

Polaris posts Revenues of Rs. 584 Cr, EBITDA of Rs. 101 Cr in Q1 FY '13-14

Delivers Q-o-Q growth in midst of companywide restructuring

Chennai (India), July 30, 2013: Polaris Financial Technology Ltd, a leader in products, solutions and services that enable unprecedented operational productivity for the global Financial Services industry, today announced its first quarter results for FY 2013-14.

Key Performance Metrics

For the quarter ended 30th June, 2013:

- Quarter revenues grew by 5% Q-o-Q to Rs. 584 crore, from Rs 555 Cr.
- EBITDA grew by 9% Q-o-Q to Rs. 101 crore from Rs. 93 Crore
- Profit After Tax (PAT) for the quarter stood at Rs. 43 crore
- Cash and cash equivalents stood at Rs. 571 Crore at the end of the quarter, moving up from Rs. 329 Cr in the same quarter last year
- DSO days improved significantly and stood at 59 days from 75 days in the same quarter last year, indicating strong collection efficiencies
- FT Sourcing (Services) revenues stood at Rs. 450.32 Cr, contributing 77% of overall revenues. Three new FT Sourcing wins were recorded in this quarter. Gross margin for FT Sourcing (Services) stood at 31%.
- FT Intellect (Products) revenues stood at Rs. 133.49 Cr, contributing 23% of the overall revenues. Eight new Intellect wins were recorded in this quarter. Gross margin for FT Intellect (Products) stood at 52%.

**AS30 adjustments are done to neutralise the Forex impact of hedging on the top line. Polaris had an adverse impact of Rs. 15.85 Cr in Q1*

Management Statement

Arun Jain, Founder, Chairman & CEO, Polaris Financial Technology Limited said, "As announced, we are in the midst of a company wide restructuring to a new organisation design. It has been a challenge to manage the changing paradigm, along with our growth agenda, investment agenda and profitability agenda. The team has still been able to drive some growth in top line and EBITDA margins, while managing structural change smoothly. This reflects Polaris Management's professionalism and the strong execution engine."

Nat Narayanasamy, Group CFO, Polaris Financial Technology Limited said, "Our relentless focus on operational efficiencies has resulted in the DSO days coming down to 59, compared to 75 days in the same quarter last year. Our cash position is at Rs. 571 Cr, up from Rs. 329 Cr in the same quarter last year. This represents an excellent war chest for fueling our inorganic growth strategy."

Financial Results for the First Quarter Ended June 30, 2013

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

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

Rs.Lakhs

Particulars	QUARTER ENDED			YEAR ENDED
	June 30, 2013	March 31, 2013	June 30,2012	March 31, 2013
INCOME				
Gross Income from software services, products and Business Process Management	58,381.50	55,473.01	58,163.91	230,833.36
Forex impact on Hedge accounting	(1,584.85)	(1,189.05)	(1,232.65)	(4,970.26)
Net Income from software services, products and Business Process Management	56,796.65	54,283.96	56,931.26	225,863.10
EXPENDITURE				
Software development expenses	37,445.37	35,714.11	36,590.09	145,672.43
Selling and marketing expenses	7,009.81	6,634.24	7,090.03	27,877.34
General and Administrative expenses	3,814.90	3,834.94	3,434.99	14,864.30
Total Expenditure	48,270.08	46,183.29	47,115.11	188,414.07
Profit before interest, depreciation & amortisation	8,526.57	8,100.67	9,816.15	37,449.03
Research & development expenses	2,916.55	2,629.59	2,882.01	10,772.77
Depreciation/ Amortisation	1,385.08	1,390.46	1,291.74	5,369.09
Finance Charges	61.37	57.94	75.44	249.08
Profit after interest, depreciation & amortisation	4,163.57	4,022.68	5,566.96	21,058.09
Other Income	1,502.78	902.32	2,162.47	3,250.86
Minority Interest/ Share of profit/(loss) of Associate Companies	(80.19)	452.01	15.40	675.04
Profit before tax	5,586.16	5,377.01	7,744.83	24,983.99
Provision for taxation	1,265.78	993.23	1,628.08	4,903.67
Profit after tax	4,320.38	4,383.78	6,116.75	20,080.32

