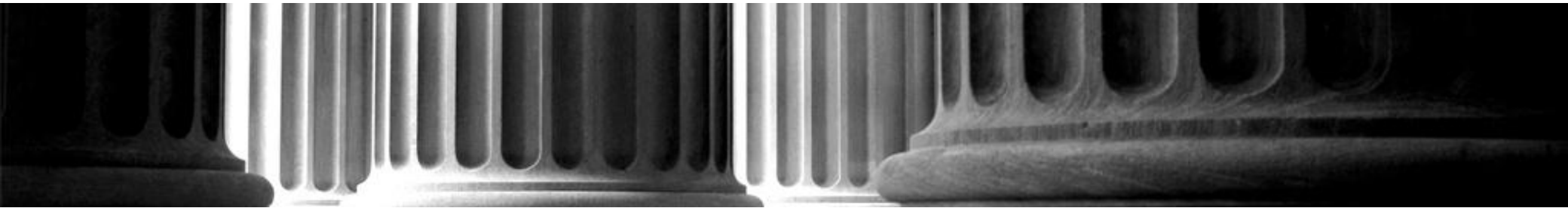




Polaris Financial Technology Limited



Earnings Announcement - First Quarter FY 13-14
July 30, 2013



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.



Q1 FY14 Highlights



Polaris FT – Executive Summary : Q1-FY14



- Polaris FT **Revenue** stands at **INR 584 Cr**; up **5% QoQ** (Excludes AS 30 Impact)
- Polaris FT **EBITDA** stands at **INR 101 Cr**; up **9% QoQ** (Excludes AS 30 Impact)
- Polaris FT **Net Income** at **INR 43 Cr**; **EPS** for the Quarter @ **INR 4.34**
- Revenue – FT Sourcing @ **INR 450.32 Cr**; FT Intellect @ **INR 133.49 Cr**
- **Gross Margins** - FT Sourcing @ **31%** ; FT Intellect @ **52%**
- **New Client wins (11)** includes **8 FT Intellect** clients and **3 FT Sourcing** Clients
- **Operational Improvements** : DSO at **59 days** (75 (Q1 13))
- **Cash & Cash Equivalents** stood at **INR 571 Cr** (329(Q1 13))
- **Restructuring Exercise** -- to be completed by September 30, 2013
- Head count stands at **12,804** as of 30th June'13

Polaris FT - Consolidated Financials



Rs.Lakhs

Particulars	QUARTER ENDED			YEAR ENDED
	June 30, 2013	March 31, 2013	June 30,2012	March 31, 2013
INCOME				
Gross Income from software services, products and Business Process Management	58,381.50	55,473.01	58,163.91	230,833.36
Forex impact on Hedge accounting	(1,584.85)	(1,189.05)	(1,232.65)	(4,970.26)
Net Income from software services, products and Business Process Management	56,796.65	54,283.96	56,931.26	225,863.10
EXPENDITURE				
Software development expenses	37,445.37	35,714.11	36,590.09	145,672.43
Selling and marketing expenses	7,009.81	6,634.24	7,090.03	27,877.34
General and Administrative expenses	3,814.90	3,834.94	3,434.99	14,864.30
Total Expenditure	48,270.08	46,183.29	47,115.11	188,414.07
Profit before interest, depreciation & amortization	8,526.57	8,100.67	9,816.15	37,449.03
Research & development expenses	2,916.55	2,629.59	2,882.01	10,772.77
Depreciation/ Amortization	1,385.08	1,390.46	1,291.74	5,369.09
Finance Charges	61.37	57.94	75.44	249.08
Profit after interest, depreciation & amortization	4,163.57	4,022.68	5,566.96	21,058.09
Other Income	1,502.78	902.32	2,162.47	3,250.86
Minority Interest/ Share of profit/(loss) of Associate Companies	(80.19)	452.01	15.40	675.04
Profit before tax	5,586.16	5,377.01	7,744.83	24,983.99
Provision for taxation	1,265.78	993.23	1,628.08	4,903.67
Profit after tax	4,320.38	4,383.78	6,116.75	20,080.32

