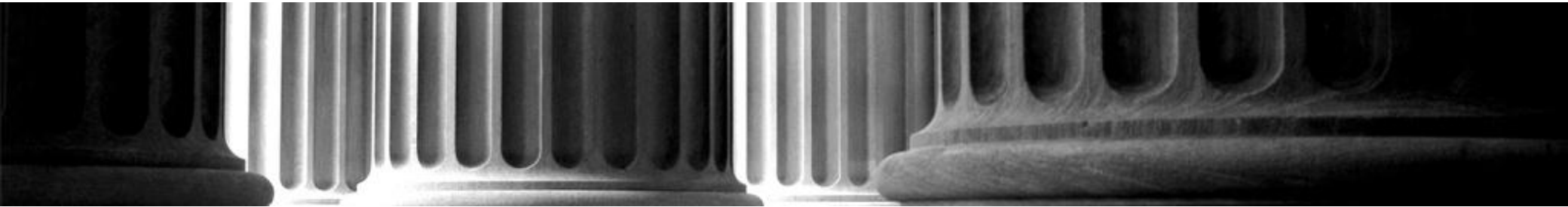




Polaris Financial Technology Limited

Services Business



Earnings Announcement – First Quarter FY 14-15

July 23, 2014



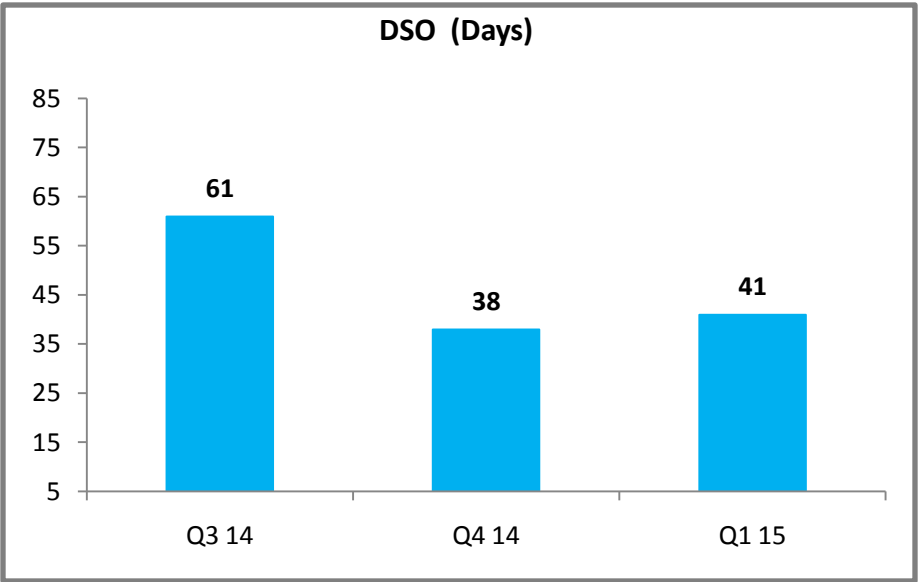
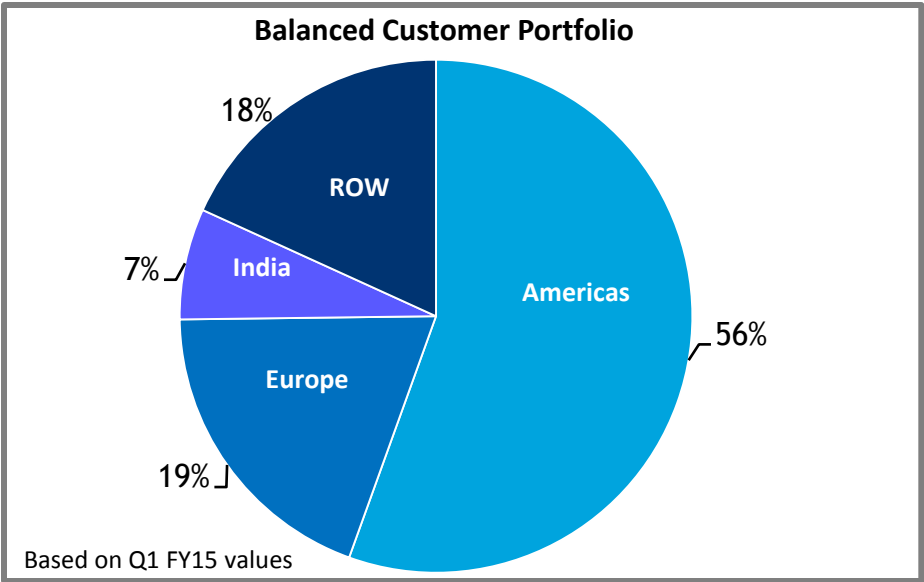
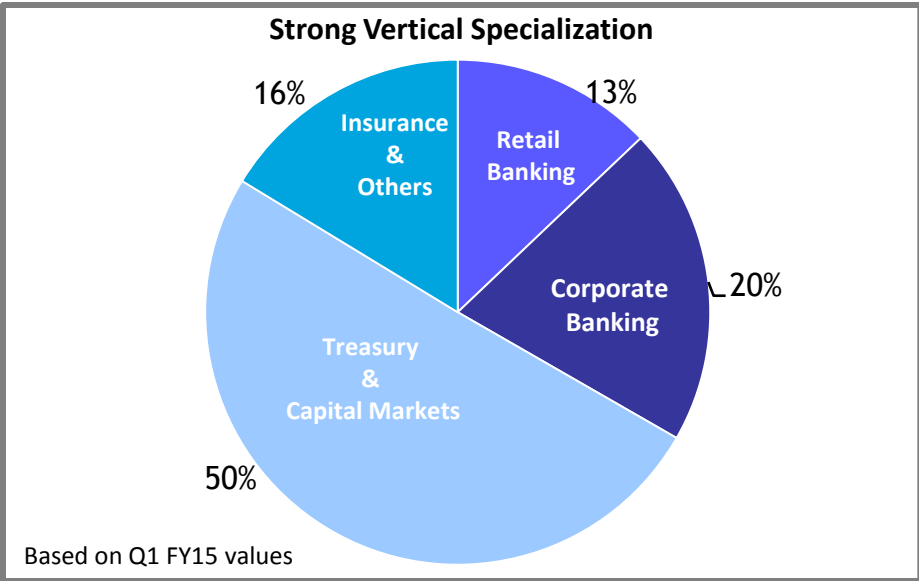
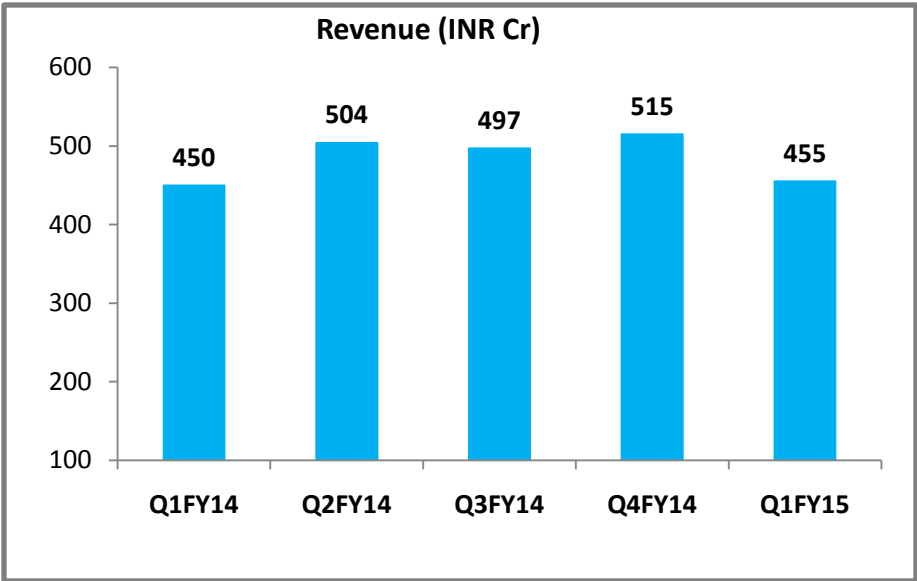
Safe Harbor Statement

