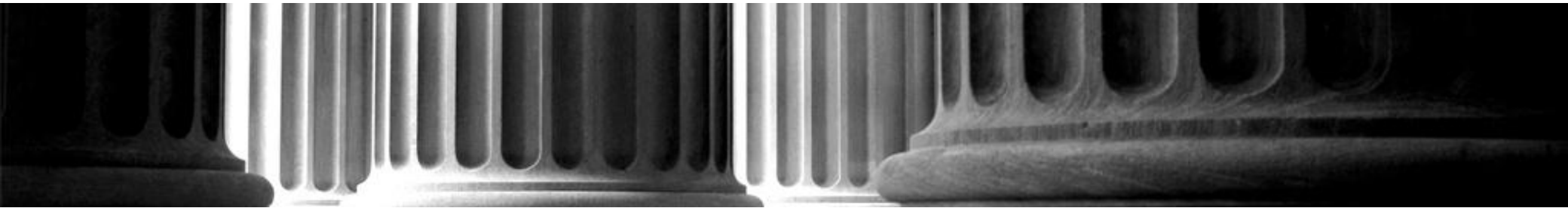




Polaris Financial Technology Limited



**Results for Quarter II
FY 2012 - 13**



Disclaimer



Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to our ability to manage growth, intense competition among Indian and overseas IT services companies, various factors which may affect our cost advantage, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Polaris FT has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. Polaris FT may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.



Q2 FY13

Highlights



Polaris FT - Earnings Snapshot : Q2-FY13



- **Revenue** stands at **INR 599 Cr** ; growth of **18%** YoY
- Revenue- FT Sourcing @ **INR 449 Cr** ; FT Intellect @ **INR 150 Cr**
- **Gross Margins**- FT Sourcing @ **35%** ; FT Intellect @ **52%**
- **EBITDA** stands at **INR 126 Cr** ; Margins at **21%**
- AS 30 adjustments: INR 13 Cr ; Forex Restatement: **12 Cr**
- **Net Income** at **INR 55 Cr** ; **EPS** at **INR 5.54**
- FT Intellect grew at **13%** QoQ
- BPO business grew by **32%** on a sequential QoQ basis.
- **13** new clients added – FT Sourcing **4** ; FT Intellect **9**
- Total head count stood at **13,248** as of 30th September'12

Polaris FT - Consolidated Financials : Q2-FY13



Rs.Lakhs

Particulars	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	March 31, 2012
INCOME						
Gross Income from software services, products and Business Process Management	59,907.95	58,163.91	50,973.68	118,071.86	95,992.55	204,915.14
Forex impact on Hedge accounting	(1,318.21)	(1,232.65)	-	(2,550.86)	-	-
Net Income from software services, products and Business Process Management	58,589.74	56,931.26	50,973.68	115,521.00	95,992.55	204,915.14
EXPENDITURE						
Software development expenses	36,711.83	36,590.09	33,318.21	73,301.92	62,212.99	129,212.57
Selling and marketing expenses	7,200.17	7,090.03	5,415.80	14,290.20	10,493.12	22,507.74
General and Administrative expenses	3,332.73	3,434.99	3,318.88	6,767.72	6,642.66	13,592.88
Total Expenditure	47,244.73	47,115.11	42,052.89	94,359.84	79,348.77	165,313.19
Profit before interest, depreciation & amortization	11,345.01	9,816.15	8,920.79	21,161.16	16,643.78	39,601.95
Research & development expenses	2,520.15	2,882.01	2,727.00	5,402.16	4,686.00	10,657.00
Depreciation/ Amortization	1,294.87	1,291.74	1,118.45	2,586.61	2,074.80	4,723.07
Finance Charges	61.79	75.44	35.25	137.23	57.98	170.55
Profit after interest, depreciation & amortization	7,468.20	5,566.96	5,040.09	13,035.16	9,825.00	24,051.33
Other Income	(780.74)	2,162.47	2,227.26	1,381.73	3,589.05	4,292.17
Minority Interest/ Share of profit/(loss) of Associate Companies	166.59	15.40	11.08	181.99	12.89	27.65
Profit before tax	6,854.05	7,744.83	7,278.43	14,598.88	13,426.94	28,371.15
Provision for taxation	1,340.89	1,628.08	1,884.82	2,968.97	3,577.30	6,300.29
Profit after tax	5,513.16	6,116.75	5,393.61	11,629.91	9,849.64	22,070.86