Polaris FT – FT Sourcing -- Business Ratios



	Q1 FY14	Q4 FY13	Q1 FY13
Revenue (USD)	80.47	80.75	83.08
Revenue (INR Cr)	450.32	437.54	449.13
Software Dev Exp	310.86	298.74	298.27
SDE%	69.0%	68.3%	66.4%
Gross Margin	139.47	138.79	150.86
Gross Margin %	31.0%	31.7%	33.6%
S&M Costs	40.49	38.35	41.16
G&A Costs	18.36	18.28	19.10
EBITDA	80.61	82.16	90.61
EBITDA%	17.9%	18.8%	20.2%
R&D Costs	6.99	6.89	8.11
Dep & Fin charges	8.74	9.06	8.86
Profit	64.88	66.22	73.64

Note: FT Sourcing Revenue includes revenues from BPO. All revenue related reporting includes AS30 Impact

Polaris FT – FT Intellect -- Business Ratios



	Q1 FY14	Q4 FY13	Q1 FY13
Revenue (USD)	23.85	21.63	24.51
Revenue (INR Cr)	133.49	117.19	132.50
Software Dev Exp	63.60	58.40	67.64
SDE%	47.6%	49.8%	51.0%
Gross Margin	69.89	58.80	64.87
Gross Margin %	52.4%	50.2%	48.9%
S&M Costs	29.60	27.99	29.74
G&A Costs	19.79	20.06	15.25
EBITDA	20.50	10.74	19.88
EBITDA%	15.4%	9.2%	15.0%
R&D Costs	22.18	19.41	20.71
Dep & Fin charges	5.72	5.44	4.06
Profit	(7.39)	(14.11)	(5.64)

Note: All revenue related reporting includes AS30 Impact



Polaris FT Q1FY14

Business Highlights

Key Wins, Accolades &

Management Vision



Polaris FT - Management View : Q1-FY14



Arun Jain, Founder, Chairman & CEO, Polaris Financial Technology Limited said, “As announced, we are in the midst of a company wide restructuring to a new organization design. It has been a challenge to manage the changing paradigm, along with our growth agenda, investment agenda and profitability agenda. The team has still been able to drive some growth in top line and EBITDA margins, while managing structural change smoothly. This reflects Polaris Management’s professionalism and the strong execution engine.”

Nat Narayanasamy, Group CFO, Polaris Financial Technology Limited said, “Our relentless focus on operational efficiencies has resulted in the DSO days coming down to 59, compared to 75 days in the same quarter last year. Our cash position is at Rs. 571 Cr, up from Rs. 329 Cr in the same quarter last year. This represents an excellent war chest for fueling our inorganic growth strategy.”

Polaris FT - Key Wins : Q1-FY14



- **Polaris FT Intellect -- National Bank of Abu Dhabi (NBAD)**, chose **Intellect CBX** for the management of its pre-paid card system
- **Polaris FT Intellect --Ahli Bank**, Qatar based global financial institution chose Polaris' **Intellect CBX** as a single platform for their retail, corporate and mobile banking systems.
- **Polaris FT Intellect -- Nationwide Financial**, one of the leading providers of Life Insurance in the US market chose Polaris' **Intellect Claims**
- **Polaris FT Intellect -- UCO Bank**, leading commercial bank in India, with over \$30 Billion in Assets and over 2500 Branches chose Polaris' **Intellect Treasury Solution**
- **FT Sourcing -** -One of the world's **leading Financial & Trading Institution based out of North America** has awarded Polaris the conceptualization, design and development of one of their strategic IT initiatives around Data Warehousing and Global Portals.
- **FT Sourcing - -** A leading **boutique testing company in UK** chose Polaris' services to implement its test strategy



- The **Nilambur Co-operative Urban Bank Limited (NCUB)**, one of Kerala's leading Urban Co-operative Banks and Kerala's first Urban bank to implement Core Banking, has gone live with Polaris' highly scalable **Intellect® Core Banking Solution (CBS)**.
- **Sonali Bank Limited**, the largest state owned commercial bank in Bangladesh has gone live with Polaris' state-of-the-art **Intellect® Core Banking Solution (CBS)**.
- **The Andhra Pradesh State Cooperative Bank Limited (APCOB)** has gone live with Polaris' state- of- the- art **Intellect® Core Banking Solution (CBS)** in all its 22 affiliated District Central Cooperative Banks (DCCBs) spread across the state.
- A **major global financial services provider**, headquartered in the UK and engaged in corporate, investment, wealth, personal banking and credit cards, driving high degree of operational efficiencies implemented **Intellect Funds Control hub**

