

## **Polaris records 94% growth in Profits, 32% in Revenues**

...Declares an interim dividend of 30%

**Chennai, 20 January 2009:** Polaris Software Lab Limited (POLS.BO), a leader in Specialty Application Development in Banking, Financial and Insurance sector, today announced the third quarter results for FY 2008-2009.

For the quarter ended 31st December 2008, revenue was Rs. 372.58 crore and Profit after Tax (PAT) was Rs. 37.17 crore. Compared to the same quarter last year, revenues grew 32% from Rs. 282.14 crore and Profits grew by 94% from Rs. 19.12 crore.

On a sequential quarter on quarter basis, revenues grew by 6% to Rs. 372.58 crore from Rs. 351.14 crore and Profits grew by 8% to Rs. 37.17 crore from Rs. 34.43 crore.

The Board of Directors recommended an interim dividend of 30% on the paid up capital of the company.

### ***Financial Highlights***

1. EBITDA for the quarter was Rs. 75.4 crore, up 123% from Rs. 33.81 crore during the same quarter last year
2. At the end of the quarter, Cash and cash equivalents was Rs. 299 crore, as against Rs. 225 crore in the previous quarter
3. The DSO has come down to 52 days from 62 days level
4. The company continued to record a balanced distribution of revenues from the major geographies with Americas contributing 39.65%, Europe contributing 29.22% and Asia Pacific, Japan and India contributing 31.13% of the Q3 revenues
5. The company incurred a foreign exchange loss of Rs. 28.54 crore and recorded other income of Rs. 4.66 crore
6. Annualized EPS for the quarter is at Rs. 15.08 per share

### ***Business Highlights***

1. During the quarter, the company expanded its customer base, by winning 13 new customers, of which 5 were Intellect-led wins
2. The company completed the acquisition of SEEC Inc, a US based Product and Component Services Company for Insurance Vertical. This all cash deal, included acquisition of Intellectual Property, Business Trademarks, Trade Brands and Infrastructure Facilities
3. Intellect Treasury and Intellect Origination product lines were named among the leading front end SOA suites, ranking in the top quartile in terms of integration capabilities, by a leading research and consulting firm for global financial services
4. The company launched an Insurance Concept Lab in partnership with Microsoft to build innovative solutions for the Insurance industry using cutting-edge Microsoft technologies



**Mr. Arun Jain, Chairman & CEO, Polaris Software Lab Ltd.,** said, “With the recent economic recession and upheaval in the global financial markets multiplying the complexity in the financial ecosystem, Polaris with its widest range of solutions for Banking, Financial Services and Insurance space is going beyond Americas and Western Europe. Polaris is well poised to expand market opportunities with a singular focus in 2009 on strengthening sales and distribution for Intellect”.

**Mr. Arup Gupta, Executive Director & COO, Polaris Software Lab Ltd.,** said, “In the first 9 months, we have recorded over Rs. 1000 crore revenues. Despite the tough macro economic situation, we are confident of growing over 20% in FY '10, with our composite portfolio of products and services”.

**Mr. R Srikanth, Executive Vice President & CFO, Polaris Software Lab Ltd.,** said, “Managing costs effectively is the single most important factor in the current situation. We were able to demonstrate reduction in costs consistently, resulting in improvement of Gross margins by 290 basis points and EBITDA by 386 basis points over last quarter”.

**Financial Results for the Third Quarter ended December 31, 2008**  
**Consolidated Profit and Loss account of Polaris Software Lab Limited**

