

## **Polaris records 89% growth in Profits YoY, 27% QoQ**

...EPS guidance revised upwards to Rs. 13.5 from Rs. 12.5

**Chennai, 21 October 2008:** Polaris Software Lab Limited (POLS.BO), a leader in Specialty Application Development in Banking, Financial and Insurance sector, today announced the second quarter results for FY 2008-2009.

For the quarter ended 30th September 2008, consolidated revenue was Rs. 351.14 crore and Profit after Tax (PAT) was Rs. 34.43 crore.

Compared to the same quarter last year, revenues grew 28% from Rs. 273.55 crore and Profits grew by 89% from Rs. 18.22 crore. On a sequential quarter on quarter basis, revenues grew by 11% from Rs. 316.98 crore to Rs. 351.14 crore and Profits grew by 27% from Rs. 27.01 crore to Rs. 34.43 crore.

In dollar terms, revenues grew 19% to USD 80.17 million from 67.48 million; PAT grew 75% to USD 7.86 million from 4.5 million on a year on year basis. On a sequential quarter on quarter basis, revenues grew by 5.5% and PAT grew 21%.

### ***Financial Highlights***

1. The EBITDA margins improved from 12.6% to 14.74% & Utilization in the quarter improved by 296 basis points to 80.77% from 77.81%
2. Americas contributed to 37.4%, EMEA (Europe, Middle East and Africa) contributed to 30.6% and Asia Pacific and India contributed to 32% of the Q2 revenues. Revenues from Asia Pacific grew by 225 basis points to 22.26% from 20.01% in the last quarter
3. During the quarter, Polaris sold its equity in the Joint Venture with AIG, for Rs. 23.06 crore and realized the net profit of Rs. 13.06 crore
4. As an initiative towards zero product capitalization in the balance sheet, the company has expensed out Rs. 11.73 crore of the product capitalization

### ***Business Highlights***

1. During the quarter, the company expanded its customer base, by winning 14 new customers, including 4 that were Intellect-led
2. During the quarter, 3 large customers have chosen Polaris as their strategic outsourcing partner. Of the three, two customers are from Europe and one from US, a Fortune 500 company
3. AITE Group, a leading independent research and advisory firm for financial services industry, placed Intellect Core Banking Platform in the Global Top 10, recognizing it as the latest technology solution designed on Services Oriented Architecture and the most flexible platform for organizations to bring in new technology
4. The company signed a definitive agreement to acquire SEEC Inc, a US based Insurance Technology Solutions Company



**Mr. Arun Jain, Chairman & CEO, Polaris Software Lab Ltd.,** said, “Although it will take a few months for a clear picture to emerge, we expect to see opportunities due to consolidation in the financial markets, especially for players like us in the domain and solution space. We are participating in the strategic initiatives of 3 among the Top 10 banks in modernizing their legacy platforms. Besides this growth lever, we are focused on taking our Intellect Banking products to the Tier 2 banks as well as emerging markets”.

**Mr. Arup Gupta, Executive Director & COO, Polaris Software Lab Ltd.,** said, “We have been able to sustain growth in revenue as well as profits in the last 6 quarters. The quarterly top line has crossed the USD 80-million level up from USD 65-million level, same quarter last year. Our customer landscape has crossed the 200 mark”.

**Mr. R Srikanth, Executive Vice President & CFO, Polaris Software Lab Ltd.,** said, “We have delivered a sustained CQGR of 17% on Profits over last 4 quarters. With the current visibility, we are revising the EPS guidance upwards to Rs. 13.5 from Rs. 12.5”

Financial Results for the Second Quarter ended September 30, 2008  
Consolidated Profit and Loss account of Polaris Software Lab Limited

