

PCSL/SEC/2016-17

February 8, 2017

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 8<sup>th</sup> February 2017, have approved the following:

**Financial Results:**

Unaudited Standalone and Consolidated Financial results for the quarter ended 31<sup>st</sup> December 2016, 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 Report are enclosed.

Media Release announcing the financial results of the Company for the quarter ended 31<sup>st</sup> December 2016 is enclosed.

Investor Presentation under Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the quarter ended 31<sup>st</sup> December 2016

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).

Other business:

- In principle approval in respect of the investment to be made by Polaris Consulting Services Pte Ltd, Singapore (subsidiary of the Company) in Virtusa Malaysia SDN BHD
- Reconstitution of CSR committee



**Polaris Consulting & Services Limited**

Registered Office & Corporate Headquarters: No.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



The Board Meeting commenced at 12:30 hours and concluded at 18:20 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.



# 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 and nine months ended 31 December 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Attention is drawn to the fact that the figures for the corresponding quarter and nine months ended 31 December 2015 and for the year ended 31 March 2016 are based on previously issued financial results or annual financial statements that were audited by the predecessor auditors (vide their unmodified audit report dated 08 February 2016 and unmodified audit report dated 12 May 2016) as adjusted for differences in the accounting principles adopted by the Company on transition to Indian Accounting Standards ('Ind AS'), which have been reviewed by us. These adjustments reconcile the net profit for the corresponding quarter and nine months ended 31 December 2015 and the net profit for the period ended 31 March 2016 under the previously applicable Generally Accepted Accounting Principles with the total comprehensive income as reported in the standalone financial results under Ind AS.

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 and nine months period ended 31 December 2016 prepared in accordance with applicable accounting standards i.e. 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 Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: 08 February 2017

B S R & Co. (a partnership firm with Registration  
No. BA61223) 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

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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 joint venture (collectively referred to as 'the Group') (Refer to note 'c' of the Statement) for the quarter and nine months ended 31 December 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Attention is drawn to the fact that the figures for the corresponding quarter and nine months ended 31 December 2015 and for the year ended 31 March 2016 are based on previously issued consolidated financial results or annual consolidated financial statements that were reviewed/audited by the predecessor auditors (vide their unmodified limited review report dated 08 February 2016 and unmodified audit report dated 12 May 2016) as adjusted for differences in the accounting principles adopted by the Company on transition to Indian Accounting Standards ('Ind AS'), which have been reviewed by us. These adjustments reconcile the net profit for the corresponding quarter and nine months ended 31 December 2015 and the net profit for the period ended 31 March 2016 under the previously applicable Generally Accepted Accounting Principles with the total comprehensive income as reported in the consolidated financial results under Ind AS.

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 financial results of the Group. These subsidiaries account for Rs. 8,836 lakhs and Rs. 27,100 lakhs of revenues from operations for the quarter and nine months ended 31 December 2016 respectively. The financial results also include the Group's share of net loss of Rs. 3 lakhs and Rs. 35 Lakhs for the quarter and nine months ended 31 December 2016 respectively, in respect of such joint venture. The unaudited financial results of these subsidiaries and the 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.

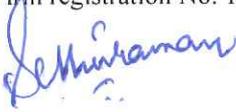
**B S R & Co. LLP**

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 and nine months ended 31 December 2016 prepared in accordance with applicable accounting standards i.e. 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 Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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



**S Sethuraman**

*Partner*

Membership No. 203491

**Place:** Chennai

**Date:** 08 February 2017

**POLARIS CONSULTING & SERVICES LIMITED**  
 CIN:L65993TN1993PLC024142  
 Regd Office : No.34, IT Highway, Navalur, Chennai - 600 130  
 Statement of Unaudited consolidated financial results for the quarter and nine months ended 31 December 2016

(Rs. In Lakhs, except per equity share data)

