

Polaris revenues grow 12% Y-o-Y to Rs. 643 Cr

Profit After Tax grows 25% Y-o-Y to Rs 51 Cr

Chennai (India), January 29, 2014: Polaris Financial Technology Limited, a leader in products, solutions and services that enable unprecedented operational productivity for the global Financial Services industry, today announced its third quarter results for FY 2013 -14.

Performance Highlights

For the quarter ended 31st December, 2013:

- Third Quarter revenues stood at Rs. 643 crore, registering 12% Y-o-Y growth
- EBITDA grew by 29% Y-o-Y to Rs. 121 crore from Rs. 94 crore
- Profit After Tax (PAT) grew by 25 % Y-o-Y to Rs. 51 crore from Rs. 41 crore
- Cash and cash equivalents stood at Rs. 569 crore at the end of the quarter, moving up from Rs. 480 crore in the same quarter last year
- EPS for the quarter stood at Rs.5.10. On YTD basis, the annualised EPS stood at Rs. 21

Management Statement

Arun Jain, Founder, Chairman & Group CEO, Polaris Financial Technology Limited said, "After the restructuring exercise last quarter, we spent time in expanding the customer facing organisation to realise the opportunities that exist in the market place. FT 8012, the world's first Design Center for financial technology which we launched last year has received more than 80 customers. The Design Center is able to drive significant operational cost reductions by simplifying complexity due to various generations of technologies."

S Swaminathan, CFO, Polaris Financial Technology Limited said, "During this phase of executing the new structure, we remain focused on managing costs, generating cash flows and reserves. Our Products business is showing consistent growth, with EBITDA growing 3 times over the last 4 quarters. Despite a Rs. 29 crore hedging loss this quarter, the company has achieved 25% growth in PAT margins. With hedging losses behind us in FY 14-15, the EPS will likely grow substantially during the next financial year."

Financial Results for the Third Quarter Ended December 31, 2013

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

Unaudited consolidated financial results for the third quarter ended December 31, 2013 prepared as per Indian GAAP

Rs. Lakhs

Particulars	QUARTER ENDED			YEAR ENDED
	December 31, 2013	September 30, 2013	December 31, 2012	March 31, 2013
INCOME				
Gross Income from software services, products and Business Process Management	64,339.96	64,337.31	57,288.49	230,833.36
Income from Operations	64,339.96	64,337.31	57,288.49	230,833.36
EXPENDITURE				
Software development expenses	40,602.30	40,121.23	36,655.79	145,672.43
Selling and marketing expenses	8,007.57	8,097.14	6,952.91	27,877.34
General and Administrative expenses	3,607.77	3,714.56	4,261.65	14,864.30
Total Expenditure	52,217.64	51,932.93	47,870.35	188,414.07
Profit before interest, depreciation & amortisation	12,122.32	12,404.38	9,418.14	42,419.29
Research & development expenses	2,305.11	2,656.67	2,741.02	10,772.77
Depreciation/ Amortisation	1,306.26	1,355.40	1,392.02	5,369.09
Finance Charges	27.96	41.69	53.90	249.08
Profit after interest, depreciation & amortisation	8,482.99	8,350.62	5,231.20	26,028.35
Forex impact on Hedge accounting (AS30)	(2,915.84)	(3,329.40)	(1,230.35)	(4,970.26)
Other Income including exceptional items	955.28	1,904.66	966.21	3,250.86
Minority Interest/ Share of profit/(loss) of Associate Companies	(24.83)	(58.80)	41.04	675.04
Profit before tax	6,497.60	6,867.08	5,008.10	24,983.99
Provision for taxation	1,422.09	885.69	941.46	4,903.67
Profit after tax	5,075.51	5,981.39	4,066.64	20,080.32

Services

Polaris' Financial Technology Services is powered by high performance technology platforms and robust practices. Its techno-functional capabilities lead industry standards on several parameters. The organization's specialist capability, from solutioning through delivery, is offered across Testing, Infrastructure Management, Business Efficiency, Business Transformation, Data & Analytics, Mobility & Channels, and Risk & Compliance.

Performance Highlights:

- Services revenues grew 12% Y-o-Y to Rs. 497 crore, 77% of consolidated revenues
- Gross margin for Services business stood at 31%
- Profit stood at Rs. 80 crore registering 16% Profit margin

Polaris Services' third quarter revenues were distributed across all business geographies with the Americas contributing 56%, Europe 20%, India 6% and the Rest of the World 18%.

