

Polaris Revenues Up by 18%

Operating Profit (EBITDA) up by 42%

Wins 3 Large Outsourcing deals

Chennai, October 22, 2012: Polaris Financial Technology Ltd (POLS.BO), a leading global Financial Technology company, today announced the second quarter results for FY 2012-13.

Key Performance Metrics

For the quarter ended September 30, 2012, Revenue grew by 18 % Y-o-Y to Rs. 599 crore from Rs. 510 Cr. Operating Profit (EBITDA) grew by 42 % Y-o-Y to Rs. 126 crore from Rs. 89.21 crore. On a QoQ basis, Revenues grew 3% from Rs 582 Cr, while the EBITDA grew 15% from Rs. 110 Cr. AS 30 adjustments* for the quarter amounts to Rs 13.18 Cr

On a constant currency basis, Revenues stood at \$113 Mn, growing 3% from its previous quarter levels of \$109 Mn.

FT Sourcing business grew 21% on a YOY basis to Rs 448 Cr, contributing 75% of the overall revenues. During the quarter 3 large Outsourcing deals have been signed up with 2 Leading European banks and one US major.

Intellect business grew by 13% on a quarterly basis to Rs 150 Cr and 8% on a YoY basis, contributing 25% of the overall revenues. 9 new Intellect wins were recorded in this quarter. The Global Transaction banking (GTB) business is a mature business with annual run rate of about 300 Cr, with a gross margin of over 60%. The Treasury, Capital markets, Core Banking & Insurance business is approaching the next stage of business maturity with gross margins of 40%. This business has a run rate of 200 Cr. The Cloud business with a run rate of Rs 100 crore is an emerging business with continuing investments.

While the company continues to make the right investments in Sales & Marketing to drive business, careful management of operational levers such as the General & Administrative expenses has moved the EBITDA margins up by 200 basis points to 21% level, on a sequential quarter on quarter basis and 350 basis points against the same quarter last year.

** AS30 adjustments are done to neutralise the Forex impact of hedging on the top line. Polaris has an impact of the hedge of \$25 Million in Q2, amounting to Rs 13.18 Cr. The Net income figure includes the AS30 adjustments.*

Business Highlights for the Quarter Ended September 30, 2012

- Income grew by 18% on a YoY basis and 3% on a sequential QoQ basis to Rs 599 Cr.
- Gross Margin stood at Rs 232 Cr, growing 31.38% on a YoY basis from Rs 177 Cr and 7.52% on a QoQ basis from Rs 216 Cr.
- Gross margin for Service business stood at 36.3%

- Gross margin for Intellect business stood at 45.8%
- S&M expenses increased to Rs 72 Cr, from 70.9 Cr in the previous quarter and G&A expenses dropped to Rs 33.32 Cr, from Rs 34.34 cr in Q1
- EBITDA improved by 42% YoY and 15% QoQ to Rs 126.6 Cr
- PAT grew by 2% on YoY basis to Rs 55.13 Cr
- Cash and cash equivalents stood at Rs. 420 crore at the end of the quarter, moving up from Rs 329 Cr in the last quarter.

FT Sourcing business

Polaris' FT Sourcing revenues touched Rs. 448.78 crore and grew 21% for the quarter ended 30 September 2012 as compared to the same quarter last year. Quarter revenues of Polaris FT Sourcing were well distributed across all key business geographies with the Americas contributing 54%, Europe 23%, India 5 % and Rest of World 18%. The quarter saw a number of significant deals in the FT Sourcing space:

- Polaris won 3 large outsourcing deals from the Top 10 Banks, against the Big 5, reflecting our positioning as the preferred Partner for Mission critical Outsourcing Programs.
- An alternative asset management company based in the US, managing significant institutional assets across a number of diversified markets around the globe, has chosen Polaris' Testing services for Capital Markets and Treasury.
- BPO business grew by 32% on a sequential QoQ basis.

FT Intellect business

Intellect gained further momentum during the quarter and grew by 13 % on a QoQ Quarter basis. Intellect consolidated its position in the India, Middle East and African markets this quarter with 45% of the business coming from this market in Q2. Some of the significant deals include:

- National Bank of Ethiopia has chosen Polaris' Intellect Quantum CBS for modernising their Core Banking Platform.
- One of the leading private banks in India providing a range of tailor made products for individuals, corporates and SMEs, has chosen to implement Polaris' Intellect™ Global Transaction Banking (GTB) Solution which will help in launching its Greenfield operations in Transaction Banking
- Max Bank, Philippines implemented Intellect Core banking solution, considered the fastest implementation of Core Banking using Polaris proprietary Accelerated Implementation Methodology (AIM) in just four weeks
- Housing Finance Bank, a full service bank and the 9th largest in Uganda has chosen Intellect CBS to support its current and future Business & IT roadmap.
- One of the oldest and most prominent banks in South Africa, and part of an integrated financial services group providing a comprehensive range of products & services to the South African market and niche products in certain international markets, has chosen Polaris' Intellect™ Cash and Liquidity Management System in a multi-million dollar deal

Corporate Update

Mr. Jitin Goyal has joined Polaris as President and Head of Worldwide Sales and Account Management. His addition to the leadership comes at an interesting stage in Polaris' journey where the focus is moving towards larger deals.

