

Polaris' Q1 FY 15 revenues at Rs. 600 Cr

Registers 6% YoY Growth

Chennai (India), July 23, 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 results for the first quarter of FY15.

Performance Highlights

For the quarter ended 30th June, 2014:

- Quarter revenues stood at Rs. 600 crore, registering 6% Y-o-Y growth
- EBITDA stood at Rs. 78 crore
- Profit After Tax (PAT) stood at Rs. 38 crore
- Cash and cash equivalents stood at Rs. 660 crore

Management Statement

Arun Jain, Chairman and Managing Director, Polaris Financial Technology Limited said, "During this period of transition, we have kept the momentum as we restructured our businesses for greater efficiency in delivery of services to customers. We did some rationalization of engagements in the Services business, while our Products business focused on building the sales and distribution network. Each shift in technology offers opportunities for leadership change. Digital Banking is the major technology shift taking place currently, and we spent a significant amount of time in building leadership capacities, as well as the Intellect suite of products to lead this shift".

S Swaminathan, CFO, Polaris Financial Technology Limited said, "The challenge during the last quarter has been to strike a balance between investing for growth and managing costs. We have ensured that we continued to generate cash, while ensuring investments to build the base required for each line of business to grow, particularly in the areas of sales and marketing. As articulated in the last quarter, we have been able to come out of the drag of exchange losses due to a more stable rupee and the hedging strategy of the company".

Financial Results for the First Quarter Ended June 30, 2014

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

Unaudited consolidated financial results for the first quarter ended June 30, 2014 prepared as per Indian GAAP

Rs. Lakhs

Particulars	QUARTER ENDED			YEAR ENDED
	June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
INCOME				
Gross Income from software services, products and Business Process Management	60,003.46	64,549.22	56,680.14	249,906.65
Income from Operations	60,003.46	64,549.22	56,680.14	249,906.65
EXPENDITURE				
Software development expenses	40,137.71	41,761.95	36,603.38	159,088.85
Selling & Marketing and General & Administrative expenses	12,107.69	11,924.40	10,069.42	45,420.84
Total Expenditure	52,245.40	53,686.35	46,672.80	204,509.69
Profit before interest, depreciation & amortisation	7,758.06	10,862.87	10,007.35	45,396.96
Research & development expenses	2,826.78	2,545.67	2,916.55	10,423.99
Depreciation/ Amortisation	1,282.97	1,332.81	1,297.69	5,292.18
Finance Charges	13.97	15.53	38.67	123.85
Profit after interest, depreciation & amortisation	3,634.34	6,968.86	5,754.43	29,556.94
Forex impact on Hedge accounting (AS30)	174.19	(2,609.80)	(1,584.85)	(10,439.89)
Other Income including exceptional items	786.02	402.63	1,496.77	4,759.38
Minority Interest/ Share of profit/(loss) of Associate Companies	-	175.38	(80.19)	11.55
Profit before tax	4,594.55	4,937.07	5,586.16	23,887.98
Provision for taxation	762.21	395.22	1,265.78	3,968.78
Profit after tax	3,832.34	4,541.85	4,320.38	19,919.20

*** The function wise classification results for the year 2013-14 are not comparable with the audited consolidated financial results for the year ended March 31, 2014 and the unaudited results for the quarter ended June 30, 2014/ March 31, 2014 as the net impact of the financial results of IdenTrust inc upto the date of divestment and the profit on divestment of the IdenTrust business had been disclosed under "Other income including exceptional items" in the above functionwise results

Services Business

Polaris is well-recognized as a specialist Financial Technology Services major. It is characterized 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 resulting from rapid innovation, global ambitions, disparate legacy technology, dynamically evolving regulations and requirements.

The business is poised to leverage a vast canvas of opportunities available in four critical areas – Digital Banking, Payments, Risk & Compliance and Analytics. Polaris' Services business is evangelizing the High Performance Outsourcing (HPO) model, with an unmatched combination of vertical specialisation, client-centric innovation labs and a performance guarantee.

Performance Highlights:

For the quarter ended 30th June, 2014:

- Quarter revenues stood at Rs.455 crore
- EBITDA stood at Rs. 61 crore
- PBT (before Other Income/Deductions) stood at Rs. 51 crore
- 5 new client wins in Q1 FY15; 152 active clients

Polaris Services' fourth quarter revenues were distributed across all geographies with the Americas contributing 56%, Europe 19%, India 7% and Rest of the World 18%.

Rs. Crore

Services	QUARTER ENDED			YEAR ENDED
	June 30, 2014	March 31, 2014	June 30,2013	March 31, 2014
Revenue	455.35	514.93	450.32	1,966.54
Software Dev Exp	333.09	352.60	310.86	1,340.82
Gross Margin	122.26	162.32	139.46	625.71
Gross Margin %	26.8%	31.5%	31.0%	31.8%
SG&A Costs	61.40	69.37	58.86	261.80
EBITDA	60.86	92.96	80.61	363.91
EBITDA %	13.4%	18.1%	17.9%	18.5%
R & D Costs	2.52	2.84	6.98	17.21
Deprn & Finance Charges	7.79	8.16	8.75	34.04
Profit	50.55	81.95	64.88	312.66

There were five new client wins during the Quarter. Some of the significant client wins include:

- One of Singapore's key financial regulators chose Polaris' Web aggregator insurance portal for the country's insurance consumers to select and compare products offered by Insurance companies operating in the country.
- A leading Property/Casualty, Specialty Insurance and Re-Insurance provider headquartered in Bermuda chose Polaris as a preferred Test Automation service providers. Polaris will transform their internal test services organization and put in place processes and tools for increased automation and higher test efficiency.
- An Ireland based company that offers software consultancy partnered with Polaris to deliver services to their clients in data warehousing

Services Awards and Recognitions

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

Forrester featured two case studies from Polaris Financial Technology on Risk Management & Regulatory Compliance for Functional Solutions in its report titled '**Big Data in Banking: It's time to Act**'. The feature highlighted that the improved access to global data enables global managers of business lines to make faster and better decisions.

