names in the Indian Retail Industry – such as Adidas, Archies, Bombay Dyeing, Crossroad, BPCL, Titan Watches and Tanishq (Jewellery). We have also made a reasonable presence in the Middle East Region.

Your company has restructured the Business Development function and delivery functions to meet the requirements of corporate customers.

Your company has invested a substantial sum of money in developing and marketing the product, the development expenditure to the tune of Rs. 95.80 lacs and the same is capitalized and is to be written off over a period of five years. Hence the company in the current year has posted a loss of Rs. 69.74 lacs which includes Rs. 49.21 lacs towards amortisation of deferred revenue expenses. This situation is typical of most of the software product companies in the initial years.

3. Dividend

As the Company needs to augment its resources for its long-term fund requirements and as it has made a loss in the current year, the directors do not recommend any dividend in the current year.

4. Outlook for the future.

Your company has enormous opportunities coming in the way in the Retail segment. Technology changes the way retailers interface with customers. Retailers need IT solutions that can help them focus on their operations, collaborate more effectively with suppliers and keep their customers loyal by meeting and even exceeding their expectation.

Your company is positioning as a market leader in providing end-to-end IT solutions to the Indian Retail industry players

Your company is gearing up to handle many large accounts. The implementation and support function is being strengthened. Your company will look at new geographies such as Saudi Arabia, Singapore, Hong Kong, Malaysia, Indonesia and Nigeria for expansion.

Overall, the scenario for your company is looking optimistic in terms of adding new clients.

5. Auditors

M/s Sivasubramaniam & Rao have been appointed as the Auditors of the Company and they retire at the forthcoming Annual General Meeting and have offered themselves for re-appointment.

6. Directors

Mr. Arun Jain and Mr. N. Vaidyanathan, directors retire by rotation and offer themselves for reappointment. Mr. Raja Krishnamoorthy has been appointed as Additional Director on the Board with effect from 22nd February, to hold office until the conclusion of the ensuing AGM. It is considered that their reappointment would immensely benefit the company. Notices have been received under Section 257 of the Companies Act, 1956 proposing Mr Raja Krishnamoorthy's name for reappointment as Director of the Company. It is in the interest of the Company to have Mr. Raja Krishnamoorthy elected to the Board. The resolutions re-appointing them would be placed before the members for their approval.

8. Particulars of employees

There are no employees on the rolls of the Company drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

9. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under subsection (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the annexure included in this report.

10. Director's Responsibility

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis.

10. Acknowledgment

Your Directors thank the customers, investors and bankers for their continued support to your Company's growth. Your Directors place on record their appreciation of the contribution made by all the business partners and the Employees for sharing our vision of building a World-Class Software Company.

Chennai
22.02.2001

By Order of the Board,
For Polaris Retail Infotech Limited

V. Thyagarajan **Mukesh Mathur**
Director *Director*

Annexure to Directors' Report

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors)

1. Details of Conservation of Energy

The energy consumption is very low for the operations of your Company. We are using low energy consuming Computers using latest technology and the computers are also designed to automatic switch off when not in use. As energy cost forms a very small part of total costs, the impact on costs is not material

2. Technology Absorption : The details are given below.**a. Research & Development**

Your Company continues to undertake research and development in the following areas.

- General Software Development which includes adoption of new technologies, process improvement etc.,
- Continuous development & innovation in Software Development Life Cycle process.
- Continuously improving the existing products

b. Benefits Derived

We achieved a great degree of methodologies standardization in handling software projects which have been acclaimed by various quality Auditors.

c. Future plan of action

Your Company is continuously strengthening the R&D work in development of Application software, and new technologies. Your Company plans total integration of all Polaris Offices into virtual working environment where physical location does not impose any constraints on the work of the Executives.

d. Expenditure incurred

The expenditure is mainly in the form of salaries and benefits to the employees involved in this project, which are charged to the revenue account.

3. Technology absorption, adaptation and innovation

Your Company uses the latest technology available in its operations. Your Company continues to keep its thrust in modern technology applications.

4. Foreign exchange earnings and outgo

- | | | |
|--|---|----------------|
| (i) The Company earnings by export of software amounted to | : | Rs. 15.83 lacs |
| (ii) Expenditure in foreign currency | | |
| Travel (including maintenance allowance) | : | Rs. 2.08 lacs |
| Others (including sponsorship charges) | : | Nil |

By Order of the Board,
For Polaris Retail Infotech Limited

Chennai
22.02.2001

V. Thyagarajan **Mukesh Mathur**
Director *Director*

SIVASUBRAMANIAN & RAO
CHARTERED ACCOUNTANTS

#7, Lakshmanan Street,
T. Nagar, Chennai - 600 017
(O) 8281754/8223555 (R) 4354565
E-mail : sandr@vsnl.com

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of the Polaris Retail Infotech Limited as on 30th September 2000 and the Profit and Loss Account for the year ended on that date annexed there and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Sec. 227(4A) of the Companies Act, 1956, we enclose in the annexure on the matters specified in paragraph 4 and 5 of the said Order, wherever applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
 - i) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of books ;
 - iii) The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of account ;
 - iv) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable ;
 - v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required and give a true and fair view :
 - a) In case of the Balance Sheet, of the state of affairs of the Company as on September 30, 2000 and
 - b) In case of the Profit and Loss Account, of the Loss of the year ended on that date.

For **SIVASUBRAMANIAN & RAO**
CHARTERED ACCOUNTANTS

Place: Chennai
Date : 22.02.2001

S.Viswanathan
Partner

SIVASUBRAMANIAN & RAO
CHARTERED ACCOUNTANTS

#7, Lakshmanan Street,
T. Nagar, Chennai - 600 017
(O) 8281754/8223555 (R) 4354565
E-mail : sandr@vsnl.com

ANNEXURE TO AUDITORS' REPORT

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. We are informed that the fixed assets have been verified by the management, and no discrepancies were noted on such verification.
- 2) The fixed assets have not been revalued during the year.
- 3) The Company had carried out physical verification at reasonable intervals in respect of the stores, spares and components. The procedure of physical verification of stock followed by the management were reasonable and adequate in relation to the size of the company and the nature of the business.
- 4) We have been informed that no material discrepancies have been noticed on such physical verification of stock.
- 5) The valuation of stock is fair and proper in accordance with the normal accounting principles. The basis of valuation is the same as in the preceding year.
- 6) The Company has not taken any loan, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 7) The Company has not granted any secured or unsecured loans to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 8) In respect of loans and advances in the nature of loans given to employees and others, the principal amounts and interest thereon, wherever applicable, are recovered as stipulated.
- 9) In our opinion and according to the information and explanations given to us, there have been sales of goods, materials and services made during the year with a party aggregating to Rs. 50,000/- or more in the register maintained under section 301 of the Companies Act, 1956. Such sales have been made at a price which are reasonable having regard to prevailing market prices for such goods, materials and services.
- 10) The Company has no unserviceable or damaged stores.
- 11) The Company has not accepted any deposits from the public.
- 12) In our opinion, the Company has an Internal Audit system commensurate with the size and the nature of its business.
- 13) The Company has no scrap or by-product.
- 14) There are adequate internal control procedures, commensurate with the size and nature of its business.

