

Polaris grows 9% q-o-q; Quarterly revenues poised to cross \$100 million

... Intellect™ revenues cross Rs 100cr for the quarter

Chennai, 28 April 2011: Polaris Software Lab Limited (POL.S.BO), a leading global Financial Technology company, today announced the fourth quarter and annual results for FY 2010-11. The company delivered strong and stable results led by impressive product wins, multiple large engagements with leading Tier 1 global banks & financial institutions and further consolidated its market presence in key business geographies.

Key Performance metrics

For the quarter ended 31 March 2011, Revenue grew by 9% Q-o-Q to Rs. 437.53 crore from Rs. 399.9 crore and 25% Y-o-Y to Rs. 437.53 crore from Rs. 351.04 crore. Profit after Tax (PAT) grew by 15% Q-o-Q to Rs. 57.58 crore from Rs. 50.13 crore and 26% Y-o-Y to Rs. 57.58 crore from Rs.45.74 crore.

In dollar terms, Revenue grew by 8% Q-o-Q to 96.67 million from USD 89.12 million and 27% Y-o-Y to USD 96.67 million from USD 76.41 million. Profit after Tax (PAT) grew by 14% Q-o-Q to USD 12.72 million from USD 11.17 million and 28% Y-o-Y to USD 12.72 million from USD 9.96 million.

For the year ended 31 March 2011, Total income grew by 21% to Rs 1612 crore from 1327 and Profit after Tax (PAT) grew by 32% Y-o-Y to Rs. 202 crore from Rs. 153 crore.

In dollar terms, Total income grew by 26% to USD 354 million from USD 280 million and Profit after Tax (PAT) grew by 38% Y-o-Y to USD 44 million from USD 32 million

The Board of Directors recommended a dividend of Rs 4.50 per share (90%) on the equity share capital of the company for fiscal 2011.

Highlights for the quarter ended March 31, 2011

- Intellect™ revenues crossed Rs 100 crore, and 16 new Intellect™ wins were recorded in the quarter
- Subsequent to the huge traction we saw after Sibos, we incrementally invested Rs 7 crore in Sales & Marketing.
- The Days Sales Outstanding (DSO) stood at 45 days, reflecting high customer satisfaction and extreme execution
- Offshore revenue increased by 148 basis points at 57.71%, showing an increase of 13% sequentially in dollar terms, representing a strong Global Delivery Model
- Cash and cash equivalents stood at Rs. 514 crore at the end of the quarter
- The company is consistently converting EBITDA into free cash

- Americas contributed 44%, Europe 24%, IMEA 14% and Asia Pacific 18% of the quarter revenues.

A strategic investment into a US based company, IdenTrust™ marked the company's entry into the challenging world of cloud computing. IdenTrust™, a global leader in identity authentication solutions helped complete Polaris' suite by bringing the critical security element into its highly comprehensive Financial Infrastructure solutions.

In a year that stood for 'Promises Delivered' Polaris signed off the year on a high note by meeting all the expectations that were set in the previous quarters.

Intellect™ Business

Intellect™ registered 16 wins during the fourth quarter, and Intellect™ sales contributed to 23% of the quarterly revenue.

Polaris signed 8 transformational deals in the quarter across verticals and geographies. The big ticket wins included a leading global bank which picked Polaris' Intellect™ Liquidity for its Cash and Trade Management solutions for the APAC region. Intellect™ Liquidity was the solution of choice for two other leading banks in Europe. One of the top 10 global banks chose our Funds Control solution, while another picked Intellect™ Receivables Management to enhance their Corporate Banking services.

Insurance business saw 3 marquee deals in the quarter, from the largest players in Europe. Intellect™ Claims went live with one of the most reputed Life Insurance providers in India, and simultaneously, Intellect™ Claims 2.0 went live in both Life and P&C segments at one of Australia's leading Insurance providers.

FT Sourcing (Managed Services)

Polaris signed three large deals with top global banks based out of the US. In order to meet the demands of a large managed service business, we expanded our facilities across the country. The company opened an office in Bengaluru to support key clients and the Pune facility added another 200 seats. Two new facilities opened at Chennai will soon be ready to have a combined seating capacity of around 3000.

Continued investment in R&D

Polaris has launched a Mobile Banking Centre of Excellence, as part of its state-of-the art Technology Delivery and R&D Centre in China. This Mobile CoE will address the needs of the Mobile Customer and will further enhance Polaris' capabilities in the Mobile Banking space. It includes an Application Certification and Testing Centre which allows banks and other financial institutions to automate the testing of Business Applications.

As part its commitment to research and innovation, Polaris filed for 4 patents and 9 trademarks in India.

Awards and Recognition

Polaris has consistently been recognized and awarded by analysts and other influencers, while the product's technical superiority was feted with prestigious awards.

