

PCSL/SEC/2017-18

1. The National Stock Exchange of India Ltd.,  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block, Bandar Karla Complex,  
Bandar (E), Mumbai – 400 051

2. The Bombay Stock Exchange Ltd.,  
1<sup>st</sup> Floor, New Trade Ring, Rotunda Building, PJ Towers,  
Dalai Street, Fort, Mumbai – 400 001.

Dear Sirs,

Sub : Outcome of the Board Meeting  
Ref : ISIN INE763A01023

We wish to inform you that the Board of Directors of the Company at its meeting held on 7<sup>th</sup> August 2017, have approved the following:

**Financial Results:**

Unaudited Standalone and Consolidated Financial results for the quarter ended 30<sup>th</sup> June 2017, prepared as per Indian Accounting Standards ("IND AS") and a signed copy of the financials as per the format prescribed under Regulation 33 of the SEBI (Listing Obligations Disclosure Requirements) Regulations 2015 and the Limited Review Reports are enclosed.

Media Release announcing the financial results of the Company for the quarter ended 30<sup>th</sup> June 2017 is enclosed.

Investor Presentation under Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the quarter ended 30<sup>th</sup> June 2017

We have also uploaded the financial results on the Stock Exchange Websites at <http://www.nseindia.com> & <http://www.bseindia.com> and on the Company's website at [www.polarisft.com/investors/intimation](http://www.polarisft.com/investors/intimation).

The Board Meeting commenced at 14:00 hours and concluded at 15:40 hours.

We request you to kindly take the above information on record and ensure compliance.

Thanking you,

Yours sincerely,  
For Polaris Consulting & Services Limited

  
Christina Pauline Beulah  
Company Secretary  
Encl: as above



**Polaris Consulting & Services Limited**

Registered Office & Corporate Headquarters: 34, IT Highway, Navallur, Chennai - 600 130, Tamilnadu, India  
Ph: +91-44-3987 3000 | Fax: +91-44-2743 5128

• Sydney • Tokyo • Hong Kong • Singapore • Mumbai • Dubai • London • New York • Toronto • Switzerland

[www.polarisFT.com](http://www.polarisFT.com)

CIN No. L65993TN1993PLCO24142

# B S R & Co. LLP

Chartered Accountants

No 10, Mahatma Gandhi Road  
Nungambakkam  
Chennai - 600 034, India

Telephone: +91 44 3914 5000  
Fax: +91 44 3914 5999

## Limited Review Report to the Board of Directors of Polaris Consulting & Services Limited

We have reviewed the accompanying statement of unaudited standalone financial results (the "Statement") of Polaris Consulting & Services Limited ("the Company") for the quarter ended 30 June 2017, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations').

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results for the quarter ended 30 June 2017 prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of SEBI Regulations and SEBI Circular dated 5 July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for B S R & Co. LLP  
Chartered Accountants  
ICAI Firm registration No. 101248W/W-100022

  
K Raguram  
Partner

Membership No. 211171

Place: Chennai  
Date: 07 August 2017

# B S R & Co. LLP

Chartered Accountants

No 10, Mahatma Gandhi Road  
Nungambakkam  
Chennai - 600 034, India

Telephone: +91 44 3914 5000  
Fax: +91 44 3914 5999

## Limited Review Report to the Board of Directors of Polaris Consulting & Services Limited

We have reviewed the accompanying statement of unaudited consolidated financial results (the "Statement") of Polaris Consulting & Services Limited ("the Company"), its subsidiaries and a joint venture (collectively referred to as 'the Group') (Refer to note 'd' of the Statement) for the quarter ended 30 June 2017, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations').

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We did not review the unaudited financial results of twelve subsidiaries and a joint venture included in the consolidated financial results of the Group. These subsidiaries account for Rs. 5,418 lakhs of revenues from operations for the quarter ended 30 June 2017. The financial results also include the Group's share of net loss of Rs.26 thousand for the quarter ended 30 June 2017 in respect of such joint venture. The unaudited financial results of these subsidiaries and a joint venture have been reviewed by other auditors, whose reports have been furnished to us. Our opinion on the unaudited consolidated financial results, in so far as it relates to these subsidiaries and a joint venture, is based on the aforesaid review reports of the other auditors.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results for the quarter ended 30 June 2017 prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of SEBI Regulations and SEBI Circular dated 5 July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for B S R & Co. LLP  
Chartered Accountants  
ICAI Firm registration No. 101248W/W-100022



K Raghuram  
Partner  
Membership No. 211171

Place: Chennai  
Date: 07 August 2017

B S R & Co. (a partnership firm with Registration No. BA81223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office :  
1st Floor, Lodha Excelus  
Apollo Mills Compound  
N.M. Joshi Marg, Mahalakshmi  
Mumbai - 400 011