- 15) In our opinion and according to the information and explanation given to us, the requirement of maintenance of the cost records under Sec 209(1) (d) of the Companies Act, 1956 is not applicable to the company.
- 16) The Company is depositing the Provident Fund due with the appropriate authorities regularly. Regarding Employee State Insurance dues the amount had not been deposited because code number had not been allotted.
- 17) There were no undisputed amounts of income tax, sales tax, customs duty and excise duty outstanding as on September 30, 2000 for a period of more than six months from the date they became payable.
- 18) According to the information and explanation given to us and records examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- 19) The Company is not a sick industrial company within the meaning of section 3 (1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **SIVASUBRAMANIAN & RAO**
CHARTERED ACCOUNTANTS

Place: Chennai
Date : 22.02.2001

S.Viswanathan
Partner

POLARIS RETAIL INFOTECH LIMITED**Balance Sheet as at**

| | Schedule | 30.9.2000 (Rs) | 30.9.1999 (Rs) |
|---|----------|-------------------|-------------------|
| SOURCES OF FUNDS | | | |
| SHARE HOLDERS' FUNDS | | | |
| Share Capital | 1 | 35,000,070 | 35,000,070 |
| | | 35,000,070 | 35,000,070 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 2 | 904,772 | 293,509 |
| Less: Depreciation | | 217,450 | 43,398 |
| Net book value | | 687,322 | 250,111 |
| Capital Work in progress | | 1,053,344 | - |
| | | 1,740,666 | 250,111 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Stock in Trade | | 1,288,254 | 3,978,843 |
| Cash and bank balances | 3 | 6,227,531 | 13,658,685 |
| Sundry Debtors | 4 | 6,509,733 | 1,596,007 |
| Loans & Advances | 5 | 1,665,586 | 350,373 |
| | | 15,691,104 | 19,583,908 |
| CURRENT LIABILITIES | | | |
| Liabilities | 6 | 15,390,189 | 6,937,265 |
| NET CURRENT ASSETS | | 300,915 | 12,646,643 |
| Miscellaneous Expenditure to the extent not written off or adjusted | 7 | 16,791,629 | 12,169,772 |
| Profit and Loss Account | | 16,166,860 | 9,933,544 |
| | | 35,000,070 | 35,000,070 |

Significant accounting policies and notes to accounts 11

The Schedules referred to above and the notes thereon form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date

for Sivasubramanian & Rao
Chartered Accountants

S.Viswanathan
Partner

V. Thyagarajan
Director

Mukesh Mathur
Director

Place : Chennai
Date : 22.02.2001

B. Muthusubramanian
Company Secretary

POLARIS RETAIL INFOTECH LIMITED

Profit and Loss Account for the year ended

| | Schedule | 30.9.2000 (Rs) | 30.9.1999 (Rs) |
|--|----------|---------------------|--------------------|
| INCOME | | | |
| Software development services and products | | | |
| - Overseas | | 1,583,201 | 549,144 |
| - Domestic | | 12,136,545 | 3,814,436 |
| Other income | 8 | 366,199 | 492,089 |
| | | 14,085,945 | 4,855,669 |
| EXPENDITURE | | | |
| Cost of sales and other Direct Expenses | 9 | 10,509,981 | 9,153,778 |
| Administrative and other expenses | 10 | 10,376,310 | 5,592,037 |
| | | 20,886,291 | 14,745,815 |
| Operating Loss | | (6,800,346) | (9,890,146) |
| Depreciation | | 174,052 | 43,398 |
| Net Loss | | (6,974,398) | (9,933,544) |
| Add:Loss brought forward | | (9,933,544) | |
| Less:Provisions no longer required | | 741,082 | |
| Total loss carried to balance sheet | | (16,166,860) | (9,933,544) |

Significant accounting policies and notes to accounts 11

The Schedules referred to above and the notes thereon form an integral part of these financial statements.

This is the Profit & Loss account referred to in our report of even date

for Sivasubramanian & Rao
Chartered Accountants

S.Viswanathan
Partner

V. Thyagarajan
Director

Mukesh Mathur
Director

Place : Chennai
Date : 22.02.2001

B. Muthusubramanian
Company Secretary

POLARIS RETAIL INFOTECH LIMITED**Schedules to the Balance Sheet as at**

| | 30.9.2000 | 30.9.1999 |
|---|-------------------|-------------------|
| | (Rs) | (Rs) |
| 1. SHARE CAPITAL | | |
| AUTHORISED | | |
| 5,000,000 equity shares of Rs.10 each. | 50,000,000 | 50,000,000 |
| 1,000,000 preference shares of Rs. 10 each | 10,000,000 | 10,000,000 |
| | 60,000,000 | 60,000,000 |
| ISSUED,SUBSCRIBED AND PAID UP | | |
| 3,500,007 equity shares of Rs.10 each fully paid up (Previous year 3,500,007 equity shares of Rs.10/-each fully paid up) | 35,000,070 | 35,000,070 |
| | 35,000,070 | 35,000,070 |

POLARIS RETAIL INFOTECH LIMITED
Schedules to the Balance Sheet as at
2. FIXED ASSETS

Rs.