Intellect (Products) Business

The Products business of Polaris Financial Technology is known as Intellect.

The Intellect® brand embodies rich Intellectual property translating to robust platforms and products across Global Transaction Banking, Global Consumer Banking, Central Banking, Risk & Treasury Management and Insurance. The Intellect platform and suite of specialist products addresses the needs of financial institutions in varying stages of technology adoption.

Considered the "best designed" suite of products, Intellect is backed up a robust architecture and futuristic technologies that can accelerate the "Change the business" needs of Financial Institutions. The Intellect business has a rich repository of 20 products, generating annual revenue of over Rs.500 Crore, with reference sites in 30 countries across a landscape of 200 customers. The acceptance of Intellect in the global market place is reflected in the very distribution of revenues, 47% in Americas & Europe and 53% from the growth markets

Performance Highlights:

For the quarter ended 30th June, 2014:

- Quarter revenues grew 24% Y-o-Y to Rs. 145 crore
- EBITDA stood at Rs. 17 crore; Registers 7% QoQ growth
- 12 new deal wins in Q1 FY15

Intellect's First Quarter revenues were distributed across geographies with the Americas contributing 12%, Europe 28%, India 15%, and Rest of the World 45%.

Rs. Crore

Products (Intellect)	QUARTER ENDED			YEAR ENDED
	June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
Revenue	144.69	130.57	116.48	532.53
Software Dev Exp	68.29	65.01	55.17	250.06
Gross Margin	76.40	65.55	61.30	282.47
Gross Margin %	52.8%	50.2%	52.6%	53.0%
SG&A Costs	59.68	49.88	41.84	192.41
EBITDA	16.72	15.67	19.46	90.06
EBITDA %	11.6%	12.0%	16.7%	16.91%
R & D Costs	25.75	22.62	22.18	87.03
Deprn & Finance Charges	5.18	5.32	4.62	20.12
Profit	(14.21)	(12.26)	(7.33)	(17.09)

There were 12 deal wins for Intellect during the quarter. Some of the significant deals include:

- The leading corporate and investment bank in the Nordic countries, serving large corporations and financial institutions with corporate banking, trading & capital markets and global transaction services chose the iGTB Liquidity Pooling model and Interest Pooling model. Liquidity Pooling is for imposing penalty interest to customers in case of breach of limits. Interest Pooling is a margin compensation model with slight variations in calculation of amounts to offset
- A leading Qatar based bank that also offers investment services through a network of 17 branches chose Intellect Lending suite for the complete end-to-end integrated loan processing, loan management, collections and limits management for both retail and corporate clients.
- One of the largest banks in Saudi Arabia in terms of assets chose Intellect Corporate Banking Exchange (CBX), the next generation channel product for both Desktop and Mobile applications. The responsive design enabled by this technology helps the bank to provide a differentiated user experience across devices.
- A leading bank in Kenya, with over 8 million customers and a presence in Rwanda, South Sudan, Tanzania and Uganda chose iGTB to implement its integrated transaction banking product comprising of payments, collections, liquidity and CBX as a front end portal. The solution will be rolled out in Kenya first and then to other countries in Africa.
- The second-largest bank in Jordan, with comprehensive financial solutions and an advanced position in the Arab region chose the Intellect Custody product to retain and extend their competitive advantage.
- The largest private sector lender in Egypt, headquartered in Cairo, chose the Intellect Custody solution to support high volume processing through matching engines and end-to-end trade tracking and settlement across all instrument types.
- A leading Philippines based bank chose Intellect Credit Services Hub to improve its pan-bank efficiency. The bank found the solution to be platform agnostic and therefore enabled interface with over 10 different third-party systems that it was using across retail, corporate and treasury functions.

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

- **iGTB** awarded '**Ability To Deliver Beyond Cash Management**' title by Aite Group in its 2014 Evaluation of Leading US Cash Management Providers report.
- Forrester report rates **Intellect** as a '**Global Player**' and places it among the '**TOP 7**' in the Global Platform Pyramid.
- Celent – 2014 APAC New Business and Underwriting Systems recognizes **Intellect Life Underwriting** as the '**Global Best**' Under Writing Systems.
- **iGTB implementation** won Mashreq Bank the '**Model Bank**' award from Celent for Technology Innovation in the 'Cash Management & Trade Finance' category. Celent stated this was one of the **first integrated** Cash Management Suites offered by any bank globally.

Investor Conference Call

The Board of Directors of Polaris Financial Technology Limited met on **23rd July 2014**, to take on record the financial results of the company for the First Quarter ended June' 30, 2014.

Polaris Financial Technology Ltd. will host an Investors Conference Call on 23rd July 2014, where the Senior Management of Polaris will comment on the company's performance during the First Quarter ended June 30, 2014 and respond to questions from participants. **The conference call will take place at 17:30 Hrs IST on Wednesday, 23rd July, 2014.**

The dial-in numbers to join the conference call:

Conference Name	:	Polaris Investor Earnings call for Q1 FY 2014-15
Date	:	23rd July 2014
Time	:	17:30 HRS IST
Conference ID	:	76636478
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 : 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® 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.

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 11,500 solution architects, domain and technology experts. For more information, please visit <http://www.polarisFT.com/>

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