



For Immediate Release

Q4 & Annual Results for FY 2006-2007

Polaris crosses the double milestones of 1000 Cr annual revenues and 100 Cr annual profits

... Annual Net profit leaps 374% over last year

... Q4 revenues grow 36% year on year

Chennai, 27 April 2007: Polaris Software Lab Ltd (POLS.BO), recognized leader amongst specialty application service providers in the BFSI (banking, financial services and insurance) space, has announced fourth quarter and annual results for FY 2006-07.

For the year ended 31 March 2007, consolidated revenue was Rs 1032.37 crore, a growth of 25% over the previous year. Operating profit (EBITDA) was Rs 161.27 crore, indicating a 109% jump over the previous year and profit after tax (PAT) leapfrogged to Rs 101.06 crore from Rs. 21.30 crore, registering a 374% increase.

Success in the differentiated business strategy

With a unique and powerful combination of deep-dive domain expertise and a comprehensive next generation suite of banking products, Polaris provides smart legacy-modernisation services to the world's leading banks and financial institutions.

With this differentiated strategy, Polaris has expanded its footprint into an enviable customer landscape of 70 strategic accounts in FY '06-'07, as against 20 such accounts, 2 years back. This includes 11 out of the top 25 banks in the world. Polaris has been able to expand into these accounts on the strength of its micro vertical specialisation and its next-generation comprehensive product, Intellect Suite™, that is backed by a powerful and unique Services Oriented Architecture (SOA) back plane.

The success is reflected in the remarkable 147.52% annual growth in Intellect led revenues, compared to the previous year and 251.13% growth over the corresponding quarter last year. The revenue from Non-Citigroup accounts has grown by 61.73% compared to the previous year and 93.55% over the same quarter last year.

For the quarter ended 31 March 2007, consolidated revenue was Rs. 270.78 crore, up by 36.17% over the same quarter last year. Operating profit (EBITDA) was Rs. 32.16 crore and profit after tax (PAT) was Rs. 21.40 crore. Intellect led revenues continued to show a robust 10.30% growth over the last quarter, maintaining a creditable two-digit sequential quarter on quarter growth, for the last 4 quarters. Revenues from the Non-Citigroup accounts grew 6.45% (in dollar terms) over the previous quarter (Q3 '06-'07).

Financial Highlights for the quarter ended 31 March 2007

1. Intellect business contributed to 20.64% of the overall revenues
2. 12 new customers chose Polaris as their preferred specialty solution provider
3. Revenue contribution from the Americas 34.40%, Europe 32.61% and Asia Pacific 32.99%



4. Optimus revenues stood at Rs. 9.30 cr, contributing to 3.43% of the revenues
5. Citigroup business contributed to 40.60% of the quarterly revenue
6. The Talent strength of the company stood at 8668

Business Highlights for the quarter ended 31 March 2007

1. The company was rated leader amongst specialty application service providers, for the second consecutive year among Global Services 100*
2. Polaris was reassessed at Capability Maturity, CMMi level 5**. This reassessment is very significant because SCAMPI V1.2 is the latest and most stringent appraisal methodology recently launched by SEI.
3. The company launched a super specialty center focusing on the exciting and hi-tech area of Risk & Treasury at Mumbai. The Center has already developed referenceable clientele with its integrated solutions for Asset and Liability Management and Money Markets.
4. Intellect Money Market solution has been rolled out in 15 countries in Europe, for a Global Top 10 bank headquartered in the US.
5. A Global Top 10 bank headquartered in the UK selected Intellect corporate banking platform for a large rollout.
6. To support the company's strategic expansion plans for Latin America, the company has set up an office in Chile.
7. Polaris Application Certification Enterprise (PACE) has been set up in Canada to provide specialized testing services to leading banks in North America and Latin America.

Mr. Arun Jain, Chairman & CEO, Polaris Software Lab, said, "1000 Crore is a critical size in the journey of Polaris in its 14 years of existence. I am privileged to be a member of the team that architected, designed and executed the differentiated IP led strategy focused on Investment Banking, Corporate Banking, Retail Banking, Credit Cards, Enterprise Solutions and Risk & Treasury to build a strong growth canvas around 70 global accounts."

Mr. Arup Gupta, Chief Operating Officer, Polaris Software Lab, said, "The 61% growth in revenues from Non-Citigroup accounts and the growth in Intellect led revenues by a whopping 147% over the previous year is immensely satisfying and an indicator of the success of the Intellect led strategy that we embarked on. With 15 AAA, 16 AA and 28 A global accounts, we will be more focused on account mining for consistent and predictable growth."

Mr. R Srikanth, Chief Financial Officer, Polaris Software Lab, said, "The EPS for FY '06-'07 has moved to Rs. 10.28, from Rs. 2.17 last year. The currency fluctuation is certainly creating some unpredictability though we have hedged 48.62 Million \$ at an average rate of Rs. 45.08. For the FY '07-'08 business plans, we have a 70 account landscape, clearly segmented for growth prospects. We have the confidence to grow over 25% in revenues in the current fiscal."

Legend

* In February 2007, Polaris was announced as the Leader in the category of Speciality Application Development among the 2007 Global Services 100, recognized by Global Services Magazine (www.globalservicesmedia.com), a product of CMP CyberMedia LLC.

