

POLARIS Investor
Presentation
Q2 FY 2009-10

World's leading provider of
Financial Technology

Consistent Performance.

CFO

R SRIKANTH

Financial Highlights

Jul,2009 – Sep,2009

US Dollars

The Primary Performance Metrics

- Revenue Growth 5 % **(Q-O-Q)**
 - USD 69.93 million from USD 66.61 million
- Operating Profit (EBITDA) growth of 5%
 - USD 11.90 million from USD 11.30 million
 - (*Before onetime visa cost of USD 0.76 million)
- Profit Growth 12 %
 - USD 7.27 million from USD 6.52 million

Financial Highlights

Jul,2009 – Sep,2009

Indian Rupee

The Primary Performance Metrics

(Q-O-Q)

- Revenue Growth 4%
 - Rs. 338 Crore from Rs. 326 Crore
- Operating Profit (EBITDA) growth 4%
 - Rs. 57.57* Crore from Rs. 55.23 Crore
 - (*Before onetime visa cost of Rs. 3.7 crore)
- Profit Growth 11%
 - Rs. 35 Crore from Rs. 32 Crore
- EPS – Q2 annualized
 - Rs 14.28 (from Rs. 12.92 in Q1)

Three Drivers

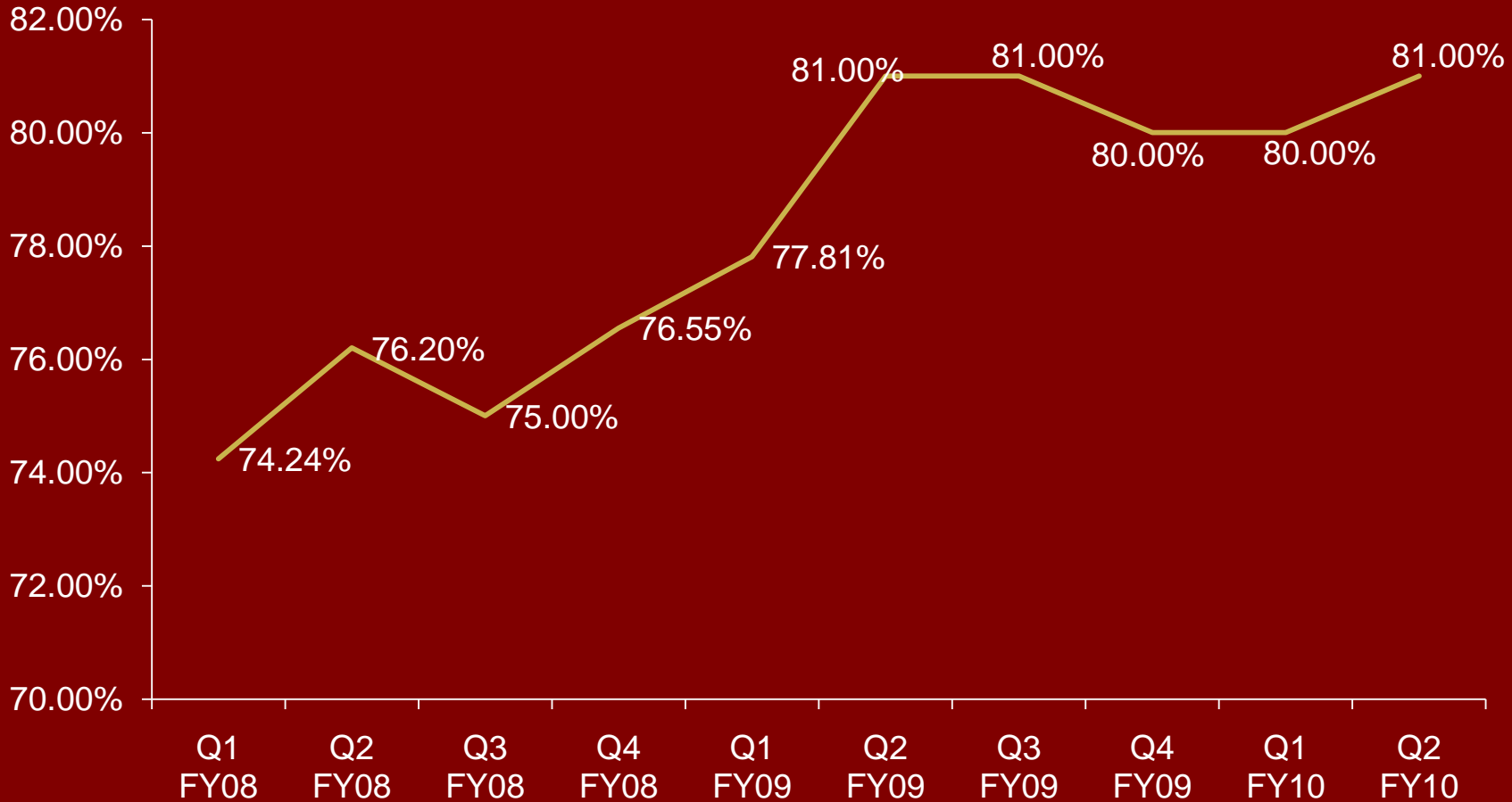
- OTIF Delivery – Over 98%, resulting in better collections
- Effective Cost Management, resulting in better predictability
- EBITDA to cash, ability to support inorganic growth

