



# POLARIS FINANCIAL TECHNOLOGY - GROUP

(Formerly known as Polaris Software Lab - Group)  
CIN : L65993TN1993PLC024142

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2014 PREPARED AS PER INDIAN GAAP

Rs. In Lakhs

PARTICULARS	QUARTER ENDED			YEAR ENDED	
	March 31, 2014 (Unaudited)	December 31, 2013 (Unaudited)	March 31, 2013 (Unaudited)	March 31, 2014	March 31, 2013
<b>Income</b>					
Gross Income from Operations	645,49.22	643,39.96	554,73.01	2,528,09.54	23,08,33.36
Forex impact on Hedge accounting	(26,09.80)	(29,15.84)	(11,89.05)	(104,39.89)	(49,70.26)
<b>Net Income from Operations</b>	<b>619,39.42</b>	<b>614,24.12</b>	<b>542,83.96</b>	<b>2,423,69.65</b>	<b>22,58,63.10</b>
<b>Expenditure</b>					
Employee cost	480,10.64	463,67.44	415,15.43	1,842,76.32	16,63,11.67
Depreciation	13,32.81	13,06.26	13,90.46	54,44.03	53,69.09
Other Expenditure	90,99.13	81,55.31	72,97.45	339,47.41	3,30,38.23
<b>Total</b>	<b>584,42.58</b>	<b>558,29.01</b>	<b>502,03.34</b>	<b>2,236,67.76</b>	<b>20,47,18.99</b>
<b>Profit from Operations before Other Income, Interest &amp; Tax</b>	<b>34,96.84</b>	<b>55,95.11</b>	<b>40,80.62</b>	<b>187,01.89</b>	<b>211,44.11</b>
Other Income	10,23.96	9,55.28	9,02.32	32,35.24	34,13.92
<b>Profit before Interest and Tax</b>	<b>45,20.80</b>	<b>65,50.39</b>	<b>49,82.94</b>	<b>219,37.13</b>	<b>245,58.03</b>
Finance cost	15.53	27.96	57.94	1,97.72	2,49.08
<b>Profit after finance cost but before exceptional items</b>	<b>45,05.27</b>	<b>65,22.43</b>	<b>49,25.00</b>	<b>217,39.41</b>	<b>243,08.95</b>
<b>Exceptional items</b>					
Profit / (Loss) from discontinuing operations - refer note (g) (i)	5,57.54	-	-	24,38.14	-
Restructuring & Demerger Expenses	(3,01.12)	-	-	(3,01.12)	-
<b>Profit before tax expense</b>	<b>47,61.69</b>	<b>65,22.43</b>	<b>49,25.00</b>	<b>238,76.43</b>	<b>243,08.95</b>
Tax expenses	3,95.22	14,22.09	9,93.23	39,68.78	49,03.67
<b>Net Profit after tax</b>	<b>43,66.47</b>	<b>51,00.34</b>	<b>39,31.77</b>	<b>199,07.65</b>	<b>194,05.28</b>
Minority interest - (Share of Loss)	-	-	-	-	-
Share of profit of Associate companies	1,75.38	(24.83)	4,52.01	11.55	4,52.01
<b>Net Profit for the period</b>	<b>45,41.85</b>	<b>50,75.51</b>	<b>43,83.78</b>	<b>199,19.20</b>	<b>200,80.32</b>
<b>Earning Per Share (EPS) of Rs.5 each (Rs.)</b>					
Basic	4.56	5.10	4.41	20.01	20.19
Diluted	4.55	5.09	4.40	19.97	20.15

## POLARIS FINANCIAL TECHNOLOGY LIMITED

(Formerly known as Polaris Software Lab Limited)