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 Products 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.



- The strategic focus of the services business on digital, payments, risk & data analytics, with HPO as the operating model.
- During Q1 we reviewed our existing book of business against this strategic intent, and found that some part of the portfolio comprised of tactical engagements that did not fit in, and were consuming an inordinate amount of management bandwidth.
- We took a bold decision to rationalize our portfolio and exit from a set of such tactical engagements. This decision, coupled with the completion of a one-off engagement that contributed to Q4 revenue, led to a short term reduction in revenue and margin, but set the stage for us to build the management bandwidth and business/ technology expertise needed to execute our strategy.
- At the same time we acquired 5 new clients in Q1, and won several value-driven deals including consolidation deals in our top 2 clients. Deals ranged from process consulting to ADM, testing & BPO. They covered geos ranging from US & Canada, UK, ME and Singapore, and all four strategic areas of focus.
- The drop in revenue has resulted in sharp drop of EBITDA from INR 81 Cr to INR 61 Cr on YoY basis
- As revenue from these deals start to flow in, we expect revenues in Q2 and beyond to start growing again.

Services Performance





Q1 FY15

- **Revenue** stands at **INR 455 Cr**
- **Gross Margin** stood at **INR 122 Cr**
- **EBITDA** stands at **INR 61 Cr**
- **PBT** stands at **INR 51 Cr**
- **DSO** stands at 41 days
- **5 New client wins** in Q1FY15

Services Business – Q1FY15 Financials



INR Cr	Q1 FY15	Q4 FY14	Q1 FY14
Revenue (USD)	76.22	83.34	80.47
Revenue	455.35	514.93	450.32
Software Dev Exp	333.09	352.60	310.86
SDE%	73.15%	68.5%	69.0%
Gross Margin	122.26	162.32	139.46
Gross Margin%	26.8%	31.5%	31.0%
SG&A Costs	61.40	69.37	58.85
EBITDA	60.86	92.96	80.61
EBITDA%	13.4%	18.1%	17.9%
R&D Costs	2.52	2.84	6.98
Dep & Fin charges	7.79	8.16	8.74
Profit	50.55	81.95	64.88