Services Business Particulars	QUARTER ENDED			
	December 31, 2013	September 30, 2013	June 30, 2013	December 31, 2012
Revenue	497.03	504.25	450.32	444.93
Software Dev Exp	340.74	336.62	310.86	294.03
Gross Margin	156.29	167.64	139.47	150.89
Gross Margin %	31.4%	33.2%	31.0%	33.9%
S&M Costs	46.21	45.98	40.49	39.89
G&A Costs	20.73	20.65	18.36	16.58
EBITDA	89.35	101	80.61	94.42
EBITDA %	18%	20%	17.9%	21.2%
R & D Costs	0.99	6.40	6.99	5.81
Deprn & Finance Charges	8.33	8.80	8.74	8.65
Profit	80.03	85.80	64.88	79.96

The quarter saw 2 new wins for Services:

- Australia's largest water utility organisation, a statutory state owned corporation chose Polaris to perform vulnerability assessment and security testing of their ERP system. Polaris was chosen for its expertise in security and penetration testing
- A leading retail banking franchise and a major player in the Middle East in Corporate and Retail banking chose Polaris to enhance their Logical Security Online application. This included development of additional dashboards and reports to make it a more robust and user friendly system

Products

Polaris Products suite offers advanced integrated enterprise solutions for Banking and Insurance. With over 25 years of expertise in building a comprehensive portfolio of banking and financial technology solutions, Polaris owns the Intellectual Property for advanced solutions for Consumer Banking, Transaction Banking and Treasury & Capital Markets. It also offers innovative solutions through its SOA based component library and dedicated Center of Excellence for Insurance that covers Life, Annuity, Property & Casualty and Specialty lines.

Performance Highlights:

- Product revenues grew 30% Y-o-Y to Rs.146 crore, 23% of consolidated revenues
- Gross margin for Products business stood at 55%
- EBITDA grows over three times to Rs. 32 crore as compared to the same quarter last year
- Profit stood at Rs. 4.80 Crore moving up from a loss of Rs. 15.75 Crore in the same quarter last year

Polaris' Product Third Quarter revenues were distributed across all geographies with the Americas contributing 16%, Europe 28%, India 15% and Rest of the World 41%.

Products Business Particulars	QUARTER ENDED			
	December 31, 2013	September 30, 2013	June 30, 2013	December 31, 2012
Revenue	146.36	139.12	116.48	112.48
Software Dev Exp	65.28	64.60	55.17	60.38
Gross Margin	81.09	74.52	61.30	52.10
Gross Margin %	55.4%	53.6%	52.6%	46.3%
S&M Costs	33.87	34.99	27.03	26.64
G&A Costs	15.35	16.49	14.80	17.03
EBITDA	31.87	23.04	19.46	8.43
EBITDA %	21.8%	16.6%	16.7%	7.5%
R & D Costs	22.06	20.17	22.18	19.41
Deprn & Finance Charges	5.01	5.17	4.61	4.77
Profit	4.80	(2.29)	(7.33)	(15.75)

The quarter saw 8 wins for products business. Some of the significant deals include:

- A leading European multinational financial services holding company from Switzerland chose Polaris' Intellect Liquidity Risk Management solution for Risk Visualization
- A leading French multinational banking and financial services company with services in Retail Banking and Specialized Financial Services, chose Polaris' Intellect Payments for payables functionality

- A leading bank headquartered in the Middle East with an asset base of over USD 50 billion chose Polaris' Corporate CBX solution for their Salary upload requirements. The Bank also chose Polaris' Intellect Collections to replace their existing legacy solution
- A leading financial institution in the Middle East providing financial services to around 500,000 employees in the UAE chose Polaris' Corporate CBX for back and front-end applications to provide secure web access for enquiries, services and modifications
- One of the largest private sector lenders in Egypt chose Polaris' Intellect Custody Management Solutions for their Domestic and International Operations. The solution will enable the bank to manage and operate their Custody & Settlement operations
- One of the leading European banks providing wholesale banking products and services in China chose Polaris' Intellect Liquidity Management solution to reduce the amount of client movements, facilitate transparent and simpler processes for their liquidity management needs
- A Hong Kong-based leading securities firm focusing on Securities, IPOs and Brokerage chose Polaris to implement the Intellect Universal Banking solution, including Core Banking, Lending, Trade Finance and Treasury for their Banking operations in Cambodia
- India's leading private sector bank chose Polaris' Intellect Wealth, FABX and iFABX to expand its footprint in international private banking