S. No	Particulars	THREE MONTHS ENDED			NINE MONTHS ENDED			YEAR ENDED		
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2015	31 March 2016		
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
1.	Income from Operations	51,544.79	50,672.11	51,690.31	151,767.18	155,221.29	151,767.18	205,135.16		
2.	Expenses									
	(a) Employee benefits expenses	40,075.06	39,476.32	40,134.27	117,925.24	118,098.46	117,925.24	160,992.30		
	(b) Depreciation and amortisation expense	685.88	578.93	645.70	1,839.78	2,007.79	1,839.78	2,643.32		
	(c) Other expenses	5,665.49	5,050.87	5,249.02	16,021.23	15,965.51	16,021.23	20,698.76		
	Total Expenses	46,426.43	45,106.12	46,028.99	135,786.25	136,071.76	135,786.25	184,334.38		
3.	Profit from operations before other income and exceptional items (1-2)	5,118.36	5,565.99	5,661.32	15,980.93	19,149.53	15,980.93	20,800.78		
4.	Other Income	1,707.14	586.65	277.20	3,042.03	965.83	3,042.03	1,916.31		
5.	Profit from ordinary activities before exceptional items (3+4)	6,825.50	6,152.64	5,938.52	19,022.96	20,115.36	19,022.96	22,717.09		
6.	Exceptional items (refer note f)	-	-	(1,060.00)	-	(1,060.00)	-	(2,183.58)		
7.	Profit from ordinary activities before tax (5+6)	6,825.50	6,152.64	4,878.52	19,022.96	19,055.36	19,022.96	20,533.51		
8.	Tax expenses	2,057.85	2,023.24	2,198.66	6,136.57	7,001.85	6,136.57	10,235.70		
9.	Net Profit for the period (7-8)	4,767.65	4,129.40	2,679.86	12,886.39	12,053.51	12,886.39	10,297.81		
10.	(a) Non - Controlling Interest	(2.78)	(14.91)	2.10	(34.58)	5.32	(34.58)	5.32		
	(b) Share of loss of Joint Venture	4,764.87	4,114.49	2,681.96	12,851.81	12,058.83	12,851.81	10,294.94		
11.	Net Profit for the period after taxes, non-controlling interest and share of loss of Joint Venture (9+10)	(1,418.87)	613.37	(1,672.33)	(1,015.75)	(3,491.72)	(1,015.75)	(3,005.63)		
12.	Other Comprehensive Income (net of taxes)	3,346.00	4,727.86	1,009.63	11,836.06	8,567.11	11,836.06	7,289.31		
13.	Total Comprehensive Income (11+12)	5,079.62	5,079.03	5,013.33	5,079.62	5,013.33	5,079.62	5,068.34		
14.	Paid-up Equity share Capital (Face value of Rs. 5 each)									
15.	Reserves i.e. Other equity	4.69	4.05	2.68	12.66	12.04	12.66	10.27		
	(b) Diluted	4.66	4.02	2.63	12.54	11.86	12.54	10.15		
16.	Earning Per Share (EPS) of Rs.5 each (Rs.)									
	(a) Basic	4.69	4.05	2.68	12.66	12.04	12.66	10.27		
	(b) Diluted	4.66	4.02	2.63	12.54	11.86	12.54	10.15		
	See accompanying notes to the financial results									
<b>POLARIS CONSULTING &amp; SERVICES LIMITED</b>										
Regd Office : No.34, IT Highway, Navalur, Chennai - 600 130										
Statement of Unaudited Standalone financial results for the quarter and nine months ended 31 December 2016										
(Rs. In Lakhs, except per equity share data)										
S. No	Particulars	THREE MONTHS ENDED			NINE MONTHS ENDED			YEAR ENDED		
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2015	31 March 2016		
1.	Income from Operations	36,710.25	36,184.41	39,245.56	108,657.25	118,311.88	108,657.25	153,421.32		
2.	Expenses									
	(a) Employee benefits expenses	27,750.64	27,908.08	30,023.62	83,196.36	89,335.28	83,196.36	120,464.07		
	(b) Depreciation and amortisation expense	634.26	559.21	604.72	1,748.06	1,875.45	1,748.06	2,493.72		
	(c) Other expenses	4,571.38	3,888.83	3,981.38	12,711.41	12,171.07	12,711.41	15,860.57		
	Total Expenses	32,956.28	32,356.12	34,609.72	97,655.83	103,381.80	97,655.83	138,818.36		
3.	Profit from operations before other income and exceptional items (1-2)	3,753.97	3,828.29	4,635.84	11,001.42	14,930.08	11,001.42	14,602.96		
4.	Other Income	963.61	518.50	306.67	2,350.79	971.77	2,350.79	3,176.89		
5.	Profit from ordinary activities before exceptional items (3+4)	4,717.58	4,346.79	4,942.51	13,352.21	15,901.85	13,352.21	17,779.85		
6.	Exceptional items (refer note f)	-	-	(1,060.00)	-	(1,060.00)	-	(2,183.58)		
7.	Profit from ordinary activities before tax (5+6)	4,717.58	4,346.79	3,882.51	13,352.21	14,841.85	13,352.21	15,596.27		
8.	Tax expenses	1,689.74	1,504.81	2,035.43	4,796.64	5,991.76	4,796.64	8,878.06		
9.	Net Profit for the period (7-8)	3,027.84	2,841.98	1,847.08	8,555.57	8,850.09	8,555.57	6,718.21		
10.	Other Comprehensive Income (net of taxes)	276.86	927.80	(1,900.95)	1,224.44	(3,832.51)	1,224.44	(4,372.11)		
11.	Total Comprehensive Income (9+10)	3,304.70	3,769.78	(53.87)	9,780.01	5,017.58	9,780.01	2,346.10		
12.	Paid-up Equity share Capital (Face value of Rs. 5 each)									
13.	Reserves i.e. Other equity	5,079.62	5,079.03	5,013.33	5,079.62	5,013.33	5,079.62	5,068.34		
14.	Earning Per Share (EPS) of Rs.5 each (Rs.)									
	(a) Basic	2.98	2.80	1.84	8.43	8.84	8.43	6.70		
	(b) Diluted	2.96	2.78	1.81	8.35	8.70	8.35	6.62		
	See accompanying notes to the financial results									



