

Q2 Revenues up by 4% and Profits by 11% Sequentially

Gurgaon, 20 October 2009: Polaris Software Lab Limited (POLS.BO), a leading Financial Technology company, today announced the second quarter results for FY 2009-10.

For the quarter ended 30 September 2009, Profit after tax grew (PAT) by 11% to Rs. 35.20 crore from Rs. 31.84 crore in the previous quarter. Income grew by 4% to Rs. 338.31 crore from Rs. 325.53 crore.

In dollar terms, Profit grew by 12% to 7.27 million from 6.52 million and income grew by 5% to 69.93 million from 66.61 million sequentially.

Financial Highlights

1. Polaris acquired Laser Soft Infosystems, a banking software product company in an all-cash deal for about Rs. 52 crore. The acquisition will be EPS accretive for Polaris. With this acquisition Polaris acquired 40 accounts in India and emerging countries
2. Cash and cash equivalents grew by Rs. 44.80 crore to Rs. 446.34 crore (USD 92.8 million), post dividend payout of Rs 14.33 crore
3. EBITDA margins stood at 17% before onetime visa costs of Rs. 3.7 crore
4. Utilization was 81%, 100 bps improvement over previous quarter
5. Americas contributed to 43%, EMEA (Europe, Middle East and Africa) contributed to 28% and Asia Pacific contributed to 29% of the quarter revenues
6. The Days Sales Outstanding (DSO) maintained at record 47 days, reflecting impeccable delivery standards

Business Highlights

1. During the quarter, the company recorded 16 wins, of which 12 were Intellect-led (product deals)
2. The company won a multimillion dollar deal of Intellect GUB for a large Vietnamese bank
3. The company won a large outsourcing deal from a global bank in Europe.
4. Intellect GUB Credit Decisioning system was implemented at HDFC Bank
5. A leading bank in Thailand went live on Intellect GUB Collect and Lending platform
6. Continuing with its focused Go-to-market plan, Polaris showcased Intellect GUB 10.0* and Customer Business eXchange (CBX)** to the leading corporate bankers from around the world participating in Sibos 2009, the world's premier financial services event hosted in Hong Kong
7. The company signed a Memorandum of Understanding with PCCW Solutions, to jointly market and deliver Intellect Global Universal Banking (GUB) 10.0* in China
8. During the quarter Intellect GUB received extensive recognition from leading analysts.
 - Polaris featured amongst the top vendors in the Payment Services Hub by Gartner
 - Polaris featured amongst the top vendors building industry-specific knowledge and solutions by harnessing business process and domain capability by Forrester

- Polaris featured amongst the top vendors having extensive breadth of Securities and Investment coverage by AITE Group

Arun Jain, Chairman & CEO, Polaris Software Lab Ltd., said, “5 years ago, we embarked on a journey to become a full spectrum Financial Technology player in the global arena with our integrated products and services portfolio. 200 customers and over 100 Intellect installations stand as testimony to the success of our integrated services and products play”.

R Srikanth, Executive Vice President & CFO, Polaris Software Lab Ltd., said, “The Laser Soft acquisition has brought in a treasure trove of 40 accounts in India and emerging markets supplementing our country and account expansion strategy. We are well in track to achieve our EPS guidance of Rs. 15 for FY10.”

**Intellect Global Universal Banking (GUB) 10.0 is a unique banking platform that can co-exist with legacy systems as well as support the road-map for future modernization. Intellect GUB spans business processes across Retail, Private and Corporate Banking, Capital Markets and Asset Management. For the first time, such a comprehensive solution has been built using SOA technology. The solution harnesses the power of SOA to modernize bank's technology platform and enables bank to rapidly launch new products for its emerging lines of business.*

***Intellect GUB 10.0 offers functionality and technology architecture to create Customer Business eXchange (CBX) that can significantly enhance banking experience of corporate customers. Customer Business eXchange enables transaction services and information exchange for all or a 'mix and match' combination of Intellect GUB 10.0 functionality that is uniquely required by corporate banks. Corporate banks can utilize CBX for corporate customers and provide them with a single entry into the complete suite or mix of corporate products and services such as Liquidity management, Treasury, Trade, Custody and Payments.*

