

## **Polaris Financial Technology Announces Q4 FY 14 & Annual Results**

**Chennai (India), April 30, 2014:** 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 fourth quarter and annual results for FY14.

### **A defining period**

The company announced the next major phase of growth, Polaris 4.0, as the culmination of Lakshya, its annual visioning exercise in January 2012. Since then, the company has taken measured steps in four stages leading to the decision to de-merge the Products (Intellect) business.

The demerger of the Products business is a decisive step to unlock the potential of the company to respond to emerging opportunities in Financial Technologies in the coming decade. It is a win-win for customers, employees and investors alike. From a customer perspective, the new structure aligns investments, competencies, decision making and processes to drive the next level of value creation. Customers will be able to enjoy deeper focus for specific needs, say Services, while being able to accelerate the transformation agenda with next-gen Products.

From the employees perspective, alignment to individual talents and interests will become a lot sharper, opening up clear streams for career advancement. From an investor's perspective, shareholders will get an additional share of Intellect, a new horizon business. Expanded leadership capacity, greater customer centricity and sharper focus will drive higher value in both businesses.

The company filed the Scheme of Demerger with the Stock Exchanges and SEBI in March 2014. After demerger, and subject to approval from regulatory authorities and shareholders, the Product Company will be known as Intellect Design Arena Ltd (Intellect) and comprise of four distinct businesses: Global Universal Banking, Risk and Treasury Management, Global Transaction Banking and Insurance. Polaris Financial Technology Ltd (Polaris) will continue to run the Services business with a strong vertical and solution focus.

The Services business is a predictable, growing business with revenues of around Rs. 2,000 Crores, and EBIDTA of Rs. 364 Crores (\$60 mn) annually, generating over Rs. 200 Crs in cash.

Intellect Design Arena will have over 22 products , generating revenues of over Rs. 500 Crs. annually and with reference sites in 30 countries with more than 200 customers. It is poised for growth and needs investments in Sales and Business leadership teams in the coming year. Intellect suite has industry defining products in the SMAC space to drive growth. All R&D costs for building the 22 products have been fully expensed out.

As the nature and DNA of the two businesses are fundamentally different, we are presenting their performance and results separately. This will also give Investors better insight and understanding of the respective businesses. The first part of this release covers the Services business, the second part covers Products, and the third captures the consolidated view.

**PART 1**

## Services business grows 18% YoY

Polaris' Service business is characterised by deep domain expertise in Financial Technology, a strong solutions mindset and a signature competency in designing, developing and supporting mission critical applications for banks, financial institutions and Insurance majors across the globe. For over two decades the company has delivered serious value to its clients, helping them unravel the complexities of rampant innovation, global ambitions, disparate legacy technology, dynamically evolving regulations and the often contradictory demands of Run-the-business and Change-the-business requirements. With Design Thinking as a strong differentiator, Polaris drives unprecedented productivity gains through innovation and execution excellence in the areas of Customer Experience, Operations, Performance, Analytics, Risk Management, Integration and Security. The business is poised to leverage a vast canvas of opportunities available for a specialist player broadly in the areas of Digital Banking, Payments and Risk Management.

### Services Performance Highlights

#### For the quarter ended 31<sup>st</sup> March, 2014:

- Quarter revenues grew 18% Y-o-Y to Rs. 515 crore from Rs.438 crore
- EBITDA stood at Rs. 93 crore, registering 13% Y-o-Y growth
- PBT ( before Other Income/Deductions) stood at Rs. 82 crore registering 24% Y-o-Y growth
- Two new client wins in Q4 FY14; 150 active clients

#### For the year ended 31<sup>st</sup> March, 2014:

- Revenues grew 10% Y-o-Y to Rs. 1,966 crore, 79% of consolidated revenues
- Gross margins stood at 32%
- EBITDA stood at Rs. 364 crore
- PBT ( before Other Income/Deductions) were at Rs. 313 crore registering 4% Y-o-Y growth
- 11 new client wins in FY14

### Significant Deal Wins

Polaris Services' fourth quarter revenues were distributed across all geographies with the Americas contributing 56%, Europe 20%, India 6% and Rest of the World 18%.The quarter saw two significant deal wins for the Services business:

- A leading US based bank offering a wide range of banking solutions and services from Customer Deposits, Working Capital Loans, Term Loans to Trade Finance and Corporate FX chose Polaris to upgrade its third-party Corporate Banking Platform for its extensive US operations
- One of the largest full-service universal banks in the APAC region offering products and services to Retail and Corporate markets chose Polaris to upgrade its Mobile Banking applications, given Polaris' extensive implementation experience and robust frameworks.