Business Highlights for Quarter ended 30th June, 2013

1. Polaris announced its new organisation design signalling greater empowerment, agility and the potential to unlock enterprise value, while transitioning to an industry imperative of outcome-based solutions. The company's new structure divides its businesses into separate Services and Products divisions, led by independent CEO's. The restructuring exercise is across the organisation in terms of structure, people, processes and systems and represents radical change to orient the company around the customer. The company is a third of the way through the process and expects to complete it in the next Quarter.
2. The company had launched FT 8012, the world's first Design Center, dedicated to Financial Technology in March 2013. In the last quarter, delegations from 12 customer organisations have visited the center to explore possibilities of collaborative research towards driving high operational productivity. The center is receiving recognition as the ideal place to conduct workshops for the design of custom made solutions that are transformational for the Financial Services industry.
3. Polaris expanded its presence to Columbus by launching its new office in Ohio. The new office on Columbus' Polaris Parkway will strengthen existing client relationships and will help demonstrate Polaris' expertise and leadership in the BFSI sector.

FT Sourcing (Services)

Polaris' FT Sourcing Quarter revenues were distributed across all key business geographies with the Americas contributing 53%, Europe 21%, India 6% and Rest of the World 20%. The quarter saw three significant deals in the FT Sourcing space. They are:

- One of the world's leading Financial & Trading Institution based out of North America has awarded Polaris the conceptualisation, design and development of one of their strategic IT initiatives around Data Warehousing and Global Portals
- One of America's oldest commercial banks signed up Polaris' services to define the next generation architecture and roadmap for its multi-channel account opening platform. The new platform would support it's retail and business banking clients and enable seamless account opening and on-boarding across online banking, mobile, contact centres and tablets.
- A leading boutique testing company in UK with clients across the Banking, Financial Services and Manufacturing sector chose Polaris' services to implement its test strategy

FT Intellect (Products)

Polaris' Intellect Quarter revenues were distributed across all key geographies with the Americas contributing 17%, Europe 30%, India 13% and Rest of the World 40%. The quarter saw eight wins for Polaris' Intellect products and very successful implementations, testimony to Intellect's superior architecture and rich functionality.

- Nationwide Financial, one of the leading providers of Life Insurance in the US, chose Polaris' Intellect Claims solution, for its flexibility in configuring claims processes and setting up role based work stations, thereby providing superior customer experience
- Intellect Funds Control was implemented in a major global financial services provider, headquartered in the UK and engaged in corporate, investment, wealth, personal banking and credit cards, driving high degree of operational efficiencies.
- National Bank of Abu Dhabi (NBAD), one of the largest financial institutions in the Middle-East with a rich international network stretching across five continents, chose Polaris to implement a separate instance of its Intellect CBX for the management of its pre-paid card system in order to better manage the bank's payroll processing accounts. The bank also upgraded the existing Intellect CBX to the latest version 3.0 with multi-country enablement, to serve as a single platform for all its transactions.
- UCO Bank, one of the oldest and leading commercial banks in India, with over \$30 Billion in Assets and over 2500 Branches, chose Polaris' Intellect Treasury Solution. Polaris' solution will cater to the bank's treasury operations covering Domestic and Forex treasury functions across front, middle and back office with a single database & balance sheet.
- Ahli Bank, a leading Qatar based global financial institution, chose Polaris' Intellect CBX as a single platform for their retail, corporate and mobile banking systems. The bank provides a range of tailored products and services to its customers and corporates in the Qatari market.
- Sonali Bank Limited, the largest state owned commercial bank in Bangladesh went live with Polaris' state-of-the-art Intellect Core Banking Solution (CBS), which offered the bank superior core banking functionality and rich user experience. This implementation will amplify the footprint of Polaris in the Bangladesh market as the only local Financial Technology leader.
- The Andhra Pradesh State Co-operative Bank Limited (APCOB), a scheduled state Co-operative Bank, committed to agricultural and rural development through the Co-operatives, went live with Polaris' Intellect Core Banking Solution (CBS) in all its 22 affiliated District Central Cooperative Banks (DCCBs) and 616 branches spread across the state. The bank chose Polaris to improve its operational efficiency in rural credit dispensation and also provide the competitive edge essential for future business growth.