| Sl.No | Assets | Cost | | | Depreciation | | | Net book value | |
|-------|------------------------|----------------|---------------------------|----------------|---------------|----------------|----------------|----------------|----------------|
| | | 1 Oct. 1999 | Additions during the year | 30 Sept. 2000 | 1 Oct. 1999 | For the year | 30 Sept. 2000 | 30 Sept. 2000 | 30 Sept. 1999 |
| 1 | Computer Equipments | 156,672 | 111,986 | 268,658 | 4,292 | 72,526 | 76,818 | 191,840 | 152,380 |
| 2 | Computer accessories | 20,650 | 415,768 | 436,418 | 433 | 45,707 | 46,140 | 390,278 | 20,217 |
| 3 | Software | - | 33,825 | 33,825 | - | 33,825 | 33,825 | - | - |
| 4 | Office Equipments | 104,287 | 15,500 | 119,787 | 26,773 | 8,641 | 35,414 | 84,373 | 77,514 |
| 5 | Furniture and fixtures | 11,900 | 34,184 | 46,084 | 11,900 | 13,353 | 25,253 | 20,831 | - |
| | | 293,509 | 611,263 | 904,772 | 43,398 | 174,052 | 217,450 | 687,322 | 250,111 |
| | Previous year | - | 293,509 | 293,509 | | 43,398 | 43,398 | - | 250,111 |

POLARIS RETAIL INFOTECH LIMITED**Schedules to the Balance Sheet as at**

| | 30.9.2000 | 30.9.1999 |
|--|-------------------|-------------------|
| | (Rs) | (Rs) |
| 3. CASH AND BANK BALANCES | | |
| Cash on hand | 17,515 | 19,604 |
| Balances with scheduled banks | | |
| - current accounts | 2,210,016 | 7,639,081 |
| - in deposit accounts | 4,000,000 | 6,000,000 |
| | 6,227,531 | 13,658,685 |
| 4. SUNDRY DEBTORS -Unsecured. | | |
| Debts outstanding for a period exceeding six months. | | |
| considered good | 302,175 | 57,750 |
| considered doubtful | 56,690 | - |
| Other debts- Considered good | 6,207,558 | 1,538,257 |
| | 6,566,423 | 1,596,007 |
| Less: Provision for Doubtful debts | 56,690 | |
| | 6,509,733 | 1,596,007 |
| 5. LOANS AND ADVANCES | | |
| (Unsecured considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 312,966 | 99,581 |
| Advance income tax (Including tax deducted at source) | 262,148 | 107,993 |
| Loans to employees | 937,328 | 15,299 |
| Interest Receivable | 25,644 | |
| Rent and maintenance deposit | 127,500 | 127,500 |
| | 1,665,586 | 350,373 |
| 6. CURRENT LIABILITIES | | |
| Sundry creditors and accrued expenses | 15,271,944 | 6,838,853 |
| Advances received from clients | 118,245 | 98,412 |
| | 15,390,189 | 6,937,265 |
| 7. MISCELLANEOUS EXPENDITURE | | |
| (to the extent not written off or adjusted) | | |
| Preliminary expenses | 113,352 | 151,136 |
| Deferred revenue expenses - Opening balance | 12,018,636 | |
| Add: Deferred current year expenses | 9,580,376 | 15,023,296 |
| Less: Amortisation made during the year | 4,920,735 | 3,004,660 |
| Balance carried | 16,678,277 | 12,018,636 |
| | 16,791,629 | 12,169,772 |

POLARIS RETAIL INFOTECH LIMITED

Schedules to the Profit and Loss Account for the year ended

| | 30.9.2000 | 30.9.1999 |
|---|-------------------|------------------|
| | (Rs) | (Rs) |
| 8. OTHER INCOME | | |
| Interest received on deposits with banks and others (Tax deducted at source Rs. 78,855/-) previous year Rs.107,993) | 362,602 | 491,089 |
| Miscellaneous Income | 3,597 | 1,000 |
| | 366,199 | 492,089 |
| 9. COST OF SALES AND OTHER DIRECT EXPENSES | | |
| Opening Stock | 3,978,843 | |
| Add : Purchases | 1,428,980 | 6,942,025 |
| Less : Closing Stock | 1,288,254 | 3,978,843 |
| Cost of Goods Sold | 4,119,569 | 2,963,182 |
| Salaries and Bonus | 5,484,773 | 5,939,556 |
| Staff Welfare | 184,868 | 161,333 |
| Contribution to PF & Other Funds | 720,771 | 89,707 |
| | 10,509,981 | 9,153,778 |
| 10. ADMINISTRATION AND OTHER EXPENSES | | |
| Travelling and Conveyance | 2,134,904 | 972,546 |
| Communication Expenses | 823,527 | 317,652 |
| Rent | 1,269,824 | 542,045 |
| Legal & Professional Charges | 121,832 | 219,279 |
| Printing and stationery | 155,649 | 99,131 |
| Advertisements | 34,800 | 94,883 |
| Business promotion | 415,734 | 33,780 |
| Office Maintenance | 146,293 | 86,112 |
| Power and Fuel | 66,535 | 64,368 |
| Insurance Charges | 21,083 | 7,356 |
| Rates & Taxes | 3,889 | 15,509 |
| Auditors' remuneration | | |
| -for Audit fees | 25,000 | 15,000 |
| -for taxation | 5,000 | 5,000 |
| -for other services | 3,100 | - |
| Bank charges | 56,478 | 32,489 |
| Miscellaneous expenses | 77,453 | 44,443 |
| Provision for Doubtful Debts | 56,690 | |
| Preliminary expenses written off | 37,784 | 37,784 |
| Business development expenses written off | 4,920,735 | 3,004,660 |
| | 10,376,310 | 5,592,037 |

POLARIS RETAIL INFOTECH LIMITED**Schedules to the Balance Sheet and Profit and Loss Account****11 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation**

The Financial Statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. All Income and expenditure having a material bearing on the financial statements are recognised on accrual basis.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

3. Fixed Assets

Fixed assets are stated at the cost of acquisition or construction, less depreciation.

4. Depreciation

Depreciation on fixed assets is provided using the Straight line method. Depreciation is charged on a pro rata basis for assets purchased / sold during the year. Individual assets costing Rs. 5,000 or less are depreciated in full in the year of purchase.

5. Foreign Currency Transactions

Transactions in foreign currencies were recorded at a rate which closely approximates the exchange rate prevailing on the date of the transaction. Current assets and liabilities in foreign currencies are translated at the rate of exchange as at the Balance sheet date. All resulting gains / losses are recognised in the Profit and Loss account.

6. Retirement Benefits

Company's contribution to Provident fund and Superannuation funds are charged to Profit and Loss account. Liability on account of Gratuity is charged to Profit and Loss account on the basis of actuarial valuation.