Financial Highlights

Utilization

10 Quarters

Performing consistently



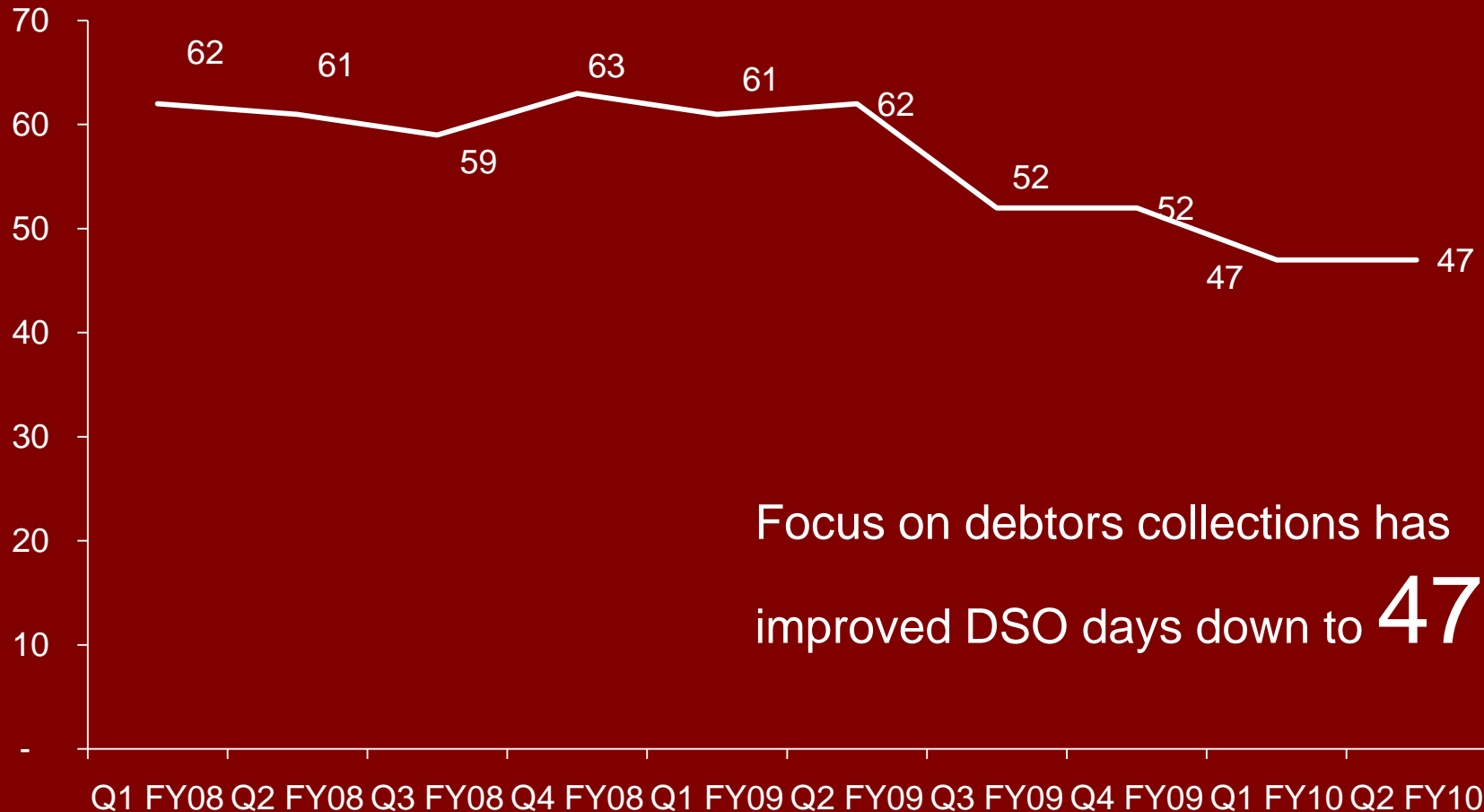
Financial Highlights

Receivables

10 Quarters

Improved consistently

Debtor Outstanding (days)



