

PCSL/SEC/2015-16

February 8, 2016

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

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

Dear Sirs,

**Sub:** Outcome of the Board meeting held on 8<sup>th</sup> February 2016

**Ref:** ISIN INE763A01023

The Board of Directors of the Company at its meeting held on February 8, 2016 at 10:30 AM and concluded at 01:30 PM, considered and approved the financial results of the Company for the quarter ended and 9 months period ended December 31, 2015.

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing herewith audited stand alone financial results together with the Auditors' Report and unaudited consolidated financial results along with the Limited Review Report for the quarter and nine months ended December 31, 2015.

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

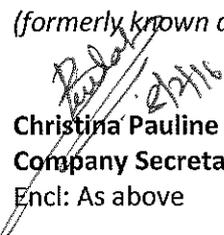
We are enclosing herewith the Media Release announcing the financial results of the Company for the quarter and 9 months period ended 31st December 2015.

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

Thanking You,

Yours sincerely,

**For Polaris Consulting & Services Limited**  
(formerly known as Polaris Financial Technology Limited)

  
**Christina Pauline Beulah**  
**Company Secretary and Compliance Officer**  
Encl: As above



**Polaris Consulting & Services Limited**

Registered Office: Polaris House, 244 Anna Salai, Chennai - 600 006, India | Ph: +91-44-3987 4000, 3984 3400 | Fax: +91-44-2852 3280  
Corporate Headquarters: Foundation, 34 IT Highway, Chennai - 603 103, India | Ph: +91-44-2743 5001, 3987 3000 | Fax: +91-44-2743 5166

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

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015 (AUDITED)
<b>Income</b>						
Income from Operations	517,58.73	517,67.88	474,75.61	1,531,10.09	1,426,32.97	1,893,34.54
<b>Expenditure</b>						
Employee cost	392,31.86	389,79.93	368,10.69	1,160,54.09	1,095,27.76	1,461,29.33
Depreciation and amortisation expenses	6,45.70	6,87.49	6,65.82	20,07.79	21,20.22	27,90.87
Other Expenditure	53,68.75	57,87.56	52,83.78	165,18.10	155,24.56	205,96.44
<b>Total Expenditure</b>	<b>452,46.31</b>	<b>454,54.98</b>	<b>427,60.29</b>	<b>1,345,79.98</b>	<b>1,272,72.54</b>	<b>1,695,16.64</b>
Profit from operations before other income, foreign exchange gain/ (loss), exceptional items & tax	65,12.42	63,12.90	47,15.32	185,30.11	153,60.43	197,17.90
Other Income	1,81.88	1,53.68	3,78.11	7,85.83	24,93.18	29,31.49
Foreign exchange gain/ (loss)	1,31.47	2,33.34	5,19.01	(80.23)	7,45.29	11,82.81
Profit before exceptional items and tax	68,25.77	66,99.92	56,12.44	192,35.71	185,99.90	238,32.20
Exceptional Items					(6,89.25)	(6,89.25)
Restructuring & Demerger expenses						
Others - refer note (g)	(10,60.00)			(10,60.00)		
Profit before tax	57,65.77	66,99.92	56,12.44	181,75.71	179,10.65	231,42.95
Tax expenses	21,13.80	19,67.23	16,86.58	59,83.97	48,92.16	64,22.28
Net Profit after tax	36,51.97	47,32.69	39,25.86	121,91.74	130,18.49	167,20.67
Minority Interest - Share of Profit/ (Loss)	2.10	1.74	-	5.32	-	5.12
Share of profit/(loss) of Associate companies						1.19
Net Profit for the period after taxes, minority interest and share of profit/(loss) of Associate Companies	36,54.07	47,34.43	39,25.86	121,97.06	130,18.49	167,26.98
<b>Paid-up Equity share Capital</b>						
Equity shares of Rs 5 each	50,13.33	50,11.47	49,92.45	50,13.33	49,92.45	49,95.73
Reserves excluding revaluation reserves						80,086.74
<b>Earning Per Share (EPS) of Rs.5 each (Rs.)</b>						
Basic	3.65	4.73	3.93	12.18	13.05	15.77
Diluted	3.57	4.64	3.83	11.95	12.72	15.59