7. Inventory is valued at cost.

POLARIS RETAIL INFOTECH LIMITED

Schedules to the Balance Sheet and Profit and Loss Account

11 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

B NOTES TO ACCOUNTS

1. The company during the year had treated Rs.95,80,376 as Deferred Revenue expenditure. These expenditures were in the nature of technical improvement and product development which resulted in enhancement of the product value. They will be written off in 5 equal instalments.

| | 2000 | 1999 |
|---|-------------|-------------|
| | Rs. | Rs. |
| 2. Earnings in foreign currency | | |
| Software products | 1,583,201 | 5,49,144 |
| 3. Expenditure in foreign currency Travel | 208,125 | 50,105 |

4. Quantitative details

The Company is engaged in the development of computer software and sale of Retail Business machines along with Software. Sale of such items cannot be expressed in any generic unit. Hence, it is not possible to give quantitative details.

| | 2000 | 1999 |
|---|-------------|-------------|
| | Rs. | Rs. |
| Purchases | | |
| Computers inclusive of Monitors | | |
| Key Boards, Printers, software and etc. | 1,428,980 | 6,942,025 |
| Sales | | |
| Computers and software with accessories | 13,298,925 | 4,355,780 |
| Training and professional services | 420,821 | 7,800 |
| | 13,719,746 | 4,363,580 |

Closing Stock

| | | |
|------------------------------------|-----------|-----------|
| Computers inclusive of Monitors | | |
| Key Boards, Printers, software etc | 1,288,254 | 3,978,843 |

5. Contingent liabilities
 - a. Estimated amount of contracts remaining to be provided on capital account.

| | | |
|--|-----|-----|
| | Nil | Nil |
|--|-----|-----|
 - b. Guarantees given by the company

| | | |
|--|-----|-----|
| | Nil | Nil |
|--|-----|-----|
6. 35,00,000 Equity Shares of Rs.10/ each are being held by the holding company "Polaris Software Lab Limited".
7. On the basis of available information, no amount is due to Small Scale industrial undertakings on account of purchase of goods.
8. The figures for the period ended on 30.09.1999 are from 24.3.1999 to 30.9.1999 and the figures for Current year are for the whole year. Hence, the figures for both the years are not comparable.
9. In the opinion of the management current assets, loans and advances have a value on realisation atleast to the extent stated in the Balance Sheet
10. Figures for the previous year have been re-grouped to conform to the current year's presentation.

POLARIS RETAIL INFOTECH LIMITED**Balance Sheet Abstract and Company's General Profile****I. Registration Details**

| | | | |
|-----------------|------------|------------|----|
| Registration No | 18-41456 | State Code | 18 |
| Balance Sheet | 30.09.2000 | | |

II. Capital Raised during the Year

| | | | |
|--------------|-----|-------------------|-----|
| Public issue | Nil | Rights Issue | Nil |
| Bonus Issue | Nil | Private Placement | Nil |

III. Position of Mobilisation and deployment of funds (Amount in Thousands)

| | | | |
|-------------------|--------|--------------|--------|
| Total Liabilities | 35,000 | Total Assets | 35,000 |
|-------------------|--------|--------------|--------|

Source of funds

| | | | |
|-----------------|--------|--------------------|-----|
| Paid up Capital | 35,000 | Reserves & Surplus | NIL |
| Secured Loans | NIL | Unsecured Loans | NIL |

Application of funds

| | | | |
|---------------------------------|--------|------------------|--------|
| Net fixed assets including CWIP | 1,740 | Investments | NIL |
| Net Current Assets | 301 | Misc Expenditure | 16,792 |
| Accumulated Losses | 16,167 | | |

IV. Performance of the Company(Amount in thousands)

| | | | |
|-----------------------------|---------|----------------------------|---------|
| Total Turnover | 14,086 | Total expenditure | 21,060 |
| Profit & (Loss) before tax | (6,974) | Profit & (Loss) after tax | (6,974) |
| Earning per share in Rs | — | Dividend Rate % | NIL |

V. Generic names of three principal products/services of Company (as per monetary terms)

| | | |
|-------------------------|-----------|-------------------|
| Item Code No (ITC Code) | | Not Applicable |
| Product description | | Computer Software |
| a. Software | 852453.01 | |
| b. RBM | 852499.02 | |

V. Thyagarajan
Director

Mukesh Mathur
Director

Place : Chennai
Date : 22.02.2001

B. Muthusubramanian
Company Secretary

TIP TOP HOLDINGS LIMITED

Financial statements for the year ended 31 March 2001

B-19, Sector 2 Noida - 201 301

INDIA

TIP TOP HOLDINGS LIMITED**DIRECTORS**

G N Mathur
Abhay Agarwal
N Vaidyanathan

AUDITORS

N.K.BHARGAVA & CO.
Chartered Accountants
New Delhi

CONTENTS

| | |
|-------------------------------------|-----|
| Directors' Report | 180 |
| Auditors' Report | 182 |
| Financial Statements | 185 |
| Notes to Financial Statements | 188 |

Directors' Report

Dear Members,

Your Directors have the pleasure in presenting the 7th Annual Report of TIPTOP HOLDINGS LIMITED together with the Audited Statements of Accounts for the year ended March 31, 2001.

1. Financial Highlights.

Financial results for the year ending,

Rupees

| | March 31, 2001 | March 31, 2000 |
|----------------------------------|----------------|----------------|
| Loss before depreciation | (15,469.50) | (10,814.00) |
| Less : Depreciation | Nil | 1,400.00 |
| Net Loss | (15,469.50) | (12,214.00) |
| Add : Surplus brought forward | 3,970.50 | 16,184.50 |
| Balance carried to balance sheet | (11,499.00) | 3,970.50 |

The entire Equity Share Capital of the Company comprising of 8,55,510 shares of Rs.10/- each was acquired by **M/s Polaris Software Lab Limited** and its nominees in December 1999 from its erstwhile shareholders. Consequent to the acquisition of shares by Polaris, the Company has become a deemed public company under section 43(A) of the Companies Act, 1956. The conversion was due to an operation of law, and the Registrar of Companies, (ROC) New Delhi has declared the Company as a deemed public limited company vide its order dated 5th February, 2000.

2. Auditors

M/s N. K. Bhargava & Co., the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The retiring Auditors, have furnished a Certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue.

3. Directors

Mr. G. N. Mathur, director retires at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

4. Fixed Deposits

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

5. Particulars of Employees

None of the employees is covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

6. Disclosure with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo.

Your Company not being a manufacturing company, the particulars of Sec 217 (1)(e) with respect to conservation of energy pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are not applicable. There has been no technology absorption or foreign exchange earnings and outflow during the year.