Focus on debtors collections has improved DSO days down to **47**

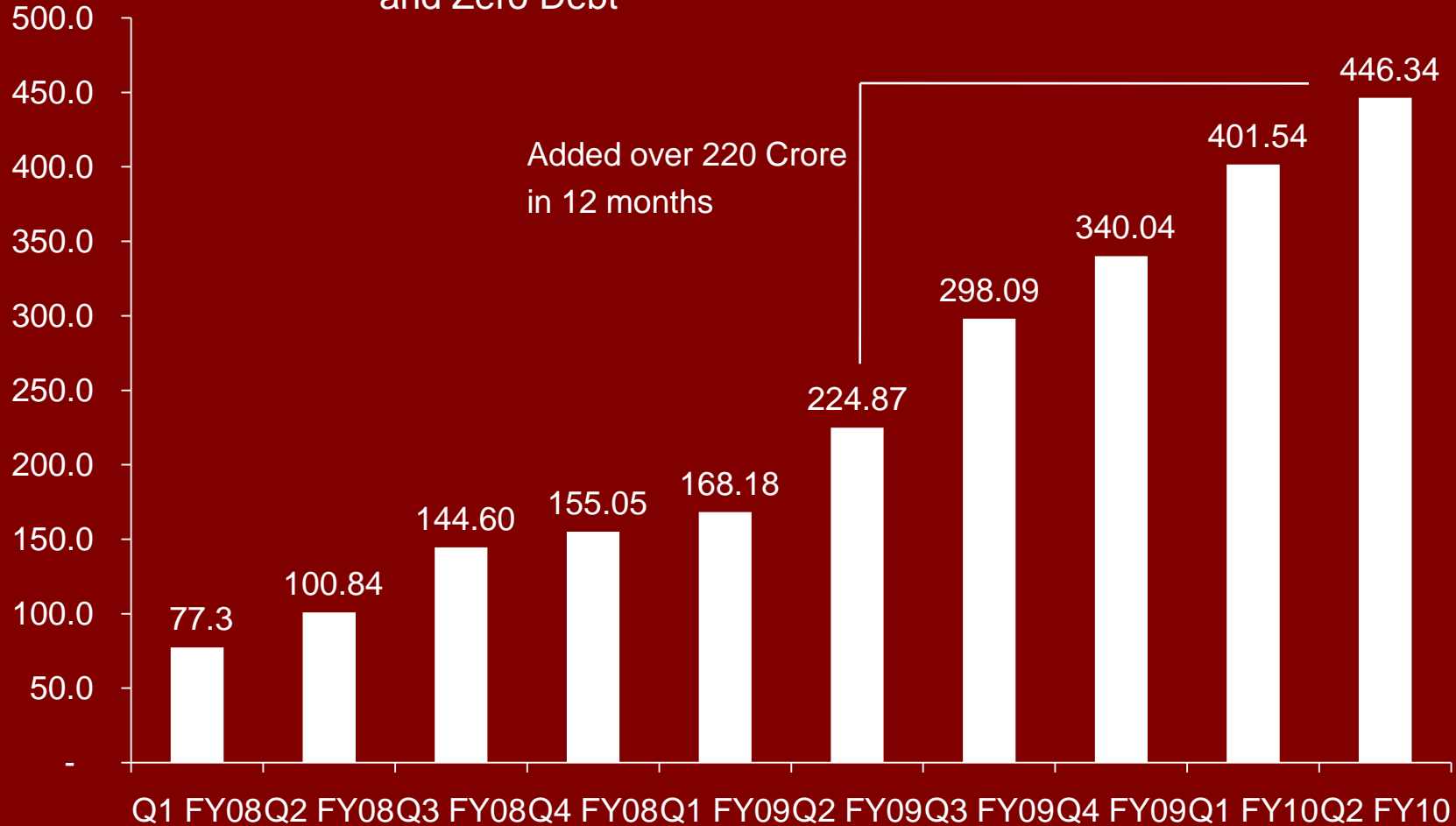
Financial Highlights

Cash Flow

Growing consistently

Cash & Cash Eq. at Rs. 446.34 crore after dividend payout of Rs. 14.33 crore and Zero Debt

Balance Sheet



Financial Highlights

ROCE

Balance Sheet

(in Rs. Cr)	Qtr Sep, 2009	Qtr Jun, 2009	FY ,2009	FY 2008	FY 2007
Capital Employed	840.56	802.36	772.67	657.49	601.54
Returns	35.20	31.84	130.71	73.22	101.06
ROCE (*annualized)	16.8%*	15.5%*	17%	11%	17%

Sustainable Performance.