Regd Office : Carex Centre, 244 (Old no. 713) Anna Salai, Chennai 600 006

AUDITED STAND-ALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2014 PREPARED AS PER INDIAN GAAP

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 Operations	544,65.51	535,87.16	484,86.15	2,109,65.15	1,903,69.44
Forex impact on Hedge accounting	(2,609.80)	(29,15.84)	(11,89.05)	(104,39.89)	(49,70.26)
<b>Net Income from Operations</b>	<b>518,55.71</b>	<b>506,71.32</b>	<b>472,97.10</b>	<b>2,005,25.26</b>	<b>1,853,99.18</b>
<b>Expenditure</b>					
Employee cost	426,86.56	403,88.85	349,80.72	1,606,80.22	1,426,56.29
Depreciation	11,86.95	11,83.61	11,99.88	47,97.99	46,34.35
Other Expenditure	59,85.05	62,53.06	49,47.18	245,74.78	211,95.95
<b>Total</b>	<b>498,58.56</b>	<b>478,25.52</b>	<b>411,27.78</b>	<b>1,900,52.99</b>	<b>1,684,86.59</b>
<b>Profit from Operations before Other Income, Interest &amp; Tax</b>	<b>19,97.15</b>	<b>28,45.80</b>	<b>61,69.32</b>	<b>104,72.27</b>	<b>169,12.59</b>
Other Income	(78.35)	8,78.94	10,96.61	30,06.21	36,52.84
<b>Profit before Interest &amp; Tax</b>	<b>19,18.80</b>	<b>37,24.74</b>	<b>72,65.93</b>	<b>134,78.48</b>	<b>205,65.43</b>
Finance Cost	7.53	21.20	35.04	1,04.10	1,90.50
<b>Profit after finance cost but before exceptional items</b>	<b>19,11.27</b>	<b>37,03.54</b>	<b>72,30.89</b>	<b>133,74.38</b>	<b>203,74.93</b>
<b>Exceptional items</b>					
Loss on divestment of discontinuing business - Refer Note (g)(i)	5,57.54	-	-	(20,59.22)	-
Restructuring & Demerger expenses	(2,68.48)	-	-	(2,68.48)	-
<b>Profit before Tax</b>	<b>22,00.33</b>	<b>37,03.54</b>	<b>72,30.89</b>	<b>110,46.68</b>	<b>203,74.93</b>
Tax expenses	(29.93)	10,41.78	13,24.99	26,50.09	36,69.23
<b>Net Profit for the period</b>	<b>22,30.26</b>	<b>26,61.76</b>	<b>59,05.90</b>	<b>83,96.59</b>	<b>167,05.70</b>
<b>Paid-up Equity share Capital</b>					
Equity shares of Rs 5 each	49,77.51	49,77.31	49,75.30	49,77.51	49,75.30
Reserves excluding revaluation reserves	1,125,82.81	1,095,46.23	1,037,89.14	1,125,82.81	1,037,89.14
<b>Earning Per Share (EPS) of Rs.5 each (Rs.)</b>					
Basic	2.24	2.67	5.94	8.44	16.79
Diluted	2.24	2.67	5.92	8.42	16.76

Public Shareholding					
Number of shares	70,554,514	70,550,414	70,512,714	70,554,514	70,512,714
Percentage of shareholding	70.87%	70.87%	70.86%	70.87%	70.86%
Promoters and Promoter group shareholding					
a) Pledged / encumbered					
- Number of shares	Nil	Nil	Nil	Nil	Nil
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil
- percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil	Nil	Nil
b) Non - encumbered					
- Number of shares	28,995,760	28,995,760	28,993,360	28,995,760	28,993,360
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%
- percentage of shares (as a % of the total share capital of the company)	29.13%	29.13%	29.14%	29.13%	29.14%

SEGMENT INFORMATION (FY 2013-14)	CONSOLIDATED		STAND- ALONE		
	QUARTER ENDED	YEAR ENDED*	QUARTER ENDED	YEAR ENDED	YEAR ENDED
	March 31, 2014	March 31, 2014	March 31, 2014	December 31, 2013	March 31, 2014
<b>A) Segment revenue (Gross Income from Operations)</b>					
Product licenses and related revenues	130,56.50	532,52.92	101,06.19	110,20.61	401,75.42
Software development, Support & BPO services	514,92.72	1,966,53.73	443,59.32	425,66.55	1,707,89.73
<b>Total Revenues</b>	<b>645,49.22</b>	<b>2,499,06.65</b>	<b>544,65.51</b>	<b>535,87.16</b>	<b>2,109,65.15</b>
<b>B) Segment profit before interest and tax</b>					
Product licenses and related revenues	(12,21.01)	(16,59.98)	(9,18.27)	1,79.28	(18,29.91)
Software development, Support & BPO services	82,04.74	313,40.20	55,25.21	55,82.35	227,42.09
<b>Total</b>	<b>69,83.73</b>	<b>296,80.22</b>	<b>46,06.94</b>	<b>57,61.63</b>	<b>209,12.18</b>
Finance Charges	(15.53)	(1,23.85)	(7.53)	(21.20)	(1,04.10)
Other unallocable expenditure (including Forex impact on Hedge accounting & exceptional items)	(22,06.51)	(56,79.94)	(23,99.08)	(20,36.89)	(97,61.40)
<b>Profit before tax</b>	<b>47,61.69</b>	<b>238,76.43</b>	<b>22,00.33</b>	<b>37,03.54</b>	<b>110,46.68</b>
<b>C) Capital employed**</b>	<b>1,547,41.09</b>	<b>1,547,41.09</b>	<b>1,175,60.32</b>	<b>1,145,23.54</b>	<b>1,175,60.32</b>

