



Performance for the Third Quarter ended December 31, 2011





Third Quarter FY 2011-12 Results

Table of Contents

- Q3FY12 Highlights
- Comment from the Management
- Performance Highlights
- Financial Metrics
- Operational Metrics
- Business Initiatives
- Recognition





Q3 FY12 Highlights - INR

Milestones Achieved in Q3FY12

- Intellect™ grew 69% y-o-y to INR 157.66 Cr
- 22 Client wins – 13 Intellect wins
- Quarterly Revenue Cross Rs.550 Cr
- EPS at INR 6.15 for Q3FY12; Annualized @ INR 24.60;

Financial Highlights

-
- Q3FY12 Revenues grew 43% YoY at INR 572.53 Cr
- Operating profit grew by 101% Y-o-Y to Rs 105.52 crore (Excluding foreign exchange other income impact) from 52.39.
- Net Profit at INR 61.07 Cr; YoY growth was 22%.
- Cash & Cash Equivalents stood at INR 419 Cr (as of Dec'11).
- Announces 40% Interim dividend





Q3 FY12 Highlights - USD

Milestones Achieved in Q3FY12

- Intellect™ grew 49% y-o-y to USD 30.97mn
- Service Revenues grew 19% Y-o-Y to USD 81.51mn
- \$ 20mn deal won -- A leading global bank with presence in 32 countries

Financial Highlights

- Q3FY12 Revenues grew 26% YoY at USD 112.48 mn
- EBITDA stood at USD 20.73 mn; YoY growth was 78%
- Net Profit at USD 12.00 mn; YoY growth was 7%.
- Gross Margin stood at 34.4%;(30.5% in Q2FY12)
- 4.7% QoQ Revenue growth (after adjusting INR translation impact and Third party SI revenue)





Comment from the Management

Arun Jain, Founder, Chairman & CEO, Polaris Financial Technology Limited said, “We are moving from country-specific deals to regional country roll-out deals. The top 20 global banks have started recognizing the large-scale programme management and capabilities of Intellect that Polaris offers with single point accountability. We have won the fourth large deal of this nature that spans over 20 countries from top global banks.”

“On one side, these deals provide sustained revenues over a 10 year period, while simultaneously providing Polaris with excellent referencable sites which is crucial for penetrating into large transformational deals. Our strategy of leveraging Intellect to expand the services business is working very well. We are geared up for exciting times ahead,” added Mr. Jain.





Comment from the Management

Govind Singhal, President & COO, Polaris Financial Technology Limited said, “Polaris’ focus on building, maintaining and expanding highly complex Financial Technology infrastructure through our products and services requires well-knit service delivery capabilities. Our ability to execute complex transformational projects has been enhanced manifold because of continuous investments in building superior frameworks and tools.”

