

## **Polaris revenues grow 13% Q-o-Q to Rs. 643 Cr, completes restructuring on schedule**

*Profit after Tax grows 38% to Rs. 60 Cr*

**Chennai (India), October 22, 2013:** Polaris Financial Technology Limited, a leader in products, solutions and services that enable unprecedented operational productivity for the global Financial Services industry, today announced its second quarter results for FY 2013 -14.

### **Key Performance Metrics**

**For the quarter ended 30<sup>th</sup> September, 2013:**

- Quarter revenues grew by 13% Q-o-Q to Rs. 643 crore, from Rs. 567 Crore and 7% Y-o-Y to Rs. 643 crore from Rs. 599 crore
- EBITDA grew by 24% Q-o-Q to Rs. 124 crore from Rs. 100 crore
- Profit After Tax (PAT) grew by 38 % Q-o-Q to Rs. 60 crore from Rs. 43 crore and 8% Y-o-Y to Rs. 60 crore from Rs. 55 crore
- EPS for the Quarter was Rs. 6.01 (Rs. 24.04 on an annualised basis). Excl. Forex impact the EPS would have stood at Rs. 9.36
- Cash and cash equivalents stood at Rs. 518 crore at the end of the quarter

### **Management Statement**

**Arun Jain, Founder, Chairman & Group CEO, Polaris Financial Technology Limited** said, "This was the first complete Quarter after we announced our restructuring in June 2013. I must congratulate the Management Teams of our four business units for being able to restructure themselves around the customer quickly and efficiently. I am also happy to see that, despite so many changes, this Quarter has shown green shoots of growth after a few flat quarters. We are in the right direction and poised to deliver greater value to the Financial Services industry with products and services designed for unprecedented operational productivity."

**Nat Narayanasamy, Group CFO, Polaris Financial Technology Limited** said, "We have successfully completed the divestment of IdenTrust with a positive impact of about Rs. 14 Crore on a consolidated basis. We continue to keep our cash focus and have maintained a cash position of over Rs. 500 Crore."

## FT Sourcing (Services)

### Key Performance Metrics:

- FT Sourcing revenues grew 12% Q-o-Q to Rs. 504.25 crore, 78% of consolidated revenues
- Gross margin for FT Sourcing (Services) stood at 33%
- EBITDA grew by 25% Q-o-Q at Rs. 101 crore. EBITDA margin stood at 20%.
- Operating Profit grew by 32% Q-o-Q at Rs. 86 crore
- Four new FT Sourcing wins were recorded in this quarter

Polaris' FT Sourcing Quarter revenues were distributed across all key business geographies with the Americas contributing 54%, Europe 21%, India 6% and Rest of the World 19%.

FT Sourcing Particulars	QUARTER ENDED		
	September 30, 2013	June 30, 2013	September 30, 2012
<b>Revenue (INR Cr)</b>	<b>504.25</b>	<b>450.32</b>	<b>448.78</b>
<b>Software Dev Exp</b>	<b>336.62</b>	<b>310.86</b>	<b>294.15</b>
<b>Gross Margin</b>	<b>167.64</b>	<b>139.46</b>	<b>154.63</b>
Gross Margin %	33.2%	31%	34.5%
S&M Costs	45.98	40.49	41.87
G&A Costs	20.35	17.83	16.50
PDD	0.30	0.53	-
<b>EBITDA</b>	<b>101</b>	<b>80.61</b>	<b>96.25</b>
EBITDA %	20%	17.9%	21.4%
R & D Costs	<b>6.40</b>	<b>6.98</b>	<b>5.68</b>
Deprn	8.55	8.51	8.56
Finance Charges	0.25	0.23	-
<b>Profit (after interest, depreciation &amp; amortization)</b>	<b>85.80</b>	<b>64.88</b>	<b>82.01</b>
Profit %	<b>17%</b>	<b>14.4%</b>	<b>18.3%</b>