Polaris FT – FT Sourcing -- Business Ratios : Q2-FY13

	Q2 FY13	% of Rev	Q1 FY13	% of Rev
Revenue (USD)	82.34		83.08	
Revenue (INR Cr)	448.78		449.13	
Software Dev Cost	294.14	65.5%	298.27	66.4%
Gross Margin	154.64	34.5%	150.86	33.0%
S&M Costs	41.87	9.3%	41.16	9.1%
G&A Costs	16.50	3.7%	19.10	4.2%
EBITDA	96.25	21.4%	90.61	20.2%
R&D Costs	5.68	1.3%	8.11	1.8%
Dep & Fin charges	8.56	2.0%	8.86	2.0%
Profit	82.01	18.3%	73.64	16.4%

Note: Business Ratios do not include AS 30 impact

FT Sourcing Revenue includes revenues from BPO

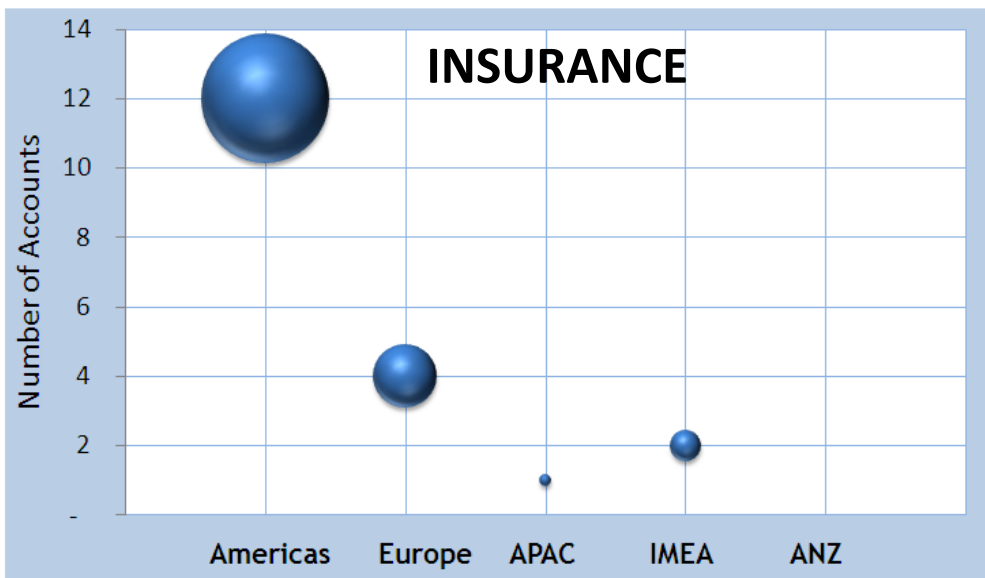
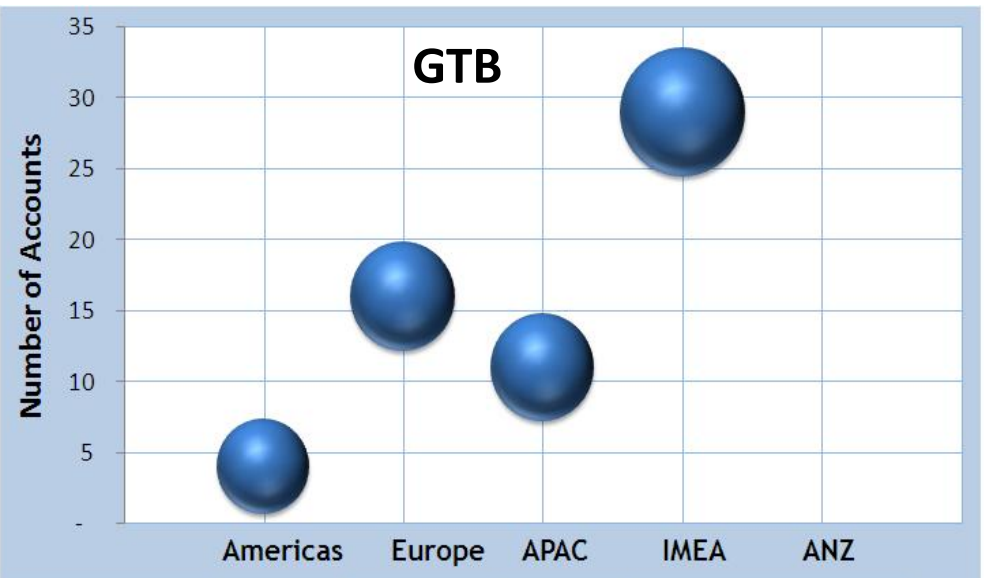
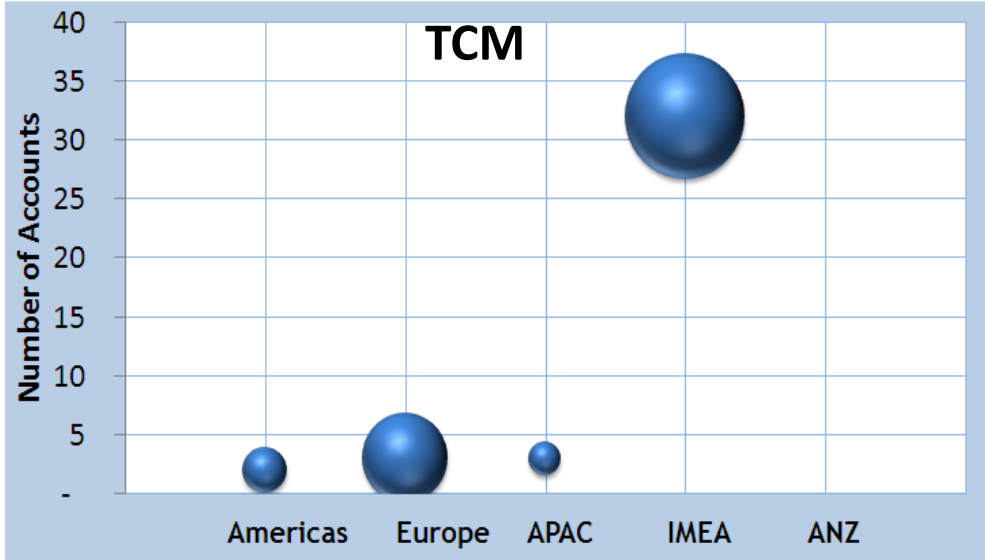
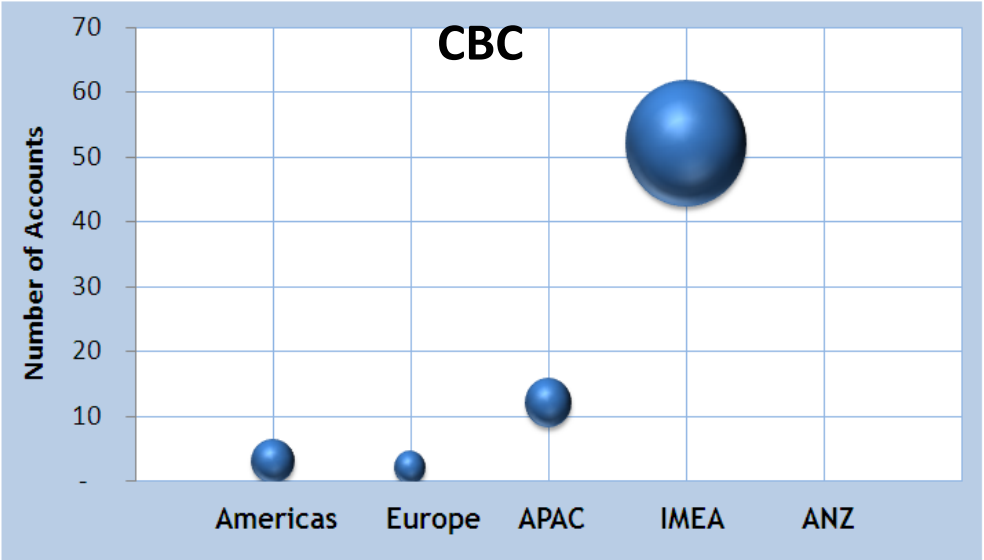
Polaris FT – FT Intellect - Business Ratios : Q2-FY13



