

For Immediate Release

Polaris records 79% growth in Profits, 25% in Revenues

Chennai, 20 April 2009: Polaris Software Lab Limited (POLS.BO), one of the world's largest Financial Technology companies for Banking, Financial and Insurance sector, has announced fourth quarter and annual results for FY 2008-09.

For the year ended 31 March 2009, Profit after tax (PAT) rose by 79% to Rs. 130.71 crore from Rs. 73.22 crore last fiscal. Income grew by 25% to Rs. 1,377.95 crore from Rs. 1,099.30 crore. Operating profit margins (EBITDA) grew by 98% to Rs. 233.52 crore from Rs. 118.19 crore.

For the quarter ended 31 March 2009, Profit after tax (PAT) grew by 50% to Rs. 32.11 crore from Rs. 21.45 crore compared to the same quarter last year. Income grew by 18% to Rs. 337.25 crore from Rs. 286.16 crore. Operating profit margins (EBITDA) grew by 91% to Rs. 61.80 crore from Rs. 32.31 crore.

The Board of Directors recommended a final dividend of 25% on the paid up capital of the company for fiscal 2009.

Financial Highlights

1. Operating Profit margins (EBITDA) moved to 16.95% from 10.75%, an increase of 620 bps during the year
2. Cash and cash equivalents totaled Rs. 340 crore, as against Rs. 155 crore in the previous year
3. During the quarter, the company incurred a foreign exchange loss of Rs. 19.59 crore and recorded other income of Rs. 4.29 crore
4. The company continued to record a balanced distribution of revenues from the major geographies with Americas contributing 39.79%, Europe contributing 29.23% and Asia Pacific contributing 30.98% of the quarter revenues
5. For the fiscal 2009, the company recorded an EPS of Rs. 13.25 and Cash EPS of Rs. 18.37

Business Highlights

1. During the quarter, the company expanded its customer base by winning 16 new customers, of which 7 were Intellect-led wins
2. During the quarter, the operating profit margin for Intellect (product) was 28% and 16% for Services, as compared to 16% for Intellect and 10% for Services, same quarter last year
3. During the quarter, the attrition dropped to 9.5% from 14.11% in the previous quarter
4. During the year, Polaris Retail doubled its revenues to Rs. 10.27 crore from Rs. 5.36 crore

Awards and Recognition

Polaris' CSR initiative, 'Ullas', won the BSE-NASSCOM "Social and Corporate Governance Awards 2008". Ullas was adjudged the Best Corporate Social Responsibility Practice.

Business Outlook

The economy and business environment in developed markets especially USA and UK continues to remain uncertain. Emerging markets present an opportunity for growth.

With the current visibility, EPS for FY2009-10 is expected to be around Rs. 15.0 from current Rs. 13.25

Mr. Arun Jain, Chairman & CEO, Polaris Software Lab Ltd., said, "We crossed USD 300 million mark in revenues this year. This has been a good year for us. As we move forward we have taken cognizance of the note of caution sounded out by our industry peers. We too remain cautious but our tone remains positive. We believe that our good performance has been a result of our strategy of differentiating ourselves as Financial Technology experts through continuous investment in Intellectual Property creation. The reason why we have been able to withstand the financial tsunami sweeping the industry is because our performance has been built on the solid bedrock of Intellectual Property augmented by World class application management skills. Such bedrock is built by being obsessed by the 3 year performance, by the 5 year performance and by the 10 year vision and not by succumbing to compromises demanded by vagaries of quarterly forces. Our vision is to be among the top 3 Financial Technology infrastructure companies in the world."

Mr. Arup Gupta, Executive Director & COO, Polaris Software Lab Ltd., said, "This is the eighth consecutive quarter of steady performance by us. With steady and measured steps, we continue to realize our vision of becoming one among the top 3 Financial Technology infrastructure providers. During the year, Operating Profit margins has grown by 72% to USD 50.53 million from USD 29.46 million. During the quarter, we could deliver an operating profit margin of 28% on Intellect (product) and 16% margin on service offerings."

Mr. R Srikanth, Executive Vice President & CFO, Polaris Software Lab Ltd., said, "We have delivered an EPS of Rs. 13.25 as per the guidance. We are pleased that we have been able to do so despite very challenging market conditions. We have also significantly strengthened our balance sheet during the year with Cash and Cash equivalents growing to Rs. 340 crores from Rs. 155 crores. We made use of this strength to make selective acquisition to accelerate the achievement of our vision of being among the top 3 Financial Technology infrastructure providers."

Consolidated Profit and Loss account of Polaris Software Lab Limited

| POLARIS SOFTWARE LAB - GROUP | | | | |
|--|------------------|-----------------|------------------|------------------|
| AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2009 PREPARED AS PER INDIAN GAAP | | | | |
| Rs. Lakhs | | | | |
| Particulars | QUARTER ENDED | | YEAR ENDED | |
| | March 31, 2009 | March 31, 2008 | March 31, 2009 | March 31, 2008 |
| Income from software services, products and Business Process Management | 33,724.61 | 28,615.77 | 137,794.54 | 109,930.05 |
| Software development expenses | 20,921.17 | 19,550.38 | 88,540.10 | 74,465.26 |
| Gross Profit | 12,803.44 | 9,065.39 | 49,254.44 | 35,464.79 |
| Selling and marketing expenses | 3,556.02 | 3,098.20 | 13,676.09 | 12,513.35 |
| General and Administrative expenses | 3,067.83 | 2,736.43 | 12,225.91 | 11,132.07 |
| Operating Profit before interest, depreciation & amortisation | 6,179.59 | 3,230.76 | 23,352.44 | 11,819.37 |
| Depreciation/Amortisation | 855.26 | 1,131.30 | 3,878.16 | 4,602.48 |
| Finance Charges | 18.55 | 18.47 | 73.54 | 78.61 |
| Operating Profit after interest, depreciation & amortisation | 5,305.78 | 2,080.99 | 19,400.74 | 7,138.28 |
| Exchange Gain/ (Loss) | (1,958.82) | 279.26 | (5,638.40) | 1,445.69 |
| Other Income | 429.13 | 111.40 | 1,170.53 | 365.32 |
| Share of profit/(loss) of Associate Companies | (10.02) | 65.03 | 91.09 | (16.75) |
| Profit on sale of Associate Companies | | | 1,306.15 | |
| Intangible Assets - Amortised | - | - | (1,173.27) | - |
| Profit before tax | 3,766.07 | 2,536.68 | 15,156.84 | 8,932.54 |
| Provision for taxation | 555.42 | 391.25 | 2,085.58 | 1,611.04 |
| Profit after tax | 3,210.65 | 2,145.43 | 13,071.26 | 7,321.50 |
| Earnings per share of Rs.5 each (Rs.) | | | | |
| Basic | 3.25 | 2.17 | 13.25 | 7.42 |
| Diluted | 3.25 | 2.17 | 13.24 | 7.40 |

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Q4 and Annual Results for FY 2008-2009



About Polaris Software Lab

Polaris Software Lab (POLS.BO) is one of the world's largest Financial Technology companies 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 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 namely Intellect™. Intellect is the first pure play SOA based application suite for Retail, Corporate and Investment banking.

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 and Chile. For more information, please visit <http://www.polaris.co.in/>.

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