## FT Intellect (Products)

### Key Performance Metrics:

- FT Intellect revenues grew 19% Q-o-Q to Rs.139 crore, 22% of consolidated revenues
- Gross margin for FT Intellect (Products) stood at 54%
- EBITDA grew by 18% Q-o-Q at Rs. 23 crore. EBITDA margin stood at 17%.
- Operating Loss stood at Rs. 2 Crore after investments of Rs. 10 crore in S&M
- FT Intellect is in investment mode to drive growth and market share
- Nine new FT Intellect wins were recorded in this quarter

Polaris' Intellect Quarter revenues were distributed across all key geographies with the Americas contributing 21%, Europe 29%, India 10% and Rest of the World 40%.

FT Intellect Particulars	QUARTER ENDED		
	September 30, 2013	June 30, 2013	September 30, 2012
<b>Revenue (INR Cr)</b>	<b>139.12</b>	<b>116.48</b>	<b>134.23</b>
<b>Software Dev Exp</b>	64.60	55.17	60.83
<b>Gross Margin</b>	<b>74.52</b>	<b>61.30</b>	<b>73.40</b>
Gross Margin %	53.6%	52.6%	54.7%
S&M Costs	34.99	27.03	30.13
G&A Costs	15.59	14.15	9.13
PDD	0.90	0.65	-
<b>EBITDA</b>	<b>23.04</b>	<b>19.46</b>	<b>34.15</b>
EBITDA %	16.6%	16.7%	25.4%
R & D Costs	20.17	22.18	19.52
Deprn	5.00	4.46	3.64
Finance Charges	0.17	0.15	0.49
<b>Profit (after interest, depreciation &amp; amortization)</b>	<b>(2.29)</b>	<b>(7.33)</b>	<b>10.50</b>
Profit%	<b>-1.6%</b>	<b>-6.3%</b>	<b>7.8%</b>

## Financial Results for the Second Quarter Ended September 30, 2013

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

Unaudited consolidated financial results for the second quarter ended September 30, 2013 prepared as per Indian GAAP

Particulars	QUARTER ENDED			YEAR ENDED
	September 30, 2013	June 30, 2013	September 30, 2012	March 31, 2013
<b>Rs. Lakhs</b>				
<b>INCOME</b>				
Gross Income from software services, products and Business Process Management	64,337.31	56,680.15	59,907.95	230,833.36
<b>Income from Operations</b>	<b>64,337.31</b>	<b>56,680.15</b>	<b>59,907.95</b>	<b>230,833.36</b>
<b>EXPENDITURE</b>				
Software development expenses	40,121.24	36,603.38	36,711.83	145,672.43
Selling and marketing expenses	8,097.14	6,752.81	7,200.17	27,877.34
General and Administrative expenses	3,714.56	3,316.61	3,332.74	14,864.30
<b>Total Expenditure</b>	<b>51,932.94</b>	<b>46,672.80</b>	<b>47,244.74</b>	<b>188,414.07</b>
<b>Profit before interest, depreciation &amp; amortisation</b>	<b>12,404.37</b>	<b>10,007.35</b>	<b>12,663.21</b>	<b>42,419.29</b>
Research & development expenses	2,656.67	2,916.55	2,520.15	10,772.77
Depreciation/ Amortisation	1,355.41	1,297.69	1,294.87	5,369.09
Finance Charges	41.69	38.67	61.79	249.08
<b>Profit after interest, depreciation &amp; amortisation</b>	<b>8,350.60</b>	<b>5,754.44</b>	<b>8,786.40</b>	<b>26,028.35</b>
Forex impact on Hedge accounting (AS30)	(3,329.40)	(1,584.85)	(1,318.21)	(4,970.26)
Other Income including exceptional items	1,904.68	1,496.79	(780.73)	3,250.86
Minority Interest/ Share of profit/(loss) of Associate Companies	(58.80)	(80.19)	166.59	675.04
<b>Profit before tax</b>	<b>6,867.08</b>	<b>5,586.19</b>	<b>6,854.05</b>	<b>24,983.99</b>
Provision for taxation	885.69	1,265.78	1,340.89	4,903.67
<b>Profit after tax</b>	<b>5,981.39</b>	<b>4,320.41</b>	<b>5,513.16</b>	<b>20,080.32</b>