7. Director's Responsibility

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis;

8. Acknowledgment

Your Directors wish to place on record their appreciation of the excellent support received from the company's bankers and all other connected persons.

for and on behalf of the Board

Place : New Delhi
Date : April 7, 2001

G N Mathur **Abhay Agarwal**
Director *Director*

N.K.BHARGAVA & CO.
CHARTERED ACCOUNTANTS

Tel: 225 2376, 249 3650
C-31, Acharya Niketan, 1st floor
Opp.Pocket-1 (Below NIIT Centre)
Mayur Vihar, Phase-I,
Delhi - 110 091

AUDITORS' REPORT

TO,
THE SHAREHOLDERS
M/S TIP TOP HOLDINGS LIMITED
NEW DELHI

We have audited the attached Balance Sheet of M/s. Tip Top Holdings Limited as at 31st March 2001 and the Profit and Loss Account of the Company for the year ended on that date and report as follows:-

As required by the Manufacturing and Other companies (Auditor's Report) order, 1988 issued by the Company Law Board under section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the order to the extent applicable.

Further to our comments in the Annexure referred in Paragraph 1 above we state that:-

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
- c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Profit & Loss Account comply with accounting standards referred in sub-section (3 C) of section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:-
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March 2001 and
 - ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For **N. K. BHARGAVA & CO.**
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 07.04.2001

(N. K. BHARGAVA)
Partner

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR AUDITORS' REPORT
OF M/S TIP TOP HOLDINGS LIMITED.**

ANNEXURE TO OUR AUDIT REPORT

(Referred to in paragraph 1 of our report of even date)

As required by the manufacturing and other companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, We further report that:

1. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies have been noticed on such verification.
2. The fixed assets have not been revalued during the year.
3. Not applicable to the company.
4. Not applicable to the company.
5. Not applicable to the company.
6. Not applicable to the company.
7. In our opinion the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company where the company has taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956 or to the companies under the same management as defined under sub section (1B) of section 370 of the Companies Act, 1956.
8. The company has not granted any loans, secured or unsecured to the companies, firms, other parties listed in the register maintained under section 301 of the Companies Act, 1956.
9. Clauses 9, 10, 11, 12 are not applicable.
10. In our opinion and to the best of our information and according to explanation given to us, the company has not accepted deposits from the public.
11. Clauses 14, 16, 17 are not applicable to the Company.
12. In our opinion the Company is having an internal audit system commensurate with the size of the company and nature of its business.
13. According to the information and explanation given to us no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty, excise duty were outstanding as at 31st March 2001 for a period of more than six months from the date on which they became payable.
14. According to the information and explanations given to us and records of the company examined by us, no personal expenses have been charged to revenue, other than those payable under contractual obligations or in accordance with generally accepted business practice.

15. The company is not a sick industrial company within the meaning of clause (0) of sub section (1) of Section 3 of the Sick Industrial Companies (Special provisions) Act, 1985.
16. In the case of finance, investment, chit fund, nidhi or mutual benefit company:-
 - 1) Not applicable to the company.
 - 2) Not applicable to the company.
 - 3) The company is maintaining proper records.

For **N. K. BHARGAVA & CO.**
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 07.04.2001

(N. K. BHARGAVA)
Partner

TIP TOP HOLDINGS LIMITED**Balance Sheet as at**

| | Schedule no. | 31.03.2001 Rs. | 31.3.2000 Rs. |
|---|-----------------|---------------------|---------------------|
| SOURCES OF FUNDS | | | |
| SHARE HOLDERS FUND | | | |
| Share Capital | 1 | 8,555,100.00 | 8,555,100.00 |
| Reserves & Surplus | 2 | - | 3,970.50 |
| Loan Fund | | | |
| Dues to holding Company | | 767,212.00 | 759,512.00 |
| Total | | 9,322,312.00 | 9,318,582.50 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | 3 | 9,287,030.00 | 9,287,030.00 |
| Current Assets | 4 | 11,190.00 | 15,797.50 |
| Less Current liabilities | 5 | (5,485.00) | (5,335.00) |
| Net current assets | | 5,705.00 | 10,462.50 |
| Miscellaneous expenditures (to the extent not written off or adjusted) | 6 | 18,078.00 | 21,090.00 |
| Profit and Loss Account | | 11,499.00 | - |
| Total | | 9,322,312.00 | 9,318,582.50 |
| Notes to accounts | 7 | | |

This is the Balance sheet referred to in our report of even date

For **N. K. Bhargava & Co.,**
Chartered Accountants

N. K. Bhargava
Partner

G N Mathur
Director

Abhay Agarwal
Director

Place : New Delhi
Date : 07.04.2001

TIP TOP HOLDINGS LIMITED

Profit & Loss Account for the year ended

| | Schedule no. | 31.03.2001 Rs. | 31.3.2000 Rs. |
|--|-------------------------|---------------------------|--------------------------|
| INCOME: | | | |
| Interest | | - | 14,388.00 |
| Agricultural receipts | | 11,276.00 | 10,000.00 |
| | | 11,276.00 | 24,388.00 |
| EXPENDITURE: | | | |
| Expenses for Agricultural activity | | 13,913.50 | 28,298.00 |
| Filing fees | | 4,550.00 | 600.00 |
| Printing & Stationary | | 150.00 | 132.00 |
| Bank charges | | 1,970.00 | 160.00 |
| Audit fees | | 3,150.00 | 3,000.00 |
| Preliminary exp. W/off | | 3,012.00 | 3,012.00 |
| Depreciation | | - | 1,400.00 |
| | | 26,745.50 | 36,602.00 |
| Net Loss | | (15,469.50) | (12,214.00) |
| Less: Surplus brought forward from previous year | | 3,970.50 | 16,184.50 |
| Balance carried to balance Sheet | | (11,499.00) | 3,970.50 |

