

Polaris Revenues Up by 28%

...Quarterly Revenues touch \$100mn

Chennai, 20 July 2011: Polaris Software Lab Limited (POLS.BO), a leading global Financial Technology company, today announced the first quarter results for FY 2011-12.

Key Performance metrics

In dollar terms, Revenue grew by 28 % Y-o-Y to USD 100.65 million from USD 78.90 million and 4 % Q-o-Q to USD 100.65 million from USD 96.67 million. Operating Profit (EBITDA) grew by 14 % Y-o-Y to USD 14.20 million from USD 12.47 million and 10 % Q-o-Q to USD 14.20 million from USD 12.85 million. Profit after Tax (PAT) declined by 2 % Y-o-Y to USD 9.97 million from USD 10.20 million and 22 % Q-o-Q to USD 9.97 million from USD 12.72 million.

For the quarter ended June 30 2011, Revenue grew by 25% Y-o-Y to Rs. 450.19 crore from Rs. 360.57 crore and 3 % Q-o-Q to Rs. 450.19 crore from Rs. 437.53 crore. Operating Profit (EBITDA) grew by 11 % Y-o-Y to Rs. 63.50 crore from Rs. 56.97 crore and 9 % Q-o-Q to Rs. 63.50 crore from Rs. 58.16 crore. Profit after Tax (PAT) declined by 4 % Y-o-Y to Rs. 44.56 crore from Rs.46.60 crore and 23 % Q-o-Q to Rs. 44.56 crore from Rs. 57.58 crore.

Highlights for the quarter ended June 30, 2011

- Intellect™ revenues crossed Rs 105 crore, and 11 new Intellect wins were recorded in the quarter
- Cash and cash equivalents stood at Rs. 417 crore at the end of the quarter
- Americas contributed 46.78 %, Europe 24.95 %, IMEA 11.73 % and Asia Pacific 16.53% of the quarter revenues
- Polaris signed its largest Intellect deal during the quarter with Reserve Bank of India to implement a centralized Core Banking Solution for a deal valued at USD 55mn
- The company entered two new emerging markets Sri Lanka and Bangladesh with transformational Intellect Core Banking deals in both countries
- Polaris signed a MoU to form a Joint Venture Company - Sonali Polaris Financial Technology Ltd (SPFTL) – with Sonali Bank and BCBL in Bangladesh to offer FT services for the country
- Polaris launched two new products; 1) The first ever Cloud-Ready Platform for the Insurance Sector at Acord Loma in the US; and 2) Intellect Liquidity Risk Management (LRM) solution with BASEL III compliance at the Middle East Financial Technology Exhibition and Conference (MEFTEC 2011)

Intellect Business

Polaris consolidated its Leadership position in the Financial Technology (FT) industry, building on strong partnerships with existing customers as well as beginning a transformational journey with new customers.

Intellect registered 11 wins during the first quarter, and Intellect sales contributed to 23% of the quarterly revenue. Intellect revenues grew 30 % Y-o-Y to USD 23.52 million from USD 18.14 during the same quarter last year.

Polaris signed its largest Intellect deal during the quarter with Reserve Bank of India, the country's Central Banking Institution, to implement a centralized Core Banking Solution at all its offices encompassing all banking and accounting operations to align with its current and future IT requirements, including a single Generalized Ledger for the bank. The USD 55 million end-to-end implementation includes System Integration and maintenance of software for a period of ten years.

Intellect CBS was chosen by Sonali Bank Ltd., the largest Nationalized Commercial Bank in Bangladesh and Bangladesh Commerce Bank Ltd. (BCBL) to replace their existing solutions. To this effect, Polaris and the companies signed a MoU to form a Joint Venture Company Sonali Polaris Financial Technology Ltd (SPFTL) where Polaris will hold a 51% stake. The end-to-end Intellect Core Banking Solution will allow the banks to run a single application for all its different functions, thereby facilitating easy operations for its customers

Citizens Development Business Finance plc (CDB), a leading financial institution in Sri Lanka chose Intellect CBS from Polaris to transform their banking technology platform. The comprehensive core-banking product with multi-currency, multi-branch and multi-banking capabilities will enable CDB to increase its efficiency, performance, security and transparency of its day -to- day operations allowing its customers to enjoy a higher level of service.

FT Sourcing (Managed Services)

Polaris opened a new facility in Malaysia, which has been awarded the coveted MSC status. The Multimedia Super Corridor (MSC) is a government designated zone in Malaysia designed to leapfrog the country into the information and knowledge area. With this approval, our footprint in Malaysia will receive a significant boost, as being located in the MSC approved location gives Polaris associates and customers access to world class infrastructure.

New Product Launches

Polaris launched the first-ever Cloud-Ready Platform for the Insurance Sector at Acord Loma in the US. The solution offers over 70 business services to improve business agility & lower Run & Change costs built on revolutionary PCM Architecture. Owing to its highly complex nature, the Insurance sector needed a solution which is both easy to implement and highly efficient. Polaris achieved this through its SOA compliant Cloud-ready offering and superior PCM Architecture

which enables organizations to extend the useful lifespan of existing IT investments and future-proof new investments.