Polaris FT – Awards & Recognitions : Q1-FY14



- **Polaris FT -- Won three prestigious Technology Implementation Awards at the Asian Banker Summit 2013** held in Jakarta, Indonesia.
 - The **'Best Central Bank Technology Project'** award for implementation at the **Reserve Bank of India (RBI)**
 - The **'Best Cross Border Core Banking Project'** award for its implementation at **Saigon Hanoi Bank (SHB)**
 - The **'Best Lending Platform Project'** award for its implementation at **Abu Dhabi Commercial Bank (ADCB)**
- **Polaris FT Intellect Treasury** was rated among the **global best in TiMS** -- Treasury Information Management Systems in an Aite Group Report.
- **Polaris FT Intellect** -- Featured as one of the **top two vendors among the top Global Vendors in the Core, Lending & Private Banking** categories in Forrester's Report .
- **Polaris FT Intellect -- Intellect FABX** was awarded **'Best in Class'** in Advisor Desktop Solutions in a Tower Group report.



Polaris FT Financial & Operational Metrics



Polaris FT - Revenue Segmentation



Break up by Segments (\$ mn)	Q1FY14	Q4 FY13	Q1 FY13
FT Sourcing	79.26	79.58	82.22
BPO	1.21	1.17	0.86
FT Intellect	23.86	21.63	24.52
Total	104.33	102.38	107.60

Break up by Segments	Q1 FY14	Q4 FY13	Q1 FY13
FT Sourcing	76.0%	77.7%	76.4%
BPO	1.1%	1.1%	0.9%
FT Intellect	22.9%	21.2%	22.7%

Polaris FT - Client Metrics



Client Concentration	Q1 FY14	Q4 FY13	Q1 FY13
Top 5	40.50%	41.20%	39.30%
Top 10	53.20%	52.30%	52.70%
US\$ 1+ Mn accounts	43	41	37
US\$ 3+ Mn accounts	8	10	6
US\$ 5+ Mn accounts	8	8	6
US\$ 10+ Mn accounts	5	5	8
US\$ 25+ Mn accounts	3	3	3
Active FT Clients	266	270	267

Polaris FT – Financial Info



		Q1 FY14	Q4 FY13	Q1 FY13
Cash & Cash Eqv (INR Cr)		571	490	329
Major Cash Outflow Items		<ul style="list-style-type: none"> • Capex 13Cr • Employee Annual Payment 37 Cr 	<ul style="list-style-type: none"> • Capex 9Cr • Employee Annual Payment 3 Cr 	<ul style="list-style-type: none"> • Capex 17 Cr • Employee Annual Payment 73Cr • Employee Trust 20 Cr
DSO Days	Billed	59	63	75
	Unbilled	48	48	43
	Total	107	111	118
USD INR Rate		Q1 FY14	Q4 FY13	Q1 FY13
Average Rate		55.96	54.19	54.06
Closing Rate		59.39	54.29	55.62
HR Metrics		Q1 FY14	Q4 FY13	Q1 FY13
Attrition		21.3%	18.2%	15.1%
Capacity Utilisation		82.6%	77.3%	80.5%



FT Sourcing Metrics



Polaris FT – FT Sourcing Metrics



FT Sourcing Geo Split	Q1 FY14	Q4 FY13	Q1 FY13
Americas	53.2%	53.4%	53%
Europe	20.9%	21.3%	23%
India	6.1%	8.7%	5%
Rest of World	19.8%	16.7%	19%

Polaris FT – FT Sourcing Metrics



Revenue Break up by Vertical	Q1 FY14	Q4 FY13	Q1 FY 13
Retail Banking	16.6%	17.3%	21.2%
Corporate Banking	29.0%	27.9%	30.0%
Treasury & Capital Markets	41.8%	41.8%	38.0%
Insurance & others	12.6%	13.0%	10.8%