**POLARIS CONSULTING & SERVICES LIMITED**

(Formerly known as Polaris Financial Technology Limited)

Regd Office : Carex Centre, 244 (Old no. 713) Anna Salai, Chennai 600 006

AUDITED STANDALONE FINANCIAL RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2015 PREPARED AS PER INDIAN GAAP

Rs. In Lakhs

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015
<b>Income</b>						
Income from Operations	464,47.35	473,96.60	423,89.86	1,385,18.54	1,249,10.19	1,678,20.54
<b>Expenditure</b>						
Employee cost	368,44.70	380,08.14	343,40.32	1,098,25.18	991,77.87	1,336,19.69
Depreciation and amortisation expenses	6,04.72	6,41.44	6,28.28	18,75.47	20,32.33	26,50.14
Other Expenditure	40,75.24	45,38.33	41,02.20	128,03.88	117,81.09	161,85.49
<b>Total Expenditure</b>	<b>415,24.66</b>	<b>432,47.91</b>	<b>390,70.80</b>	<b>1,245,04.53</b>	<b>1,129,91.29</b>	<b>1,524,55.32</b>
Profit from operations before other income, foreign exchange gain/ (loss), exceptional items & tax	49,22.69	41,48.69	33,19.06	140,14.01	119,18.90	153,65.22
Other Income	1,85.03	1,47.58	3,72.17	7,73.11	21,17.97	32,14.14
Foreign exchange gain/ (loss)	2,47.96	2,19.11	3,61.75	1,42.37	5,34.51	5,53.36
Profit before exceptional items and tax	53,55.68	45,15.38	38,52.98	149,29.49	145,71.38	191,32.72
Exceptional Items					(6,89.25)	(6,89.25)
Restructuring & Demerger expenses						
Others - refer note (g)	(10,60.00)			(10,60.00)		
Profit before tax	42,95.68	45,15.38	38,52.98	138,69.49	138,82.13	184,43.47
Tax expenses	19,06.13	15,23.66	13,19.68	51,07.51	39,99.48	53,71.72
Net Profit for the period after taxes	23,89.55	29,91.72	25,33.30	87,61.98	98,82.65	130,71.75
<b>Paid-up Equity share Capital</b>						
Equity shares of Rs 5 each	50,13.33	50,11.47	49,92.45	50,13.33	49,92.45	49,95.73
Reserves excluding revaluation reserves						543,33.08
<b>Earning Per Share (EPS) of Rs.5 each (Rs.)</b>						
Basic	2.38	2.99	2.54	8.75	9.91	13.10
Diluted	2.34	2.93	2.47	8.58	9.66	12.81

NOTES:

- The above results were reviewed by the Audit committee and approved by the Board of Directors at its meeting held on February 08, 2016.
- The Stand-alone results for the quarter ended and nine months period ended December 31, 2015 were audited by the Statutory Auditors of the Company.
- The above unaudited Consolidated Financial results (excluding the figures for quarter and nine months ended December 31, 2014 and quarter ended September 30, 2015) have been subjected to limited review by the Statutory auditors.
- No. of Complaints pending at the beginning of the quarter Nil  
No. of Complaints received during the quarter 9  
No. of Complaints disposed off during the quarter 9  
No. of Complaints lying unresolved at the end of the quarter Nil
- The Company has allotted 37,100 shares under Associate Stock Option Plan 2003 & 2011 of the Company during the quarter ended December 31, 2015.
- The Company uses foreign exchange contracts to hedge its exposure to movements in foreign currency rates and accounted in accordance with the Accounting Standards - 30 (Financial Instruments: Recognition and Measurement). Income from operations includes foreign exchange gain / (loss) of Rs.13,20.25, Rs.13,76.07 lakhs, (Rs.83.80 lakhs) respectively for the quarters ending December 31, 2015, September 30, 2015, December 31, 2014 and Rs.40,90.68 lakhs, Rs.30.68 lakhs respectively for the period ending December 31, 2015, December 31, 2014 & (Rs.34.13 lakhs) for the year ended March 31, 2015.
- On November 5, 2015, Virtusa Consulting Services Private Limited (Virtusa India), a subsidiary of Virtusa Corporation ("Virtusa"), entered into a definitive share purchase agreement ("SPA") to purchase a controlling stake in Polaris Consulting & Services Limited ("Polaris" or the "Company") from certain shareholders of the Company. In addition, under applicable Securities and Exchange Board of India (Substantial acquisition and take over regulations) 2015, Virtusa India will make an unconditional mandatory offer to the public shareholders of the Company to purchase up to an additional 25.0% of the outstanding shares of the Company. The transaction is subject to certain conditions to close, including regulatory approvals in the United States and India, and is expected to close during the quarter ending March 31, 2016. In connection with the transaction, the company has incurred an amount of Rs.10.60 lakhs during the quarter which has been disclosed under exceptional items - others, being significant and non-recurring.
- The Board of Directors have made a decision to divest its BPO Business via its meeting held on October 29, 2015. The Board has appointed a committee to finalize the divestment of the BPO business and the committee is in the process of finalizing a prospective buyer and completing the transaction. Management is expecting to complete the transaction by March 31, 2016. The consolidated and standalone results of the Company includes revenue of Rs.4,78 lakhs, Rs.5,32 lakhs, Rs.4,61 lakhs for the quarters ending December 31, 2015, September 30, 2015, December 31, 2014 respectively. Revenue for the nine months ended December 31, 2015, December 31, 2014 were Rs.15,09 lakhs, Rs.12,46 lakhs respectively and Rs.17,44 lakhs for the year ended March 31, 2015. The consolidated and standalone results of the Company includes pre-tax loss of Rs.1,24 lakhs, Rs.89 lakhs, Rs.1,28 lakhs for the quarters ending December 31, 2015, September 30, 2015, December 31, 2014 respectively. Pre-tax loss for the nine months ended December 31, 2015, December 31, 2014 were Rs.3,15 lakhs, Rs.3,39 lakhs respectively and Rs.4,46 lakhs for the year ended March 31, 2015.
- The business of the Company falls under a single primary segment i.e. "Software development, Support & BPO services" for the purpose of Accounting Standard - 17.
- Figures of the earlier period, wherever necessary, have been regrouped to conform with those of the current periods.
- Function wise classification of statement of Profit and Loss for the Group (Unaudited)

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015
<b>INCOME</b>						
Income from Software development, Support & BPO services	517,58.73	517,67.88	474,75.61	1,531,10.09	1,426,32.97	1,893,34.54
<b>EXPENDITURE</b>						
Software development expenses	354,91.62	365,14.04	351,35.67	1,081,59.12	1,052,73.18	1,399,64.80
Selling and marketing & General and administrative expenses	81,08.99	82,53.45	69,58.80	244,13.07	198,79.14	268,60.97
<b>Total Expenditure</b>	<b>446,00.61</b>	<b>447,67.49</b>	<b>420,94.47</b>	<b>1,325,72.19</b>	<b>1,251,52.32</b>	<b>1,668,25.77</b>
Profit before depreciation & amortisation, other income, foreign exchange gain/ (loss), exceptional items & tax	71,58.12	70,00.39	53,81.14	205,37.90	174,80.65	225,08.77
Depreciation and amortisation expenses	6,45.70	6,87.49	6,65.82	20,07.79	21,20.22	27,90.87
Profit before other income, foreign exchange gain/ (loss), exceptional items & tax	65,12.42	63,12.90	47,15.32	185,30.11	153,60.43	197,17.90
Other Income	1,81.88	1,53.68	3,78.11	7,85.83	24,93.18	29,31.49
Foreign exchange gain/ (loss)	1,31.47	2,33.34	5,19.01	(80.23)	7,45.29	11,82.81
Profit before exceptional items and tax	68,25.77	66,99.92	56,12.44	192,35.71	185,99.90	238,32.20
Exceptional Items	(10,60.00)			(10,60.00)	(6,89.25)	(6,89.25)
Profit before tax	57,65.77	66,99.92	56,12.44	181,75.71	179,10.65	231,42.95
Provision for taxation	21,13.80	19,67.23	16,86.58	59,83.97	48,92.16	64,22.28
Net Profit after tax	36,51.97	47,32.69	39,25.86	121,91.74	130,18.49	167,20.67
Minority Interest/ Share of profit/(loss) of Associate Companies	2.10	1.74	-	5.32	-	6.31
Net Profit for the period after taxes, minority interest and share of profit/(loss) of Associate Companies	36,54.07	47,34.43	39,25.86	121,97.06	130,18.49	167,26.98