*Devi*

*Ravi Svaran*

**NOTES :**

a The unaudited standalone financial results and unaudited consolidated financial results for the three months and nine months ended 31 December 2016 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 8 February 2017. The above results have been subjected to limited review by the statutory auditors of the Company. The reports of the statutory auditors are unqualified.

b Beginning 1 April 2016, the Company has for the first time adopted Indian Accounting Standards ('Ind AS') with a transition date of 1 April 2015. These financial results have been prepared in accordance with 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 5 July 2016.

The Company has prepared a reconciliation of the net profit for the corresponding period under the previously applicable Generally Accepted Accounting Principles ('previous GAAP') with the total comprehensive income as reported in these financial results under Ind AS. The net profit reconciliations for the quarter and nine months ended 31 December 2015 for standalone and consolidated financial results are presented below:

Net Profit Reconciliation	Three months ended 31 December 2015		Nine months ended 31 December 2015		Year ended 31 March 2016	
	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
<b>Net Profit attributable to the Shareholders of the Company as per previous GAAP</b>	<b>3,654.07</b>	<b>2,389.55</b>	<b>12,197.06</b>	<b>8,761.98</b>	<b>12,707.40</b>	<b>8,975.84</b>
Difference on account of revenue recognition	292.22	485.02	3,116.39	2,774.70	2,786.42	2,232.31
Mark to market adjustments on Investments	(46.14)	(46.14)	(19.37)	(27.04)	190.18	180.62
Actuarial gain on employee defined benefit plans recognised in OCI	12.50	12.50	(1.45)	(1.45)	(33.13)	(33.13)
Increase in compensation cost due to fair value accounting of share based payments	(880.57)	(483.24)	(1,230.05)	(671.95)	(1,379.19)	(709.54)
Effect of consolidation of employee welfare trusts	(381.32)	(381.32)	(1,101.91)	(1,101.91)	(3,159.37)	(3,159.37)
Others	116.05	(84.85)	118.05	(884.24)	136.01	(768.52)
Income tax impact on above adjustments	(84.85)	(129.29)	(1,017.89)	(884.24)	(953.38)	(768.52)
<b>Net profit for the period as per Ind AS (A)</b>	<b>2,681.96</b>	<b>1,847.08</b>	<b>12,058.83</b>	<b>8,850.09</b>	<b>10,294.94</b>	<b>6,718.21</b>
<i>Other Comprehensive Income (OCI):</i>						
Re-measurement gains on defined benefit plans	(12.50)	(12.50)	1.45	1.45	33.13	33.13
Exchange differences on translation of foreign operations	222.96	(5.66)	975.95	635.16	1,707.59	341.10
Net movement on cash flow hedges	(412.07)	(412.07)	(4,293.80)	(4,293.80)	(4,704.21)	(4,704.21)
Mark to market adjustments on investments	(1,625.14)	(1,625.14)	(1,860.88)	(1,860.88)	(1,858.55)	(1,858.55)
Income tax impact on above adjustments	154.42	154.42	1,685.56	1,685.56	1,816.41	1,816.41
<b>Sub-total (B)</b>	<b>(1,672.33)</b>	<b>(1,900.95)</b>	<b>(3,491.72)</b>	<b>(3,832.51)</b>	<b>(3,005.63)</b>	<b>(4,372.11)</b>
<b>Total Comprehensive Income as reported under Ind AS (A + B)</b>	<b>1,009.63</b>	<b>(53.87)</b>	<b>8,567.11</b>	<b>5,017.58</b>	<b>7,289.31</b>	<b>2,346.10</b>