| POLARIS CONSULTING & SERVICES LIMITED  |  |                    |                          |                   |
|--|--|--------------------|--------------------------|-------------------|
| CIN: L65993TN1993PLC024142   |  |                    |                          |                   |
| Regd Office : No 34, IT Highway, Navallur, Chennai - 603 103   |  |                    |                          |                   |
| Statement of Unaudited consolidated financial results for the quarter ended June 30, 2017  |  |                    |                          |                   |
| (Rs. in Lakhs, except per equity share data)   |  |                    |                          |                   |
| S. No.   | Particulars  | THREE MONTHS ENDED |                          | YEAR ENDED        |
|  |  | June 30, 2017      | March 31, 2017           | March 31, 2017    |
|  |  | (Unaudited)        | (Audited - refer note c) | (Audited)         |
| 1.   | Revenue from operations  | 55,494.98          | 56,856.71                | 49,798.22         |
| 2.   | Other income   | 325.50             | 570.94                   | 392.23            |
|  | <b>Total Income</b>  | <b>55,820.48</b>   | <b>57,427.65</b>         | <b>50,190.45</b>  |
| 3.   | <b>Expenses</b>  |                    |                          |                   |
| (a)  | Employee benefits expenses   | 38,250.14          | 37,650.40                | 34,126.58         |
| (b)  | Subcontracting expenses  | 7,055.00           | 6,623.46                 | 4,436.69          |
| (c)  | Depreciation and amortisation expense  | 553.39             | 504.61                   | 585.00            |
| (d)  | Foreign exchange loss / (gain)   | 229.61             | 1,721.19                 | (361.74)          |
| (e)  | Other expenses   | 5,367.76           | 6,348.90                 | 5,336.99          |
|  | <b>Total Expenses</b>  | <b>51,456.09</b>   | <b>52,848.56</b>         | <b>44,129.32</b>  |
| 4.   | <b>Profit before share of loss of joint venture and tax (1+2-3)</b>              | <b>4,364.39</b>    | <b>4,679.09</b>          | <b>6,060.93</b>   |
| 5.   | Share of loss of joint venture   | (0.26)             | (26.02)                  | (16.69)           |
| 6.   | <b>Profit before tax (4+5)</b>   | <b>4,364.13</b>    | <b>4,653.07</b>          | <b>6,044.04</b>   |
| 7.   | <b>Tax expenses</b>  |                    |                          |                   |
|  | Current tax  | 1,716.15           | 1,159.82                 | 1,422.20          |
|  | Deferred tax   | (372.70)           | 85.20                    | 636.34            |
| 8.   | <b>Net profit / (loss) for the period / year (6-7)</b>                           | <b>3,021.08</b>    | <b>3,306.65</b>          | <b>3,985.50</b>   |
| 9.   | <b>Other comprehensive income</b>  |                    |                          |                   |
| (a)  | Items that will not be reclassified to profit or loss                            |                    |                          |                   |
|  | Equity investments through other comprehensive income - net change in fair value | 7.84               | (121.31)                 | -                 |
|  | Others   | -                  | 3.91                     | -                 |
| (b)  | Items that will be reclassified to profit or loss                                |                    |                          |                   |
|  | Exchange differences in translating financial statements of foreign operations   | 895.91             | (1,256.52)               | (18.63)           |
|  | Effective portion of gains (losses) on hedging instruments in cash flow hedges   | (830.55)           | 1,929.78                 | (423.68)          |
|  | Others   | -                  | (2.96)                   | 124.14            |
|  | Income tax relating to items that will be reclassified to profit or loss         | 287.44             | (567.68)                 | 106.59            |
|  | <b>Other comprehensive income (net of taxes)</b>                                 | <b>346.64</b>      | <b>(114.36)</b>          | <b>(211.98)</b>   |
| 10.  | <b>Total comprehensive income (8+9)</b>  | <b>3,367.72</b>    | <b>3,191.69</b>          | <b>3,773.52</b>   |
| 11.  | <b>Paid-up Equity share Capital (Face value of Rs. 5 each)</b>                   |                    |                          | <b>5,106.04</b>   |
| 12.  | <b>Reserves i.e. Other equity</b>  |                    |                          | <b>104,124.39</b> |
| 13.  | <b>Earning Per Share of Rs.5 each (Rs.)</b>                                      | (not annualised)   | (not annualised)         | (not annualised)  |
| (a)  | Basic  | 2.96               | 3.25                     | 3.92              |
| (b)  | Diluted  | 2.94               | 3.23                     | 3.89              |
|  | See accompanying notes to the financial results                                  |                    |                          |                   |
| POLARIS CONSULTING & SERVICES LIMITED  |  |                    |                          |                   |
| Regd Office : No 34, IT Highway, Navallur, Chennai - 603 103   |  |                    |                          |                   |
| Statement of Unaudited standalone financial results for the quarter ended June 30, 2017  |  |                    |                          |                   |
| (Rs. in Lakhs, except per equity share data)   |  |                    |                          |                   |
| S. No.   | Particulars  | THREE MONTHS ENDED |                          | YEAR ENDED        |
|  |  | June 30, 2017      | March 31, 2017           | March 31, 2017    |
|  |  | (Unaudited)        | (Audited - refer note c) | (Audited)         |
| 1.   | Revenue from operations  | 36,956.07          | 40,126.84                | 36,818.30         |
| 2.   | Other income   | 280.05             | 544.67                   | 405.72            |
|  | <b>Total Income</b>  | <b>39,237.02</b>   | <b>40,671.71</b>         | <b>37,224.02</b>  |
| 3.   | <b>Expenses</b>  |                    |                          |                   |
| (a)  | Employee benefits expenses   | 30,210.16          | 29,512.56                | 26,632.57         |
| (b)  | Subcontracting expenses  | 1,276.03           | 1,534.81                 | 1,960.78          |
| (c)  | Depreciation and amortisation expense  | 527.85             | 479.57                   | 554.59            |
| (d)  | Foreign exchange loss / (gain)   | 147.22             | 1,307.70                 | (462.96)          |
| (e)  | Other expenses   | 4,361.88           | 4,951.91                 | 4,251.20          |
|  | <b>Total Expenses</b>  | <b>36,523.18</b>   | <b>38,186.95</b>         | <b>32,936.18</b>  |
| 4.   | <b>Profit before exceptional items and tax (1+2-3)</b>                           | <b>2,713.84</b>    | <b>2,484.76</b>          | <b>4,287.84</b>   |
| 5.   | <b>Tax expenses</b>  |                    |                          |                   |
|  | Current tax  | 1,209.70           | 651.92                   | 1,065.55          |
|  | Deferred tax   | (189.30)           | 254.66                   | 536.54            |
| 6.   | <b>Net profit / (loss) for the period / year (4-5)</b>                           | <b>1,693.44</b>    | <b>1,378.18</b>          | <b>2,685.75</b>   |
| 7.   | <b>Other comprehensive income</b>  |                    |                          |                   |