Rs. Crore

Services	QUARTER ENDED			YEAR ENDED	
	March 31, 2014	December 31, 2013	March 31, 2013	March 31, 2014	March 31, 2013
<b>Revenue</b>	<b>514.93</b>	<b>497.03</b>	<b>437.54</b>	<b>1,966.53</b>	<b>1,780.37</b>
<b>Software Dev Exp</b>	<b>352.60</b>	<b>340.74</b>	<b>298.74</b>	<b>1,340.82</b>	<b>1,185.19</b>
<b>Gross Margin</b>	<b>162.32</b>	<b>156.29</b>	<b>138.79</b>	<b>625.72</b>	<b>595.18</b>
Gross Margin %	31.5%	31.4%	31.7%	31.8%	33.4%
SG&A Costs	69.37	66.94	56.63	261.80	231.74
<b>EBITDA</b>	<b>92.96</b>	<b>89.35</b>	<b>82.16</b>	<b>363.92</b>	<b>363.44</b>
EBITDA %	18.1%	18.0%	18.8%	18.5%	20.4%
R & D Costs	<b>2.84</b>	<b>0.99</b>	<b>6.89</b>	<b>17.22</b>	<b>26.49</b>
Deprn & Finance Charges	8.16	8.34	9.06	34.03	35.12
<b>Profit</b>	<b>81.95</b>	<b>80.03</b>	<b>66.22</b>	<b>312.66</b>	<b>301.83</b>

### Services - Awards and Recognitions

Polaris Services business continues to be recognized and awarded by analysts and other industry influencers.

**Everest Group** rated **Polaris Services** as Major Contenders in Europe PEAK Matrix for Banking AO (Application Outsourcing) Relationships. The positioning reflects **Polaris FT** capabilities in terms of scale, scope, technology / domain investments, delivery footprint, buyer satisfaction, and resultant market success in the context of a given outsourcing function.

## **Intellect (Products) grows 28% YoY**

*Annual Revenues grow 14%*

Intellect offers advanced and integrated enterprise platforms for Banking and Insurance with a comprehensive portfolio of products around Consumer Banking, Transaction Banking, Risk & Treasury Management and Insurance. With its robust next generation architecture and rich functionality, the products are uniquely designed to reduce complexity and connect the dots between Business, Technology and Operations. Intellect also offers innovative Insurance products through its SOA based component library and dedicated Center of Excellence for Insurance that covers Life, Annuity, Property & Casualty and Specialty lines. Americas & Europe constitute 47% and growth markets contribute 53% of Intellect revenues. The Intellect suite of products has been feted in over 50 Analyst reports in FY 14

### **Intellect Performance Highlights**

#### **For the quarter ended 31<sup>st</sup> March, 2014:**

- Quarter revenues grew 28% Y-o-Y to Rs. 131 crore
- EBITDA stood at Rs. 16 crore
- 20 new client wins in Q4 FY14

#### **For the year ended 31<sup>st</sup> March, 2014:**

- Revenues grew 14% Y-o-Y to Rs. 533 crore, 21% of consolidated revenues
- Gross margin for Intellect stood at 53%
- EBITDA stood at Rs. 90 crore
- 45 new client wins in FY14

### **Significant Deal Wins**

The quarter saw 20 wins for Intellect. Some of the significant deals include:

- A leading Central Bank in Europe which formulates monetary policy to maintain price stability chose Intellect® Quantum Collateral Management System (QCMS) to manage their initiatives to provide liquidity against a wide range of cross currency collaterals spread across countries.
- The Trade division of a UK-based global financial services provider with a rich banking history of over 300 years chose to leverage the Payment product from the iGTB suite to accelerate their growth.
- One of the leading banks in the UAE with a wide network of branches across the Emirates, upgraded its existing system with Intellect Debt Management Platform.
- A leading Saudi Arabian bank chose Intellect Corporate Business Exchange (CBX), a leading product in the Digital Banking space, to power its product offerings across Desktop and Mobile applications.
- A leading scheduled commercial bank in India that provides a wide range of banking services chose the Intellect Cash Management product from the iGTB suite to launch its cash management operations across the country.

**Q4 and Annual Results FY 2013-2014**  
**INR**



- A leading Canada-based financial institution that provides a complete range of financial products and services globally revamped its central research portal using the Canvas\* Technology framework
- A leading Payment provider in the US, rated among the top five global payment providers, chose Intellect to streamline its core business processes for merchant onboarding, credit card acceptance, vouchers and charge back processing. The solution will enable the client to provide world-class services for over one million merchant customers through the HUB\*\* technology framework.