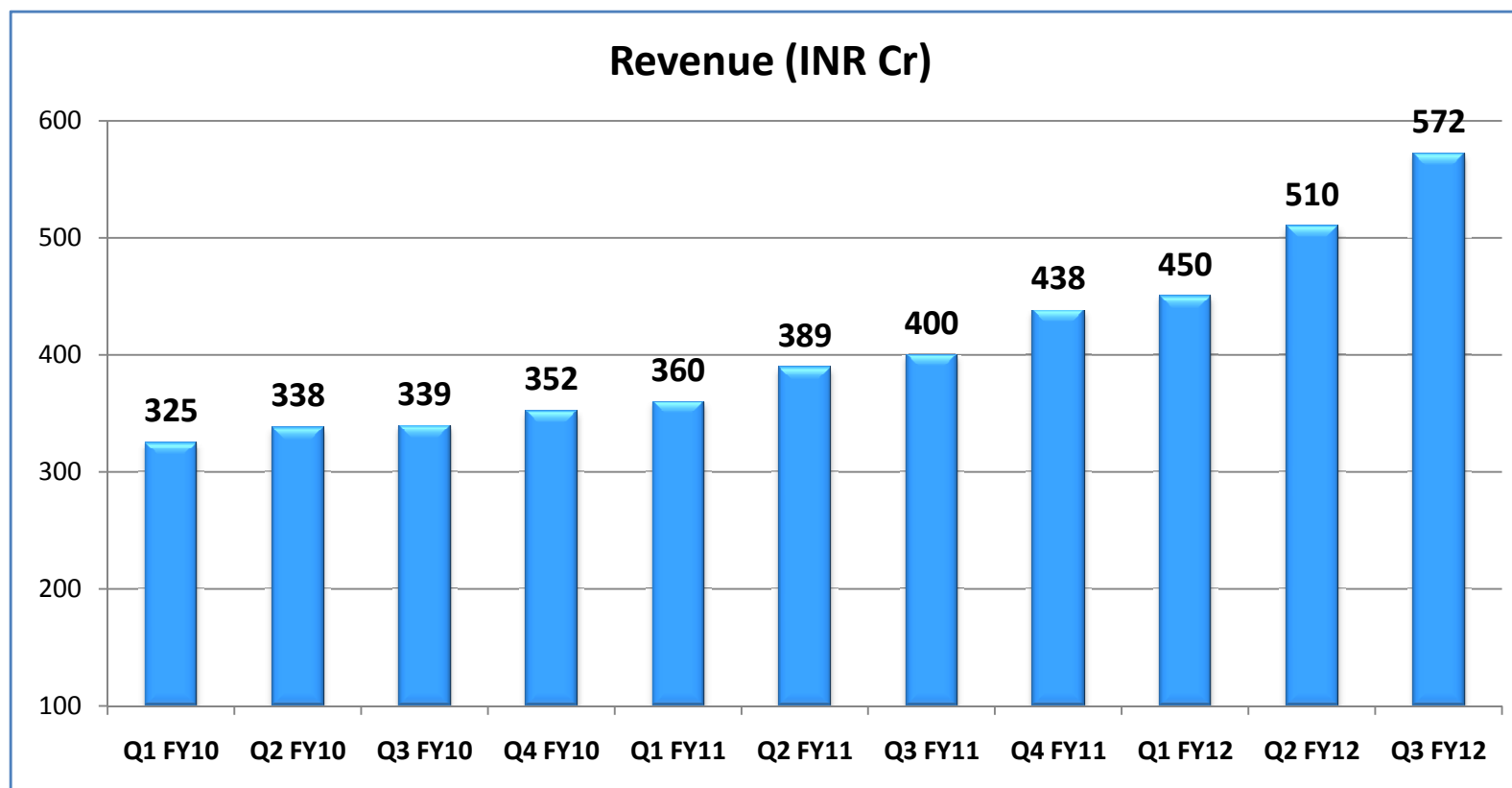
Ramaswami SR, CFO, Polaris Financial Technology Limited said, “We are sustaining the growth in operating margins and inspite of the uncertain economic environment, we have increased our collections efficiency. Managing the currency volatility will be a challenge, but with a clear business strategy in place, we are confident of meeting our earnings guidance at Rs.52.”