Notes to Accounts 7

This is the Profit & Loss account referred to in our report of even date

For **N. K. Bhargava & Co.,**
Chartered Accountants

N. K. Bhargava
Partner

G N Mathur
Director

Abhay Agarwal
Director

Place : New Delhi
Date : 07.04.2001

TIP TOP HOLDINGS LIMITED**Schedules to the Balance Sheet as at**

| | 31.03.2001 | 31.03.2000 |
|---|---------------------|---------------------|
| | Rs. | Rs. |
| Schedule -1 Share Capital | | |
| Authorised Share Capital | | |
| 8,60,000 Equity shares of Rs.10 each | 8,600,000.00 | 8,600,000.00 |
| ISSUED , SUBSCRIBED & PAID UP: | | |
| 8,55,510 Equity shares of Rs.10 each | 8,555,100.00 | 8,555,100.00 |
| Total | 8,555,100.00 | 8,555,100.00 |
| Schedule - 2 Reserves & Surplus | | |
| Profit & Loss account | | |
| Balance brought forward | 3,970.50 | 16,184.50 |
| Add / Less : Profit / (Loss) for the year | (15,469.50) | (12,214.00) |
| Amount carried to balance sheet | (11,499.00) | 3,970.50 |
| Schedule - 3 Fixed Assets | | |
| Land | 9,287,030.00 | 9,000,000.00 |
| Add: Site Development | | 287,030.00 |
| | 9,287,030.00 | 9,287,030.00 |
| Furniture & Fixtures | | 1,400.00 |
| Gross Assets | 9,287,030.00 | 9,288,430.00 |
| Less: Depreciation for furniture | | 1,400.00 |
| Net Assets | 9,287,030.00 | 9,287,030.00 |
| Schedule - 4 - Current Assets. | | |
| Cash in hand | - | 2,637.50 |
| Balance with scheduled banks | 3,500.00 | 7,820.00 |
| Telephone Deposit | 3,000.00 | 3,000.00 |
| Advance Income tax | 4,690.00 | 2,340.00 |
| | 11,190.00 | 15,797.50 |
| Schedule - 5 Current Liabilities | | |
| Expenses payable | 3,150.00 | 3,000.00 |
| Provision for Income-tax | 2,335.00 | 2,335.00 |
| | 5,485.00 | 5,335.00 |
| Schedule - 6 Miscellaneous expenditures to the extent not written off or adjusted | | |
| Preliminary expenses | 21,090.00 | 24,102.00 |
| Less: 1/10th written off during the year | 3,012.00 | 3,012.00 |
| | 18,078.00 | 21,090.00 |

TIP TOP HOLDINGS LIMITED

Schedule - 7 - Significant Accounting Policies and Notes to Accounts

A. SIGNIFICANT ACCOUNTING POLICIES:

1. The Financial Statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles, applicable accounting standards and relevant presentational requirements of the Companies Act, 1956.
2. The Company adopts the accrual basis in the preparation of accounts.
3. Fixed assets including other related expenses are stated at their original cost.
4. Preliminary expenses are being amortized over a period of 10 years.

B. NOTES TO ACCOUNTS:

1. Additional information pursuant to paragraphs 3&4 of Part II of Schedule to the Companies Act,1956 (as amended):
 - a. Earnings in Foreign Currency Nil
 - b. Expenditure in foreign currency Nil
2. Contingent liabilities not provided for Nil
3. Directors' remuneration Nil
4. In the opinion of the management, current assets, loans & advances have a value on realization, atleast to the extent stated in the Balance sheet.
5. The company has become a public limited company by virtue of section 43A of the Companies Act, 1956.
6. Previous year figures have been regrouped/rearranged wherever considered necessary.

For **N. K. Bhargava & Co.,**
Chartered Accountants

N. K. Bhargava
Partner

G N Mathur
Director

Abhay Agarwal
Director

Place : New Delhi
Date : 07.04.2001

TIP TOP HOLDINGS LIMITED**Balance Sheet Abstract and Company's general profile****I. Registration Details**

| | | | |
|-----------------|------------|------------|----|
| Registration No | 55 - 61038 | State Code | 55 |
| Balance Sheet | 31.03.2001 | | |

II. Capital Raised during the Year

| | | | |
|-------------------|-----|--------------|-----|
| Public issue | Nil | Rights Issue | Nil |
| Bonus Issue | Nil | | |
| Private Placement | Nil | | |

III. Position of Mobilisation and deployment of funds (Amount in Thousands)

| | | | |
|-------------------|-------|--------------|-------|
| Total Liabilities | 9,322 | Total Assets | 9,322 |
|-------------------|-------|--------------|-------|

Source of funds

| | | | |
|-----------------|-------|--------------------|-----|
| Paid up Capital | 8,555 | Reserves & Surplus | |
| Secured Loans | - | Unsecured Loans | 767 |

Application of funds

| | | | |
|--------------------|-------|------------------|----|
| Net fixed assets | 9,287 | Investments | - |
| Net Current Assets | 6 | Misc Expenditure | 29 |

IV. Performance of the Company (Amount in thousands)

| | | | |
|--------------------------|------|-------------------|------|
| Total Turnover | 11 | Total expenditure | 26 |
| Profit before tax | (15) | Profit after tax | (15) |
| Earning per share in Rs. | - | Dividend Rate | - |

V. Generic names of three principal products/services of Comapny(as per monetary terms)

| | |
|-------------------------|-------------------|
| Item Code No (ITC Code) | Not Applicable |
| Product description | Computer Software |

G N Mathur
Director

Abhay Agarwal
Director

Place : New Delhi
Date : 07.04.2001

FREQUENTLY ASKED QUESTIONS

FREQUENTLY ASKED QUESTIONS

- a) With respect to an analysis of the operations of the company and its asset/liability, investors are advised to go through the section on Management Discussion & Analysis on page no. 101.

Investors are also advised to refer to General Shareholders Information in the Corporate Governance section on page no. 65.

- b) What is the dividend declared in the current year and what is the dividend history of the Company?

The Board has recommended a dividend of 30% for the current year.

Polaris has had a consistent dividend payment record of 20% for the past five years preceding the previous year and 30% for the previous year 1999-2000.

- c) What is the rationale for the Bonus recommendation by the Board?

The Company has over the years built a healthy reserves position and therefore the Board felt that it would be appropriate to capitalise a part of the reserves and reward the shareholders by issue of Bonus shares in the ratio of one Bonus share for every two shares held.

- d) When will the Bonus shares be issued?

The Board of Directors after getting the approval of the shareholders for issue of Bonus shares will announce a record date and shareholders whose names appear in the register of members of the Company and those whose names appear as beneficial owners on the records of National Securities Depository Limited and Central Depository Services (India) Limited as on the said date will be entitled to the Bonus shares.

- e) When can the Bonus shares be traded?

After the allotment of the Bonus shares by the Company, it would be making an application to the Madras, Mumbai and National Stock Exchanges for listing of Bonus shares. On receipt of the listing permission from the respective exchanges the shares can be traded.

- f) Does the Company have any plans to access the overseas market?