| (a)  | Items that will not be reclassified to profit or loss                            |                    |                          |                   |
|  | Equity investments through other comprehensive income - net change in fair value | 7.84               | (121.31)                 | -                 |
|  | Others   | -                  | 3.91                     | -                 |
| (b)  | Items that will be reclassified to profit or loss                                |                    |                          |                   |
|  | Exchange differences in translating financial statements of foreign operations   | (2.09)             | (815.46)                 | 212.94            |
|  | Effective portion of gains (losses) on hedging instruments in cash flow hedges   | (830.55)           | 1,929.78                 | (423.68)          |
|  | Others   | -                  | (2.96)                   | 124.14            |
|  | Income tax relating to items that will be reclassified to profit or loss         | 287.44             | (567.68)                 | 106.59            |
|  | <b>Other comprehensive income (net of taxes)</b>                                 | <b>(537.36)</b>    | <b>326.10</b>            | <b>19.79</b>      |
| 8.   | <b>Total comprehensive income for the period / year (6+7)</b>                    | <b>1,156.08</b>    | <b>1,704.28</b>          | <b>2,705.54</b>   |
| 9.   | <b>Paid-up Equity share Capital (Face value of Rs. 5 each)</b>                   |                    |                          | <b>5,106.04</b>   |
| 10.  | <b>Reserves i.e. Other equity</b>  |                    |                          | <b>70,882.88</b>  |
| 11.  | <b>Earning Per Share of Rs.5 each (Rs.)</b>                                      | (not annualised)   | (not annualised)         | (not annualised)  |
| (a)  | Basic  | 1.66               | 1.35                     | 2.65              |
| (b)  | Diluted  | 1.65               | 1.35                     | 2.62              |
|  | See accompanying notes to the financial results                                  |                    |                          |                   |
| NOTES  |  |                    |                          |                   |
| a. The unaudited standalone and consolidated financial results for the three months ended June 30, 2017 in respect of Polaris Consulting & Services Limited (the Company) have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on August 7, 2017. The above results have been subjected to limited review by statutory auditors of the Company. The reports of the statutory auditors are unqualified.  |  |                    |                          |                   |
| b. These financial results have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated July 5, 2016.  |  |                    |                          |                   |
| c. The figures for the three months ended March 31, 2017 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the nine months period of the relevant financial year, which were subjected to limited review.   |  |                    |                          |                   |
| d. The consolidated financial results include the financial results of the parent company Polaris Consulting & Services Limited and the financial results of the following subsidiaries:   |  |                    |                          |                   |
| • Optimus Global Services Limited  |  |                    |                          |                   |
| • Polaris Consulting & Services Pte Ltd  |  |                    |                          |                   |
| • Polaris Consulting and Services Japan K.K.   |  |                    |                          |                   |
| • Polaris Software Consulting & Services SDN BHD   |  |                    |                          |                   |
| • Polaris Software (Shanghai) Company Limited  |  |                    |                          |                   |
| • Polaris Consulting & Services Pty Ltd  |  |                    |                          |                   |
| • Polaris Consulting & Services Ltd, UK  |  |                    |                          |                   |
| • Polaris Consulting & Services Inc.   |  |                    |                          |                   |
| • Polaris Consulting & Services GmbH   |  |                    |                          |                   |
| • Polaris Consulting & Services Ireland Ltd  |  |                    |                          |                   |
| • Polaris Consulting & Services B.V.   |  |                    |                          |                   |
| • Polaris Consulting & Services Kft  |  |                    |                          |                   |
| • Polaris Consulting & Services SA   |  |                    |                          |                   |
| • Polaris Consulting & Services FZ-LLC   |  |                    |                          |                   |
| • Virtusa Malaysia SDN BHD   |  |                    |                          |                   |
| In addition to the above, the consolidated financial results also include the financial results in respect of Associate Stock Option Plan (ASOP) Trust and Ortelich Employee Welfare Trust (OEWT). The Company has also accounted for its share of profits in the joint venture Intellect Polaris Design LLC under the equity method. Polaris Consulting & Services Limited, its subsidiaries and a joint venture are collectively referred to as 'the Group'.   |  |                    |                          |                   |
| e. The Company has allotted 89,680 shares under its stock option plans during the three months ended June 30, 2017.  |  |                    |                          |                   |
| f. The Board of Directors of Polaris Consulting & Services Pte. Ltd. (Polaris Singapore), a wholly owned subsidiary of the Company, in their meeting held on March 10, 2017 approved the acquisition of Virtusa Malaysia SDN BHD, (Virtusa Malaysia), a step down subsidiary of Virtusa Corporation, U.S. Pursuant to the requirements of IND AS 103 - Business Combinations, the Company has accounted this business combination involving entities under common control using the pooling of interests method in the consolidated financial results. Accordingly, the financial information presented for prior period / year have been restated as if the combination had occurred from beginning of April 1, 2016. |  |                    |                          |                   |
| g. Segment Reporting in Consolidated and Standalone financial results: Based on the "management approach" as defined in Ind AS 105-Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance as a single business segment namely Software and Consultancy Services.   |  |                    |                          |                   |
| h. Prior period / year figures have been restated to conform to the classification of the current period / year.   |  |                    |                          |                   |
| Place : Chennai  |  |                    |                          |                   |
| Date : August 07, 2017   |  |                    |                          |                   |
| Rama Sivaraman<br>Director   |  |                    |                          |                   |
| Vaidyanathan N.M.<br>Chief Financial Officer   |  |                    |                          |                   |