SEGMENT INFORMATION (FY 2012-13)	QUARTER ENDED	YEAR ENDED
	March 31, 2013	March 31, 2013
<b>A) Segment revenue</b>		
Banking , Financial services and Insurance	444,90.11	1,746,48.23
Emerging verticals	28,06.99	107,50.95
<b>Total Revenues</b>	<b>472,97.10</b>	<b>1,853,99.18</b>
<b>B) Segment profit before depreciation, interest and tax</b>		
Banking & Financial services	140,94.61	466,92.56
Emerging verticals	3,16.08	12,78.31
<b>Total</b>	<b>144,10.69</b>	<b>479,70.87</b>
a) Finance Charges	(35.04)	(1,90.50)
b) Other unallocable expenditure net of unallocable income	(71,44.76)	(274,05.44)
<b>Profit before tax</b>	<b>72,30.89</b>	<b>203,74.93</b>
<b>C) Capital employed:**</b>	<b>1,087,64.44</b>	<b>1,087,64.44</b>

\*The consolidated segment information for the year ended 31<sup>st</sup> March 2014 does not include IdenTrust Inc. results.

\*\*The assets & liabilities of the Company cannot be classified under any specific segment as they are used / contracted interchangeably, hence segment wise capital employed is not disclosed.

With effect from this financial year, the Company restructured the business into Product and Services for effective monitoring and management. In view of this change, the product and services segment information is provided as against the business vertical segmentation followed till previous financial year. It is not practicable to segment the prior year results in line with the current year segmentation. Due to this change in the basis of segmentation of the results of the current year, the same is not comparable with the previous year.

The segmentation between Product business & Services business are based on internal management reports and includes estimates / allocation as considered appropriate and certified / approved by the Company.

STATEMENT OF ASSETS AND LIABILITIES	CONSOLIDATED		STANDALONE	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	49,77.51	49,75.30	49,77.51	49,75.30
Reserves and surplus	1,497,63.58	1,292,97.15	1,125,82.81	1,037,89.14
	<b>1,547,41.09</b>	<b>1,342,72.45</b>	<b>1,175,60.32</b>	<b>1,087,64.44</b>
<b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b>				
<b>MINORITY INTEREST</b>				
<b>NON-CURRENT LIABILITIES</b>				
Long - term borrowings	-	57.81	-	-
Deferred tax liabilities (Net)	10,70.99	7,93.01	10,43.80	7,71.36
Long - term provisions	5,44.24	9,15.63	4,03.62	7,94.08
<b>CURRENT LIABILITIES</b>				
Short -term borrowings	4,03.15	115,54.24	-	108,58.00
Trade payables	242,08.46	206,27.56	213,05.04	187,33.23
Other current liabilities	140,42.22	184,23.91	148,30.86	127,87.45
Short-term provisions	12,181.66	153,12.51	109,04.18	143,73.30
<b>TOTAL</b>	<b>2,071,91.81</b>	<b>2,019,57.12</b>	<b>1,660,47.82</b>	<b>1,670,81.86</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
<b>Fixed assets</b>				
- Tangible assets	325,80.16	337,22.84	289,17.51	296,89.22
- Intangible assets	8,25.40	13,68.35	6,69.11	11,16.66
- Capital work-in-progress	34,93.50	41,87.52	34,88.61	41,54.95
- Intangible assets under development	9,73.93	7,90.12	-	-
	<b>378,72.99</b>	<b>400,68.83</b>	<b>330,75.23</b>	<b>349,60.83</b>
Goodwill	75,30.02	212,47.89	-	-
Non-current investments	87,99.72	35,72.07	187,70.94	147,43.76
Deferred tax assets (net)	6,49.45	5,99.87	-	-
Long-term loans and advances	152,15.48	123,84.79	123,76.86	103,33.14
Other non-current assets	47,29.71	-	47,29.71	-
<b>CURRENT ASSETS</b>				
Current investments	371,02.45	265,39.01	365,41.98	353,51.51
Trade receivables	362,20.67	407,47.06	227,84.03	326,03.17
Cash and bank balance	231,32.93	205,66.10	104,27.72	39,66.04
Short-term loans and advances	43,74.33	53,90.18	59,12.63	121,52.66
Other current assets	315,64.07	308,41.32	214,28.72	229,70.75
<b>TOTAL</b>	<b>2,071,91.81</b>	<b>2,019,57.12</b>	<b>1,660,47.82</b>	<b>1,670,81.86</b>