Polaris FT – FT Sourcing Metrics



Break up of Service Revenues	Q1 FY14	Q4 FY13	Q1FY13
App Main	39.3%	38.3%	38.5%
App Dev	39.5%	40.7%	39.2%
Testing	18.3%	18.3%	20.7%
Others	2.9%	2.7%	1.6%

Revenue by	Q1 FY14	Q4 FY13	Q1 FY13
Fixed Bid	32.3%	32.2%	31.0%
Time & Material	67.7%	67.8%	69.0%



FT Intellect Metrics



Polaris FT – FT Intellect Metrics

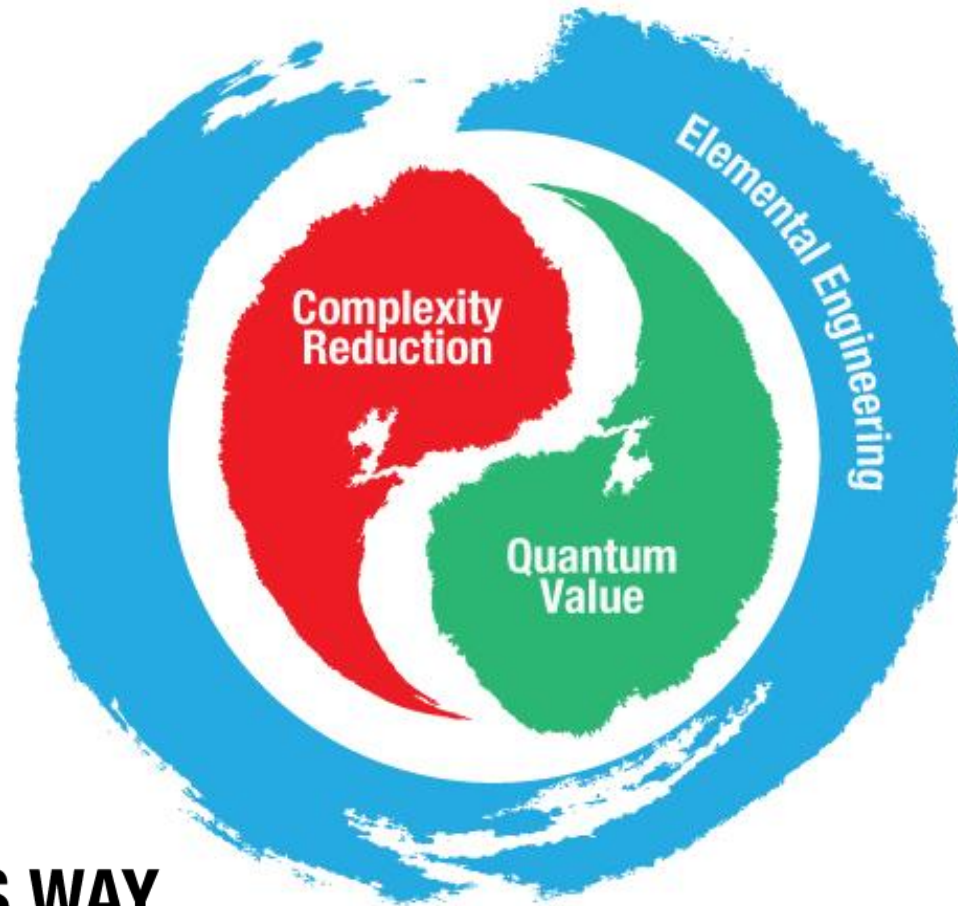


FT INTELLECT Geo Split	Q1 FY14	Q4 FY13	Q1 FY13
AMERICAS	16.6%	17.5%	17%
EUROPE	30.1%	23.3%	27%
India	13.0%	20.5%	15%
Rest of World	40.3%	38.7%	41%

Polaris FT – FT Intellect Metrics



Break up of FT Intellect Revenue	Q1 FY14	Q4 FY13	Q1 FY13
License	14.5%	9.3%	13.3%
Professional Service	44.7%	47.3%	49.3%
Support & Maintenance	40.5%	42.5%	36.2%
SI	0.3%	0.9%	1.2%



THE POLARIS WAY... High Performance FT

Thank You

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