Awards and Recognition

Polaris has consistently been recognized and awarded by analysts and other influencers. Listed below are the some of the recognitions we received in the last quarter:

- **Gartner** positioned Polaris for the third consecutive year, in the **Leader's Quadrant** in their report '**Magic Quadrant for International Retail Core Banking**' for 2012
- **Everest Group**, a consulting and research firm on global services, recognised **Polaris as a 'Star Performer' and 'Major Contender'** on the Everest Group PEAK Matrix for large Banking Applications Outsourcing Relationships 2012
- **Celent** featured **Polaris' IPSH (Intellect Payment Services Hub)** and rated it as the best option for financial services focused organizations
- **Polaris' Intellect Customer OnBoarding Hub (ICOH)** was rated a Major Player in IDC's '**North American Treasury Onboarding MarketScape**' report
- **Polaris' Intellect Wealth** was rated best in Global Private Banking Platforms - Front Office Capabilities & among the best in Middle & Back Office Capabilities by **Aite** in its report titled '**Evaluating Global Private Banking Platforms : Change May Create Opportunity**'

Management Statement

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 organisation in the last two quarters, resulting in 15% improvement on Operating Profit on a sequential quarter basis."

Financial Results for the Second Quarter Ended September 30, 2012

POLARIS FINANCIAL TECHNOLOGY GROUP (Formerly known as Polaris Software Lab - Group)

Unaudited consolidated financial results for the second quarter ended September 30, 2012 prepared as per Indian GAAP

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 & amortisation	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/ Amortisation	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 & amortisation	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

About Polaris Financial Technology Ltd

Polaris Financial Technology Ltd (formerly known as Polaris Software Lab Ltd) (POLS.BO) is a leading Financial Technology company, with its comprehensive portfolio of products, services and consulting. Polaris has a talent strength of over 13,248 solution architects, domain and technology experts. The company owns the largest set of Intellectual Properties in the form of a comprehensive product suite, Intellect GUB M180. Intellect is the first pure play SOA based application suite for Retail, Corporate, Investment banking and Insurance.

Polaris is headquartered in Chennai and has offices in all global financial hubs, including Bangalore, Belfast, Chennai, Chicago, Dhaka, Dublin, Dubai, Frankfurt, Hong Kong, Ho Chi Minh City, Hyderabad, Kuala Lumpur, Lisle, London, Madrid, Manila, Melbourne, Mississauga, Mumbai, Nairobi, Neuchatel, New Delhi, New Jersey, Paris, Pittsburgh, Pune, Riyadh, Santiago, San Francisco, Seoul, Shanghai, Singapore, St. Germain En Laye, Sydney, Thane, Tokyo, Toronto, Victoria and Wicklow. For more information, please visit <http://www.polarisFT.com/>

Investor Conference Call

Polaris Financial Technology Ltd will host an Investors Conference Call, where the Senior Management of Polaris will comment on the company’s performance during the second quarter ended September 30, 2012 and respond to questions from participants. The conference call will take place at **17:00 Hrs IST on Monday, 22 October, 2012**

To participate in the conference call, please dial the numbers given below five minutes ahead of schedule. The transcript of this conference call will be available within 72 working hours at website, <http://www.polarisFT.com/> in the investor section.

The dial-in numbers to join the conference call:

Conference Name : **Q2 FY13 Investor Call for Polaris Financial Technology**
Date : **22nd October 2012**
Time : **17:00 HRS IST**
Conference ID : **39004250**

ACCESS NUMBERS

MUMBAI : Primary Access Toll Number : 02230360411
 BANGALORE : Primary Access Toll Number : 08030360411
 DELHI : Primary Access Toll Number : 01130360411
 CHENNAI : Primary Access Toll Number : 04430360411
 INDIA : Primary Access Toll free Number : 180030727477
 HONK KONG : Primary Access Toll free Number : 800903337
 SINGAPORE : Primary Access Toll free Number : 8003211124
 US and Canada : Primary Access Toll free Number : 18552749682
 UK : Primary Access Toll free Number : 08081683640
 International Dial in Number : +91 2230360411
 REPLAY : [22nd October 2012 to 24th October 2012]
 Replay ID/Conference # : 39004250
 Primary Access Number : 02230360411

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