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:

- Polaris won **three prestigious Technology Implementation Awards at the Asian Banker Summit 2013** held in Jakarta, Indonesia. They were:
 - The **'Best Central Bank Technology Project' award** for its implementation at the **Reserve Bank of India (RBI)** for providing the bank superior functional coverage and future ready architecture with the capability of handling 100 million transactions per day
 - The **'Best Cross Border Core Banking Project' award** for its implementation at **Saigon Hanoi Bank (SHB)**, for expanding the bank's operations cross border into the two neighboring countries of Cambodia and Laos
 - The **'Best Lending Platform Project' award** for its implementation at **Abu Dhabi Commercial Bank (ADCB)**, that enabled the bank to enhance product offerings and customer servicing levels, and simplify operations of the retail lending portfolio
- **Forrester's Report** featured Polaris' Intellect as one among the **'Successful Vendors of Choice'** in UK, US, India & Philippines and one of the **top five Global Vendors** in the most active countries of the World
- **Polaris' Intellect SEEC** was featured among **Global Insurance vendors and recognised as a Global Portal provider** with a broader set of insurance specific capabilities and robust functionality in **TowerGroup/CEB's report**
- **TowerGroup/CEB's** report featured Polaris FT among leading **Global Retail Banking Outsourcing Technology Providers** who will play a key role in deploying technology initiatives to its banking clients partners
- **Polaris' Intellect Treasury** was rated among the **global best in TiMS -Treasury Information Management Systems in an Aite Group Report**. Aite in its report stated: "Polaris Intellect Treasury primarily targets banks' treasuries and presents different strategies for different segments and is focused on pushing the system across all segments."
- **Polaris' Intellect FABX** was rated among **Best Global Four and** classified in the elite category of providers with **'Extraordinary Capabilities'** providing mobile applications by **MyPrivateBanking's report**. The report stated: "Overall FABX for iPad is one of the best and most user-friendly solutions in our vendor analysis."

Investor Conference Call

The Board of Directors of Polaris Financial Technology Limited will meet on **30th July 2013**, to take on record the financial results of the company for the First quarter ended June 30, 2013 .

Polaris Financial Technology Ltd will host an Investors Conference Call on **30th July 2013**, where the Senior Management of Polaris will comment on the company's performance during the First Quarter ended June 30, 2013 and respond to the questions from participants. **The conference call will take place at 17:00 Hrs IST on Tuesday, 30th July, 2013.**

The dial-in numbers to join the conference call:

Conference Name	:	Polaris Investor Earnings call for Q1 FY2013-14
Date	:	30th July, 2013
Time	:	17:00 HRS IST
Conference ID	:	21499414
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 : 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	:	[30 th July 2013 to 1 st August 2013]
Replay ID/Conference #	:	21499414
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 13,000 solution architects, domain and technology experts. For more information, please visit <http://www.polarisFT.com/>

For Media related info, please contact:

Nachu Nagappan
Polaris Financial Technology Ltd
Mob: +91 89396 19676
Email: nachu.nagappan@polarisFT.com

For Investor related info, please contact:

G. Sunanthy Devi
Polaris Financial Technology Ltd
Mob: +91 89399 33564
Email: sunanthy.g@polarisFT.com