	GTB				CBC, TCM, INS				FT Cloud			
	Q2 13		Q1 13		Q2 13		Q1 13		Q2 13		Q1 13	
Revenue (USD)	13.69		10.33		8.6		8.69		5.29		5.49	
Revenue (INR Cr)	74.59		55.84		46.85		46.98		28.86		29.68	
Software Dev Exp	27.31	36.6%	25.63	45.9%	30.97	66.1%	28.64	61.0%	14.68	50.9%	13.37	45.0%
Gross Margin	47.28	63.4%	30.21	54.1%	15.88	33.9%	18.34	39.1%	14.16	49.1%	16.32	55.0%
S&M Costs	15.83	21.2%	14.11	25.3%	7.66	16.3%	9.92	21.1%	6.64	23.0%	5.71	19.2%
G&A Costs	4.24	5.7%	4.00	7.2%	2.87	6.1%	2.71	5.8%	9.72	33.7%	8.54	28.8%
EBITDA	27.22	36.5%	12.1	21.7%	5.36	11.4%	5.71	12.2%	-2.18	-7.6%	2.07	7.0%
R&D Costs	5.57	7.5%	6.77	12.1%	8.58	18.3%	8.86	18.9%	5.37	18.6%	5.08	17.1%
Depreciation	1.91	2.6%	1.72	3.1%	2.21	4.7%	2.1	4.5%	0.27	0.9%	0.24	0.8%
Profit	19.74	26.5%	3.61	6.5%	-5.44	-11.6%	-5.25	-11.2%	-7.83	-27.1%	-3.25	-10.9%

Note: Business Ratios do not include AS 30 impact

Polaris FT – FT Intellect – LOB – Geo Footprint Snapshot





Polaris FT Q2FY13

Business Highlights

**Key Wins, Accolades &
Management Vision**



Polaris FT - Key Wins : Q2-FY13



- Polaris **FT Sourcing** signs with a top European Bank to be their strategic partner for their Global Sourcing Program
- Polaris **FT Sourcing** has been selected by 2 Global banks as their preferred partner for their Global Outsourcing Program
- Polaris **FT Sourcing** signs with an alternative asset management company based in the US for solutions in the Capital Markets and Treasury.
- Polaris **FT Intellect** signs with National Bank of Ethiopia to modernize their Core Banking Platform with **Intellect Quantum CBS**
- Polaris **FT Intellect** signs with Housing Finance Bank, a full service bank and the 9th largest in Uganda to provide Trade Finance Solution with Intellect CBS
- Polaris **FT Intellect** signs with one of the oldest and most prominent banks in South Africa, has chosen Polaris' Intellect™ Cash and Liquidity Management System



- **Gartner** positioned **Polaris FT** for the third consecutive year, in the Leader's Quadrant in their report '**Magic Quadrant for International Retail Core Banking**' for 2012
- **Everest Group**, recognized **Polaris FT** as a 'Star Performer' on the Everest Group **PEAK Matrix** for large Banking Applications Outsourcing Relationships 2012
- **Tower Group's** 'Payables Automation Systems Feature Audit' report rated **Polaris' Intellect Payables** 'Best in Class' in Payables Functionality.



Arun Jain, Founder, Chairman & CEO, Polaris Financial Technology Limited said, *“Global Transaction banking business now contributes 35% of Revenues with over 60% gross margin, reflecting our Leadership position in this space. This is a result of the careful investments made five years ago, backed by superior delivery. At this point of time, we are looking to build the chosen Product portfolios to the right margin levels. Our recent acquisition of Pyxis is in line with building our competitive edge in the complex world of Derivatives and Capital Markets”*

Govind Singhal, President & COO, Polaris Financial Technology Limited said, *“We focused on driving the Operational excellence levers across the organization in the last two quarters, resulting in 15% improvement on Operating Profit on a sequential quarter basis ”*



Polaris FT Financial & Operational Metrics



Polaris FT - Revenue Segmentation : Q2-FY13



Break up by Segments (\$ mn)	Q2FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
FT Sourcing	81.21	82.22	79.81	80.85	80.25
FT Intellect	27.58	24.51	23.03	30.97	30.42
BPO	1.14	0.86	0.68	0.66	0.67
Total	109.93	107.59	103.52	112.48	111.34

