



For Immediate Release

Polaris Reports Solid Second Quarter FY '07-'08 Results

Intellect Banking Platform is rated Global Challenger by Forrester, fastest for any product company

Chennai, 17 Oct 2007: Polaris Software Lab Limited (POLS.BO), a Nasscom Top 10 company and the global leader amongst integrated financial technology solution providers for the Banking, Financial & Insurance sector, today announced the second quarter results for FY 2007-08.

Financial Information Overview for the quarter ended September 2007

Consolidated Results	
Revenue	\$ 67.48 MM, Up 7.59% QoQ
Operating Profit	\$ 8.45 MM, Up 13.73% QoQ
Profit After Tax	\$ 4.50 MM, Up 28.04% QoQ
Revenue	Rs. 273.55 crore , Up 6.25% QoQ
Operating Profit	Rs. 34.27 crore, Up 12.29% QoQ
Profit After Tax	Rs. 18.22 crore, Up 26.35% QoQ

Intellect Business Grows 57% YoY

Intellect is the first pure play Service Oriented Architecture (SOA) based, comprehensive, next generation banking platform. Within three years of its launch in the global market place, Intellect has to its credit, over 25 successful implementations, out of which 9 are Lighthouse* sites. Consequently, Intellect revenues have grown 57.36% in dollar terms and 37.33% in rupee terms, over the same quarter last year.

Intellect has been rated a global challenger amongst the global banking platform deals for 2006 by Forrester, an independent research and technology company, for showcasing success that goes beyond the main banking platform functionality. This kind of a global recognition within 3 years of launch of the product is the fastest by any company in the world. Recently, Polaris' Intellect Treasury Platform won the Bankers Technology Award, for the non-disruptive modernization of the European Treasury of Citi.

Intellect has won 10 platform deals in the first half of FY '07-'08, 6 in Q1 and 4 in Q2 and has recorded a robust double digit growth of over 10% in dollar terms and 8.62% in rupee terms, on a sequential QoQ basis.

*-> **Lighthouse sites** refers to Intellect implementations in Tier 1 banks, as against the terminology 'reference sites', which Polaris uses for Intellect implementations in Tier 2 and Tier 3 banks



Specialised Outsourcing Services

Polaris has carved a niche for itself in specialized outsourcing services with unique domain expertise and micro vertical specialization. Polaris has the privilege of being the preferred technology partner for 15 out of the Top 25 global banks, who are moving to the next stage of value creation, using India not just for pure cost arbitrage but to build and support business competitive applications.

Polaris won Global Outsourcing deals with two Fortune 10 banks this quarter.

BPO Business grows 59% YoY

Optimus Global Services, Polaris' BPO subsidiary focusing on the high-growth Indian market for complete banking process outsourcing, recorded a growth of 59.53% on a YoY basis.

Consulting

On the strength of a huge asset base of Intellectual property (IP), Polaris has been providing specialized services and consulting for non-disruptive modernization of legacy technology platforms. Polaris won a high end consulting assignment for modernizing core banking architecture from one of the Top 3 High Street Banks in the UK. It is a rare distinction for an Indian Software company to be invited to engage and partner such a bank on its transformational agenda.

Mr. Arun Jain, CEO & Chairman, Polaris Software Lab Ltd., said, “We are seeing Polaris footprint expansion by way of specialized outsourcing services in the US and Europe and by way of seven comprehensive Intellect platforms – the largest banking Intellectual Property assets owned by a single company in the world. Within 3 years of its launch, Intellect has to its credit, over 25 successful global implementations and 9 Lighthouse site implementations. These Lighthouse sites offer big opportunities for Intellect to penetrate faster in Tier 2 and Tier 3 banks globally and accelerate growth in license revenues”.

Arup Gupta, President & COO, Polaris Software Lab Ltd., said, “In the last 6 quarters, we have steadily built up the quarterly run rate from \$44 million per quarter to over \$65 million levels. All the four growth engines namely, Outsourcing, Products (Intellect), Consulting and BPO (Optimus) are performing well. Our focus is on accelerating Talent development to meet the growing expectations from our customers in domain led outsourcing as well as IP led outsourcing”.

