



POLARIS FINANCIAL TECHNOLOGY – GROUP

CIN : L65993TN1993PLC024142

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014 PREPARED AS PER INDIAN GAAP

Rs. In Lakhs

PARTICULARS	QUARTER ENDED			YEAR ENDED
	June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014 (Audited)
Income				
Gross Income from Operations	600,03.46	645,49.22	583,81.50	2,528,09.54
Forex impact on Hedge accounting	1,74.19	(26,09.80)	(15,84.85)	(104,39.89)
Net Income from Operations	601,77.65	619,39.42	567,96.65	2,423,69.65
Expenditure				
Employee cost	467,15.54	480,10.64	434,31.05	1,842,76.32
Depreciation / Amortization	12,82.97	13,32.81	13,85.08	54,44.03
Other Expenditure	85,90.87	90,99.13	77,55.58	339,47.41
Total	565,89.38	584,42.58	525,71.71	2,236,67.76
Profit from Operations before Other Income, Interest & Tax	35,88.27	34,96.84	42,24.94	187,01.89
Other Income	10,20.25	10,23.96	15,02.78	32,35.24
Profit before Interest and Tax	46,08.52	45,20.80	57,27.72	219,37.13
Finance cost	13.97	15.53	61.37	1,97.72
Profit after finance cost but before exceptional items	45,94.55	45,05.27	56,66.35	217,39.41
Exceptional items				
Profit/(Loss) on divestment of discontinuing operations- refer note (f)(i)	-	5,57.54	-	24,38.14
Restructuring & Demerger expenses	-	(3,01.12)	-	(3,01.12)
Profit before tax expense	45,94.55	47,61.69	56,66.35	238,76.43
Tax expenses	7,62.21	3,95.22	12,65.78	39,68.78
Net Profit after tax	38,32.34	43,66.47	44,00.57	199,07.65
Minority interest - (Share of Loss)	-	-	-	-
Share of profit of Associate companies	-	1,75.38	(80.19)	11.55
Net Profit for the period	38,32.34	45,41.85	43,20.38	199,19.20
Earning Per Share (EPS) of Rs.5 each (Rs.)				
Basic	3.85	4.56	4.34	20.01
Diluted	3.81	4.55	4.33	19.97

POLARIS FINANCIAL TECHNOLOGY LIMITED

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

AUDITED STAND-ALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014 PREPARED AS PER INDIAN GAAP

PARTICULARS	QUARTER ENDED			YEAR ENDED
	June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
Income				
Gross Income from Operations	498,75.52	544,65.51	488,79.14	2,109,65.15
Forex impact on Hedge accounting	1,74.19	(26,09.80)	(15,84.85)	(104,39.89)
Net Income from Operations	500,49.71	518,55.71	472,94.29	2,005,25.26
Expenditure				
Employee cost	409,96.08	426,86.56	375,54.62	1,606,80.22
Depreciation / Amortization	12,07.58	11,86.95	11,90.72	47,97.99
Other Expenditure	62,10.15	59,85.05	55,43.22	245,74.78
Total	484,13.81	498,58.56	442,88.56	1,900,52.99
Profit from Operations before Other Income, Interest & Tax	16,35.90	19,97.15	30,05.73	104,72.27
Other Income	10,27.59	(78.35)	14,38.51	30,06.21
Profit before Interest & Tax	26,63.49	19,18.80	44,44.24	134,78.48
Finance Cost	-	7.53	38.49	1,04.10
Profit after finance cost but before exceptional items	26,63.49	19,11.27	44,05.75	133,74.38
Exceptional items				
Loss on divestment of discontinued business- Refer Note (f)(i)	-	5,57.54	-	(20,59.22)
Restructuring & Demerger expenses	-	(2,68.48)	-	(2,68.48)
Profit before Tax	26,63.49	22,00.33	44,05.75	110,46.68
Tax expenses	3,86.88	(29.93)	12,11.44	26,50.09
Net Profit for the period	22,76.61	22,30.26	31,94.31	83,96.59
Paid-up Equity share Capital				
Equity shares of Rs 5 each	49,83.47	49,77.51	49,75.47	49,77.51
Reserves excluding revaluation reserves	1,173,41.69	1,125,82.81	1,029,15.97	1,125,82.81
Earning Per Share (EPS) of Rs.5 each (Rs.)				
Basic	2.29	2.24	3.21	8.44
Diluted	2.26	2.24	3.21	8.42

Public Shareholding				
Number of shares	70,673,614	70,554,514	70,514,214	705,54,514
Percentage of shareholding	70.91%	70.87%	70.86%	70.87%
Promoters and Promoter group shareholding				
a) Pledged / encumbered				
- Number of shares	Nil	Nil	Nil	Nil
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil
- percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil	Nil
b) Non - encumbered				
- Number of shares	28,995,760	28,995,760	28,993,360	28,995,760
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
- percentage of shares (as a % of the total share capital of the company)	29.09%	29.13%	29.14%	29.13%