- Polaris received two prestigious 'Technology Implementation Awards' at the **5th Asian Banker Awards**. The company won the '**Best Core Banking Implementation for Small-Sized Banks**' for its implementation at Saigon Hanoi Bank (SHB) for competently managing the risks during the project implementation stage, enabling the bank to scale up its operations. Polaris also won the '**Best Banking Application**' award for developing a multi-country single-instance application that integrated front to back-end operations and provided actionable information for relationship managers at SAMBA Financial Group
- Our inclusive CSR initiative SAMPADA (Special Appreciation & Mentoring Program Acknowledging Differently Abled) was awarded the **Best CSR Practice Award**, at the **6th BSE Social and Corporate Governance Awards** held in Mumbai in the month of February.
- Polaris has been certified by American Society for Training & Development (ASTD), the world's largest association dedicated to workplace learning and performance professionals as a '**Champion of Learning**' for its contribution towards imparting learning programs among employees throughout the organization

Arun Jain, Founder, Chairman & CEO, said, "The clear mission we set for ourselves 3 years ago was Repeatable Predictable Profitable Growth, with single minded focus on taking leadership in the Financial Technology space. I must thank the Polaris Leadership team for demonstrating sustained results over the last 12 quarters, both in terms of higher customer satisfaction and superior product innovation. Our sales funnel has grown from \$300 Million to \$610 Million this year, reflecting our emphatic positioning as a Global Financial Technology Leader."

Govind Singhal, President & COO, Polaris Software., said, "Our pro-active investments in account management and moving the business to managed services has helped us to grow over 28% in the Top 20 accounts. With our growth engines firing on all cylinders, we kept our focus on impeccable execution."

R. Srikanth, President & CFO, Polaris Software, said, "At the end of this fiscal, I am happy to see that our team has delivered on our EPS guidance at 32% (Rs. 20.43), along with building a huge traction for next year. We are confident of having revenue growth between 22 - 25% in the coming year, ahead of the industry growth average."

Financial Results for the Fourth Quarter and Year Ended March 31, 2011

POLARIS SOFTWARE LAB - GROUP				
AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH, 2011 PREPARED AS PER INDIAN GAAP				
				Rs. In Lakhs
	QUARTER ENDED		YEAR ENDED	
Particulars	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
INCOME				
Income from software services, products and Business Process Management	43,753.28	35,103.70	158,633.14	135,375.62
Other operating Income / (Loss)	546.92	(32.98)	2,538.28	(2,641.96)
	44,300.20	35,070.72	161,171.42	132,733.66
EXPENDITURE				
Software development expenses	30,218.02	22,311.97	107,239.25	87,009.58
Selling and marketing expenses	5,021.04	3,867.11	17,347.75	14,503.20
General and Administrative expenses	3,245.33	3,110.91	12,656.45	11,661.02
Total Expenditure	38,484.39	29,289.99	137,243.45	113,173.80
Profit before interest, depreciation & amortisation	5,815.81	5,780.73	23,927.97	19,559.86
Depreciation/Amortisation	868.56	919.16	3,365.86	3,501.53
Finance Charges	38.01	34.97	114.87	91.09
Profit after interest, depreciation & amortisation	4,909.24	4,826.60	20,447.24	15,967.24
Other Income	1,751.65	578.32	3,368.67	1,911.88
Minority Interest/ Share of profit/(loss) of Associate Companies	(7.85)	-	18.16	(41.61)
Profit before tax	6,653.04	5,404.92	23,834.07	17,837.51
Provision for taxation	895.29	831.21	3,588.10	2,553.27
Profit after tax	5,757.75	4,573.71	20,245.97	15,284.24
Earnings per share of Rs.5 each (Rs.)				
Basic	5.80	4.62	20.43	15.48
Diluted	5.76	4.58	20.28	15.34

About Polaris Software Lab

Polaris Software Lab (POLS.BO) is a leading Financial Technology company, with its comprehensive portfolio of products, services and consulting. Polaris has a talent strength of over 10,000 solution architects, domain and technology experts. The company owns the largest set of Intellectual Properties in the form of a comprehensive product suite, Intellect™ Global Universal Banking (GUB) 10.0. Intellect™ is the first pure play SOA based application suite for Retail, Corporate, Investment banking and Insurance.

Polaris is headquartered in Chennai and has offices in all global financial hubs including Tokyo, Sydney, Hong Kong, Singapore, India, Dubai, Bahrain, Riyadh, London, Belfast, Zurich, Frankfurt, Toronto, New York, Chicago, Fremont, Pittsburgh and Chile. For more information, please visit <http://www.polarisFT.com/>

For Media related info, please contact:

Dwaipayan Deb

Polaris Software Lab

Tel: +91 9962536442

Email: dwaipayan.d@polaris.co.in