** Polaris was the first Indian IT Company in the world to be assessed at CMMi level 5 in the year 2001.



Financial Results for the Quarter ended March 31, 2007

Consolidated Profit and Loss account of Polaris Software Lab

(In Rs. Lakhs)	Q4 - FY07	Q3 - FY07	Q4- FY06	FY 07	FY 06
Particulars	Quarter ending Mar 31, 2007	Quarter ending Dec 31, 2006	Quarter ending Mar 31, 2006	Year ending March 31,2007	Year ending March 31,2006
Income from Software Services and products	27,077.91	27,397.29	19,885.49	103,236.96	82,507.62
Software development expenses	18,062.06	16,958.76	14,049.03	65,827.61	56,207.71
Gross profit	9,015.85	10,438.53	5,836.46	37,409.35	26,299.91
Selling and marketing expenses	3,161.00	3,053.47	2,177.55	11,067.00	8,168.66
General and Administrative expenses	2,639.34	2,645.64	2,523.69	10,214.84	10,424.30
EBITDA	3,215.51	4,739.42	1,135.22	16,127.51	7,706.95
Interest / Finance charges	31.48	16.85	22.01	83.93	79.18
Depreciation & Amortization	1,215.49	1,241.32	1,242.15	4,811.39	4,944.66
Op. Profit after interest and depreciation	1,968.54	3,481.25	(128.94)	11,232.19	2,683.11
Other Income and Forex gain / (loss) & Profit/(Loss) of associate companies	415.95	434.67	522.40	865.33	762.33
Profit Before Tax (PBT)	2,384.49	3,915.92	393.46	12,097.52	3,445.44
Provision for taxation	244.52	687.26	180.68	1,991.03	1,314.80
Profit After Tax (PAT)	2,139.97	3,228.66	212.78	10,106.49	2,130.64
PAT as % to Income	7.9%	11.8%	1.1%	9.8%	2.6%

Polaris Software Lab Limited - Key Metrics							
I	Geographic Revenue Break-up	Q4-FY07	Q3-FY07	V	Average Billing Rates (USD / hour)	Q4-FY07	Q3-FY07
	US / North America	34.40%	35.03%		Onsite - America & EMEA	\$68.53	\$68.60
	Europe	32.61%	31.59%		Onsite - ASPAC	\$40.01	\$40.70
	India	11.96%	11.73%		Onsite - Average	\$59.67	\$59.75
	Asia Pacific & Japan	21.03%	21.66%		Offshore - Average	\$19.32	\$19.27
	Total	100.00%	100.00%				
II	Domain Concentration Break-up	Q4-FY07	Q3-FY07	VI	Revenue Mix	Q4-FY07	Q3-FY07
	BFSI	88.00%	89.00%		Onsite	57.90%	58.50%
	Emerging Verticals	12.00%	11.00%		Offshore	42.10%	41.50%
		Total	100.00%		100.00%		
	Intellect Revenue (Rs. Lacs)	5,590(20.64%)	5,068(18.50%)				
	Optimus Revenue (Rs. Lacs)	930(3.43%)	878(3.21%)	VII	Human Resource Mix	Q4-FY07	Q3-FY07
III	Client data	Q4-FY07	Q3-FY07		Headcount (end of period)	8668	8408
	New Clients Added	12	18		Software Professionals	90.25%	91.00%
	Repeat Business	88.00%	86.50%		S G & A Staff	9.75%	9.00%
IV	Client concentration	Q4-FY07	Q3-FY07		Overall Utilization	73.19%	74.50%
	Top Client	11.10%	11.41%	Attrition Rate	14.52%	14.37%	
	Top 5	34.50%	35.19%				
	Top 10	48.00%	48.92%	VIII	Efforts Mix	Q4-FY07	Q3-FY07
Citigroup	40.60%	43.80%	Onsite		29.00%	29.50%	
				Offshore	71.00%	70.50%	



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 Fourth quarter ended Mar 31, 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 Friday, Apr 27, 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 28th Apr 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 Q4FY07 earnings call
Time	17:30 Hrs IST (20:00 Hrs in Hong Kong / Singapore)
Date	Friday, Apr 27, 2007

**Access Numbers for Polaris Software Lab Ltd Q&A call, 27th Apr 07, 5:30 PM IST
WebEx India [59 Ports]**

BANGALORE: [10 Ports]Primary Access TOLL NUMBER: (+91 80) 22378260
Standby Access TOLL NUMBER: (+91 80) 44223060

CHENNAI: [10 Ports]Primary Access TOLL NUMBER: (+91 44) 28200012
Standby Access TOLL NUMBER: (+91 22) 27812277

DELHI: [10 Ports]Primary Access TOLL NUMBER: (+91 11) 26516883
Standby Access TOLL NUMBER: (+91 22) 27812277

Mumbai: [30 Ports]Primary Access TOLL NUMBER: (+91 22) 27813007
Standby Access TOLL NUMBER: (+91 22) 67763707

REPLAY: [28th Apr 07 29th Apr 07]Primary Access NUMBER: (+91 22) 67763707

About Polaris Software Lab

Polaris Software Lab (POLS.BO) provides smart legacy-modernisation services to the world's leading banks and financial institutions, with talent strength of over 8500 solution architects, domain experts and technology experts. Polaris 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. Please visit <http://www.polaris.co.in/>.

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