

Polaris posts Revenues of Rs. 573 Cr, EBITDA of Rs. 94 Cr in Q3 FY '12-13

Records 16 new wins for products and services during the quarter

Chennai (India), January 22, 2013: Polaris Financial Technology Ltd (POLS.BO), a leader in products, solutions and services that enable unprecedented operational productivity for the global Financial Services industry, today announced its third quarter results for FY 2012-13.

Performance Highlights

- For the quarter ended December 31, 2012, Revenues stood at Rs. 573 Cr, Operating Profit (EBITDA) stood at Rs. 94 Cr* and Profit after Tax (PAT) stood at Rs. 41 Cr.
- IdenTrust incurred a loss of Rs. 11.89 Cr this quarter. Excluding this, the Profit after Tax would have been Rs. 52.55 Cr.
- On a YTD basis, Revenues grew 14.43% to Rs. 1753.60 Cr, compared to Rs. 1532.45 Cr for the same period in the last fiscal.
- FT Sourcing (Services) revenues stood at Rs. 445 Cr, contributing 78% of overall revenues. Seven new FT Sourcing wins were recorded in this quarter. Gross margin for FT Sourcing (Services) stood at 34%.
- FT Intellect (Products) revenues stood at Rs. 128 Cr, contributing 22% of the overall revenues. Nine new Intellect wins were recorded in this quarter. Gross margin for FT Intellect (Products) stood at 43%.
- Cash and cash equivalents stood at Rs. 480 Cr at the end of the quarter (December 31, 2012), moving up significantly by Rs. 90 Cr on a YTD basis.
- DSO days has come down further by 5 days to 64 days, from 69 days in the last quarter.

**AS30 adjustments are done to neutralise the Forex impact of hedging on the top line. Polaris has an impact of the hedge of \$25 Million in Q3, amounting to Rs. 12.30 Cr.*

Management Statement

Arun Jain, Founder, Chairman & CEO, Polaris Financial Technology Limited said, "This has been a challenging quarter. However, we continue to build momentum with 16 new business wins. These wins will lead to revenue accruals in the coming quarters."

Govind Singhal, President & COO, Polaris Financial Technology Limited said, "Service business has been steady barring a \$800,000 negative impact due to Hurricane Sandy. As regards our Product Business, though we won nine deals, the slow down in Europe has impacted three deal closures and revenue recognition this quarter. Our overall Operational Improvement agenda is on track and costs were contained at the levels of the previous quarter."

The Board of Directors of Polaris Financial Technology Limited at its meeting held today, decided to authorise its management team to explore options including appropriate restructuring, that would provide an impetus to the company for the next stage of its growth, in order to maximise shareholder value.

Financial Results for the Third Quarter Ended December 31, 2012

POLARIS FINANCIAL TECHNOLOGY LTD (Formerly known as Polaris Software Lab - Group)

Unaudited consolidated financial results for the Third quarter ended December 31, 2012 prepared as per Indian GAAP

Rs.Lakhs

Particulars	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
INCOME						
Gross Income from software services, products and Business Process Management	57,288.49	59,907.95	57,253.05	175,360.35	153,245.6	204,915.14
Forex impact on Hedge accounting	(1,230.35)	(1,318.21)	-	(3,781.21)	-	-
Net Income from software services, products and Business Process Management	56,058.14	58,589.74	57,253.05	171,579.14	153,245.60	204,915.14
EXPENDITURE						
Software development expenses	36,655.79	36,711.83	34,248.46	109,958.28	96,461.46	129,212.57
Selling and marketing expenses	6,952.91	7,200.17	5,599.18	21,243.11	16,092.30	22,507.74
General and Administrative expenses	4,261.65	3,332.73	3,474.48	11,029.36	10,117.14	13,592.88
Total Expenditure	47,870.35	47,244.73	43,322.12	142,230.75	122,670.90	165,313.19
Profit before interest, depreciation & amortisation	8,187.79	11,345.01	13,930.93	29,348.39	30,574.70	39,601.95
Research & development expenses	2,741.02	2,520.15	3,412.00	8,143.18	8,098.00	10,657.00
Depreciation/ Amortisation	1,392.02	1,294.87	1,305.57	3,978.63	3,380.36	4,723.07
Finance Charges	53.90	61.79	48.25	191.13	106.23	170.55
Profit after interest, depreciation & amortisation	4,000.85	7,468.20	9,165.11	17,035.45	18,990.11	24,051.33
Other Income	966.21	(780.74)	(1,239.87)	2,348.54	2,349.18	4,292.17
Minority Interest/ Share of profit/(loss) of Associate Companies	41.04	166.59	8.39	223.03	21.28	27.65
Profit before tax	5,008.10	6,854.05	7,933.63	19,607.02	21,360.57	28,371.15
Provision for taxation	941.46	1,340.89	1,826.53	3,910.44	5,403.83	6,300.29
Profit after tax	4,066.64	5,513.16	6,107.10	15,696.58	15,956.74	22,070.86

Note: AS30 adjustments are done to neutralise the Forex impact of hedging on the top line. Polaris has an impact of the hedge of \$25 Million in Q3, amounting to Rs. 12.30 Cr. The EBITDA would be Rs. 94.17Cr if we exclude the AS30 adjustments.