Awards and Recognitions

Polaris continues to be recognized and awarded by analysts and other industry influencers for its high performance products and services. Some of these in the last quarter are:

- **Fintech** ranked Polaris 3rd among 100 Indian companies focused on Financial Services. Polaris ranked **34th in the Global Fintech 100**, moving up 4 ranks in 2013
- **Polaris and FT 8012 Design Center** were profiled amongst the **Top Global Outsourcing Vendors** along with the RBI case study in Tower Group's Outsourcing Report. CEB Tower Group stated that "The Intellect approach to bank systems modernization provides a common sense and practical set of options"
- **Polaris Services** has been featured as a "**Major Contender**" for the second year in a row in **Everest Group's Outsourcing Report**. Everest Group states that "**Polaris reported the highest average deals duration for active capital market AO contracts.**"
- **Intellect Core** rated as **Leader** for the **4th Straight year in Gartner's Magic Quadrant** for International Retail Core Banking
- Tower Group in its report features Polaris' **Intellect Loan Origination System** amongst **11 Leading Global Vendors for Commercial Loan Origination**. This was illustrated with the implementation at **HDFC**
- **Intellect CBX** has been featured amongst the **top of the line Internet & Cross-Channel Banking Solution Providers in Forrester's report**. Polaris - Intellect CBX is the **only global player with Omnichannel Apps** as a part of its Banking Solution

Investor Conference Call

The Board of Directors of Polaris Financial Technology Limited met on **29th January 2014**, to take on record the financial results of the company for the Third quarter ended December 31, 2013 .

Polaris Financial Technology Ltd will host an Investors Conference Call on **29th January 2014**, where the Senior Management of Polaris will comment on the company's performance during the Third Quarter ended December 31, 2013 and respond to the questions from participants. **The conference call will take place at 17:00 Hrs IST on Wednesday, 29th January, 2014.**

The dial-in numbers to join the conference call:

Conference Name	:	Polaris Investor Earnings call for Q3 FY2013-14
Date	:	29th January, 2014
Time	:	17:00 HRS IST
Conference ID	:	40457401
ACCESS NUMBERS		
MUMBAI	:	Primary Access Toll Number : 02230360400
BANGALORE	:	Primary Access Toll Number : 08030360400
DELHI	:	Primary Access Toll Number : 01130360400
CHENNAI	:	Primary Access Toll Number : 04430360400
INDIA	:	Primary Access Toll free Number : 180030131313
HONK KONG	:	Primary Access Toll free Number : 800901420
SINGAPORE	:	Primary Access Toll free Number : 8001011906
US and Canada	:	Primary Access Toll free Number : 18663944523
UK	:	Primary Access Toll free Number : 08081681758
REPLAY	:	[29 th January, 2014 to 31 st January, 2014]
Replay ID/Conference #	:	40457401
Primary Access Number	:	02230360400

About Polaris Financial Technology Ltd

Polaris Financial Technology Limited is a global leader in Financial Technology for Banking, Insurance and other Financial Services. With over 25 years of expertise in building a comprehensive portfolio of products, smart legacy modernization services and consulting, Polaris owns the largest set of Intellectual Properties for a comprehensive product suite, Intellect[®] Global Universal Banking (GUB) M180. Intellect[®] is the world's first pure play Service Oriented Architecture (SOA) based application suite for Retail, Corporate, Investment banking and Insurance. Its acclaimed products, solutions and services enable unprecedented operational productivity for the global Financial Services Industry by Building, Maintaining, Expanding and Extending highly complex and Integrated Financial Technology Infrastructure.

This makes Polaris the chosen partner for 9 of the top 10 global banks and 7 of the top 10 global insurance companies. The company has a global presence through its 40 relationship offices across 30 countries, 6 international development centers and 8 fully owned Business Solution centers. Polaris has a talent strength of over 12,500 solution architects, domain and technology experts. For more information, please visit <http://www.polarisFT.com/>

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