c The consolidated financial results include the financial results of the parent company Polaris Consulting & Services Limited, and the financial results of the following entities:

- Optimus Global Services Limited
  - Polaris Consulting & Services Pie Ltd
  - Polaris Consulting and Services Japan K K
  - Polaris 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 Kit.
  - Polaris Consulting & Services SA
  - Polaris Consulting & Services FZ-LLC
  - Associate Stock Option Plan (ASOP) Trust
  - Orbitech Employee Welfare Trust (OEWT)
- Joint Venture:
- Intellect Polaris Design LLC

d The Company has allotted 11,700 shares under its stock option plans during the quarter ended 31 December 2016 and 225,490 shares during the nine months ended 31 December 2016.

e On 3 March 2016, Virtusa Consulting Services Private Limited ("Virtusa India"), a subsidiary of Virtusa Corporation ("Virtusa US"), completed the acquisition of 52.94% of the outstanding share capital of Polaris Consulting & Services Limited from certain shareholders of the Company for approximately INR 117,281 Lakhs (USD 180 million) in cash. In addition, under applicable Securities and Exchange Board of India (Substantial acquisition and take over regulations) 2015, Virtusa India made an unconditional mandatory offer to the public shareholders of the Company to purchase up to an additional 26% of the outstanding shares of the Company. Virtusa India accepted the purchase of 26,719,942 shares of Polaris common stock for INR 220.73 per share (USD 3.25 per share) for an aggregate purchase price of INR 58,979 Lakhs (USD 86.8 million). The mandatory offer began on 11 March 2016 and closed on 28 March 2016 and was fully subscribed.

f Exceptional items for the year ended 31 March 2016 includes a sum of INR 1,517.55 lakhs incurred as transaction costs in connection with the acquisition of a majority stake in the Company by Virtusa India and a sum of INR 666.03 lakhs recognised as an impairment loss, in the then proposed sale of the BPO business of the Company pursuant to the Business Transfer Agreement with M/s. Gamma Process Hub India Limited to transfer all of its legal and beneficial ownership in the BPO business as a going concern for a consideration of INR 200 lakhs. Subsequently, the transaction was consummated and the BPO business was transferred for a net consideration of INR 145 lakhs pursuant to a revised Business Transfer Agreement.

g Segment Reporting in Consolidated financial results: Based on the "management approach" as defined in Ind AS 108-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 figures have been reclassified wherever required to conform to the classification of the current period.

Place : Chennai  
Date : February 8, 2017

*Rama Sivaraman* For Polaris Consulting & Services Limited  
Director

*Vaidyanathan N.M*  
Chief Financial Officer





## Q3 Results FY2017 INR

### Polaris' Announces Q3 FY17 Results

**Chennai (India), February 8, 2017:** Polaris Consulting & Services Ltd (NSE and BSE: POLARIS), a leader in digital transformation solutions and services, announced its results for the third quarter and nine months results of FY17 today.