<b>POLARIS SOFTWARE LAB - GROUP</b>					
<b>UN AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2008 PREPARED AS PER INDIAN GAAP</b>					
<b>Rs Lakhs</b>					
<b>Particulars</b>	<b>QUARTER ENDED</b>		<b>HALF YEAR ENDED</b>		<b>YEAR ENDED</b>
	<b>September 30, 2008</b>	<b>September 30, 2007</b>	<b>September 30, 2008</b>	<b>September 30, 2007</b>	<b>March 31, 2008 Audited</b>
Income from software services, products and Business Process Management	35,114.14	27,355.08	66,812.13	53,100.13	109,930.05
Other Operating Income	(672.71)	411.04	(545.34)	1,269.92	1,811.01
<b>Total Income</b>	<b>34,441.43</b>	<b>27,766.12</b>	<b>66,266.79</b>	<b>54,370.05</b>	<b>111,741.06</b>
<b>Expenditure</b>					
Software development expenses	22,916.99	18,469.20	44,384.16	36,218.32	74,465.26
Selling and marketing expenses	3,435.30	3,150.01	6,615.62	6,252.99	12,513.35
General and Administrative expenses	3,011.40	2,719.99	6,179.73	5,421.03	11,132.07
<b>Total Expenditure</b>	<b>29,363.69</b>	<b>24,339.20</b>	<b>57,179.51</b>	<b>47,892.34</b>	<b>98,110.68</b>
<b>Profit before depreciation &amp; interest</b>	<b>5,077.74</b>	<b>3,426.92</b>	<b>9,087.28</b>	<b>6,477.71</b>	<b>13,630.38</b>
Depreciation	1,079.45	1,189.43	2,142.90	2,347.20	4,602.48
Finance Charges	16.50	18.85	37.22	36.37	78.61
<b>Profit after depreciation &amp; interest</b>	<b>3,981.79</b>	<b>2,218.64</b>	<b>6,907.16</b>	<b>4,094.14</b>	<b>8,949.29</b>
Share of Profit / (Loss) of Associate Companies	(68.44)	(21.52)	77.48	(58.34)	(16.75)
Profit on sale of Investments	1,301.37	-	1,301.37	-	-
Intangible Assets - Amortised fully	(1,173.27)	-	(1,173.27)	-	-
<b>Profit before tax</b>	<b>4,041.45</b>	<b>2,197.12</b>	<b>7,112.74</b>	<b>4,035.80</b>	<b>8,932.54</b>
Provision for taxation	598.72	374.77	968.86	771.53	1,611.04
<b>Profit after tax</b>	<b>3,442.73</b>	<b>1,822.35</b>	<b>6,143.88</b>	<b>3,264.27</b>	<b>7,321.50</b>
Earnings per share of Rs.5 each (Rs.)					
Basic	<b>3.49</b>	<b>1.85</b>	<b>6.22</b>	<b>3.31</b>	<b>7.42</b>
Diluted	<b>3.48</b>	<b>1.83</b>	<b>6.21</b>	<b>3.29</b>	<b>7.40</b>
Annualized EPS - Basic	<b>13.96</b>	<b>7.40</b>	<b>12.44</b>	<b>6.62</b>	<b>7.42</b>

**About Polaris Software Lab**

Polaris Software Lab (POLS.BO), is a recognized global leader in Specialty Application Development for the Banking, Financial and Insurance sector, with its comprehensive portfolio of products, smart legacy modernization services and consulting. Polaris has a talent strength of over 10,000 solution architects, domain experts and technology experts and owns the largest set of Intellectual Properties in the form of a comprehensive product suite and nine banking platforms namely Intellect Cash and Liquidity Management, Intellect Risk and Treasury Platform, Intellect Wealth Management, Intellect Core Banking, Intellect Consumer Finance, Intellect Credit Cards, Intellect Universal Banking, Intellect Front Office and Intellect Investor Services Platform. Headquartered in Chennai, Polaris has its Corporate Banking Solution Centre in Mumbai, Investment Banking Solution Centre in Hyderabad, Risk and 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/>.

**Investor 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, 2008 and respond to questions from participants. The conference call will take place **at 17:00 Hrs IST (19:30 Hrs in Hong Kong / Singapore) on Tuesday, October 21, 2008.**

**DIAL IN NUMBERS FOR THE Q2-INVESTOR EARNINGS CALL**

Conference Name : Q2 FY 08-09 Polaris Investor Earnings call.  
Date : Tuesday, 21st October 2008  
Time : 17:00 hrs IST  
Conference ID : 68403382

**ACCESS NUMBERS FOR THE Q2-INVESTOR EARNINGS CALL**

MUMBAI : Primary Access Toll Number : 02230360400  
Standby Access Toll Number : 02230560400  
BANGALORE : Primary Access Toll Number : 08030360400  
Standby Access Toll Number : 02230560400  
DELHI : Primary Access Toll Number : 01130360400  
Standby Access Toll Number : 02230560400  
CHENNAI : Primary Access Toll Number : 04430360400  
Standby Access Toll Number : 02230560400  
HONK KONG : Primary Access Toll free Number : 800901420  
Standby Access Toll Number : 02230560400  
SINGAPORE : Primary Access Toll free Number : 8001011906  
Standby Access Toll Number : 02230360400  
REPLAY : [21st Oct 2008 to 23rd Oct 2008]  
Replay ID/Conference# : 68403382  
Primary Access Number : 02230360400

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