<b>POLARIS SOFTWARE LAB - GROUP</b>					
<b>UN AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2008 PREPARED AS PER INDIAN GAAP</b>					
<b>Rs.Lakhs</b>					
<b>Particulars</b>	<b>QUARTER ENDED</b>		<b>NINE MONTHS ENDED</b>		<b>YEAR ENDED</b>
	<b>December 31, 2008</b>	<b>December 31, 2007</b>	<b>December 31, 2008</b>	<b>December 31, 2007</b>	<b>March 31, 2008 Audited</b>
Income from software services, products and Business Process Management	37,257.80	28,214.15	104,069.93	81,314.28	109,930.05
Software development expenses	23,234.77	18,696.56	67,618.93	54,914.88	74,465.26
<b>Gross Profit</b>	<b>14,023.03</b>	<b>9,517.59</b>	<b>36,451.00</b>	<b>26,399.40</b>	<b>35,464.79</b>
Selling and marketing expenses	3,504.45	3,162.16	10,120.07	9,415.15	12,513.35
General and Administrative expenses	2,978.35	2,974.61	9,158.08	8,395.64	11,132.07
<b>EBITDA</b>	<b>7,540.23</b>	<b>3,380.82</b>	<b>17,172.85</b>	<b>8,588.61</b>	<b>11,819.37</b>
Depreciation/Amortisation	880.01	1,123.98	3,022.90	3,471.18	4,602.48
Finance Charges	17.77	23.77	54.99	60.14	78.61
<b>Operating Profit after interest, depreciation &amp; amortisation</b>	<b>6,642.45</b>	<b>2,233.07</b>	<b>14,094.96</b>	<b>5,057.29</b>	<b>7,138.28</b>
Exchange Gain/ ( Loss )	(2,854.15)	127.21	(3,679.58)	1,166.44	1,445.69
Other Income	466.09	23.22	746.18	253.91	365.32
Share of profit/(loss ) of Associate Companies	23.63	(23.44)	101.11	(81.78)	(16.75)
Profit on sale of Investments	-	-	1,301.37	-	-
Intangible Assets - Amortised fully	-	-	(1,173.27)	-	-
<b>Profit before tax (PBT)</b>	<b>4,278.02</b>	<b>2,360.06</b>	<b>11,390.77</b>	<b>6,395.86</b>	<b>8,932.54</b>
Provision for taxation	561.29	448.26	1,530.16	1,219.79	1,611.04
<b>Profit after tax (PAT)</b>	<b>3,716.73</b>	<b>1,911.80</b>	<b>9,860.61</b>	<b>5,176.07</b>	<b>7,321.50</b>
<b>Earnings per share of Rs.5 each (Rs.)</b>					
<b>Basic</b>	<b>3.77</b>	<b>1.94</b>	<b>9.99</b>	<b>5.25</b>	<b>7.42</b>
<b>Diluted</b>	<b>3.77</b>	<b>1.93</b>	<b>9.99</b>	<b>5.22</b>	<b>7.40</b>

### About Polaris Software Lab

Polaris Software Lab (POLS.BO), is a recognized global leader in Specialty Application Development for the Banking, Financial and Insurance sector, with its comprehensive portfolio of products, smart legacy modernization services and consulting. Polaris has a talent strength of over 10,000 solution architects, domain experts and technology experts and owns the largest set of Intellectual Properties in the form of a comprehensive product suite and nine banking platforms namely Intellect Cash and Liquidity Management, Intellect Risk and Treasury Platform, Intellect Wealth Management, Intellect Core Banking, Intellect Consumer Finance, Intellect Credit Cards, Intellect Universal Banking, Intellect Front Office and Intellect Investor Services Platform. Headquartered in Chennai, Polaris has its Corporate Banking Solution Centre in Mumbai, Investment Banking Solution Centre in Hyderabad, Risk and Treasury Solution Center in Mumbai, Retail Banking Solution Centre in Chennai and Enterprise Solution Centre in Delhi. Polaris has offices in Tokyo, Sydney, Hong Kong, Singapore, India, Dubai, Bahrain, Riyadh, London, Belfast, Zurich, Frankfurt, Toronto, New York, Chicago, Fremont and Chile. For more information, please visit <http://www.polaris.co.in/>.

### Investor Conference Call

Polaris Software Lab Ltd. will host an Investors Conference Call, where the Senior Management of Polaris will comment on the company's performance during the third quarter ended Dec 31, 2008 and respond to questions from participants. The conference call will take place **at 17:00 Hrs IST (19:30 Hrs in Hong Kong / Singapore) on Tuesday, Jan 20, 2009.**

### DIAL IN NUMBERS FOR THE Q3-2008-09 POLARIS INVESTOR EARNINGS CALL

Conference Name	:	Q3 FY 08-09 Polaris Investor Earnings call.
Date	:	Tuesday, 20 <sup>th</sup> January 2009
Time	:	17:00 hrs IST
Conference ID	:	80828711

### ACCESS NUMBERS FOR THE Q3-2008-09 POLARIS INVESTOR EARNINGS CALL

MUMBAI	:	Primary Access Toll Number	: 02230360400
		Standby Access Toll Number	: 02230560400
BANGALORE	:	Primary Access Toll Number	: 08030360400
		Standby Access Toll Number	: 02230560400
DELHI	:	Primary Access Toll Number	: 01130360400
		Standby Access Toll Number	: 02230560400
CHENNAI	:	Primary Access Toll Number	: 04430360400
		Standby Access Toll Number	: 02230560400
HONK KONG	:	Primary Access Toll free Number	: 800901420
		Standby Access Toll Number	: 02230560400
SINGAPORE	:	Primary Access Toll free Number	: 8001011906
		Standby Access Toll Number	: 02230360400
REPLAY	:	[20th Jan 2009 to 22nd Jan 2009]	
Replay ID/Conference #	:	80828711	
Primary Access Number	:	02230360400	

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