#### Business Highlights

- Polaris' Q3 FY17 revenues stood at Rs. 515 crore, registering 1.7% growth as compared to Q2 FY17. In dollar terms, revenues stood at \$76.51 Mn as against \$75.67 Mn in Q2 FY17
- Profit After Tax (PAT) grew by 15.8% Q-o-Q to Rs. 48 crore
- EPS for the quarter improved to Rs. 4.69 compared to Rs. 4.05 in Q2 FY17 and Rs. 2.68 in Q3 FY16
- Cash, Cash equivalents and Investments stood at Rs. 524 Crores at the end of the quarter compared to Rs. 479 Crores at the end of Q2 FY17
- DSO stood at 89 Days compared to 86 days in Q2 FY17
- Average utilization in Q3 FY17 was 80% compared to 77% during Q2 FY17
- Talent strength of 7,109 as of December 31, 2016

#### Management Statement

**Mr. Kris Canekeratne, Chairman, Polaris Consulting & Services Limited** said, "We are delighted to report a robust performance despite prevailing difficult macroeconomic conditions due to the uncertainties around Brexit and US elections. Our deep domain expertise in the BFSI vertical has enabled us to build on our capabilities and introduce new features and compelling services in line with the ever changing customer requirements. Testament to this is the recently launched OpenBank API Accelerator, which enables our clients to securely and rapidly enhance their digital offerings. We remain committed to innovation and digital transformation to keep up with this growing market segment."

**N M Vaidyanathan, Chief Financial Officer, Polaris Consulting & Services Limited,** said, "We are pleased with the performance of the Company during the quarter. The Company recorded a sequential revenue growth of 1.7% and PAT growth of 15.8%, primarily driven by forex gains. We continue to invest in integrating various functions of virtusaPolaris in our endeavour to realise synergies."

#### 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.



## Q3 Results FY2017 INR

<p><b>For Media related info, please contact:</b>                  Bharathi Mehra                  Phone: +91 98451 20566                  Email: <a href="mailto:mbharathi@virtusapolaris.com">mbharathi@virtusapolaris.com</a></p>	<p><b>For Investor related info, please contact:</b>                  Bijay Sharma                  Churchgate Partners                  Phone: +91 22 6169 5988                  Email: <a href="mailto:polaris@churchgatepartners.com">polaris@churchgatepartners.com</a></p>
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### Financial Results for the Third Quarter and Nine Months Ended December 31, 2016

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

Unaudited consolidated financial results for the third quarter and nine months ended December 31, 2016 prepared as per IND AS

	Quarter Ended			Period Ended		Year Ended
	31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Mar-16
(Amount in Rs. Lakhs)						
Revenue from operations	51,544.79	50,672.11	51,690.31	151,767.18	155,221.29	205,135.16
Other income	1,707.15	586.65	277.20	3,042.03	965.83	1,916.31
<b>Total Income</b>	<b>53,251.94</b>	<b>51,258.76</b>	<b>51,967.51</b>	<b>154,809.21</b>	<b>156,187.12</b>	<b>207,051.47</b>
<b>Expenses</b>						
Employee benefits expense	40,075.06	39,476.32	40,134.27	117,925.24	118,098.46	160,992.30
Depreciation and amortisation expense	685.88	578.93	645.70	1,839.78	2,007.79	2,643.32
Other expenses	5,665.49	5,050.87	5,249.02	16,021.23	15,965.51	20,698.76
<b>Total expenses</b>	<b>46,426.44</b>	<b>45,106.12</b>	<b>46,028.99</b>	<b>135,786.25</b>	<b>136,071.76</b>	<b>184,334.38</b>
<b>Profit/(loss) before exceptional items and tax</b>	<b>6,825.50</b>	<b>6,152.64</b>	<b>5,938.52</b>	<b>19,022.96</b>	<b>20,115.36</b>	<b>22,717.09</b>
Exceptional item	0.00	0.00	(1,060.00)	0.00	(1,060.00)	(2,183.58)
<b>Profit/(loss) before tax</b>	<b>6,825.50</b>	<b>6,152.64</b>	<b>4,878.52</b>	<b>19,022.96</b>	<b>19,055.36</b>	<b>20,533.51</b>
<b>Tax expense</b>						
a) Current tax	2,006.36	2,105.21	2,071.50	5,530.71	6,231.55	9,651.31
b) Deferred tax	51.49	(81.98)	127.16	605.86	770.30	584.39
<b>Profit after tax before share of results of associates</b>	<b>4,767.65</b>	<b>4,129.40</b>	<b>2,679.86</b>	<b>12,886.39</b>	<b>12,053.51</b>	<b>10,297.81</b>
Add: Share of profit from Joint Venture	(2.78)	(14.91)	0.00	(34.58)	0.00	(8.19)
<b>Profit/(loss) for the period</b>	<b>4,764.86</b>	<b>4,114.49</b>	<b>2,679.86</b>	<b>12,851.81</b>	<b>12,053.51</b>	<b>10,289.62</b>
<b>Attributable to:</b>						
Owners of the parent	4,764.87	4,114.49	2,681.96	12,851.81	12,058.83	10,294.94
Non-controlling interest	0.00	0.00	(2.10)	0.00	(5.32)	(5.32)
<b>Other comprehensive income</b>	<b>(1,418.87)</b>	<b>613.37</b>	<b>(1,672.33)</b>	<b>(1,015.75)</b>	<b>(3,491.72)</b>	<b>(3,005.63)</b>
<b>Total comprehensive income</b>	<b>3,346.00</b>	<b>4,727.87</b>	<b>1,009.63</b>	<b>11,836.06</b>	<b>8,567.11</b>	<b>7,289.31</b>
<i>(Comprising Profit/(Loss) and Other Comprehensive Income for the period)</i>						
Basic EPS	4.69	4.05	2.68	12.66	12.04	10.27
Diluted EPS	4.66	4.02	2.63	12.54	11.86	10.15

