

Q3 Profits up 14% quarter on quarter, 8% year on year

...Intellect (product) revenues grow 15% sequentially

Chennai, 20 January 2010: Polaris Software Lab Limited (POLS.BO), a leading Financial Technology company, today announced the third quarter results for FY 2009-10.

For the quarter ended 31 December 2009, Profit after Tax (PAT) grew by 14% to Rs. 40.07 crore from Rs. 35.20 crore in the previous quarter. Income grew by 0.2% to Rs. 338.89 crore from Rs. 338.31 crore.

In dollar terms, Profit grew by 18% to \$8.58 million from \$7.27 million and income grew sequentially by 4% to \$72.55 million from \$69.93 million.

The Board of Directors recommended an interim dividend of 35% on the paid up capital of the company.

Financial Highlights

1. Net Profit Margins improved 143 bps over the previous quarter
2. Cash and cash equivalents crossed Rs. 500 crores; and stood at Rs. 509.73 crore (~\$110 million) after funding Rs. 34 crore towards Laser Soft acquisition
3. Americas contributed to 43%, EMEA (Europe, Middle East and Africa) contributed to 26% and Asia Pacific contributed to 31% of the quarter revenues, maintaining a balanced revenue portfolio
4. The Days Sales Outstanding (DSO) set a new benchmark of 41 days, reflecting high customer satisfaction and extreme execution
5. Annualized EPS for Q3 grew to Rs. 16.24, as against Rs. 14.28 in the previous quarter

Business Highlights

1. During the quarter, the company recorded 30 wins
2. Three customers in North America and two customers in Europe chose Polaris for their Financial Technology outsourcing needs
3. Polaris registered highest sales of Intellect during the quarter with 14 wins
4. Intellect revenues grew to 20.11% of the company revenues in the quarter
5. The company won two large Intellect core banking deals, one each in Vietnam and Japan. This was the third major core banking win in the Vietnam region
6. The company won Intellect Liquidity deals one each in the US and Asia Pacific

Awards and Recognition

1. Laser Soft, Polaris' wholly owned subsidiary won NDTV Business Leadership Awards 2009, under the 'Inclusion and Diversity' category
2. The company once again got successfully assessed at CMMi Level 5 for its software services, Intellect Global Universal Banking product spanning all micro verticals within BFSI and across all business solution centers
3. Intellect GUB continued to receive market recognition from leading analysts
 - a. Polaris Payment Services Hub was featured in a report for its ability to suit both 'Build' and 'Buy' alternatives for banks; by the world's leading information technology and research and advisory company
 - b. Polaris featured amongst the Bank Technology Executive's most admired vendors for Core Banking by Aite Group

Product Launch

Polaris launched Intellect Insurance Portal developed using cutting edge technology to provide higher functionality at the right price point for the growing insurance market in developing countries.

Arun Jain, Chairman & CEO, Polaris Software Lab Ltd., said, "Intellect GUB, our comprehensive product suite for next-generation banking is now in the 3rd phase of its journey, marked by strong momentum in sales and positive impact on margins. With over 150 Intellect implementations across the globe, our customers and prospects have begun to view us as a category leader in Financial Technologies. Backed by our strong services and solution capabilities, we are poised to expand our market share in a recovering BFSI marketplace."

R Srikanth, Executive Vice President & CFO, Polaris Software Lab Ltd., said, "During the last 10 quarters, our relentless focus on improving operating efficiency has enabled us to generate Rs. 510 crore of cash in the books. This will serve as a strong lever for inorganic growth plans."

Financial Results for the Third Quarter ended December 31, 2009

POLARIS SOFTWARE LAB - GROUP					
UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31 2009 PREPARED AS PER INDIAN GAAP					
					Rs Lakhs
	QUARTER ENDED		NINE MONTHS ENDED		YEAR ENDED
Particulars	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	March 31, 2009 Audited
Income from software services, products and Business Process Management	33,888.55	37,257.80	100,271.92	104,069.93	137,794.54
Software development expenses	21,846.50	23,234.77	64,697.61	67,618.93	88,540.10
Gross Profit	12,042.05	14,023.03	35,574.31	36,451.00	49,254.44
Selling and marketing expenses	3,610.04	3,504.45	10,636.09	10,120.07	13,676.09
General and Administrative expenses	2,954.39	2,978.35	8,550.11	9,158.08	12,225.91
Operating Profit before interest, depreciation & amortisation	5,477.62	7,540.23	16,388.11	17,172.85	23,352.44
Depreciation/Amortisation	864.57	880.01	2,582.37	3,022.90	3,878.16
Finance Charges	21.62	17.77	56.12	54.99	73.54
Operating Profit after interest, depreciation & amortisation	4,591.43	6,642.45	13,749.62	14,094.96	19,400.74
Exchange Gain/ (Loss)	(420.38)	(2,854.15)	(2,608.98)	(3,679.58)	(5,638.40)
Other Income	499.56	466.09	1,333.56	746.18	1,175.31
Share of profit/(loss) of Associate Companies	-	23.63	(41.61)	101.11	91.09
Profit on sale of Associate Companies	-	-	-	1,301.37	1,301.37
Intangible Assets - Amortised fully	-	-	-	(1,173.27)	(1,173.27)
Profit before tax	4,670.61	4,278.02	12,432.59	11,390.77	15,156.84
Provision for taxation	663.22	561.29	1,722.06	1,530.16	2,085.58
Profit after tax	4,007.39	3,716.73	10,710.53	9,860.61	13,071.26
Earnings per share of Rs.5 each (Rs.)					
Basic	4.06	3.77	10.85	9.99	13.25
Diluted	4.02	3.77	10.76	9.99	13.24

About Polaris Software Lab

Polaris Software Lab (POLS.BO) is a leading Financial Technology company, with its comprehensive portfolio of products, services and consulting. Polaris has a talent strength of over 9,000 solution architects, domain and technology experts. The company owns the largest set of Intellectual Properties in the form of a comprehensive product suite, Intellect Global Universal Banking (GUB) 10.0. 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 Tokyo, Sydney, Hong Kong, Singapore, India, Dubai, Bahrain, Riyadh, London, Belfast, Zurich, Frankfurt, Toronto, New York, Chicago, Fremont, Pittsburgh 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 December 31, 2009 and respond to questions from participants. The conference call will take place **at 17:00 Hrs IST on Wednesday, January 20, 2010**

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, www.polaris.co.in in the investor section.

The dial numbers to join the conference call

Conference Name : Q3 Polaris Investor Earnings Call
Date : Wednesday, 20th Jan 2010
Time : 17:00 HRS IST
Conference ID : 50313273

Access Numbers for the call

MUMBAI : Primary Access Toll Number : 02230360400
BANGALORE : Primary Access Toll Number : 08030360400
DELHI : Primary Access Toll Number : 01130360400
CHENNAI : Primary Access Toll Number : 04430360400
HONK KONG : Primary Access Toll free Number : 800901420
SINGAPORE : Primary Access Toll free Number : 8001011906
REPLAY : [20th January 2010 to 22nd January 2010]
Replay ID/Conference # : 50313273
Primary Access Number : 02230360400

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