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CHAIRMAN'S ADDRESS AT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY



Dear Shareholders,

On behalf of Polaris, I extend a very warm welcome to all of you.

Last year, when I stood before you on the same platform, we set a clear 3-pronged agenda for repeatable, predictable, profitable growth.

Move to Managed Services model
Win large deals in the Product(Intellect) business
Enter new markets

It is a privilege to share with you today, the progress your company has made with respect to the above agenda. We have expanded our Managed Services business through predictable deliveries and have grown 52% in the chosen accounts/key accounts. We have won three mega deals in the Intellect business with each deal valued over \$10 Million. We have firmly established our footprint in 5 new countries, 2 in Eastern Europe, 2 in the African Market and 1 in the Asian Market.

This has created significant traction in our growth journey and on behalf of the shareholders, I would like to appreciate and thank the employees of Polaris for their focus, dedication and result-orientation.

Now, I would like to dwell upon the market landscape.

Three Distinct Worlds of opportunities

As it operates today, the global financial sector can be viewed as three distinct worlds, each grappling its own set of challenges in deploying technology as a growth driver.

World 1 – This comprises financial institutions in highly developed countries like US, Western Europe that adopted technology to optimize financial operations more than 30 to 40 years ago. This ‘world’ spends close to 5% of the revenues on technology and its upgrade. As these countries were the earliest adopters of technology, financial institutions continue to grapple with the challenge of continuous migration.

In this world, your company is the trusted partner for

- a. Managed Services in Application & support
- b. Managed Services in Application consolidation using Intellect as an arrowhead
- c. Managed Services in Continuous Migration.

Today, 9 of the top 10 banks and 7 of the top 10 insurance companies from World 1 rely on us for their needs in Managed Services

World 2 – This world is made up of emerging countries where financial institutions embarked on their technology journey in the ‘90’s and accelerated their technology adoption in the last decade. This segment invests close to 2% on technology, and their requirements are for new products that enable them to acquire new customers and increase their speed and scale of operations.

Intellect™ GUB and Intellect™ GTB solutions from Polaris, are the most efficient & comprehensive frameworks for such banks. These products include Core Banking, Credit Cards, Wealth, Brokerage, Asset Management, Cash management, Liquidity, Trade Finance, Treasury and Risk Management.

Intellect has over 100 such installations for emerging markets, as it also provides global functionalities with the right touch of localization as well as meeting stringent local compliance requirements. During the year, Intellect also expanded its footprint from 24 to 29 countries.

World 3 – Includes the small banks both in the developed markets and the emerging markets. These are the banks that have superior relationships and a superior understanding of the local markets but are unable to compete with the larger banks. Given the prohibitive cost of technology more and more banks are realizing that they cannot afford to maintain dedicated infrastructure. They are looking for pooling together their resources to create virtual banks or as the industry likes to call it they are looking for Cloud computing solutions. Cloud computing in financial industry has many challenges the biggest of which is Security. Your company has been diligently building

together the pieces to launch this offering in the market place. The recent investments that it made in IdenTrust, the identity management leader in the banking space was towards creating the ability to offer highly efficient and secure Cloud computing solutions.

Your company will shortly be announcing the commercial launch of its Cloud Computing offering in the market place.

So, how is our business model intertwined with the three worlds?

- World 1 has historically provided platform for steady predictable revenue stream to your company through Product customization, Legacy modernization and Application management.
- World 2 has given us a platform for powering our growth as our recent large wins such as one at RBI demonstrate.
- World 3 is our strategy to intercept the future.

Now, let us take stock of the sweet spots that can accelerate our growth journey.

Sweet-Spots

The IT industry has seen two re-set points in a decade. The first one was in 2001 after the Y2K wave and the dot com burst. The second was the macro economic recession in 2009. Two major market opportunities have emerged after the recession.

1. The first one is linked to the Capital Adequacy ratio and the new norms, that has led to Capital becoming dearer to the banks
2. The second one is related to enterprise risk. As the end-to-end risk elements in the Banking sector have got exposed, integration between the various banking platforms have become critical.

In the last 6-8 quarters, due to the capital adequacy norms, the major banks have shifted their focus to Transaction banking. Your company's Global Transaction Banking Platform has been seeing a lot of traction with banks recognizing Polaris as a suitable partner for this space. There is no clear leader in GTB, giving your company a head-start into carving its leadership position.

Your company has the right Risk offering powered by Services Oriented Architecture (SOA) to cater to the integration needs and managing the Enterprise risk framework. Polaris' Risk Management Centre of Excellence understands the importance of

sophisticated risk management systems that are holistic and drive real time analysis and control of financial exposures, besides compliance to international norms such as Basel III.

Future Outlook

Your company has a proven track record in spotting market trends in advance and making the right investments towards technology, infrastructure, intellectual property and talent.

The next major trend your company foresees is in the Cloud computing space and social media engaging with the Banking eco system. Proactive management of digital security threats and creating a SECURE financial technology infrastructure for financial institutions is likely to be the next big wave.

With our recent acquisition of US based company IdenTrust, we have added a critical piece in Polaris' FT Grid strategy for world markets and are gearing up to ride the next wave.

Polaris comes of age!

As of today, your company has won the trust of 200 leading Financial Institutions across the globe. Needless to say, many of them are Market Makers – at the global or regional level. Your company manages over 350 mission critical applications across 100 countries!

If you compare the post-recession performances of leading Indian IT companies, or product companies or mid-cap companies, anyway you look at it, your company perhaps has had the maximum growth! The quarterly revenue rate has grown 29%, from Rs 338 Cr to Rs 439 Cr for Q4, '11. In dollar terms, we have crossed USD 100 Million in quarterly run rate.

Your company's solutions have consistently won critical acclaim. Moving into more prominent positions in Magic Quadrants, domain-specific frameworks, winning best functionality and various FT specialist solutions recognitions. This year, your company was featured in 44 reports from leading analysts that include Gartner, Forrester, Tower, Aite and Celent. This number is testimony to the superior architecture of Intellect and the breadth and depth of our offerings. Our nearest competitor was featured in less than 20 such reports!

Banks such as the Reserve Bank in India and Sonali Bank in Bangladesh and the Central Bank of Seychelles have placed their trust in Intellect's truly future-proof architecture, in shaping their country economies!

Indeed, Your company's singular focus in the Financial Services vertical has paid off. Your company's name is now synonymous with Financial Technology. Your company's offerings have reached a state of maturity.

Our mission now is to march towards Financial technology Leadership. In support of our enormous value creation to the FT industry, as well as to support our vision, the Polaris Board has passed a resolution to now name your company as **Polaris Financial Technology Limited**, subject to regulatory approvals.

During the journey of creating a future-safe business model, you have given the company your implicit trust to steer the quarterly agenda as well as the long-term agenda. Even as we shifted gears for accelerating the growth, we have kept our eyes glued to significantly enhancing value creation for all stakeholders. While customers accrue the benefit of the world's most efficient technology, our employees get the unique opportunity of evolving as FT specialists and co-creating solutions with the market leaders. For the Investors, our dividend payouts have shown a healthy upward trend, from 30% in '08 to 55% in '09 to 70% in '10 to most recently, 90%, the highest ever, in our history.

On behalf of the Polaris family, I would like to thank you sincerely for supporting the journey so far and I am confident that, with your support, Polaris Financial technology Ltd too will make a powerful and positive impact.