### NOTES :

- The above results were reviewed by the Audit committee and approved by the Board of Directors at its meeting held on April 30, 2014.
- The Stand-alone results for the Quarter and Year ended March 31, 2014 and consolidated financial results for the Year ended March 31, 2014 were audited by the Statutory Auditors of the Company.
- Provision for taxation includes current tax, deferred tax and MAT, wherever applicable.
- No. of Complaints pending at the beginning of the quarter: Nil  
No. of Complaints received during the quarter: 8  
No. of Complaints disposed off during the quarter: 8  
No. of Complaints lying unresolved at the end of the quarter: Nil
- The Company has allotted 4,100 shares under Associate Stock Option Plan 2003 of the Company during the Quarter ended March 31, 2014.
- The Board of Directors has recommended to the shareholders a Final Dividend of Rs. 6.25 per equity share of Rs 5/- each on equity capital of the Company.
- Discontinuing operations -
  - The Company on April 27, 2011 made an investment aggregating Rs. 8,813 Lakhs comprising of a 85.30% stake in IdenTrust Inc a company engaged in the business of trusted identity solutions and digital identity authentication services based in the United States. Pursuant to an order received from the Committee of Foreign Investment in the United States (CFIUS), the Board of Directors had made a decision to divest its investment in IdenTrust Inc and subsequently completed the transaction on September 13, 2013. As a consequent of the event, the Company has recorded a loss of Rs 2,059.22 Lakhs in its stand alone financial results for the year ended March 31, 2014 which has been disclosed as an exceptional item. The impact of the divestment on the consolidated financial results aggregates to a profit of Rs.2,438.14 Lakhs which excludes current year operational results of IdenTrust Inc. till the date of divestment. During the current quarter, the Company has accounted for an additional consideration of Rs.557.54 Lakhs with regards to its earlier divestment of IdenTrust Inc, which has been included as part of Exceptional items in the Standalone and Consolidated results.
  - Product Business - The Board of Directors of the Company at its meeting held on March 18, 2014 have approved a Scheme of Arrangement between Polaris Financial Technology Limited and Intellect Design Arena Limited (Intellect) (formerly known as Fin Tech Grid Limited), a wholly owned subsidiary of the Company and their respective shareholders which inter alia envisages demerger of the Product business undertaking along with related assets and liabilities into Intellect with effect from April 1, 2014 in accordance with the provisions of the Companies Act, 1956 read with related provisions of the Companies Act, 2013. The Scheme of Arrangement which has been filed with the designated stock exchange for obtaining the No Objection Certificate will also require the approval of the respective shareholders of both the companies and the High Court of Madras before it is given effect to. The proposed demerger of the product business undertaking into Intellect qualifies as an initial disclosure event as per AS -24 (Accounting for Discontinuing Operations). The Consolidated financial results include an estimated loss of Rs.911 Lakhs (net off tax credit of Rs.67 Lakhs) and the stand alone financial results includes an estimated loss of Rs.4,293 Lakhs (net off tax credit of Rs.138 Lakhs) in relation to the product business.
- Figures of the earlier period, wherever necessary, have been regrouped to confirm with those of the current periods.
- Function wise classification of statement of Profit and Loss for the Group (Unaudited).

Particulars	QUARTER ENDED			YEAR ENDED	
	March 31, 2014	December 31, 2013	March 31, 2013	March 31, 2014***	March 31, 2013