# Polaris Consulting & Services Limited

(BSE: 532254; NSE: POLARIS)

Q3 FY2017 Earnings Presentation  
February 8, 2017

## Performance Highlights: Q3 FY2017

## Net Revenue

Rs. 5,154 mn

+1.7% q-o-q

## EBITDA

Rs. 580 mn

Margin: 11.3% (-87bps)

## PAT

Rs. 476 mn

Margin: 9.2% (+112bps)

## DSO

89 Days

(86 Days: Q2 FY2017)

## Headcount

7,109

Attrition: 20.0%

## CCE and Investments

Rs. 5,236 mn

(Rs. 4,792 mn: Q2 FY2017)

## Management Perspectives

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

We are delighted to report a robust performance despite prevailing difficult macroeconomic conditions due to the uncertainties around Brexit and US elections. Our deep domain expertise in the BFSI vertical has enabled us to build on our capabilities and introduce new features and compelling services in line with the ever changing customer requirements. Testament to this is the recently launched OpenBank API Accelerator, which enables our clients to securely and rapidly enhance their digital offerings. We remain committed to innovation and digital transformation to keep up with this growing market segment.

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

We are pleased with the performance of the Company during the quarter. The Company recorded a sequential revenue growth of 1.7% and PAT growth of 15.8%, primarily driven by forex gains. We continue to invest in integrating various functions of virtusaPolaris in our endeavour to realise synergies.

## Performance Overview

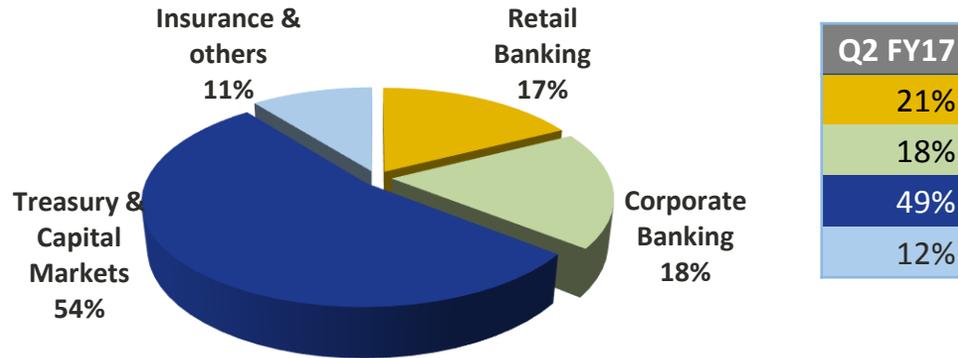
Particulars	Q3		Y-o-Y	Q2	Q-o-Q	Nine Months		Y-o-Y
	FY2017	FY2016	Growth (%)	FY2017	Growth (%)	FY2017	FY2016	Growth (%)
Net Revenue	5,154	5,169	(0.3)%	5,067	1.7%	15,177	15,522	(2.2)%
EBITDA	580	631	(8.0)%	614	(5.5)%	1,782	2,116	(15.8)%
Margin (%)	11.3%	12.2%		12.1%		11.7%	13.6%	
PAT	476	268	77.7%	411	15.8%	1,285	1,206	6.6%
Margin (%)	9.2%	5.2%		8.1%		8.5%	7.8%	
Basic EPS (Rs.)	4.69	2.68	75.3%	4.05	15.8%	12.66	12.04	5.1%