Performance Highlights

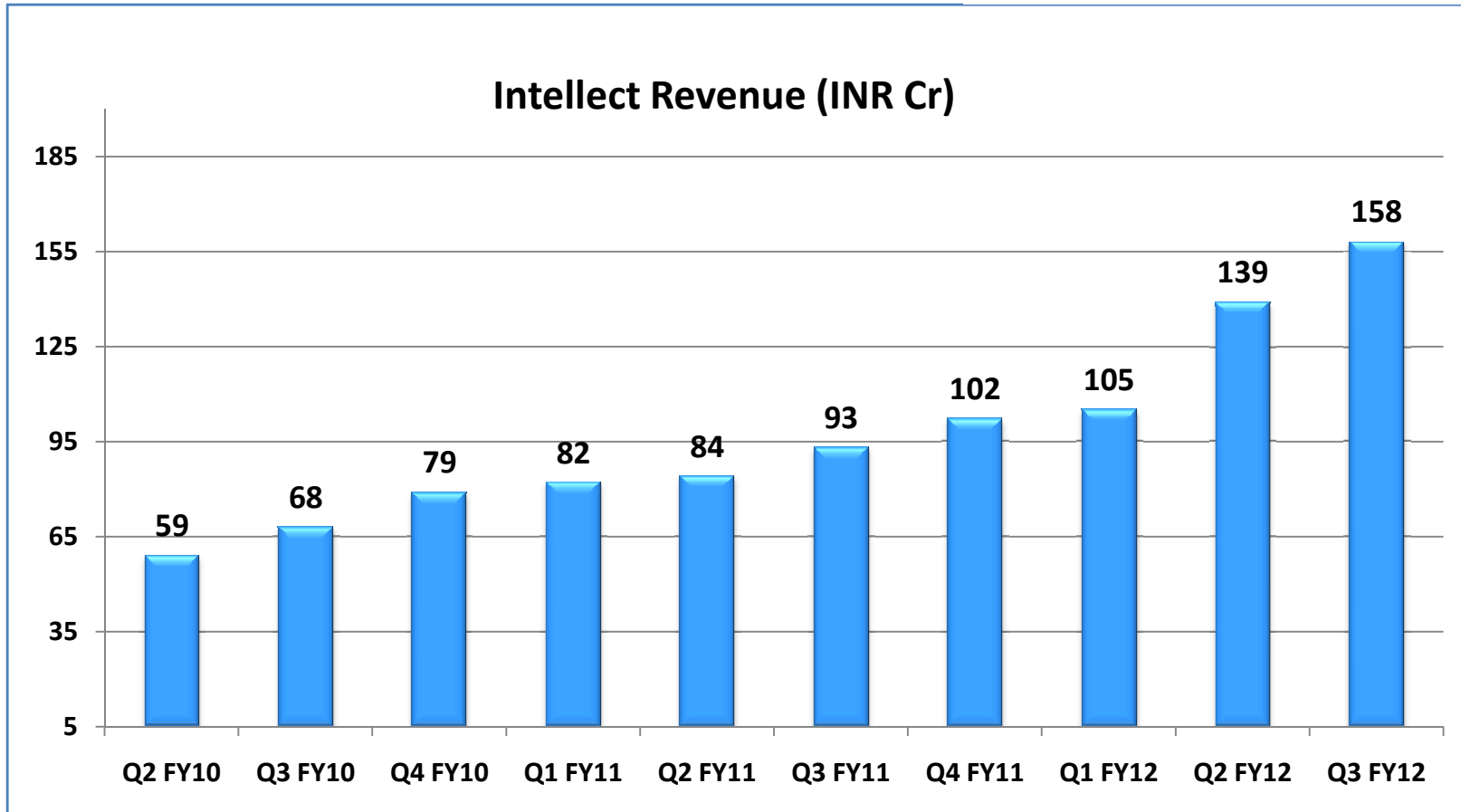


Sustained Revenue Growth





Intellect Business Growth





Financial Metrics for Q3 - FY 11-12



Sustained Performance

(Q3 12 vs Q3 11) INR



- **Total Revenue Growth 43%**
Rs. 572.53 cr from Rs. 399.90 cr
- **Operating Profit (EBITDA) Growth 101%**
Rs. 105.52 cr from Rs. 52.39 cr
- **Net Profit Growth 22%**
INR 61.07 cr from INR 50.13 cr



Consolidated Financials for the Quarter ended 31st Dec'11



Rs. Lakhs

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	Dec 31, 2011	Sep 30, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Mar 31, 2011 AUDITED
INCOME						
Income from software services, products and Business Process Management	57,253.05	50,973.68	39,989.50	153,245.60	114,879.85	158,633.14
Other operating income / (Loss)	(2020.96)	1,338.17	1,152.29	(122.69)	1,991.35	2,538.28
	55,232.09	52,311.85	41,141.79	153,122.91	116,871.22	161,171.42
EXPENDITURE						
Software development expenses	37,660.45	36,045.21	27,216.23	104,569.45	77,021.23	107,239.25