## Q1 FY2018 Results

### Polaris' Announces Q1 FY18 Results

**Chennai (India), August 7, 2017:** Polaris Consulting & Services Ltd (NSE and BSE: POLARIS), a leader in digital transformation solutions and services, announced its unaudited results for the first quarter of FY18 today.

#### Business Highlights (Q1 FY18)

- Q1 FY18 revenues stood at Rs. 554.9 crore, registering 11.4% growth as compared to Q1 FY17. In dollar terms, revenues stood at \$86.0 Mn as against \$73.4 Mn in Q1 FY17 registering a growth of 17.2% in \$ terms. On a sequential basis against the previous quarter, revenue increased 1.5% in dollar terms while in INR terms revenue declined by 2.4% on the backdrop of currency appreciation.
- Q1 FY18 Profit after Tax (PAT) stood at Rs. 30.2 crore, a decline of 24.2% compared to same period last year. PAT for the quarter was impacted due to proactive hiring and account level investments made for supporting future growth.
- As on 30<sup>th</sup> June 2017, Cash, Cash equivalents and Investments stood at Rs. 533 Crores compared to Rs. 532 Crores as on 31<sup>st</sup> March 2017
- DSO stood at 87 Days
- Average utilization in Q1 FY18 was 85.1% compared to 82.1% during Q4 FY17
- Talent strength of 7,493 as of June 30, 2017

#### Management Statement

Mr. Kris Canekkeratne, Chairman, Polaris Consulting & Services Limited said, "We are pleased with our fiscal first quarter results which reflect healthy demand for our services. We continue to execute against our strategic initiatives, including ongoing investments in our infrastructure and in our digital transformation and domain-based solutions, which will strengthen our leading market position and drive long-term growth."

N M Vaidyanathan, Chief Financial Officer, Polaris Consulting & Services Limited, said, "We started the fiscal year on a good note with top line growth of 17.2% y-o-y in constant currency terms. However, our profitability for the quarter was impacted by proactive hiring and investments made to support future growth. Our pipeline continues to expand and is expected to drive our performance and growth in the coming quarters."

#### About Polaris

Polaris Consulting & Services Ltd. is a leader in solutions and services that enable operational productivity for the global financial services industry. Polaris' services include process engineering, solution consulting, system integration, application development and maintenance, production support, testing, and infrastructure management. To deliver these services, Polaris has invested heavily in building deep functional and domain-specific models, tools and accelerators, which enable it to deliver higher productivity and better quality to its BFSI clientele.



## Q1 FY2018 Results

|  |   |
|--|---|
| For Media related info, please contact:<br>Bharathi Mehra<br>Phone: +91 98451 20566<br>Email: <a href="mailto:mbharathi@virtusapolaris.com">mbharathi@virtusapolaris.com</a> | For Investor related info, please contact:<br>Bijay Sharma<br>Churchgate Partners<br>Phone: +91 22 6169 5988<br>Email: <a href="mailto:polaris@churchgatepartners.com">polaris@churchgatepartners.com</a> |
|--|---|

## Financial Results for the First Quarter Ended June 30, 2017

POLARIS CONSULTING & SERVICES LIMITED (Formerly known as Polaris Financial Technology Ltd)

Unaudited consolidated financial results for the First quarter ended June 30, 2017

