

## **Polaris signs off the year with 54 Intellect™ wins; records 42% growth in quarterly Profit**

**Chennai (India) / April 21, 2010:** Polaris Software, a leading Financial Technology company, today announced the fourth quarter and annual results for FY 2009-10.

In a year that witnessed uncertain environment in the financial services segment in developed markets especially USA and UK, the company delivered positive results led by the highest number of product wins, multiple large outsourcing engagements and penetration into new markets. The company was able to sustain operating margins, drive profit growth and expand inorganically to exceed the stated guidance. Polaris continues to value add in the chosen 'Financial Technology' space with its differentiated products supported by IP and a full spectrum services backed by impeccable delivery, to unlock efficiencies in customers' financial supply chain.

### **Key Performance metrics**

For the quarter ended 31 March 2010, Profit after tax (PAT) grew by 42% to Rs. 45.74 crore from Rs. 32.11 crore compared to the same quarter last year. Revenues grew by 4% to Rs. 351.04 crore from Rs. 337.25 crore.

In rupee terms, on a sequential quarter on quarter basis, PAT grew by 14% to Rs. 45.74 crore from Rs. 40.07 crore. Operating profit (EBITDA) grew by 6% to Rs. 58.14 crore from Rs. 54.78 crore. Revenues grew by 4% to Rs. 351.04 crore from Rs. 338.89 crore.

In dollar terms, on a sequential quarter on quarter basis, PAT grew 16% to \$9.96 million from \$8.58 million. EBITDA grew 8% to \$12.66 million from \$11.73 and Revenues grew by 5% to \$76.41 million from \$72.55 million, indicating a demand uptick.

For the year ended 31 March 2010, PAT rose by 17% to Rs. 152.84 crore from Rs. 130.71 crore last fiscal. Revenues was at Rs. 1353.76 crore and EBITDA at Rs. 222.02 crore.

The Board of Directors recommended a final dividend of 35% on the paid up capital of the company for fiscal 2010.

### **Intellect™ (product) expansion**

Intellect gained momentum during the year with 54 wins and 22 wins in the fourth quarter. The sales and marketing spend on Intellect increased to Rs. 38.67 crore from Rs. 36.10 crore in the previous quarter, to support the product distribution in developed and new markets. This translated in increased traction and wins during the quarter.

Intellect contributed 23% of the quarterly revenues, a growth of 29% over same quarter last year in dollar terms. Amongst the new wins, there were two large \$5 million deals. Intellect made inroads in the US and found acceptance in that marketplace. A leading

Australian bank chose Intellect GUB – Cash and Liquidity solution in a large deal. A central bank in EMEA region chose Intellect Core Banking. Insurance companies in America and Australia chose Intellect Insurance CBX to automate their business processes. During the quarter, Intellect got successfully deployed in Mekong Housing Bank, Vietnam; Elavon in Germany and CRDB Bank in Tanzania.

Continuing incremental investment in IP creation, Polaris launched Intellect PRIVACY, an online and internet banking security card for internet banking customers based on the patents filed jointly by IIT Madras. Polaris launched standardized Claims Management solution for the Health insurers, the only ACORD standard compliant solution available in the Indian insurance market.

During the quarter Intellect GUB received extensive recognition from leading analysts. Polaris was featured amongst the Top Vendors for leading Real-Time Core Systems targeted at Large Banks by Tower Group. Polaris got a strong visibility in the space of Basic Banking, Cards, Loans, Cash Management, Payments, Liquidity, Portals, Trade Facilitation, Delivery Management Services, Data Sourcing & Delivery Models.

### **Account Expansion**

Polaris won multiple deals this quarter in the Financial Services outsourcing space including ADM project in the North America, Data warehousing project in APAC and testing services in EMEA. The company is engaging with top banks on value driven strategy for Application Modernization.

During the quarter, Polaris featured amongst the top five IT services vendors by client engagement frequency in insurance segment by a leading analyst. Polaris was one of the Top 4 Vendors Globally for helping a leading analyst in Banking and Technology space to develop the functional map for banking as well as various functional landscapes.

### **Acquisitions**

During the year, Polaris made two acquisitions viz. Laser Soft Infosystems to gain market leadership in Indian banking space; IndigoTX Software to complete its solution portfolio in investment banking area and lead in on-demand banking space. The cost of acquisition is paid through internal accruals.