## Business Highlights for Quarter ended 30<sup>th</sup> September, 2013

1. Polaris launched the following products and technologies at Sibos 2013, the world's premier annual banking and financial conference, held this year in Dubai:
  - iGTB – the world's first complete Global Transaction Banking Platform
  - Payments Hub - Real-time payments solution that minimizes operational risk and improves the Straight Through Processing rate to over 90%
  - Canvas Technology - Omni-Channel solution that enables role-based efficiencies for Financial Institutions
2. Polaris unveiled the 'Financial Forensics Platform' (FFP) to address the Money Laundering and Fraud issues faced by financial institutions, at the FT Design Series in London

## Business Wins

### FT Sourcing (Services)

The quarter saw 4 significant deals in the FT Sourcing space:

- A leading global provider of technology-driven-solutions to banks, broker-dealers, mutual funds, and corporations, chose Polaris' application development and maintenance services
- A technology leader of self-service solutions in banking services, hardware and software and a leading provider of ATM software to a number of Tier 1 and Tier 2 banks across the globe, chose Polaris as a partner in testing their releases, for new product development and client implementations, leveraging Polaris' specialized ATM testing frameworks and tools
- One of the largest ICT user organizations in the Queensland government, which delivers world-class education and training services for people at every stage of their personal and professional development, chose Polaris as its preferred testing services vendor for various service categories
- A leading bank in Qatar providing a range of financial solutions to its individual and corporate customers, chose Polaris' services for implementation of third party products

### FT Intellect (Products)

The quarter saw 9 wins for Polaris' Intellect products which is a testimony to Intellect's superior architecture and rich functionality.

- One of the top ten global banks, offering solutions to clients in more than 100 countries with one of the most comprehensive global product platforms available, chose Polaris' Liquidity, CBX & Deposit solution as part of their global expansion. The bank chose Polaris' solution because of its cross border multi-currency capabilities.
- One of the foremost and leading banks in Canada, providing a broad range of retail banking, wealth management and investment banking products and solutions, chose Polaris' iBDM (Intellect Banking Data Model) to integrate customer data across all the Capital Markets systems
- A leading Central Bank chose Polaris' Intellect Treasury and Intellect Market Risk to cover the bank's Front, Mid & Back Office operations
- A prominent Indian state-owned commercial bank chose Polaris' iGTB (Integrated Global Transaction Banking) comprising Cash Management, Channel Finance solutions & CBX as a single platform to fuel its entire cash management banking business

- One of the largest private banks in Indonesia chose Polaris' iGTB (Integrated Global Transaction Banking) to provide next generation transaction banking capability. The bank chose iGTB for the comprehensive coverage of transaction banking products and services, providing a convergence of cash and trade.
- A leading commercial bank in Bangladesh offering a wide gamut of banking services, chose Polaris' Intellect Core Banking Solution (CBS) as their preferred core banking solution for centralization and automation of their business processes
- The newest Islamic bank in Qatar, licensed and regulated by the Qatar Central Bank, providing a full range of Shari'ah compliant banking services chose Polaris' Intellect Collect system for delinquency management. The system will provide the bank a single platform to manage delinquent accounts across all their group companies from a single instance.
- A leading bank in the UAE with an established reputation for excellence in the areas of corporate and commercial banking, trade finance, treasury and comprehensive personal banking, chose Polaris' Intellect Origination solution to meet their current & future technology needs. As a future proof solution it will allow easy integration with their current systems and other third party applications in future.
- One of the largest banks in Kuwait with an asset base of USD 50 Billion and an effective market dominance in the commercial banking market, chose Polaris' Intellect Collect system to meet the collection management requirements of the bank