|  | Quarter Ended<br>(Unaudited) |                  |                  | Year Ended<br>(Audited) |
|--|------------------------------|------------------|------------------|-------------------------|
|  | 30-Jun-17                    | 31-Mar-17        | 30-Jun-16        | 31-Mar-17               |
| Revenue from operations  | 55,494.98                    | 56,856.71        | 49,798.22        | 209,498.66              |
| Other income   | 325.90                       | 570.94           | 392.23           | 2,086.61                |
| <b>Total Income</b>  | <b>55,820.88</b>             | <b>57,427.65</b> | <b>50,190.45</b> | <b>211,585.27</b>       |
| <b>Expenses</b>  |                              |                  |                  |                         |
| (a) Employee benefits expenses   | 38,250.14                    | 37,650.40        | 34,128.58        | 139,482.72              |
| (b) Subcontracting expenses  | 7,055.00                     | 6,623.46         | 4,436.69         | 23,436.15               |
| (c) Depreciation and amortisation expense                                | 553.38                       | 504.61           | 589.00           | 2,383.67                |
| (d) Foreign exchange loss/ (gain)  | 229.81                       | 1,721.19         | (361.74)         | 249.17                  |
| (e) Other expenses   | 5,367.76                     | 6,348.30         | 5,336.99         | 22,345.08               |
| <b>Total expenses</b>  | <b>51,456.09</b>             | <b>52,847.96</b> | <b>44,129.52</b> | <b>187,896.79</b>       |
| <b>Profit before share of loss of equity accounted investees and tax</b> | <b>4,364.79</b>              | <b>4,579.69</b>  | <b>6,060.93</b>  | <b>23,688.48</b>        |
| Share of loss of joint venture   | (0.26)                       | (28.02)          | (16.89)          | (62.60)                 |
| <b>Profit before tax</b>   | <b>4,364.53</b>              | <b>4,551.67</b>  | <b>6,044.04</b>  | <b>23,625.88</b>        |
| Tax expenses   |                              |                  |                  |                         |
| Current tax  | 1,716.15                     | 1,159.82         | 1,422.20         | 6,690.17                |
| Deferred tax   | (372.70)                     | 85.20            | 636.34           | 691.06                  |
| <b>Net profit / (loss) for the period / year</b>                         | <b>3,021.08</b>              | <b>3,306.65</b>  | <b>3,985.50</b>  | <b>16,244.65</b>        |
| <b>Other comprehensive income</b>  | <b>360.64</b>                | <b>(114.96)</b>  | <b>(211.98)</b>  | <b>(1,137.09)</b>       |
| <b>Total comprehensive income</b>  | <b>3,381.72</b>              | <b>3,191.69</b>  | <b>3,773.52</b>  | <b>15,107.56</b>        |
| <b>Earning Per Share of Rs.5 each (Rs.)</b>                              |                              |                  |                  |                         |
| (a) Basic  | 2.96                         | 3.25             | 3.93             | 15.99                   |
| (b) Diluted  | 2.94                         | 3.23             | 3.89             | 15.89                   |

# Polaris Consulting & Services Limited

(BSE: 532254; NSE: POLARIS)

Q1 FY2018 Earnings Presentation

August 7, 2017

**POLARIS**  
A Virtusa Company

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## Performance Highlights

|                              |   |                         |  |                            |   |
|------------------------------|---|-------------------------|--|----------------------------|---|
| <b>Q1 FY2018 Net Revenue</b> | <b>Rs. 5,549 mn</b><br><b>+11.4% y-o-y</b>    | <b>Q1 FY2018 EBITDA</b> | <b>Rs. 482 mn</b><br><b>Margin: 8.7%</b> | <b>Q1 FY2018 PAT</b>       | <b>Rs. 302 mn</b><br><b>Margin: 5.4%</b>                |
| <b>DSO</b>                   | <b>87 Days</b><br><b>(81 Days: Q4 FY2017)</b> | <b>Headcount</b>        | <b>7,493</b><br><b>Attrition: 15.8%</b>  | <b>CCE and Investments</b> | <b>Rs. 5,329 mn</b><br><b>(Rs. 5,323 mn: Q4 FY2017)</b> |



## Management Perspectives

Commenting on results and developments **Mr. Kris Canekeratne, Chairman and CEO** said:

We are pleased with our fiscal first quarter results which reflect healthy demand for our services. We continue to execute against our strategic initiatives, including ongoing investments in our infrastructure and in our digital transformation and domain-based solutions, which will strengthen our leading market position and drive long-term growth.

Commenting on results **Mr. NM Vaidyanathan, Chief Financial Officer** said:

We started the fiscal year on a good note with top line growth of 17.2% y-o-y in constant currency terms. However, our profitability for the quarter was impacted by proactive hiring and investments made to support future growth. Our pipeline continues to expand and is expected to drive our performance and growth in the coming quarters.

## Performance Overview

(Rs. million, unless stated)

| Particulars<br>(Rs. Million) | Q1     |        | Y-o-Y      |  | Q4     |  | Q-o-Q      |  |
|------------------------------|--------|--------|------------|--|--------|--|------------|--|
|                              | FY2018 | FY2017 | Growth (%) |  | FY2017 |  | Growth (%) |  |
| Net Revenue                  | 5,549  | 4,980  | 11.4%      |  | 5,686  |  | (2.4)%     |  |
| EBITDA                       | 482    | 590    | (18.2)%    |  | 623    |  | (22.7)%    |  |
| Margin (%)                   | 8.7%   | 11.8%  |            |  | 11.0%  |  |            |  |
| PAT                          | 302    | 399    | (24.2)%    |  | 331    |  | (8.6)%     |  |
| Margin (%)                   | 5.4%   | 8.0%   |            |  | 5.8%   |  |            |  |
| Basic EPS (Rs.)              | 2.96   | 3.93   | (24.7)%    |  | 3.25   |  | (9.1)%     |  |

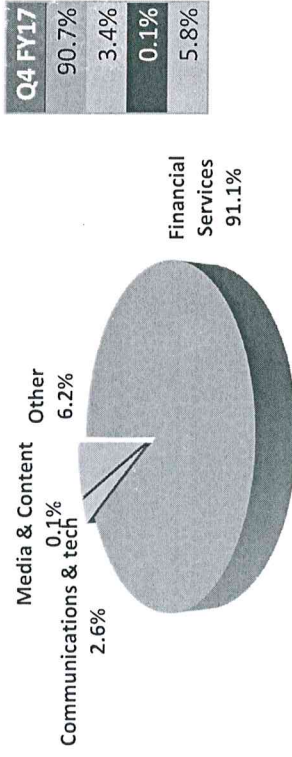
### Performance Discussion

- On a constant currency basis, revenue increased by 17.2% y-o-y and 1.5% q-o-q
- EBITDA margin for the quarter declined due to impact of proactive hiring and account investments undertaken to cater to anticipated demand for the year
- PAT for the quarter declined due to lower operating profit and unfavourable currency movements