\*Canvas - Future Banking Technology from FT 8012\*\*\*, the company's unique design center, that drives front office efficiency. For more details, please refer <http://www.polarisft.com/transformational-technology/canvas-technology.asp>

\*\* Hub - Future Banking Technology from FT 8012, the company's unique design center, that drives back office efficiency. For more details, please refer <http://www.polarisft.com/transformational-technology/hub-technology.asp>

\*\*\* FT 8012 - World's first design center dedicated to Financial Technology. For more details please refer <http://www.ft8012.com/>

Intellect's Fourth Quarter revenues were distributed across all geographies with the Americas contributing 15%, Europe 32%, India 15%, and Rest of the World 38%.

Rs. Crore

Products (Intellect)	QUARTER ENDED			YEAR ENDED	
	March 31, 2014	December 31, 2013	March 31, 2013	March 31, 2014	March 31, 2013
<b>Revenue</b>	<b>130.57</b>	<b>146.36</b>	<b>102.32</b>	<b>532.53</b>	<b>466.10</b>
<b>Software Dev Exp</b>	<b>65.01</b>	<b>65.28</b>	<b>50.48</b>	<b>250.06</b>	<b>228.53</b>
<b>Gross Margin</b>	<b>65.55</b>	<b>81.09</b>	<b>51.84</b>	<b>282.47</b>	<b>237.57</b>
Gross Margin %	50.2%	55.4%	50.7%	<b>53.0%</b>	51.0%
SG&A Costs	49.88	49.22	41.78	192.41	161.61
<b>EBITDA</b>	<b>15.67</b>	<b>31.87</b>	<b>10.05</b>	<b>90.06</b>	<b>75.96</b>
EBITDA %	12.0%	21.8%	9.8%	16.91%	16.3%
R & D Costs	<b>22.62</b>	<b>22.06</b>	<b>19.41</b>	<b>87.03</b>	<b>79.05</b>
Deprn & Finance Charges	5.32	5.01	4.25	20.12	17.18
<b>Profit</b>	<b>(12.26)</b>	<b>4.80</b>	<b>(13.61)</b>	<b>(17.09)</b>	<b>(20.26)</b>

\*Product Revenue numbers reported does not include revenue from Identrust (divestment executed in Sep'2013)

## **Intellect - Awards and Recognitions**

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

- Intellect CBS won XCelent Customer Base Award for Eastern Europe, Middle East, and Africa (EEMEA)
- Intellect FABX recognized as Leading Vendor & All-Rounder by My Private Banking report : Mobile Apps for Financial Advisors 2014
- Intellect RISK HUB profiled amongst Global Vendors in Forrester Report
- iGTB products rated among Global Best in Commercial Banking orchestration layer solutioning in Tower Report
- Intellect CLAIMS (Life & Disability) featured among Global Best Insurance Claims BPM Solution Providers by Aite Group

**PART 3**

## **Polaris Annual Revenues Cross Rs. 2500 Cr**

*Board recommends 125% Dividend for FY14*

### **Performance Highlights**

#### **For the quarter ended 31<sup>st</sup> March, 2014:**

- Quarter revenues stood at Rs. 645 crore, registering 16% Y-o-Y growth
- EBITDA grew by 17% Y-o-Y to Rs. 109 crore from Rs. 93 crore
- Profit After Tax (PAT) stood at Rs. 45 crore

#### **For the year ended 31<sup>st</sup> March, 2014:**

- Revenues grew by 10% Y-o-Y to Rs. 2528 crore from Rs. 2308 crore
- Excluding IdenTrust (divested in Sep 13) Revenues are Rs. 2499 Cr
- Operating Profit (EBITDA) stood at Rs. 454 crore registering 7% Y-o-Y growth
- Profit after Tax (PAT) for the year ended 31<sup>st</sup> March 2014 stood at Rs. 199 crore
- Cash and cash equivalents stood at Rs. 691 crore as of 31<sup>st</sup> March 2014 as compared to Rs. 490 crore on 31<sup>st</sup> March 2013
- EPS for the year stood at Rs. 20.01
- The Board of Directors have recommended to the shareholders a Final Dividend of 125% (Rs. 6.25/- per equity share) for the Financial Year ended 31st March, 2014.

### **Management Statement**

**Arun Jain, Executive Chairman, Polaris Financial Technology Limited** said, “We restructured the company into independent Services and Product businesses, with the clear objective of moving to a customer centric organization, and to propel the next level of growth and value creation. Despite the major restructuring exercise the company has undertaken, we have been able to protect our revenues and sustain margin levels. Our sweet spot in the Services business will be around Digital Banking, Payments and Risk Management. We have three flagship products in Consumer Banking, three in Global Transaction Banking, two in Risk & Treasury management and two Products in Insurance that will drive the Products business’ growth in the coming year”.

