



For Immediate Release

Polaris posts Q1 revenues of Rs 257.45 cr & profits of Rs. 14.42 cr ...6 Intellect wins in a single quarter

Chennai, 18 July 2007: Polaris Software Lab Limited (POLS.BO), a NASSCOM Top 10 company and the leader in specialty application development in banking, financial & insurance sector, today announced the first quarter results for FY 2007-08.

For the quarter ended 30th June 2007, consolidated revenue was Rs 257.45 crore, operating profit (EBITDA) was Rs 30.51 crore and Profit after Tax (PAT) was Rs 14.42 crore.

Compared to the same quarter last year (Q1 '06-'07), revenues grew by 10.95% from Rs 232.05 crore to Rs. 257.45 crore. Compared to the previous quarter (Q4 '06-'07), the revenues grew by 3.65 % in dollar terms from \$ 60.51 Million to \$ 62.72 Million.

The sharp appreciation in rupee against US dollar created a negative impact of Rs. 20.95 crore in revenue and Rs. 10.62 crore in operating margins. Consequently Q1 revenues stood at Rs 257.45 as against Rs 270.77 crore in the previous quarter, the operating profit stood at Rs. 30.51 crore against Rs. 35.56 crore, and Profit after Tax (PAT) stood at Rs 14.42 crore as against Rs. 21.40 crore in Q4.

Polaris has won 6 Intellect platform deals during the quarter. The wins came from Western Europe, Middle East and Asia Pacific (2 in Western Europe, 2 in Middle East, 1 in South East Asia and 1 in Australia). Intellect Credit Cards, Intellect Lending, Intellect Wealth, Intellect Portal and Intellect Liquidity platform were chosen by the customers in the above mentioned regions this quarter.

With the wins in this quarter, the company has a strategic customer landscape of 16 AAA, 17AA, and 30 A accounts.

Business highlights for the quarter ended 30 June 2007

- Master Services Agreement (MSA) for specialized outsourcing services signed with 2 global Top 10 banks.
- Launched the super specialty center for the Risk & Treasury business in Mumbai, to provide highly specialized products as well as end to end solutions for modernization of global treasuries
- 14 new clients were added, out of which 6 were Intellect led wins spread across Europe (2), Middle East (2), Asia (1) and Australia(1)
- Entered into a strategic partnership with Ementor Denmark A/S to deliver IT solutions tailor made for the Nordic market
- Launched Near Shore Application Center & a Global Performance Engineering & Certification Lab in Mississauga, Ontario, Canada



Financial highlights for quarter ended 30 June 2007

- In dollar terms, the revenue grew by 23.44% over the corresponding quarter last year, from \$ 50.81 Million to \$ 62.72 Million
- In dollar terms, the revenue grew by 3.65% over the previous quarter, Q4 '06-'07, from \$ 60.51 Million to \$ 62.72 Million
- In rupee terms, the revenue grew by 10.95 % over the corresponding quarter last year, from Rs. 232.05 crore to Rs 257.45 crore
- Revenue contribution from Americas was 34.78 %, Europe 31.82 %, Asia Pacific & Japan 21.97 %, and India 11.43 %
- Intellect-led business contributed 20.90 % to overall revenue
- Citigroup contributed to 39.60 % of the quarterly revenue
- Optimus, the BPO subsidiary, contributed to 3.90 % of overall revenues

Mr. Arun Jain, CEO & Chairman, Polaris Software Lab Ltd., said, “During the last 6 quarters we have been able to implement Intellect Product in Tier 1 banks. Now, we are beginning the second phase of growth by taking Intellect to Tier 2 & Tier 3 banks along with our IP-led Services strategy.”

Arup Gupta, President & COO, Polaris Software Lab Ltd., said, “During the quarter we have won 5 key outsourcing deals & 6 Intellect deals. While these wins may not have led to direct revenues in this quarter, they will be reflecting in the coming quarters. I am delighted that our increased investments in sales & marketing are giving results.”

Mr. R Srikanth, Chief Financial Officer, Polaris Software Lab Ltd., “ Q1 has certainly seen an adverse impact of appreciating rupee and we have an impact of 412 basis points in operating margins. We intend to continue our short term hedging strategy & keep tight control on cost & productivity.”