Services Business – Geographic Distribution



Revenue by Geography	Q1 FY15	Q4 FY14	Q1 FY14
Americas	55.5%	56.3%	53.2%
Europe	19.3%	19.7%	20.9%
India	7%	5.6%	6.1%
Rest of World	18.2%	18.4%	19.8%

Services Business – Vertical Split



Revenue by Verticals	Q1 FY15	Q4 FY14	Q1 FY14
Retail Banking	12.9%	13.1%	16.6%
Corporate Banking	20.4%	21.8%	29.0%
Treasury & Capital Markets	50.4%	52.0%	41.8%
Insurance & others	16.3%	13.1%	12.6%

Revenue by	Q1 FY15	Q4 FY14	Q1 FY14
Fixed Bid	34.4%	34.9%	32.3%
Time & Material	65.6%	65.1%	67.7%

Services Business – Revenue Distribution



Break up of Revenues	Q1 FY15	Q4 FY14	Q1 FY14
App Main	39.3%	40.7%	39.3%
App Dev	42.6%	40.1%	39.5%
Testing	16.9%	17.8%	18.3%
Others	1.2%	1.3%	2.9%

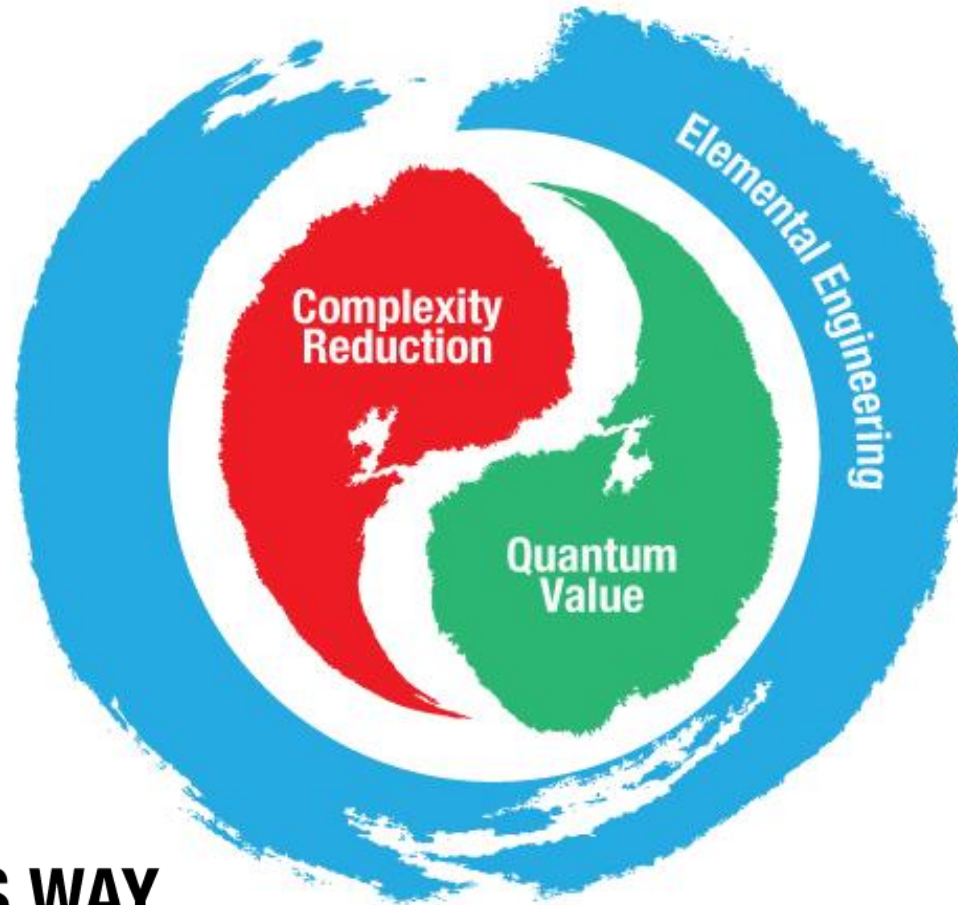
Onsite Offshore Ratio - By Efforts	Q1 FY15	Q4 FY14	Q1 FY14
Onsite	21%	21%	21%
Offshore	79%	79%	79%

DSO Days	Billed	41	38
	Unbilled	41	37
	Total	82	75

Capacity Utilization	78.2%	82.4%
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- Americas and Europe contributes 75% and growth markets contributes 25% of Services revenues
- Rationalization of engagements has taken place in the Services business
- 152 Active Clients and 5 new clients recorded in Q1
- Services business is poised to leverage a vast canvas of opportunities available in Four strategic areas – Digital Banking, Risk & Compliance, Payments Transformation and Data Analytics



THE POLARIS WAY... High Performance FT

Thank You

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