**S Swaminathan, CFO, Polaris Financial Technology Limited** said, “ We had excellent collections in the last quarter and were able to generate additional cash of over Rs. 170 Cr, bringing the cash position to Rs. 691 Cr after payout of Rs. 54 Cr towards the PCFC loan. Profit after tax was at Rs 199 Cr after absorbing hedging losses of Rs. 104 Cr. We expect to see a upside to EPS in the coming year as hedging losses move out”.

## Financial Results for the Fourth Quarter Ended March 31, 2014

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

Audited consolidated financial results for the Fourth Quarter ended March 31, 2014 prepared as per Indian GAAP

Rs. Lakhs

Particulars	QUARTER ENDED			YEAR ENDED	
	March 31, 2014	December 31, 2013	March 31, 2013	March 31, 2014	March 31, 2013
<b>INCOME</b>					
Gross Income from software services, products and Business Process Management	<b>64,549.22</b>	<b>64,339.96</b>	<b>55,473.01</b>	<b>249,906.65</b>	<b>230,833.36</b>
<b>Income from Operations</b>	64,549.22	64,339.96	55,473.01	249,906.65	230,833.36
<b>EXPENDITURE</b>					
Software development expenses	41,761.95	40,602.30	35,714.13	159,088.85	145,672.43
Selling & Marketing and General & Administrative expenses	11,924.40	11,615.34	10,469.18	45,420.84	42,741.64
<b>Total Expenditure</b>	<b>53,686.35</b>	<b>52,217.64</b>	<b>46,183.31</b>	<b>204,509.69</b>	<b>188,414.07</b>
<b>Profit before interest, depreciation &amp; amortisation</b>	<b>10,862.87</b>	<b>12,122.32</b>	<b>9,289.70</b>	<b>45,396.96</b>	<b>42,419.29</b>
Research & development expenses	2,545.67	2,305.11	2,629.59	10,423.99	10,772.77
Depreciation/ Amortisation	1,332.81	1,306.26	1,390.46	5,292.18	5,369.09
Finance Charges	15.53	27.96	57.94	123.85	249.08
<b>Profit after interest, depreciation &amp; amortisation</b>	<b>6,968.86</b>	<b>8,482.99</b>	<b>5,211.71</b>	<b>29,556.94</b>	<b>26,028.35</b>
Forex impact on Hedge accounting (AS30)	(2,609.80)	(2,915.84)	(1,189.05)	(10,439.89)	(4,970.26)
Other Income including exceptional items	402.63	955.28	902.33	4,759.38	3,250.86
Minority Interest/ Share of profit/(loss ) of Associate Companies	175.38	(24.83)	452.01	11.55	675.04
<b>Profit before tax</b>	<b>4,937.07</b>	<b>6,497.60</b>	<b>5,377.00</b>	<b>23,887.98</b>	<b>24,983.99</b>
Provision for taxation	395.22	1,422.09	993.22	3,968.78	4,903.67
<b>Profit after tax</b>	<b>4,541.85</b>	<b>5,075.51</b>	<b>4,383.78</b>	<b>19,919.20</b>	<b>20,080.32</b>

\*\*\* Instead of line wise consolidation of the financial results of IdenTrust Inc up to the date of divestment, the net impact on the divestment has been considered in 'Other Income including exceptional items.

As a result, the function wise classification for the year ended 31 March 2014 is not comparable with the previous year and with the audited Consolidated financial results for the year ended March 31, 2014

[Investor Conference Call](#)

The Board of Directors of Polaris Financial Technology Limited met on **30th April 2014**, to take on record the financial results of the company for the Fourth Quarter & Year ended March' 31, 2014.

Polaris Financial Technology Ltd. will host an Investors Conference Call on 30th April 2014, where the Senior Management of Polaris will comment on the company's performance during the Fourth Quarter & Year ended March 31, 2014 and respond to questions from participants. **The conference call will take place at 17:00 Hrs IST on Wednesday, 30th April, 2014.**

The dial-in numbers to join the conference call:

<b>Conference Name</b>	:	<b>Polaris Investor Earnings call for Q4 &amp; FY2013-14</b>
<b>Date</b>	:	<b>30<sup>th</sup> April, 2014</b>
<b>Time</b>	:	<b>17:00 HRS IST</b>
<b>Conference ID</b>	:	<b>31750390</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 : 180030131313
HONG 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

[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<sup>®</sup> Global Universal Banking (GUB) M180. Intellect<sup>®</sup> 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 12,000 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](mailto:nachu.nagappan@polarisFT.com)

**For Investor related info, please contact:**

Praveen Malik  
Polaris Financial Technology Ltd  
Mob: +91 89397 82837  
Email: [Praveen.malik@polarisFT.com](mailto:Praveen.malik@polarisFT.com)