Place : Chennai  
Date : February 08, 2016

For Polaris Consulting & Services Limited

Rita Goyal  
Executive Director

Valdyanathan N.M  
Chief Financial Officer

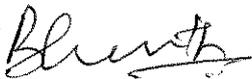


**Auditor's Report On Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
**Board of Directors of  
Polaris Consulting & Services Limited,**

1. We have audited the quarterly financial results of Polaris Consulting & Services Limited for the quarter ended December 31, 2015 and the year-to-date results for the period from April 1, 2015 to December 31, 2015, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results as well as the year-to-date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management and have been approved by the Board of Directors. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", specified under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:
  - i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in this regard; and
  - ii. give a true and fair view of the net profit and other financial information for the quarter ended December 31, 2015 as well as the year-to-date results for the period from April 1, 2015 to December 31, 2015.

For **S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm registration number: 101049W



per **Bharath N S**  
Partner  
Membership No.: 210934  
Chennai  
February 8, 2016

**Limited Review Report****Review Report to  
The Board of Directors  
Polaris Consulting & Services Limited**

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Polaris Group comprising Polaris Consulting & Services Limited ('the Company') and its subsidiaries (together, 'the Group'), for the three and nine months ended December 31, 2015 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. 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.
2. We conducted our review in accordance with the Standard on Review Engagements (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 provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. 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 prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Without qualifying our conclusion we draw attention to the fact that the corresponding comparative figures for the quarter ended September 30, 2015 and three and nine months ended December 31, 2014 disclosed in the Statement have neither been audited nor subjected to a review.

**For S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm registration number: 101049W



**per Bharath N S**  
Partner  
Membership No.: 210934

Chennai  
February 8, 2016

## Polaris' Q3 FY16 revenues up by 9% YoY

***Strategic deal with Virtusa on track. Expected closure in Q4 FY16***

**Chennai (India), February 8, 2016:** Polaris Consulting & Services Ltd (NSE and BSE: POLARIS), a global leader in digital transformation solutions and services, announced its results for the third quarter of FY16 today.

Revenues for the Quarter were Rs. 517.59 crore, registering 9% YoY growth compared to Rs. 474.76 crore in the same quarter last year. In dollar terms, quarter revenues stood at \$ 76.51 Mn.

EBITDA was at Rs. 71.58 crore registering 33 % YoY growth. Operating margin improved to 13.83 % compared to 11.3% in the same quarter last year. Out of the total estimated one time transaction costs of Rs. 21.2 crores related to the SPA with Virtusa Corporation, the company provisioned Rs. 10.6 crores in this quarter, consequent to which PAT came in at Rs. 36.54 crores. Cash and cash equivalents increased significantly to Rs. 408 crore from Rs. 294 crore at the end of the last quarter.

### Business Highlights

- Three new clients were added in the last quarter
- Talent strength was 7738 ( Excluding BPO division) as of 31 December 2015.
- DSO has further reduced from 83 days to 81 days
- Polaris Consulting ranked amongst the Global Top 100 vendors in Fintech Forward Ranking's by American Banker BAI

### Management Statement

**Jitin Goyal, CEO and Executive Director, Polaris Consulting & Services Limited said,** "The management team has been focused on securing long term engagement with our strategic clients to ensure continuity and future revenues. The definitive agreement with Virtusa announced in November was a key step in that direction and we expect closure in Q4. From a strategic perspective, we continue to remain focused on Digital Transformation in financial services, a strategy which is already yielding positive results."