Selling and marketing expenses	5,599.18	5,415.80	4,327.16	16,092.30	12,326.71	17,347.75
General and Administrative expenses	3,441.34	3,297.25	3,207.13	10,036.96	9,411.12	12,656.45
Total Expenditure	46,700.98	44,758.29	34,750.52	130,688.71	98,759.06	137,243.45
Profit before interest, depreciation & amortisation	8,531.11	7,553.56	6,391.27	22,434.20	18,112.16	23,927.97
Depreciation/Amortisation	1,305.56	1,118.45	873.84	3,380.36	2,497.30	3,365.86
Finance Charges	81.40	56.85	27.59	186.42	76.86	114.87
Profit after interest, depreciation & amortisation	7,144.15	6,378.26	5,489.84	18,867.42	15,538.00	20,447.24
Other Income	781.09	889.09	533.70	2,471.87	1,617.02	3,368.67
Minority Interest / Share of profit(loss) of Associate Companies	8.39	11.06	(2.62)	21.28	26.01	18.16
Profit before tax	7,933.63	7,278.43	6,020.92	21,360.57	17,181.03	23,834.07
Provision for taxation	1,826.53	1,854.82	1,008.03	5,403.83	2,692.81	3,588.10
Profit after tax	6,107.10	5,393.61	5,012.89	15,956.74	14,488.22	20,245.97
Earnings per share of Rs.5 each (Rs.)						
Basic	6.15	5.43	5.06	16.07	14.62	20.43
Diluted	6.12	5.40	5.02	16.00	14.52	20.28