The company views overseas listing as an ideal platform for attaining "Brand Salience" as a global player. The Board would strategize the plans to access the overseas market at the appropriate time.

- g) How has the Company utilized the funds raised out of its Initial Public Offering?

Attention is drawn towards note no 14 of Schedule 15 (B) to the financial statements.

- h) What has been the growth in employee strength of the Company ?

The employee strength over the last five years is as follows:

| Year | No. of employees |
|-------------|-------------------------|
| 1996-97 | 444 |
| 1997-98 | 596 |
| 1998-99 | 725 |
| 1999-00 | 1435 |
| 2000-01 | 2334 |

i) What is the global presence of Polaris?

Polaris services its clients through a network of international offices. In North America, Polaris has six branch offices. In Europe, Polaris has wholly owned subsidiaries at United Kingdom, Germany and Switzerland. In the Asia Pacific region, Polaris has wholly-owned subsidiaries in Singapore and Australia. Polaris also has long term business partnerships in the Middle East for its client operations. Polaris has 5 state-of-the-art development centers, 2 in Chennai, 1 in Navalur (near Chennai), 2 in Noida (near New Delhi)- totally spread over a quarter million square feet. Two new development centers (1 in Navalur and 1 near New Delhi) spread over an area in excess of a quarter million square feet have been initiated to enable our infrastructure to keep pace with our growth.

j) What is the Geographical revenue split of the Company?

| Geography | 2000 - 2001 |
|----------------------------|--------------------|
| USA and North America | 65.48% |
| Europe | 19.79% |
| Asia Pacific & Middle East | 8.66% |
| India | 6.07% |

k) What is the Domain split of Polaris revenues?

| Domain | 2000 - 2001 |
|---|--------------------|
| Banking, Financial Services and Insurance | 66.2% |
| Network & Communications | 5.2% |
| Transportation | 1.9% |
| ERP/EIS | 13.2% |
| Others | 13.5% |

l) What has been the performance of Polaris over the years?

The key financial and growth indicators of Polaris over the past five years are as under:

| | 1996 - 1997 | 1997 - 1998 | 1998 - 1999 | 1999 - 2000 | 2000 - 2001 |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Return on Net worth | 60.07% | 32.68% | 50.34% | 42.55% | 36.41% |
| PAT by Sales | 22.76% | 15.36% | 24.30% | 25.47% | 22.64% |
| Operating PAT by Sales | 22.58% | 14.33% | 23.82% | 18.30% | 21.07% |
| Fixed Assets Turnover (Times) | 11.65 | 7.99 | 8.65 | 11.35 | 8.74 |

m) What is the background of the directors on Polaris Board?

Polaris' Board of Directors comprises of senior and experienced professionals from diverse backgrounds. The Board has Mr. Arun Jain as the Chairman and Managing Director. He is ably supported by Wing Cdr.(ret'd) G. N. Mathur and Mr. Govind Singhal as Executive Directors. Mr. R. C. Bhargava, former Managing Director Maruti Udyog; Mr. Satya Pal, former Chairman MTNL and a Telecom expert; Mr. M L Garg, former Chairman Trade Development Authority; Mr. Abhay Agarwal Practising Chartered Accountant; Mr. Ajay Relan, India Head, Citibank N.A. Private Equity and Mr. Arvind Kumar, Senior Lawyer Supreme Court are the distinguished members of the Board who bring the right amount of professional expertise to the company from diverse areas.

n) Who are Polaris' Registrars and Share Transfer Agents?

Polaris' Registrar and Share Transfer Agent is Karvy Consultants Limited. All queries pertaining to share transfer and change of address etc. can be addressed to:

Karvy Consultants Limited
Unit: Polaris Software Lab Limited
"Karvy House" 46, Avenue 4,
Street No.1, Banjara Hills,
Hyderabad 500034
Tel: 040-3320751/52/53
www.karvy.com

o) When did Polaris have its initial public offer (IPO) and what was the initial listing price?

Polaris' IPO was between August 4, 1999 and August 10, 1999. The initial listing price of Polaris equity shares was:

- BSE opening Rs. 588 and closing price of Rs.723. (Rs.10/- share)
- NSE opening Rs. 796 and closing price of Rs.797/- (Rs.10/- share)

p) Has there been any subsequent issue of shares by Polaris?

No, there have been no new shares issued by Polaris after the IPO. However the Company's shares have been split subsequently. With effect from 24th of May 2000 every share having a face value of Rs. 10/- has been split into two shares of Rs. 5/- each and thus Polaris share capital of Rs 17.06 crores is now divided in to 341,25,100 shares of Rs. 5/- each

q) Are Polaris shares traded in demat form?

Yes, this facility has been there for the shares of Polaris right from the date of listing. However w.e.f. from May 8, 2000 SEBI has by a circular notified that the Company's shares are to be traded compulsorily in the dematerialised form. M/s Karvy Consultants Limited, 46, Avenue-4, Street No 1, Banjara Hills, Hyderabad 500 034 who are also a DP having connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), are the electronic connectivity providers for Polaris.

- r) What percentage of shares of the Company are held by the investors in dematerialised form?
As on 31st March 2001, 90.28 % of the Company's share have been dematerialised. The details of the same are provided in the distribution schedule given as part of the Corporate Governance Report on page no. 71 of this Annual Report.
- s) What are the benefits of dematerialization to the shareholders?
- There is no longer any risk of misplaced / lost / defaced / damaged certificates, making / receiving bad deliveries from the market, filling up of transfer forms, affixing share transfer stamps, dispatching certificates for registering transfers, etc.
 - Speedy transfer of shares
 - There will be a faster disbursement of corporate benefits like Rights, Bonus etc.
 - No market lot for securities on NSDL/CDSL, as the market lot is 1 share. So, there is no problem of odd lot shares as faced by most investors.
 - Facility for freezing / locking of your accounts so that the DP will not be able to carry out any transactions in the absence of the investor without your authorisation.
 - No stamp duty on transfer of securities, the investor will incur expenditure towards a nominal service charges of the Depository Participant.
- t) How should one send a share certificate for demat? Should the share certificate be accompanied by a share transfer deed ?
The certificates have to be accompanied by a Demat Request Form (DRF) which can be obtained from the your Depository Participant (DP) and there is no need for a transfer deed to accompany a certificate. The ISIN number of the security should be mentioned in the Demat Request Form.
- u) How will the investor receive dividend / interest, if any, on the securities he is holding?
NSDL / CDSL gives the issuer / R&T agent of the security for which dividend has been announced a list of beneficial owners as of the record/ book closure date. Based on this list provided by NSDL / CDSL, the issuer / R&T agent directly forwards dividend payment to the investor, as in case of the physical environment.
- v) If an investor has holdings in dematerialised form, how will the he receive the credit for the Bonus shares?
The bonus / rights issue against holding in dematerialised form will be credited directly to the demat account of the investor through his DP on the designated date.

w) What is the shareholding pattern of the Company as on 31 March 2001?