CEO

ARUN JAIN

During the Quarter

- **Laser Soft Acquisition**

- Polaris acquired Laser Soft Infosystems, a banking software product company in an all-cash deal for about Rs. 52 crores. The acquisition will be EPS accretive for Polaris. With this acquisition Polaris acquired 40 accounts in India and emerging countries

- **Intellect Go-to-market**

- Showcased Intellect GUB 10.0* and Customer Business eXchange (CBX)** to the leading corporate bankers from around the world participating in Sibos 2009, the world's premier financial services event hosted in Hong Kong
- 12 Intellect led wins in the quarter
- Signed MoU with PCCW Solutions to market Intellect GUB in China
- The company won a multi-million dollar deal of Intellect GUB from a large Vietnamese bank
- A leading bank in Thailand went live on Intellect GUB Collect and Lending platform
- Intellect GUB Credit Decisioning system was implemented at HDFC Bank

- **Analyst Recognition in Marketplace**

During the quarter Polaris' Services and Intellect GUB received extensive recognition from leading analysts

- Polaris was positioned amongst the top vendors in the Payment Service Hub by Gartner
- Polaris was featured amongst the top vendors building industry-specific knowledge and solutions by harnessing business process and domain capability by Forrester
- Polaris was featured amongst the top vendors having extensive breadth of Securities and Investment coverage by AITE Group

Outlook

2009-10

Maintain EPS Guidance for FY10

EPS Outlook = Rs. 15.0

POLARIS

A Financial Technology Corporation.

Appendix

Metrics

Financial Highlights Quarterly - Consolidated

Rs lakhs

Profit and Loss Account – Q on Q	Q2- FY10	Q1- FY10	Q2 - FY09
Particulars	Quarter ending Sept 30, 2009	Quarter ending Jun 30, 2009	Quarter ending Jun 30, 2008
Income from Software Services and products	33,830.55	32,552.82	35,114.14
Software Development expenses	22,065.44	20,785.67	22,916.99
Gross profit	11,765.11	11,767.15	12,197.15
Selling and Marketing expenses	3,551.65	3,474.40	3,435.30
General and Administrative expenses	2,826.01	2,769.71	3,011.40
Operating Profit before Interest and Depreciation	5,387.45	5,523.04	5,750.45
Depreciation & Amortization	873.67	844.13	1,079.45
Finance charges	17.27	17.23	16.50
Operating Profit after Interest and Depreciation	4,496.51	4,661.68	4,654.50
Other Income	404.94	429.06	97.31
Exchange Gain / (Loss)	(858.16)	(1,330.44)	(770.02)
Profit on sale of Investments			1,301.37
Intangible Assets - Amortised fully			(1,173.27)
Share of Profit/(Loss) of associate companies	(41.61)	-	(68.44)
Profit Before Tax (PBT)	4,001.68	3,760.30	4,041.45
Provision for taxation	482.06	576.78	598.72
Profit After Tax (PAT)	3,519.62	3,183.52	3,442.73
PAT as % to Revenue	10.40%	9.78%	9.80%

Balance Sheet - Consolidated

Rs lakhs

Sources of Funds	Sep 30, 2009	Jun 30, 2009
Shareholders Funds		
Share Capital	4,934.42	4,933.81
Share application money pending allotment	61.26	9.39
Reserves & Surplus	79,060.36	75,292.85
Total	84,056.04	80,236.05
Loan Funds - Secured Loans	18.01	26.82
Deffered Tax Liability	689.11	677.11
Total Sources of Funds	84,763.16	80,939.98
Application of Funds		
Gross Fixed Assets incl Capital WIP	55,108.36	54,764.00
Accumulated Depreciation	32,812.54	32,055.07
Net Fixed Assets	22,295.82	22,708.93
Goodwill	1,987.62	1,987.62
Investments other than Mutual Funds	917.46	959.07
Deferred Tax Asset	1,020.94	948.44
Current Assets		
Cash & Cash Equivalentents	44,633.65	40,154.20
Debtors Billed	17,907.35	17,563.86
Revenue Accrued & to be billed	9,905.35	11,664.94
Loans & Advances	7,903.32	8,000.99
Total	80,349.67	77,383.99
Current Liabilities & Provisions		
Current Liabilities	18,346.92	18,532.53
Provisions	3,461.43	4,515.54
Total	21,808.35	23,048.07
Net Current Assets	58,541.32	54,335.92
Total Application of Funds	84,763.16	80,939.98