**Financial and Operating Highlights**

1. Profit after tax (PAT) margins moved to 13.03% from 9.52%, an increase of 351 bps over the same quarter last year
2. Cash and cash equivalents totaled Rs. 504 crore, as against Rs. 340 crore in the previous year
3. During the quarter, the company incurred a foreign exchange loss of Rs. 33 lakh and recorded other income of Rs. 5.78 crore
4. For the fiscal 2010, the company recorded an EPS of Rs. 15.48 as against Rs. 13.25 in FY09
5. The company continued to record a balanced distribution of revenues from the major geographies with Americas contributing 44.5%, Europe contributing 24.5%, Asia Pacific & Japan contributing 21% and India 10% of the quarter revenues

**Arun Jain, Chairman & CEO, Polaris Software Lab Ltd.**, said, “Intellect GUB, our comprehensive suite of well accepted products viz. Payment Hub, Liquidity, Cash Management and Portals supported by 15 powerful complementary product platforms continues to build ever increasing momentum in the marketplace. The growing market share is a confirmation that Intellect has now moved from early adopter to early majority in the innovation adoption curve. Our focus in the coming years will remain on expanding the market place. We are positive on the business outlook and will accelerate our vision of being among the top 3 Financial Technology providers globally.”

**R Srikanth, President & CFO, Polaris Software Lab Ltd.**, said, “We have exceeded our stated guidance to deliver an EPS of Rs. 15.48. We are pleased that we have been able to deliver despite tough market conditions. We also managed foreign exchange fluctuations effectively in the volatile market.”

**Business Outlook**

The economy and business environment in developed markets is easing out and customers’ discretionary spend is on a rise. This is reflected in the quarterly volume growth and revenue growth. Emerging markets present an opportunity for growth.

With the growth momentum we are likely to grow our EPS between 31% – 33% in FY 2010-11.

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## Consolidated Profit and Loss account of Polaris Software Lab Limited

POLARIS SOFTWARE LAB - GROUP				
AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2010 PREPARED AS PER INDIAN GAAP				
(In Rs. Lakhs)				
Particulars	QUARTER ENDED		YEAR ENDED	
	March 31, 2010	March 31, 2009	March 31, 2010 Audited	March 31, 2009 Audited
Income from software services, products and Business Process Management	35,103.70	33,724.61	135,375.62	137,794.54
Software development expenses	22,311.97	20,921.17	87,009.58	88,540.10
<b>Gross Profit</b>	<b>12,791.73</b>	<b>12,803.44</b>	<b>48,366.04</b>	<b>49,254.44</b>
Selling and marketing expenses	3,867.11	3,556.02	14,503.20	13,676.09
General and Administrative expenses	3,110.91	3,067.83	11,661.02	12,225.90
<b>Operating Profit before interest, depreciation &amp; amortisation</b>	<b>5,813.71</b>	<b>6,179.59</b>	<b>22,201.82</b>	<b>23,352.45</b>
Depreciation/Amortisation	919.16	855.26	3,501.53	3,878.16
Finance Charges	34.97	18.55	91.09	73.54
<b>Operating Profit after interest, depreciation &amp; amortisation</b>	<b>4,859.58</b>	<b>5,305.78</b>	<b>18,609.20</b>	<b>19,400.75</b>
Exchange Gain/ ( Loss )	(32.98)	(1,958.82)	(2,641.96)	(5,638.40)
Other Income	578.32	429.13	1,911.88	1,175.31
Share of profit/(loss ) of Associate Companies		(10.02)	(41.61)	91.09
Profit on sale of Associate Companies				1,301.37
Intangible Assets - Amortised fully				(1,173.27)
<b>Profit before tax</b>	<b>5,404.92</b>	<b>3,766.07</b>	<b>17,837.51</b>	<b>15,156.85</b>
Provision for taxation	831.21	555.42	2,553.27	2,085.58
<b>Profit after tax</b>	<b>4,573.71</b>	<b>3,210.65</b>	<b>15,284.24</b>	<b>13,071.27</b>
Earnings per share of Rs.5 each (Rs.)				
Basic	<b>4.62</b>	<b>3.25</b>	<b>15.48</b>	<b>13.25</b>
Diluted	<b>4.58</b>	<b>3.25</b>	<b>15.34</b>	<b>13.24</b>

### **About Polaris Software Lab**

Polaris Software Lab (POL.S.BO) is a leading Financial Technology company, with its comprehensive portfolio of products, services and consulting. Polaris has a talent strength of 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 fourth quarter ended March 31, 2010 and respond to questions from participants. The conference call will take place **at 16:30 Hrs IST (19:00 Hrs in Hong Kong / Singapore) on Wednesday, April 21, 2010.**

Conference Name	:	Polaris Q4-2009-10 Investor Earnings Call
Date	:	Wednesday, 21st April 2010
Time	:	16:30 HRS IST
Conference ID	:	68454278

### **ACCESS NUMBERS FOR THE Q4-2009-10 POLARIS INVESTOR EARNINGS 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
US & CANADA	:	Primary Access Toll free Number	:	18663944523

REPLAY	:	[21st April 2010 to 23rd April 2010]
Replay ID/Conference #:	:	68454278
Primary Access Number	:	02230360400

### **For further information, please contact:**

Shailesh Dhawla  
Marketing & Communication  
[shailesh.d@polaris.co.in](mailto:shailesh.d@polaris.co.in)  
91- 9711811460