Shareholding Pattern as on 31 March 2001

| Category | No. of Holders | No. of Shares | % Holding |
|--|-----------------------|----------------------|------------------|
| Banks | 8 | 72,260 | 0.21 |
| Companies | 885 | 4,438,601 | 13.01 |
| Foreign Institutional Investors | 25 | 2,172,770 | 6.37 |
| Indian Financial Institutions | 6 | 819,649 | 2.40 |
| Mutual Funds | 47 | 2,096,949 | 6.14 |
| Non-Resident Indians/Overseas Corporate Bodies | 223 | 61,039 | 0.18 |
| Resident Individuals | 21,160 | 7,003,889 | 20.52 |
| Promoters | 6 | 15,813,827 | 46.34 |
| Others | 7 | 1,646,116 | 4.82 |
| Total | 22,367 | 34,125,100 | 100 |

x) What are the scrip codes of Polaris?

The codes are as under:

| | |
|--|---------------|
| BSE | 32254 |
| NSE | Polaris |
| Reuters | POLS.BO (BSE) |
| | POLS.NS (NSE) |
| Bloomberg | POL@IN |
| ISIN (NSDL Code for Dematerialisation) | INE763A01023 |

y) To whom do we forward the Investor complaints?

The investor complaints may be forwarded to:

Company Secretary
Polaris Software Lab Limited
Carex Center
244 (Old No.713), Anna Salai,
Chennai - 600 006
investor@polaris.co.in

INDEX

| | | |
|-----------------------------|---|---|
| ADR | American Depository Receipt | 72 |
| AGM | Annual General Meeting | 41, 42, 45, 59, 64, 180 |
| ASOP | Associate Stock Option Plan | 42, 44, 89, 90 |
| BFSI | Banking, Financial Services & Insurance | 103, 190, 111 |
| BOD | Board of Directors | 39, 46, 47, 59, 60, 74, 90, 102, 120, 181, 191 |
| BSE | Bombay Stock Exchange | 66, 68, 69, 193, 195 |
| BankNow | | 3, 5 |
| BankWare™ | | ii, 3, 5, 8, 36 |
| BankWise | | 3, 5 |
| CAGR | Compounded Annual Growth Rate | iv, 109 |
| CAPEX | Capital Expenditure | 110, 111 |
| CDSL | Central Depository Services Limited | 42, 67, 193, 194 |
| CHF | Swiss Franc | 81, 96, 151, 152 |
| CMM | Capability Maturity Model | 108 |
| CRM | Customer Relationship Model | 7, 11, 28, 36 |
| CWH | Component Warehouse | ii, 2, 6, 7, 8, 34, 44, 47, 104, 111 |
| Co-authoring Methodology | | 7 |
| DM | Deutsche Mark | 44, 81, 97, 111, 157, 158, 159 |
| DNS | Domain Name System | 48 |
| EGM | Extra-ordinary General Meeting | 42, 44, 59, 90 |
| EIEE | Explore India Explore Entity | 13 |
| EIP | Enterprise Integration Portal | 7 |
| EIS | Enterprise Information System | 103, 104, 113, 192 |
| EKM | Enterprise Knowledge Management | 7, 16, 20, 36 |
| ENTITY | Extended Technology Facility | v, 11, 13, 35, 104 |
| ERP | Enterprise Resource Planning | 13, 14, 36, 192 |
| <i>Funda</i> | | 11, 16, 17, 18, 25, 35, 36, 108 |
| GAAP | Generally Accepted Accounting Principles | 86, 156, 175, 188 |
| GB | Giga Byte | 47, 48 |
| GSO | Global Sales Organization | 102, 103 |
| ICAI | Institute of Chartered Accountants of India | 86, 175 |
| IPO | Initial Public Offering | 24, 91, 109, 110, 191, 193 |

| | | |
|--------------------|--|------------------------------------|
| IT | Information Technology | iv, 2, 12, 13, 25, 32 |
| Konarks | | 12, 19, 20, 108 |
| Lakshya | | 12, 19, 20, 30, 35 |
| MCU | Multipoint Conference Unit | 48 |
| MD&A | Management Discussions and Analysis | 44 |
| MF | Mutual Fund | 70, 82, 91, 92, 109, 111, 195 |
| MHz | Mega Hertz | 47, 48 |
| MSE | Madras Stock Exchange | 66 |
| NASSCOM | National Associations of Software and Services Companies | 105 |
| NSDL | National Securities Depository Limited | 42, 62, 66, 67, 191, 193, 194, 195 |
| NSE | National Stock Exchange | 63, 66, 68, 191, 195 |
| Nalanda | | ii, 18, 19, 20, 47, 107, 113 |
| PAT | Profit After Tax | i, 41, 108, 192 |
| PBT | Profit Before Tax | 41, 92, 93, 189 |
| PRIL | Polaris Retail Infotech Limited | 7, 81, 99, 111, 166 |
| PSL | Polaris Software Lab Limited | 90, 92 |
| The PoleStar Award | | 13 |
| R&D | Research and Development | 47, 165 |
| RAID | Redundant Array of Inexpensive Disks | 48 |
| RAM | Random Access Memory | 48 |
| RBI | Reserve Bank of India | 46, 90, 91 |
| SBU | Strategic Business Unit | 102 |
| SEBI | Securities and Exchange Board of India | 42, 45, 59, 65, 71, 87, 110, 193 |
| SEI | Software Engineering Institute | 108 |
| SPU | Strategic Practice Unit | 35, 102, 103, 113 |
| SRDU | Strategic Relationship and Delivery Unit | 35, 102, 103, 113 |
| STP | Software Technology Park | 46, 48 |
| USD | United States Dollar | 44, 45 |
| Ullas Trust | Created for the mentoring of students by associates | 13, 108 |
| VSNL | Videsh Sanchar Nigam Limited | 46 |
| WAN | Wide Area Network | 48 |
| WebLab | | 6, 7, 8 |

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