Mr. R Srikanth, Executive Vice President & Chief Financial Officer, Polaris Software Lab Ltd., said, “In order to counter the rupee appreciation, we have sharp focus on utilisation, cost structures and a prudent hedging strategy. Utilisation has improved by 200 basis points this quarter. We are continuing to follow a short term hedging strategy and will pursue a long term hedging strategy as and when opportunities arise.”

Financial Results for the Quarter ended Sep 30, 2007

Consolidated Profit and Loss account of Polaris Software Lab					
(In Rs. Lakhs)	Q2- FY08	Q1 - FY08	Q2 - FY07	H1 FY 08	H1 FY 07
Particulars	Quarter ending Sep 30, 2007	Quarter ending June 30, 2007	Quarter ending Sep 30, 2006	Half year ending Sep 30th 2007	Half year ending Sep 30th 2006
Income from Software Services and products	27,355.08	25,745.05	25,556.94	53,100.13	48,761.76
Other Income	411.04	858.88	(161.91)	1,269.92	(127.27)
Total Income	27,766.12	26,603.93	25,395.03	54,370.05	48,634.49
Software development expenses	18,469.20	17,749.12	15,810.64	36,218.32	30,806.79
Gross profit	9,296.92	8,854.81	9,584.39	18,151.73	17,827.69
Selling and marketing expenses	3,150.01	3,102.98	2,652.01	6,252.99	4,852.53
General and Administrative expenses	2,719.99	2,701.04	2,519.74	5,421.03	4,929.85
EBITDA	3,426.92	3,050.79	4,412.65	6,477.71	8,045.32
Interest / Finance charges	18.85	17.52	17.19	36.37	35.60
Depreciation & Amortization	1,189.43	1,157.77	1,183.45	2,347.20	2,354.58
Profit after Interest, Depreciation & Amortization	2,218.64	1,875.50	3,212.01	4,094.14	5,655.14
Share of Profit/(Loss) of associate companies	(21.52)	(36.81)	88.41	(58.33)	141.98
Profit Before Tax (PBT)	2,197.12	1,838.69	3,300.42	4,035.81	5,797.12
Provision for taxation	374.77	396.76	590.04	771.53	1,059.25
Profit After Tax (PAT)	1,822.35	1,441.93	2,710.38	3,264.28	4,737.87
PAT as % to Total Income	6.7%	5.6%	10.6%	6.1%	9.7%



About Polaris Software Lab

Polaris Software Lab (POLS.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 & modernisation 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 Universal Banking, Intellect Consumer Finance, Intellect Credit Cards, Intellect Cash & Liquidity Management, Intellect Wealth Management, Intellect Portals and Intellect Risk & Treasury Platform. 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 and Insurance 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/>.

Investors Conference Call

Polaris Software Lab Ltd. will host an Investors Conference Call, where the Senior Management of Polaris will comment on the company's performance during the second quarter ended Sep 30, 2007 and respond to questions from participants. The conference call will take place **at 17:30 Hrs IST (20:00 Hrs in Hong Kong / Singapore) on Wednesday, Oct 17, 2007.**

To participate in the conference call, please dial the numbers given below five minutes ahead of schedule. As participation is limited to 59 callers, early registration is encouraged. A replay will be available at 20.30 on 18th Oct 07 at the numbers mentioned below. The transcript of this conference call will be available within 72 working hours at website, www.polaris.co.in in the investor section.

The dial numbers to join the conference call is as follows:

Conference name : Polaris Q2FY08 earnings call
Time : 17:30 Hrs IST (20:00 Hrs in Hong Kong / Singapore) on Wednesday, Oct 17, 2007

Access Numbers for Polaris Software Lab Ltd Q&A call - 17th Oct 07, 5:30 PM IST

WebEx India [59 Ports]

MUMBAI

[34 Ports]Primary Access TOLL NUMBER: (+91 22) 2781 3007

Standby Access TOLL NUMBER: (+91 22) 6776 3707

BANGALORE

[5 Ports]Primary Access TOLL NUMBER: (+91 80) 2237 8260

Standby Access TOLL NUMBER: (+91 80) 4422 3060

DELHI

[15 Ports]Primary Access TOLL NUMBER: (+91 11) 2651 6883

Standby Access TOLL NUMBER: (+91 11) 2781 2277

CHENNAI

[5 Ports]Primary Access TOLL NUMBER: (+91 44) 2820 0012

Standby Access TOLL NUMBER: (+91 44) 2781 2277



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