Cash Flow Statement - Consolidated

Particulars	Rs lakhs	
	Sep 30, 2009	Jun 30, 2009
Cash flows from operating activities		
Profit before taxation	4,001.68	3,760.30
Adjustments for:		
Interest and dividend income	(374.87)	(387.86)
Exchange differences on translation of foreign currency cash and cash equivalents	(223.91)	(59.70)
Unrealised exchange (gain) / loss	(187.30)	796.99
Depreciation	873.67	844.13
Provision for doubtful debts & bad debts written off	75.00	75.00
(Profit) / Loss on sale of fixed assets	3.21	(4.01)
Lease finance charges	0.68	0.87
Share of loss/(profit) on associate companies	41.61	-
Changes in current assets and liabilities		
Decrease / (Increase) in sundry debtors	(450.18)	2,771.14
Decrease/ (Increase) in loans and advances	2,026.82	2,120.19
Increase/(Decrease) in current liabilities and provisions	203.30	(2,699.59)
Net Taxes paid/Refund received	(444.94)	(623.26)
Net cash flows from operating activities	5,544.76	6,594.20
Cash flows from investing activities		
Purchase of fixed assets and changes in capital work in progress	(415.19)	(792.29)
Proceeds from sale of fixed assets	4.43	4.48
Interest and dividend received	374.87	387.86
Net cash flows from investing activities	(35.88)	(399.94)
Cash flows from financing activities		
Proceeds from share capital issued on exercise of stock options	0.62	-
Proceeds from share premium on exercise of stock options	8.78	-
Change in secured loans	(8.82)	(8.88)
Lease finance charges	(0.68)	(0.87)
Dividends paid during the year	(1,433.23)	(5.04)
Net cash flows from financing activities	(1,433.33)	(14.80)
Exchange differences on translation of foreign currency cash and cash equivalents	223.91	59.70
Exchange differences on translation of foreign subsidiaries	180.00	(89.79)
Total increase / (decrease) in cash and equivalents during the period	4,479.45	6,149.37
Cash and cash equivalents at the beginning of the Period	40,154.20	34,004.83
Cash and cash equivalents at the end of the Period	44,633.65	40,154.20

Highlights

	Q2 FY 10	Q1 FY 10	Q2 FY 09
Revenue - QoQ Growth (INR)	3.93%	-3.47%	10.78%
New Clients	16	21	14
DSO	47	47	62

Geography Revenue Concentration

	Q2 FY 10	Q1 FY 10	Q2 FY 09
US/North America	43.02%	42.60%	37.39%
Europe	27.54%	28.65%	30.65%
India	8.06%	7.27%	9.70%
Asia Pacific & Japan	21.38%	21.48%	22.26%
Total	100.00%	100.00%	100.00%

Revenue Mix

Q2 FY 10 Q1 FY 10 Q2 FY 09

Onsite	51.23%	53.32%	57.23%
Offshore	48.77%	46.68%	42.77%
Total	100.00%	100.00%	100.00%

Client Concentration

Q2 FY 10 Q1 FY 10 Q2 FY 09

Client Contribution to Revenue (%)

Top Client

17.73%

16.02%

12.03%

Top 5 Clients

42.77%

42.55%

40.85%

Top 10 Clients

55.97%

54.95%

56.64%

Associate Information

Q2 FY 10 Q1 FY 10 Q2 FY 09

Total Employee Strength	8,805	9,192	10,367
Software Professionals(%)	91%	91%	91%
S G & A Staff	9%	9%	9%
Utilization(%)	81%	80%	81%

Capex

Capital Expenditure (Rs in Cr) Q2 FY 10 Q1 FY 10 Q2 FY 09

**PSL and its Overseas
Subsidiaries**

3.96

7.90

9.41

Optimus

0.19

0.02

0.88

Total

4.15

7.92

10.29