Composition of Q3FY12 Values

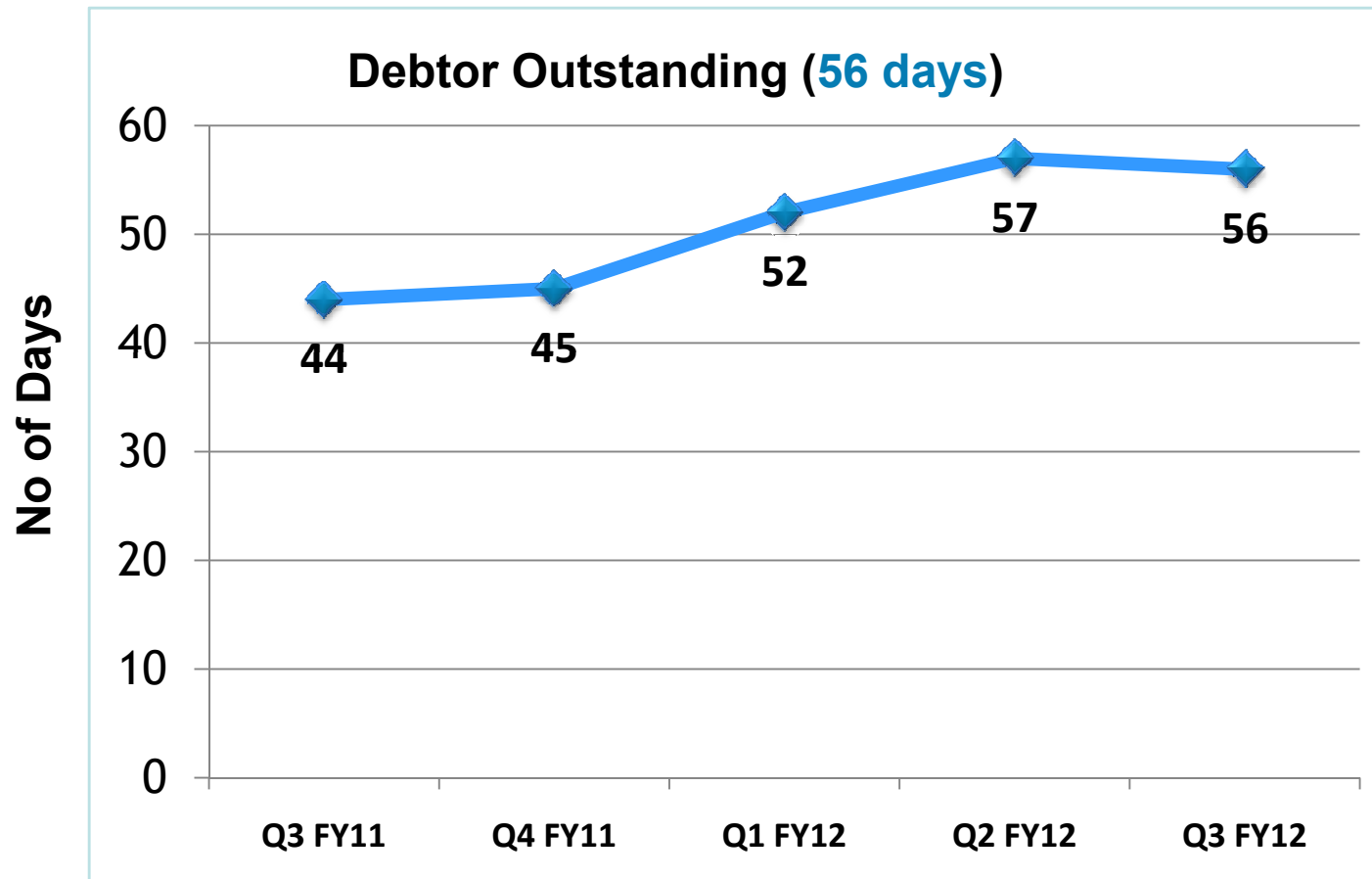


INR

Profit and Loss Account with R&D			in Rs. Cr
	Q3 FY11	Q2 FY12	Q3 FY12
Revenue			
Services	306.73	370.46	414.87
Products	93.17	139.28	157.66
Total	399.90	509.74	572.53
Cost of Revenue	252.78	312.72	335.16
Gross Profit	147.12	197.02	237.37
Gross Profit % on Revenue	36.79%	38.65%	41.46%
Purchase for system Integration	0.54	20.47	7.32
SG&A	75.35	87.13	90.41
EBITDA	71.23	89.42	139.64
EBITDA % on Revenue	17.81%	17.54%	24.39%
R&D	18.84	27.27	34.12
Dep	8.74	11.18	13.06
Interest	0.28	0.57	0.81
Other Income	16.86	22.27	-12.4
Share of profit / loss of associate companies	-0.03	0.11	0.08
PBT	60.21	72.78	79.33
PBT % on Revenue	15.06%	14.28%	13.86%
TAX	10.08	18.85	18.26
PAT	50.13	53.94	61.07
PAT % on Revenue	12.53%	10.58%	10.67%