Financial Results for the Second Quarter ended September 30, 2009

POLARIS SOFTWARE LAB – GROUP				
UNAUDITED CONSOLIDATED FINANCIAL RESULT FOR THE QUARTER ENDED SEPTEMBER 30, 2009 PREPARED AS PER INDIAN GAAP				
(Rs. Lakhs)				
Particulars	QUARTER ENDED		HALF YEAR ENDED	
	Sept 30, 2009	Sept 30, 2008	Sept 30, 2009	Sept 30, 2008
Income from software services, products and Business Process Management	33,830.55	35,114.14	66,383.38	66,812.13
Software development expenses	22,065.44	22,916.99	42,851.12	44,384.16
Gross Profit	11,765.11	12,197.15	23,532.26	22,427.97
Selling and marketing expenses	3,551.65	3,435.30	7,026.04	6,615.62
General and Administrative expenses	2,826.01	3,011.40	5,595.73	6,179.73
Operating Profit before interest, depreciation & amortization	5,387.45	5,750.45	10,910.49	9,632.62
Depreciation / Amortization	873.67	1,079.45	1,717.80	2,142.90
Finance Charges	17.27	16.50	34.50	37.22
Operating Profit after interest, depreciation & amortization	4,496.51	4,654.50	9,158.19	7,452.50
Exchange Gain/ (Loss)	(858.16)	(770.02)	(2,188.60)	(825.43)
Other Income	404.94	97.31	834.00	280.09
Share of profit/(loss) of Associate Companies	(41.61)	(68.44)	(41.61)	77.48
Profit/(loss) on sale of Investments	-	1,301.37	-	1,301.37
Intangible Assets - Amortized fully	-	(1,173.27)	-	(1,173.27)
Profit before tax	4,001.68	4,041.45	7,761.98	7,112.74
Provision for taxation	482.06	598.72	1,058.84	968.86
Profit after tax	3,519.62	3,442.73	6,703.14	6,143.88
Earnings per share of Rs.5 each (Rs.)				
Basic	3.57	3.49	6.79	6.22
Diluted	3.55	3.48	6.76	6.21

About Polaris Software Lab

Polaris Software Lab (POLS.BO) is a leading Financial Technology company, with its comprehensive portfolio of products, services and consulting. Polaris has a talent strength of over 9,000 solution architects, domain and technology experts. The company owns the largest set of Intellectual Properties in the form of a comprehensive product suite, Intellect Global Universal Banking (GUB) 10.0. Intellect™ is the first pure play SOA based application suite for Retail, Corporate, Investment banking and Insurance.

Polaris is headquartered in Chennai and has offices in all global financial hubs including Tokyo, Sydney, Hong Kong, Singapore, India, Dubai, Bahrain, Riyadh, London, Belfast, Zurich, Frankfurt, Toronto, New York, Chicago, Fremont, Pittsburgh 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 September 30, 2009 and respond to questions from participants. The conference call will take place **at 16:00 Hrs IST on Tuesday, October 20, 2009**

To participate in the conference call, please dial the numbers given below five minutes ahead of schedule. 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

Conference Name : Q2 FY 09-10 Polaris Investor Earnings call
Date : Tuesday, 20th October 2009
Time : 16:00 HRS IST
Conference ID : 35471670

Access Numbers for the call

MUMBAI : Primary Access Toll Number : 02230360400
BANGALORE : Primary Access Toll Number : 08030360400
DELHI : Primary Access Toll Number : 01130360400
CHENNAI : Primary Access Toll Number : 04430360400
HONK KONG : Primary Access Toll free Number : 800901420
SINGAPORE : Primary Access Toll free Number : 8001011906

REPLAY : [20th October 2009 to 22nd October 2009]
Replay ID/Conference # : 35471670
Primary Access Number : 02230360400

For further information, please contact:

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