

Capital growth

With seven of the top 10 global investment banks on its client list, one would imagine that the Chennai-headquartered Polaris Software Lab Ltd would be raking in the moolah. Its profit after tax in 2005-06, however, showed a dramatic fall to less than one-fourth of the figure it achieved the previous year: Rs13.29 crore on a turnover of Rs683.94 crore against Rs53.43 crore on Rs668.97 crore in 2004-05. Company chairman and CEO Arun Jain, however, has an explanation for this: "The bottomline suffered last year, because we invested more than Rs100 crore in building our product," he says.

Another Rs70 crore have gone into setting up a spanking new 'super speciality centre' for technology solutions for investment banking and capital markets in Hyderabad, which Y.S. Rajashekar Reddy, chief minister of Andhra Pradesh, inaugurated on 9 September. "Customers now demand solutions surgeons," Jain explains the hospital-like description. "General practitioners are no longer enough."

The new centre, christened 'The Capital', claims to have what Polaris claims is probably the largest repository of knowledge base for capital markets in the information technology world. "During the merger with OrbiTech (which the company took over in 2003) we took a strategic decision to develop our Hyderabad centre into a speciality application services provider for the investment banking vertical," Jain explains. Beginning with a 400-strong team, the centre has more than tripled its strength and aims to ramp this up to 1,800 in the next 18 to 24 months, according to Kedarnath Udiyavar, executive vice president and head - investment banking solutions, who looks after it.

Stressing the importance given to training, he points out that customers have also used Polaris' training methods and tools for their own staff. "The expertise here is reflected in our providing solutions for front-end office systems I investment banks rather than just the back- or middle-office systems," Udiyavar says.



Jain and Gupta want to "enter the mall through the parking lot"

Adds Arup Gupta, president and chief operating officer: "The revenues from most of the premium relationships that The Capital has are in the range of \$1 million to \$5 million each. We plan to grow these to between \$5 million and \$20 million in the next three to five year." Besides, this growth from existing accounts, he says, the company is also 'mining' other opportunities - not just in the US and the UK, but also in the Australia and Asia-Pacific markets. As Jain puts it: "Once we get into the parking lot, we can enter anywhere in the mall!"

Next step, smaller towns? While the chief minister hopes Polaris will set up facilities in places like the temple town of Tirupati, Jain is non-committal. "We are open to the idea; it's easier to retain talent in smaller places," he says. "Tirupati is a good suggestion, but we need to look at it."

With all this, Gupta says, Polaris is already showing a strong growth in profits. "We expect this to continue," he adds. The stockmarkets are apparently yet to make up their minds, however: while the scrip fell nearly 6 per cent to Rs113.80 on the first day of trading after the inauguration of the new centre, it climbed back to Rs120-plus by the beginning of October. And though that's a far cry from the year's high of Rs160, it's a tremendous improvement over the low of Rs51. The Capital will hopefully make more capital for the company.

In January 2005, Business India had written about Polaris being an under-performer. The real Arun Jain is now standing up and making a statement for himself and the company he founded