Break up by Segments	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
FT Sourcing	73.8%	76.4%	77.0%	71.8%	72.0%
FT Intellect	25.0%	22.7%	22.2%	27.5%	27.3%
BPO	1.02%	0.9%	0.8%	0.7%	0.7%

Polaris FT - Client Metrics : Q2-FY 13



Client Concentration	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
Top 5	39.50%	39.30%	38.97%	43.75%	43.03%
Top 10	52.30%	52.70%	52.77%	57.79%	56.73%

US\$ 1+ Mn accounts	34	37	34	36	40
US\$ 3+ Mn accounts	10	6	8	7	4
US\$ 5+ Mn accounts	5	6	6	6	9
US\$ 10+ Mn accounts	9	8	8	7	5
US\$ 25+ Mn accounts	3	3	3	3	3

Active FT Clients	269	267	266	261	257
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Polaris FT – Financial Info : Q2-FY13



		Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
Cash & Eqv (INR Cr)		420	329	390	419	417
Major Cash Outflow Items		• Capex 9 Cr.	• Capex 17 Cr • Employee Annual Payment 73 Cr • Employee Trust 20 Cr	• Capex 21Cr • Dividend 23 Cr • Acquisition 11 Cr	• Capex 72 Cr • Employee Cost 10cr • Acquisition 9Cr	• Capex 25 cr • Dividend 52 Cr
DSO Days	Billed	69	75	63	56	57
	Unbilled	43	43	49	43	44
	Total	112	118	112	99	101
USD INR Rate		Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
Average Rate		54.50	54.06	50.26	50.90	45.78
Closing Rate		52.86	55.62	50.88	53.11	48.98
HR Metrics		Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
Attrition		18.1%	15.1%	15.6%	16.0%	15.0%
Capacity Utilisation		81.2%	80.5%	81.0%	81.0%	80.0%



FT Sourcing Metrics



Polaris FT – FT Sourcing Metrics : Q2-FY13



FT Sourcing Geo Split	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
Americas	54%	53%	52%	52%	54%
Europe	23%	23%	25%	26%	25%
India	5%	5%	7%	6%	6%
Rest of World	18%	19%	16%	16%	15%

Polaris FT – FT Sourcing Metrics : Q2-FY13



Revenue Break up by Vertical	Q2 FY13	Q1 FY13	Q4 FY 12	Q3 FY12	Q2 FY12
Retail Banking	20.5%	21.2%	19.4%	19.9%	19.4%
Corporate Banking	29.1%	30.0%	28.9%	29.3%	30.5%
Treasury & Capital Markets	39.6%	38.0%	41.1%	40.1%	39.3%
Insurance	6.3%	5.9%	6.0%	6.2%	6.1%
Others	4.5%	4.9%	4.6%	4.5%	4.7%

Polaris FT – FT Sourcing Metrics : Q2-FY13



Break up of Service Revenues	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
App Main	39.3%	38.5%	38.1%	39.1%	37.7%
App Dev	37.8%	39.2%	40.7%	39.8%	41.3%
Testing	21.4%	20.7%	19.7%	19.4%	19.5%
Others	1.5%	1.6%	1.5%	1.7%	1.5%

Revenue by	Q2 FY13	Q1 FY13	Q4 FY 12	Q3 FY12	Q2 FY12
Fixed Price	32.3%	31.0%	31.0%	30.0%	27.0%
Time & Material	67.7%	69.0%	69.0%	70.0%	73.0%



FT Intellect Metrics



Polaris FT – FT Intellect Metrics: Q2-FY13



FT INTELLECT Geo Split	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
AMERICAS	20%	17%	18%	10%	10%
EUROPE	18%	27%	25%	17%	19%
India	13%	15%	15%	13%	27%
Rest of World	49%	41%	42%	60%	44%

Polaris FT – FT Intellect Metrics: Q2-FY13



Break up of FT Intellect Revenue	Q2 FY13	Q1 FY13	Q4 FY12	Q3 FY12	Q2 FY12
License	19.5%	13.3%	7.8%	27.1%	13.5%
Professional Service	47.1%	49.3%	48.4%	40.3%	49.2%
Support & Maintenance	30.3%	36.2%	40.6%	26.2%	22.0%
SI	3.1%	1.2%	3.2%	6.4%	15.3%



Thank You

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