FT Sourcing (Services)

Polaris' FT Sourcing revenues touched Rs. 445 Cr, contributing 78% of overall revenues. Quarter revenues of Polaris FT Sourcing were well distributed across all key business geographies with the Americas contributing 51.9%, Europe 23.2%, India 6.6% and Rest of the World 18.3%. However, some revenue erosion from New York based clients was experienced due to their technology operations being affected by Hurricane Sandy during the quarter. The quarter saw seven significant deals in the FT Sourcing space:

- A leader in financial services with one of the most comprehensive global product platforms offering solutions to clients in more than 100 countries chose Polaris' Testing services for Treasury.
- A global leader delivering innovative investment management, asset and fund administration, fiduciary and banking solutions to corporations, institutions and affluent individuals for more than 120 years chose Polaris' Data Certification services for the bank's global data warehouse implementation.
- One of the world's leading and most diverse derivatives Exchange offering the widest range of futures and options products for risk management chose Polaris for its Testing Process Enhancement and Automation services.
- The world's leading source of intelligent information for businesses and professionals chose Polaris for its ADM services.
- A Saudi joint stock company representing a new era of quality banking service in which Shariah-compliance is coupled with world-class service and professionalism and providing a comprehensive range of retail, corporate banking and investment services chose Polaris' Test Automation service.

FT Intellect (Products)

Polaris' Intellect quarterly revenues stood at Rs. 128 Cr for the quarter, contributing 22% of overall revenues. Revenues were well distributed across all key geographies with the Americas contributing 19.9%, Europe 19.8%, India 15.6% and Rest of the World 44.7%. The quarter saw nine wins for Polaris FT Intellect products. Some of the significant deals include:

- One of the largest banks from America chose Polaris' Intellect GTB suite for modernising their Global Transaction Banking Platform.
- A highly diversified financial service provider serving more than 12 million personal, commercial, corporate and institutional customers in North America and internationally picked Polaris for its Loan Origination Solution.
- Kenya's premier commercial bank with 20 years of experience in the market, chose Polaris' comprehensive core-banking product Intellect[™] Core Banking Solution to transform their banking technology platform.
- The trade association of mutual funds and an apex body of all Asset Management Companies (AMC) registered with SEBI, selected Polaris to support its next generation portal development.

Awards and Recognition

Polaris continues to be recognized and awarded by analysts and other industry influencers for its competence and capability. Listed below are the some of the recognitions received in the last quarter:

- **Polaris' Intellect** was recognized as a **'Strong Performer'** by **Forrester** in their report titled **'The Forrester Wave: Global Banking Platforms, Q4 2012'**.
- **Polaris** was recognised as a **'Major Contender'** on the **Everest Group Peak Matrix** among Capital Markets Application Outsourcing (AO) Service Providers by **Everest Group**, a consulting and research firm on global services.
- **Polaris' Intellect Wealth** featured among **'Best Wealth Management Technology Products'** in **Aite's** report titled **'European and Asia-Pacific Wealth Management Technology Players: Positioning to Capture Regulatory Bounty'**.
- **Polaris' Intellect Wealth** featured among **8 leading US Cash Management Vendors** in **Aite's** report titled **'Leading US Cash Management Vendors: Winning Strategies for a New Environment'**.

About Polaris Financial Technology Ltd

Polaris Financial Technology Ltd (formerly known as Polaris Software Lab Ltd) (POLS.BO) is a leader in Products, Solutions and Services that enable unprecedented operational productivity for the global Financial Services industry with its comprehensive portfolio of products and services. Polaris has a talent strength of over 13,114 solution architects, domain and technology experts. The company owns the largest set of Intellectual Properties for a comprehensive product suite, Intellect Global Universal Banking (GUB) M180. Intellect is the first pure play Service Oriented Architecture (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 Bangalore, Belfast, Chennai, Chicago, Dhaka, Dublin, Dubai, Frankfurt, Hong Kong, Ho Chi Minh City, Hyderabad, Kuala Lumpur, Lisle, London, Madrid, Manila, Melbourne, Mississauga, Mumbai, Nairobi, Neuchatel, New Delhi, New York (New Jersey), Paris, Pittsburgh, Pune, Riyadh, Santiago, San Francisco, Seoul, Shanghai, Singapore, St. Germain En Laye, Sydney, Thane, Tokyo, Toronto, Victoria and Wicklow. For more information, please visit <http://www.polarisFT.com/>

Investor Conference Call

Polaris Financial Technology Ltd will host an Investor Conference Call, where the Senior Management of Polaris will comment on the company's performance during the third quarter ended December 31, 2012 and respond to questions from participants. 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, <http://www.polarisFT.com/> in the investor section.

The conference call will take place at 17:00 Hrs IST on Tuesday , 22nd January, 2013.

The dial-in numbers to join the conference call:

Conference Name : Q3 FY13 Investor Call for Polaris Financial Technology
Date : 22nd January 2012
Time : 17:00 HRS IST
Conference ID : 87166631

ACCESS NUMBERS

MUMBAI : Primary Access Toll Number : 02230360400
 BANGALORE : Primary Access Toll Number : 08030360400
 DELHI : Primary Access Toll Number : 01130360400
 CHENNAI : Primary Access Toll Number : 04430360400
 INDIA : Primary Access Toll free Number : 180030131313
 HONK KONG : Primary Access Toll free Number : 800901420
 SINGAPORE : Primary Access Toll free Number : 8001011906
 US and Canada : Primary Access Toll free Number : 18663944523
 UK : Primary Access Toll free Number : 08081681758
 International Dial in Number : +91 2230360400
 REPLAY : [22nd January 2013 to 24th January 2013]
 Replay ID/Conference # : 87166631
 Primary Access Number : 02230360411

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