SEGMENT INFORMATION - CONSOLIDATED	QUARTER ENDED			YEAR ENDED
	June 30, 2014 (Unaudited)	March 31, 2014 (Unaudited)	June 30, 2013	March 31, 2014 * (Audited)
A) Segment revenue (Gross Income from Operations)				
Product licenses and related revenues		144,68.81	130,56.50	532,52.92
Software development, Support & BPO services		455,34.65	514,92.72	1,966,53.73
Total Revenues	600,03.46	645,49.22	645,49.22	2,499,06.65
B) Segment profit before interest and tax				
Product licenses and related revenues		(14,15.16)	(12,21.01)	(16,59.98)
Software development, Support & BPO services		50,63.47	82,04.74	313,40.20
Total	36,48.31	69,83.73	69,83.73	296,80.22
Finance Charges		(13.97)	(15.53)	(1,23.85)
Other unallocable expenditure / other income (including Forex impact on Hedge accounting & exceptional items)		9,60.21	(22,06.51)	(56,79.94)
Profit before tax	45,94.55	47,61.69	47,61.69	238,76.43
C) Capital employed**:	1,615,92.11	1,547,41.09	1,547,41.09	1,547,41.09

SEGMENT INFORMATION - STANDALONE	QUARTER ENDED			YEAR ENDED
	June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
A) Segment revenue (Gross Income from Operations)				
Product licenses and related revenues	105,46.04	101,06.19	87,17.10	401,75.42
Software development, Support & BPO services	393,29.48	443,59.32	401,62.04	1,707,89.73
Total Revenues	498,75.52	544,65.51	488,79.14	2,109,65.15
B) Segment profit before interest and tax				
Product licenses and related revenues	(16,76.29)	(9,18.27)	(7,45.12)	(18,29.91)
Software development, Support & BPO services	32,72.93	55,25.21	53,35.72	227,42.09
Total	15,96.64	46,06.94	45,90.60	209,12.18
Finance Charges	-	(7.53)	(38.49)	(1,04.10)
Other unallocable expenditure (including Forex impact on Hedge accounting & exceptional items)	10,66.85	(23,99.08)	(1,46.36)	(97,61.40)
Profit before tax	26,63.49	22,00.33	44,05.75	110,46.68
C) Capital employed**:	1,223,25.16	1,175,60.32	1,078,91.44	1,175,60.32
Product Business	354,92.33			
Services Business	446,21.83			
Unallocated assets & liabilities to be segmented	422,11.00			
Total	1,223,25.16			

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

**The assets & liabilities of the Company have not been classified under any specific segment as they are used / contracted interchangeably, hence segment wise capital employed is not disclosed till the year ended March 31, 2014.

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

NOTES:

- The above results were reviewed by the Audit committee and approved by the Board of Directors at its meeting held on July 23, 2014.
- The Stand-alone results for the Quarter ended June 30, 2014 were audited by the Statutory Auditors of the Company.
- Tax expenses 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 1,19,100 shares under Associate Stock Option Plan 2003 of the Company during the Quarter ended June 30, 2014.
- 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 consequence 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 for the year ended March 31, 2014 aggregates to a profit of Rs 2,438.14 Lakhs which excludes that year's operational results of IdenTrust Inc. till the date of divestment. During the quarter ended 31st March, 2014, 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 of that period.
 - 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. No Objection Certificate was issued by the designate stock exchange for the Scheme of Arrangement. The Scheme of Arrangement 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 for the quarter ended June 30, 2014 include an estimated loss of Rs.843 Lakhs net of tax expense of Rs.26 Lakhs (Year ended March 31, 2014 - Rs.911 Lakhs net of tax credit of Rs.67 Lakhs) and the Standalone financial results includes an estimated loss of Rs. 980 Lakhs net of tax credit of Rs.82 Lakhs (Year ended March 31, 2014 - Rs.4,293 Lakhs net of tax credit of Rs.138 Lakhs) in relation to the product business. Upon receipt of approvals referred to above, in accordance with the Scheme of Arrangement, Intellect will cease to be a subsidiary of the Company and will seek necessary approvals to list its shares at the recognized stock exchanges in India.
- Figures of the earlier period, wherever necessary, have been regrouped to conform with those of the current periods.
- Function wise classification of statement of Profit and Loss for the Group (Unaudited)

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	600,03.46	645,49.22	566,80.14	2,499,06.65
EXPENDITURE				
Software development expenses	401,37.71	417,61.95	366,03.38	1,590,88.85
Selling and marketing & General and administrative expenses	121,07.69	119,24.40	100,69.42	454,20.84
Total Expenditure	522,45.40	536,86.35	466,72.80	2,045,09.69
Profit before interest, depreciation & amortization	77,58.06	108,62.87	100,07.34	453,96.96
Research & development expenses	28,26.78	25,45.67	29,16.55	104,23.99
Depreciation/Amortization	12,82.97	13,32.81	12,97.69	52,92.18
Finance Charges	13.97	15.53	38.67	1,23.85
Profit after interest, depreciation & amortization	36,34.34	69,68.86	57,54.43	295,56.94
Forex impact on Hedge accounting	1,74.19	(26,09.80)	(15,84.85)	(104,39.89)
Other Income including exceptional items	7,86.02	4,02.63	14,96.77	47,59.38
Minority Interest/ Share of profit/(loss) of Associate Companies	-	1,75.38	(80.19)	11.55
Profit before tax	45,94.55	49,37.07	55,86.16	238,87.98
Provision for taxation	7,62.21	3,95.22	12,65.78	39,68.78
Profit after tax	38,32.34	45,41.85	43,20.38	199,19.20

*** 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.

For Polaris Financial Technology Limited

Place : Chennai
Date : July 23, 2014

S. Swaminathan
Chief Financial Officer

Arun Jain
Chairman & Managing Director