About Polaris Software Lab

Polaris Software Lab (POL.S.BO), a NASSCOM Top 10 company, is a recognized global leader in Specialty Application Development for the Banking, Financial and Insurance sector, with its comprehensive portfolio of products, specialized outsourcing & modernization services and consulting. Polaris has a talent strength of close to 9000 solution architects, domain experts and technology experts and owns the largest set of Intellectual Properties in the form of a comprehensive product suite and seven banking platforms namely Intellect Cash Management, Intellect Consumer Finance, Intellect Wealth Management, Intellect Universal Banking, Intellect Credit Cards, Intellect Risk & Treasury Platform and Intellect Front Office. Headquartered in Chennai, Polaris has its Corporate Banking Solution Centre in Mumbai, Investment Banking Solution Centre in Hyderabad, Risk & Treasury Solution Center in Mumbai, Retail Banking Solution Centre in Chennai and Enterprise Solution Centre in Delhi. Polaris has offices in Tokyo, Sydney, Hong Kong, Singapore, India, Dubai, Bahrain, Riyadh, London, Belfast, Zurich, Frankfurt, Toronto, New York, Chicago, Fremont and Chile. For more information, please visit <http://www.polaris.co.in/>.



Financial Results for the Quarter ended June 30, 2007

Consolidated Profit and Loss account of Polaris Software Lab				
(In Rs. Lakhs)	Q1 - FY08	Q1 - FY07	Q4 - FY07	FY 07
Particulars	Quarter ending June 30, 2007	Quarter ending June 30, 2006	Quarter ending Mar 31, 2007	Year ending March 31,2007
Income from Software Services and Products	25,745.05	23,204.82	27,077.91	103,236.96
Other Income	858.88	34.63	340.63	623.77
Total Income	26,603.93	23,239.45	27,418.54	103,860.73
Software development expenses	17,749.12	14,996.15	18,062.06	65,827.61
Gross profit	8,854.81	8,243.30	9,356.48	38,033.12
Selling and marketing expenses	3,102.98	2,200.52	3,161.00	11,067.00
General and Administrative expenses	2,701.04	2,410.11	2,639.34	10,214.84
EBITDA	3,050.79	3,632.67	3,556.14	16,751.28
Interest / Finance charges	17.52	18.41	31.48	83.93
Depreciation & Amortization	1,157.77	1,171.13	1,215.49	4,811.39
Profit after Interest ,Depreciation & Amortisation	1,875.50	2,443.13	2,309.17	11,855.96
Share of Profit/(Loss) of associate companies	(36.81)	53.57	75.32	241.56
Profit Before Tax (PBT)	1,838.69	2,496.70	2,384.49	12,097.52
Provision for taxation	396.76	469.21	244.52	1,991.03
Profit After Tax (PAT)	1,441.93	2,027.49	2,139.97	10,106.49
PAT as % to Total Income	5.6%	8.7%	7.9%	9.8%

Polaris Software Lab Limited - Key Metrics							
I	Geographic Revenue Break-up	Q1-FY08	Q4-FY07	V	Average Billing Rates (USD / hour)	Q1-FY08	Q4-FY07
	US / North America	34.78%	34.40%		Onsite - America & EMEA	\$68.51	\$68.53
	Europe	31.82%	32.61%		Onsite - ASPAC	\$39.97	\$40.01
	India	11.43%	11.96%		Onsite - Average	\$59.65	\$59.67
	Asia Pacific & Japan	21.97%	21.03%		Offshore - Average	\$19.25	\$19.32
	Total	100.00%	100.00%				
II	Domain Concentration Break-up	Q1-FY08	Q4-FY07	VI	Revenue Mix	Q1-FY08	Q4-FY07
	BFSI	88.00%	88.00%		Onsite	59.50%	57.90%
	Emerging Verticals	12.00%	12.00%		Offshore	40.50%	42.10%
	Total	100.00%	100.00%				
III	Client data	Q1-FY08	Q4-FY07	VII	Human Resource Mix	Q1-FY08	Q4-FY07
	Intellect Revenue (Rs. Lacs)	5,381 (20.90%)	5,590(20.64%)		Headcount (end of period)	8820	8668
	Optimus Revenue (Rs. Lacs)	1,004(3.90%)	930(3.43%)		Software Professionals	90.14%	90.25%
					S G & A Staff	9.86%	9.75%
					Overall Utilization	74.24%	73.19%
IV	Client concentration	Q1-FY08	Q4-FY07	VIII	Attrition Rate	Q1-FY08	Q4-FY07
	Top Client	11.48%	11.10%				
	Top 5	35.59%	34.50%		Efforts Mix	Q1-FY08	Q4-FY07
	Top 10	48.71%	48.00%		Onsite	29.90%	29.00%
	Citigroup	39.60%	40.60%		Offshore	70.10%	71.00%

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