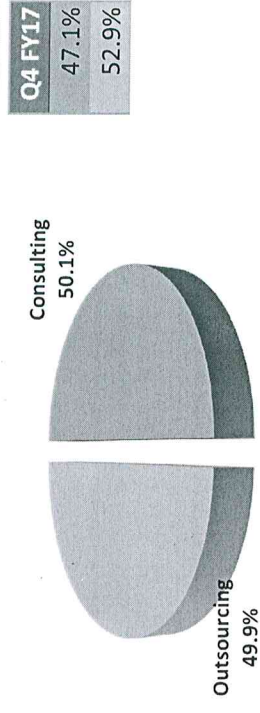


# Q1 FY2018 Revenue Break-up

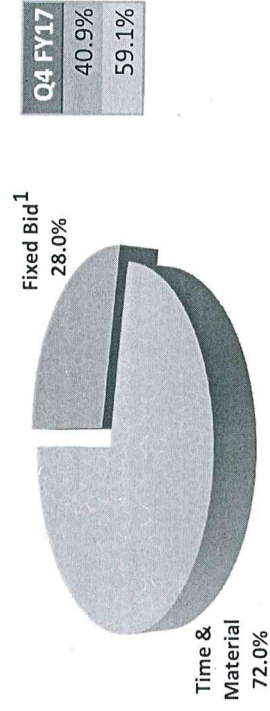
## Revenue by Vertical



## Revenue by Service Offering



## Revenue by Contract Type

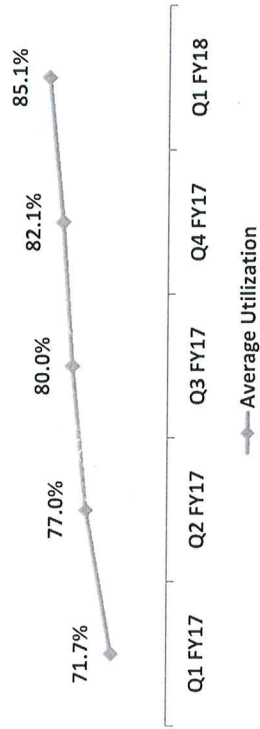


Note:

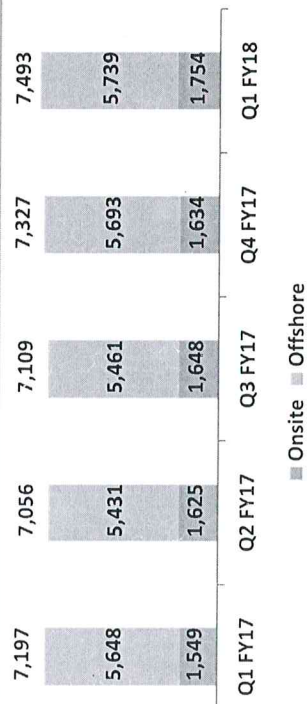
1. Fixed bid includes Fixed price

# Operational Metrics

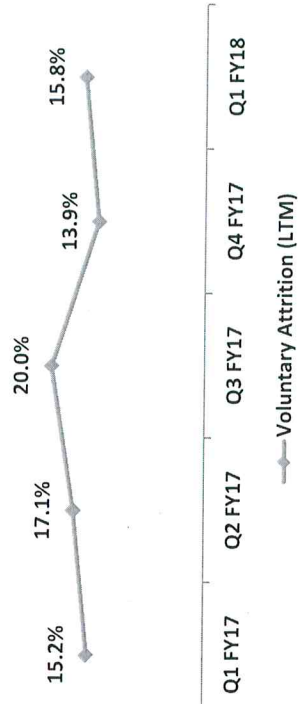
## Utilization



## Headcount<sup>1</sup>



## Attrition



Note:

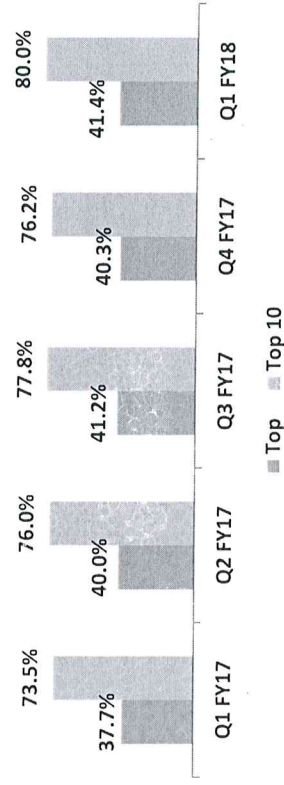
1. Excluding BPO and including vendors

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A Virtusa Company

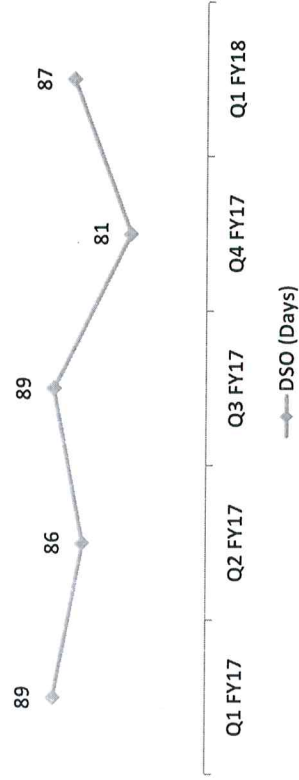


## Operational Metrics

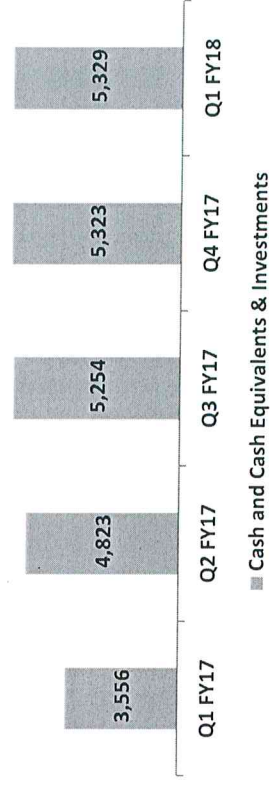
### Contribution by top Clients



### DSO



### Cash & Cash Equivalent and Investments (Rs. mn)



## Factsheet

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## Factsheet

## Detailed Profit &amp; Loss Statement

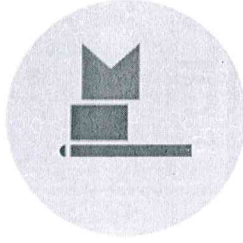
| Profit & Loss Statement<br>(Rs. mn)           | Q1          |              | Y-o-Y<br>Growth (%) | Q4 FY17      | Q-o-Q Growth<br>(%) |
|---|-------------|--------------|---------------------|--------------|---------------------|
|   | FY18        | FY17         |                     |              |                     |
| Income from operations                        | 5,549       | 4,980        | 11.4%               | 5,686        | (2.4)%              |
| Employee Cost                                 | (3,825)     | (3,413)      | 12.1%               | (3,765)      | 1.6%                |
| % of Sales                                    | 68.9%       | 68.5%        |                     | 66.2%        |                     |
| Subcontracting expenses                       | (706)       | (444)        |                     | (662)        |                     |
| Other Expenditures                            | (537)       | (534)        |                     | (635)        |                     |
| <b>EBITDA</b>                                 | <b>482</b>  | <b>590</b>   | <b>(18.2)%</b>      | <b>623</b>   | <b>(22.7)%</b>      |
| <b>EBITDA Margin (%)</b>                      | <b>8.7%</b> | <b>11.8%</b> |                     | <b>11.0%</b> |                     |
| Depreciation and Amortisation                 | (55)        | (59)         |                     | (50)         |                     |
| % of Sales                                    | 1.0%        | 1.2%         |                     | 0.9%         |                     |
| <b>EBIT</b>                                   | <b>427</b>  | <b>531</b>   | <b>(19.6)%</b>      | <b>573</b>   | <b>(25.5)%</b>      |
| <b>EBIT Margin (%)</b>                        | <b>7.7%</b> | <b>10.7%</b> |                     | <b>10.1%</b> |                     |
| Other Income                                  | 33          | 39           |                     | 57           |                     |
| Foreign exchange loss/ (gain)                 | (23)        | 36           |                     | (172)        |                     |
| <b>PBT</b>                                    | <b>436</b>  | <b>606</b>   | <b>(28.0)%</b>      | <b>458</b>   | <b>(4.7)%</b>       |
| <b>PBT Margin (%)</b>                         | <b>7.9%</b> | <b>12.2%</b> |                     | <b>8.1%</b>  |                     |
| Tax Expenses                                  | (134)       | (206)        |                     | (125)        |                     |
| Share of (profit)/loss of associate companies | (0)         | (2)          |                     | (3)          |                     |
| <b>PAT</b>                                    | <b>302</b>  | <b>399</b>   | <b>(24.2)%</b>      | <b>331</b>   | <b>(8.6)%</b>       |
| <b>PAT Margin (%)</b>                         | <b>5.4%</b> | <b>8.0%</b>  |                     | <b>5.8%</b>  |                     |
| EPS:  |             |              |                     |              |                     |
| Basic EPS (Rs.)                               | 2.96        | 3.93         | (24.7)%             | 3.25         | (9.1)%              |
| Diluted EPS (Rs.)                             | 2.94        | 3.89         | (24.5)%             | 3.23         | (9.1)%              |

## Factsheet

|                                     | Q1<br>FY17 | Q2<br>FY17 | Q3<br>FY17 | Q4<br>FY17 | Q1<br>FY18 |
|-------------------------------------|------------|------------|------------|------------|------------|
| <b>Revenue By Vertical</b>          |            |            |            |            |            |
| Financial Services                  | 86%        | 88%        | 90%        | 91%        | 91%        |
| Communications & Technology         | 7%         | 5%         | 4%         | 3%         | 3%         |
| Media & Content                     | 1%         | 1%         | 1%         | 0%         | 0%         |
| Others                              | 7%         | 7%         | 6%         | 6%         | 6%         |
| <b>Revenue by Service Offering:</b> |            |            |            |            |            |
| Consulting                          | 32%        | 39%        | 46%        | 47%        | 50%        |
| Outsourcing                         | 68%        | 61%        | 54%        | 53%        | 50%        |
| <b>Revenue by Product Type:</b>     |            |            |            |            |            |
| Fixed Bid                           | 38%        | 43%        | 37%        | 41%        | 28%        |
| Time & Material                     | 62%        | 57%        | 63%        | 59%        | 72%        |
| <b>Effort Mix:</b>                  |            |            |            |            |            |
| Offshore effort                     | 73%        | 74%        | 76%        | 75%        | 73%        |
| Onsite effort                       | 27%        | 26%        | 24%        | 25%        | 27%        |
| <b>Utilization:</b>                 |            |            |            |            |            |
| Average Utilization                 | 72%        | 77%        | 80%        | 82%        | 85%        |