## Awards and Recognitions

Polaris has consistently been recognized and awarded by analysts and other industry influencers. Some of the recognitions received in the last quarter are:

- **Gartner** positioned Polaris as a **Leader** for the fourth time in a row, in their report '**Magic Quadrant for International Retail Core Banking**' for 2013
- **Gartner** recognized **Polaris' iGTB as one amongst the Global Top 7 Vendors** with primary focus on broad FS application, such as Core Banking or Cash Management with a **strong Payment solution**
- **Polaris' Intellect CBX** was rated '**Best In Class**' for **User Experience and Design & Security** in **CEB TowerGroup's report** on Commercial Online Banking
- **Polaris** was recognized as a '**Major Contender**' and **among the global best in Banking AO PEAK Matrix** published by the **Everest Group**. Polaris also acquired the majority of Pure AO deals in 2012 and dominated the transaction activity among Tier-2 Indian Vendors
- **Celent** recognized **Polaris' Intellect CBS among 'Leaders'** and **among vendors with 'Largest Market Shares Across All Asset Sizes'** in the **APAC region**
- **Polaris' Intellect Treasury, Intellect Risk Hub & Indigo GoTx** were profiled among "**Global Seven**" **TMS vendors** that are able to commit to **Global Treasury Changing Needs in Aite's Report**
- **Tower Group** rated **Polaris 'Best in Class' in Payments Operations** and recognized it amongst the **Top 2 Vendors with the highest amount of Standard Functions**. Tower Group stated: "The Intellect Payment Services Hub is a solid hub offering coming from a vendor with impeccable credentials and experience serving some the largest financial institutions in the world."

**Investor Conference Call**

The Board of Directors of Polaris Financial Technology Limited met on **22<sup>nd</sup> October 2013**, to take on record the financial results of the company for the Second quarter ended September 30, 2013 .

Polaris Financial Technology Ltd will host an Investors Conference Call on **22<sup>nd</sup> October 2013**, where the Senior Management of Polaris will comment on the company's performance during the Second Quarter ended September 30, 2013 and respond to the questions from participants. **The conference call will take place at 17:00 Hrs IST on Tuesday, 22<sup>nd</sup> October, 2013.**

The dial-in numbers to join the conference call:

<b>Conference Name</b>	:	<b>Polaris Investor Earnings call for Q2 FY2013-14</b>
<b>Date</b>	:	<b>22<sup>nd</sup> October, 2013</b>
<b>Time</b>	:	<b>17:00 HRS IST</b>
<b>Conference ID</b>	:	<b>87917203</b>
<b>ACCESS NUMBERS</b>		
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 : 186030131313
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	:	[22 <sup>nd</sup> October, 2013 to 24 <sup>th</sup> October, 2013]
Replay ID/Conference #	:	87917203
Primary Access Number	:	02230360400

**About Polaris Financial Technology Ltd**

Polaris Financial Technology Limited is a global leader in Financial Technology for Banking, Insurance and other Financial Services. With over 25 years of expertise in building a comprehensive portfolio of products, smart legacy modernization services and consulting, Polaris owns the largest set of Intellectual Properties for a comprehensive product suite, Intellect® Global Universal Banking (GUB) M180. Intellect® is the world's first pure play Service Oriented Architecture (SOA) based application suite for Retail, Corporate, Investment banking and Insurance. Its acclaimed products, solutions and services enable unprecedented operational productivity for the global Financial Services Industry by Building, Maintaining, Expanding and Extending highly complex and Integrated Financial Technology Infrastructure.

This makes Polaris the chosen partner for 9 of the top 10 global banks and 7 of the top 10 global insurance companies. The company has a global presence through its 40 relationship offices across 30 countries, 6 international development centers and 8 fully owned Business Solution centers. Polaris has a talent strength of over 12,500 solution architects, domain and technology experts. For more information, please visit <http://www.polarisFT.com/>

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