Receivables

Predictable Execution



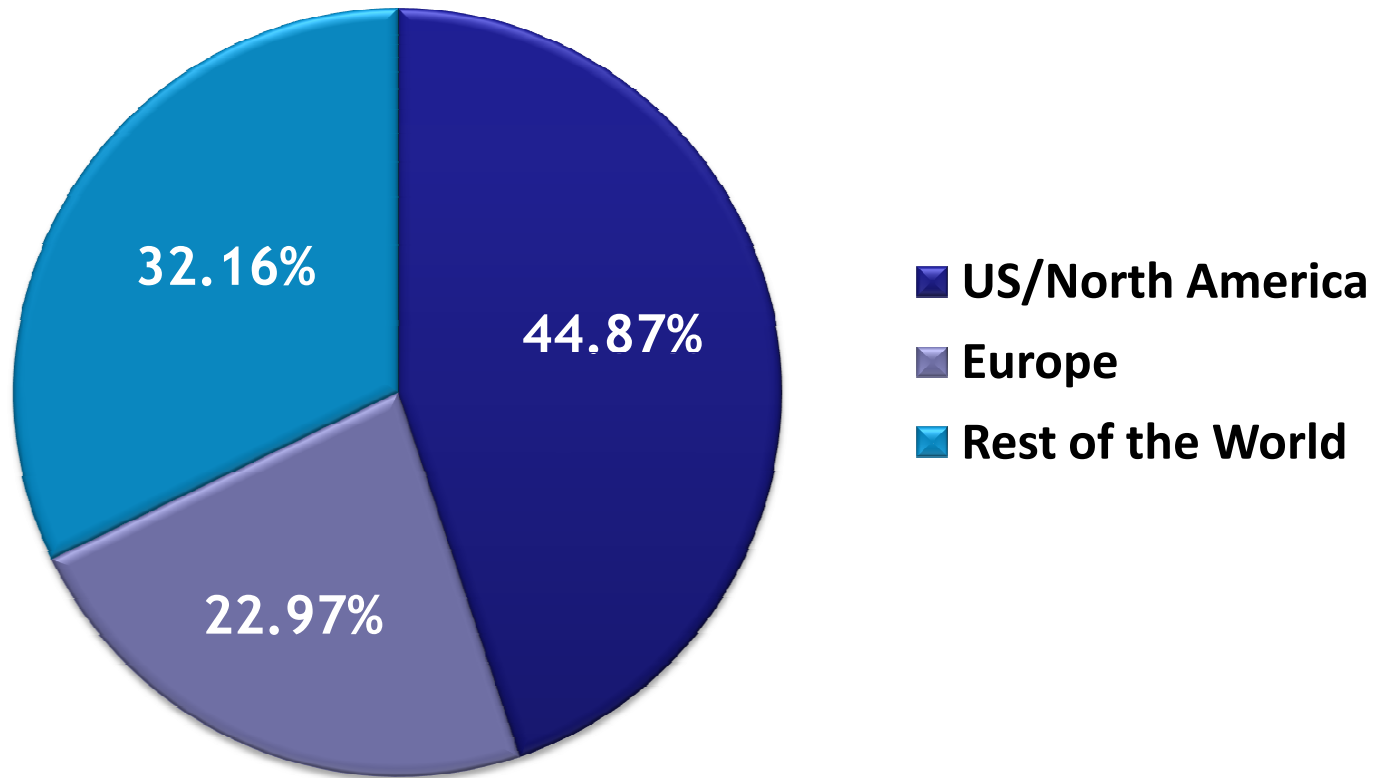


Operational Metrics





Geographic Revenue



Composition of Values



Client Concentration	Q2 FY12	Q3 FY12
Top 10	56.73%	57.79%
Top 5	43.03%	43.75%

Capacity Utilization (%)	80%	81%
---------------------------------	-----	------------

Split of business by delivery model

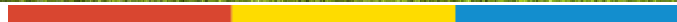
by Revenues	Q2 FY12	Q3 FY12
Onsite	40.85%	42.81%
Offshore	59.15%	57.19%

by Effort	Q2 FY12	Q3 FY12
Onsite	21.86%	22.01%
Offshore	78.14%	77.99%





Business Initiatives



Business Initiatives



Sonali Bank Ltd

Polaris signed a Joint Venture Agreement with Sonali Bank Ltd., the largest Nationalized Commercial Bank in Bangladesh and Bangladesh Commerce Bank Ltd. to form Sonali Polaris Financial Technology Ltd (SPFTL) where Polaris will hold a 51% stake.

Indigo TX

Polaris signed an agreement to acquire the balance 49% equity shares of Indigo TX Software Private Limited from its shareholders to merge the company with Polaris. Polaris had acquired 51% equity shares of Indigo TX in March 2010.





Intellect™

- Polaris Intellect Solution is trusted by one of the largest American multinational banking and financial services corporation serving clients in more than 150 countries
- A highly diversified North American financial services organization with more than 47,000 employees and a broad range of retail banking, wealth management and investment banking products and solutions has chosen Polaris' Intellect Business Process Studio in a multi-million dollar deal.
- One of the largest banking and financial services organizations in the world head quartered in London with presence in over 80 countries across the globe has gone live with Polaris' Intellect Cash Concentration Solution to service its business customers in 22 countries.
- A leading global bank with presence in 32 countries providing a range of banking and financial products and services to around 8 million customers worldwide signed a multi-million dollar Enterprise License for Intellect Liquidity Management and Portal.



Intellect™



- An apex development bank in India, National Bank for Agricultural and Rural Development (NABARD) chose Polaris' Integrated Intellect Lending Solution in a multi-million dollar deal comprising Loan Management and Accounting modules to be the bank's new Centralized Loan Management and Accounting System across the bank's head office and regional offices.
- Polaris sets its footprint in the Himalayan Kingdom of Nepal by going live at Social Development Bank (Nepal) with Intellect Core Banking Solution.
- The largest development bank with the third largest branch network of 253 branches in Sri Lanka chose Polaris' Intellect Core Banking Solution





Thank You

COPYRIGHT NOTICE

Copyright © 2012 Polaris Software Lab Limited

All rights reserved. These materials are confidential and proprietary to Polaris and no part of these materials should be reproduced, published in any form by any means, electronic or mechanical including photocopy or any information storage or retrieval system nor should the materials be disclosed to third parties without the express written authorization of Polaris Software Lab Limited.