Polaris also launched Intellect Liquidity Risk Management (LRM) solution which enables banks and financial institutions worldwide to comply with BASEL III. It is state of the art liquidity risk management solution meant to improve the bank's ability to monitor internal liquidity - both structural and intraday - along with stress test to calculate the bank's capital adequacy and rigorous reporting process to review the implications of the liquidity mismatch. The solution was showcased to the Banking industry leaders at the Middle East Financial Technology Exhibition and Conference (MEFTEC 2011).

Thought Leadership

Polaris successfully conducted the first ever 'Polaris Financial Technology E-Conference', bringing together analysts, partners, customers, industry leaders and associates across 3 continents and 4 time zones. The one-of-its-kind FT e-conference highlighted the importance of Collaboration, Assimilation and Networking. The event demonstrated Polaris' knowledge in new technologies and its experiences with different implementations, offering a perfect experience exchange platform for participants across the globe

Awards and Recognition

Polaris has consistently been recognized and awarded by analysts and other influencers. Listed below are some of the recognitions we received in the last quarter.

- Polaris emerges as a strong vendor with presence in up to 5 regions in **Forrester's "Global Banking Platform Deals 2010: Regions"** report. Polaris is one of top 2 vendors for Middle East and one of the top 5 vendors worldwide to have outperformed in Asia Pacific which has been identified as the Hottest Market by Forrester
- **TowerGroups** branded Polaris & Intellect as a **"Vendor to Watch"** in the space of credit cards and fraud fighting in their **Report on "Forever Fighting Fraud, Part 2: Leading Technologies for Authorizing Card Not Present Transactions"**
- **Forrester's** report titled **"Best Practices: Multichannel Strategies in Financial Services"** stated that Polaris is amongst the top global vendors to deliver off-the-shelf multichannel capabilities which help in delivering strong multichannel platforms
- **IBS Intelligence** featured Polaris amongst the top 7 vendors globally in terms of the number of new customers signed for 2010 in **IBS Sales league Table**
- Polaris emerged as one of the leading vendors for **Policy Administration System** in **Celent's report "North American Insurance Deal trends – Life and Annuity"**

Arun Jain, Founder, Chairman & CEO, said, “After the success of Intellect in Europe and the Americas, our focused efforts in Asia resulted in the 'lighthouse' RBI win and the Joint Venture with the largest bank in Bangladesh. These are defining wins for Intellect in the region and with the healthy trend of the deal sizes increasing consistently; we can predict better margins in product deals which will accelerate our vision of being a global Financial Technology leader.”

Govind Singhal, President & COO, Polaris Software., said, “Our domain led FT Sourcing Managed Services model with pre-built COPARIS framework creates 8 - 10% higher efficiency against industry benchmarks Quarter on Quarter. This efficiency is bringing us more traction in business in our key accounts.”

R. Srikanth, President & CFO, Polaris Software, said, “In spite of our high investment in R&D which was close to 435 basis points (INR 19.59 crore) of our revenue, we delivered sustained EBIDTA margins. We are revising our revenue guidance to US\$ 430 million – US\$ 440 million from US\$ 425 million – US\$ 435 million.”

Financial Results for the First Quarter Ended June 30, 2011

POLARIS SOFTWARE LAB - GROUP			
UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2011			
PREPARED AS PER INDIAN GAAP			
			Rs. Lakhs
Particulars	QUARTER ENDED		YEAR ENDED
	June 30, 2011	June 30, 2010	March 31, 2011 Audited
INCOME			
Income from software services, products and Business Process Management	45,018.87	36,056.50	158,633.14
Other operating Income / (Loss)	560.11	877.60	2,538.28
	45,578.98	36,934.10	161,171.42
EXPENDITURE			
Software development expenses	30,853.78	24,295.35	107,239.25
Selling and marketing expenses	5,077.31	3,896.27	17,347.75
General and Administrative expenses	3,298.35	3,045.39	12,656.45
Total Expenditure	39,229.44	31,237.01	137,243.45
Profit before interest, depreciation & amortisation	6,349.54	5,697.09	23,927.97
Depreciation/Amortisation	956.35	780.81	3,365.86
Finance Charges	48.17	23.70	114.87
Profit after interest, depreciation & amortisation	5,345.02	4,892.58	20,447.24
Other income	801.68	546.14	3,368.67
Minority Interest/ Share of profit/(loss) of Associate Companies	1.81	6.93	18.16
Profit before tax	6,148.51	5,445.65	23,834.07
Provision for taxation	1,692.48	785.56	3,588.10
Profit after tax	4,456.03	4,660.09	20,245.97
Earnings per share of Rs.5 each (Rs.)			
Basic	4.49	4.71	20.43
Diluted	4.46	4.66	20.28

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 11,000 solution architects, domain and technology experts. The company owns the largest set of Intellectual Properties in the form of a comprehensive product suite, Intellect GUB M180. 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 Bangalore, Belfast, Chennai, Chicago, Dubai, Dublin, Frankfurt, Fremont, Hong Kong, Ho Chi Minh City, Hyderabad, Illinois, Kuala Lumpur, London, Madrid, Manama, Melbourne, Mississauga, Mumbai, Neuchatel, New Delhi, New Jersey, Paris, Pittsburgh, Pune, Riyadh, Santiago, Seoul, Shanghai, Singapore, St. Germain En Laye, Sydney, Thane, Tokyo, Toronto, Utrecht, Victoria and Wicklow. For more information, please visit <http://www.polarisFT.com/>

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