**NM Vaidyanathan, Chief Financial Officer, Polaris Consulting & Services Limited, said,** "We have been able to improve operating margins to 13.8% by implementing a series of efficiency measures. While EBITDA grew 33% in the current quarter compared to previous year, PAT has been impacted due to part provisioning of one time transaction costs in relation to the SPA with Virtusa Corporation. Our ongoing effort to optimize working capital has improved our cash position significantly to Rs 408 crores from Rs 294 crores last Quarter. "

**Financial Results for the Third Quarter Ended December 31, 2015**

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

**Unaudited consolidated financial results for the third quarter ended December 31, 2015 prepared as per Indian GAAP-**

**Rs. Lakhs**

Particulars	QUARTER ENDED			YEAR ENDED
	December 31, 2015	September 30, 2015	December 31, 2014	March 31, 2015
<b>INCOME</b>				
Income from Software development, Support & BPO services	51,758.73	51,767.88	47,475.61	189,334.54
<b>EXPENDITURE</b>				
Software development expenses	36,491.62	36,514.04	35,135.67	139,964.80
Selling & Marketing and General & Administrative expenses	8,108.99	8,253.45	6,958.80	26,860.97
<b>Total Expenditure</b>	<b>44,600.61</b>	<b>44,767.49</b>	<b>42,094.47</b>	<b>166,825.77</b>
<b>Profit before interest, depreciation &amp; amortisation other Income, foreign exchange gain/ (loss), exceptional items &amp; tax</b>	<b>7,158.12</b>	<b>7,000.39</b>	<b>5,381.14</b>	<b>22,508.77</b>
Depreciation and Amortisation expenses	645.70	687.49	665.82	2,790.87
<b>Profit before other Income, foreign exchange gain/ (loss), exceptional items &amp; tax</b>	<b>6,512.42</b>	<b>6,312.90</b>	<b>4,715.32</b>	<b>19,717.90</b>
Foreign exchange gain/ (loss)	131.47	233.34	519.01	1,182.81
Other Income	181.88	153.68	378.11	2,931.49
<b>Profit before exceptional items and tax</b>	<b>6,825.77</b>	<b>6,699.92</b>	<b>5,612.44</b>	<b>23,832.20</b>
Exceptional items (Part Provisioning of One Time transaction costs related to SPA with Virtusa in Q3FY16)	(1,060.00)	-	-	(689.25)*
<b>Profit before tax</b>	<b>5,765.77</b>	<b>6,699.92</b>	<b>5,612.44</b>	<b>23,142.95</b>
Provision for taxation	2,113.80	1,967.23	1,686.58	6,422.28
<b>Net Profit after tax</b>	<b>3,651.97</b>	<b>4,732.69</b>	<b>3,925.86</b>	<b>16,720.67</b>
Minority Interest/ Share of profit/(loss) of Associate Companies	2.10	1.74	-	6.31
<b>Net Profit for the period after taxes, minority interest and share of profit/(loss) of Associate Companies</b>	<b>3,654.07</b>	<b>4,734.43</b>	<b>3,925.86</b>	<b>16,726.98</b>

\* Exceptional item for the year ended March 31, 2015 is for Demerger related expenses

<p><b>For Media related info, please contact:</b> Nachu Nagappan Mob: ++91 89396 19676 Email: <a href="mailto:nachu.nagappan@intellectdesign.com">nachu.nagappan@intellectdesign.com</a></p>	<p><b>For Investor related info, please contact:</b> Praveen Malik Mob: +91 89397 82837 Email: <a href="mailto:Praveen.malik@intellectdesign.com">Praveen.malik@intellectdesign.com</a></p>
--	---