|   | Q1<br>FY17 | Q2<br>FY17 | Q3<br>FY17 | Q4<br>FY17 | Q1<br>FY18 |
|---|------------|------------|------------|------------|------------|
| <b>Clients:</b>                               |            |            |            |            |            |
| Active clients                                | 128        | 119        | 106        | 97         | 97         |
| Number of New clients                         | 3          | 3          | -          | -          | 2          |
| Number of 10% clients                         | 1          | 1          | 2          | 2          | 2          |
| Revenue from repeat clients >12 months        | 91%        | 90%        | 90%        | 99%        | 99%        |
| Top client                                    | 38%        | 40%        | 41%        | 40%        | 41%        |
| Top 10 clients                                | 74%        | 76%        | 78%        | 76%        | 80%        |
| <b>Headcount:</b>                             |            |            |            |            |            |
| IT professionals                              | 6,572      | 6,448      | 6,577      | 6,852      | 7,023      |
| Non IT professionals                          | 625        | 608        | 532        | 475        | 470        |
| Total Headcount                               | 7,197      | 7,056      | 7,109      | 7,327      | 7,493      |
| Net addition                                  | (344)      | (140)      | 53         | 218        | 166        |
| Voluntary Attrition (Annualized)              | 15%        | 17%        | 20%        | 14%        | 16%        |
| <b>Cash:</b>                                  |            |            |            |            |            |
| Cash, Cash Equivalents & Investments (Rs. Mn) | 3,528      | 4,792      | 5,236      | 5,295      | 5,329      |
| DSO (days)                                    | 89         | 86         | 89         | 81         | 87         |

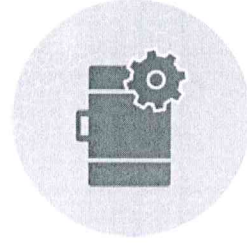
## Polaris at Glance



### About Polaris Consulting & Services Ltd. ("Polaris")

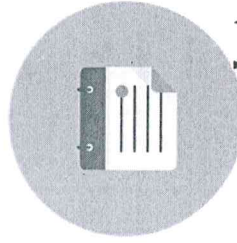
- Founded in 1993; Listed on NSE and BSE, Polaris has a market capitalization of around Rs. 2,400 Cr.
- As on June 30, 2017, the Company had 7,493 employees
- Strong balance sheet with zero debt

### Specialization



- Polaris is a niche and leading player in the financial technology space
- Major customers include Citibank, Bank of Montreal, JPMC, Lloyds, M&T Bank, RBS, Morgan Stanley and Credit Suisse
- Consistently awarded CMMI Level 5 certification starting from 2001

### Recent Developments



- Virtusa Consulting Services Private Limited ("Virtusa") acquired 52.9% of the total outstanding share capital of the Company in March 2016. Further in April 2016, pursuant to an Open Offer, Virtusa acquired 26.0% stake taking their total stake to 78.9% of the outstanding share capital

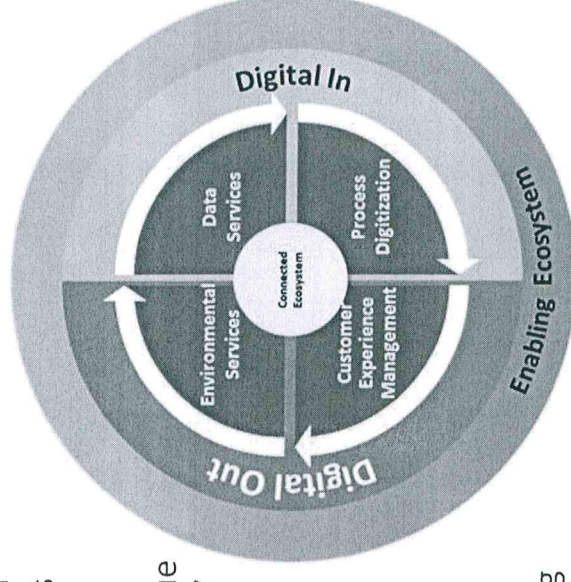
During Q3 FY2017, Virtusa reduced its stake to 74.9% through offer for sale



## Business Model

### Digital Transformation: Transform to be a Digital 360 Enterprise

- Polaris' Digital Enterprise 360 approach is an 'Assess-Adopt-Grow' strategy with roadmaps to transform Customer Experience, Operation & Technology Processes and build disruptive Business Models through a continuous innovation culture
- **Digital OUT:** This focuses on customer experience transformation and brand value creation, via all customer touchpoints across organization channel, LOB, brands / product and services. It helps organizations maintain a Unified Digital Channel Experience for all its products and services across brands
- **Digital IN:** This focuses on maintaining a balancing act between Operational Efficiency and Technology adoption essential for achieving Superior Customer Experience
- **Connected Ecosystem:** A key technology area essential in building the connecting link between Business and Operations for seamless collaboration
- **Enabling Ecosystem:** This focuses on enabling Rapid Transformation through continuous Innovation, ready-to-use technology accelerators and strong Agile program governance with Development operations



## Safe Harbor Statement

Certain statements in this presentation concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to our ability to manage growth, intense competition among Indian and overseas IT companies, various factors which may affect our cost advantage, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Polaris has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. Polaris may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.



# Thank you

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