

# Polaris lists product arm Intellect on BSE & NSE

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POLARIS group company Intellect Design Arena was listed on the Bombay and National Stock Exchanges on Thursday. The company is the de-merged product division of Polaris Consulting & Services, the erstwhile Polaris Financial Technology.

Ever since Polaris announced the de-merger of its product division, speculations were rife that the company is trying to sell it. However, Polaris kept reiterating that it intends to separate the products and services businesses to improve efficiencies and also list both entities.

"In fact, there is nothing wrong in selling the division if the right opportunities came along. However, we did not intend to do it," Arun Jain, chairman and managing director of Intellect told FC in a recent interview. "The risk appetite and

## In public domain

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investor profiles of the two divisions are different and hence we decided to separate them."

The Intellect business is based on intellectual properties in the banking technology space. It has higher gross margins compared to the services business because of license revenues and higher billing rates. On the other hand, it has inherent risks. It requires contin-

uous research and development investments, at least 30 per cent of revenues every year, to keep pace with the changing technologies. Further, the products business also requires higher investments in creating a global brand and substantial higher marketing and sales investments to cash in on the opportunities the market offers, he added.

Polaris announced the de-merger of its products business into an independent entity in March this year and filed for the scheme of de-merger, which was approved by the regulatory authorities, shareholders and subsequently by the Madras high court on September 15. From October 10, the services business started to trade independently as Polaris Financial Technology and the name was changed to Polaris Consulting & Services on October 21.

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