## Performance Discussion (Q-o-Q)

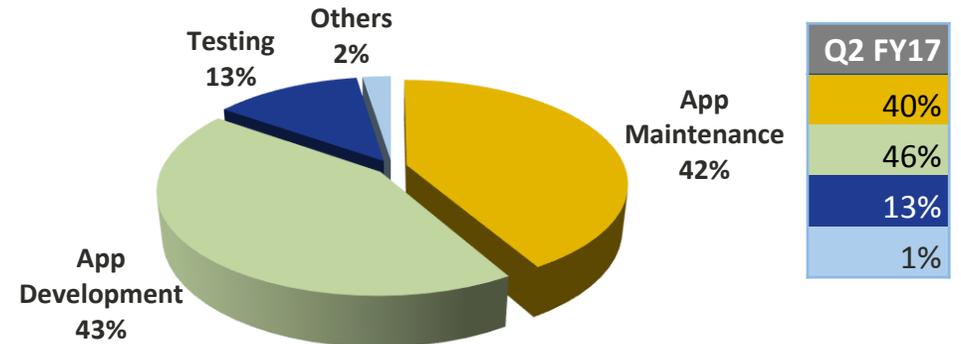
- On constant currency basis revenue for the quarter improved by 1.1%
- EBITDA for the quarter was impacted Rs. 64 mn (1.2% of net revenue) primarily related to integration cost
- Improvement in PAT was driven by increase in other income due to favourable foreign exchange gains
- EPS for the quarter improved to Rs. 4.69 compared to Rs. 4.05 in Q2 FY17 and Rs. 2.68 in Q3 FY16

# Q3 FY2017 Revenue Break-up

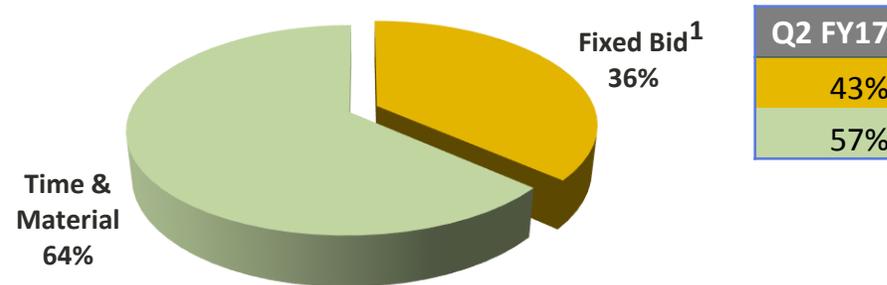
## Revenue by Vertical



## Revenue by Service Offering



## Revenue by Contract Type

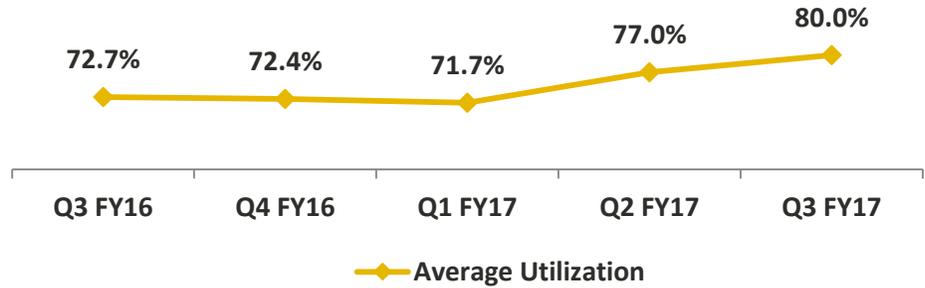


Note:

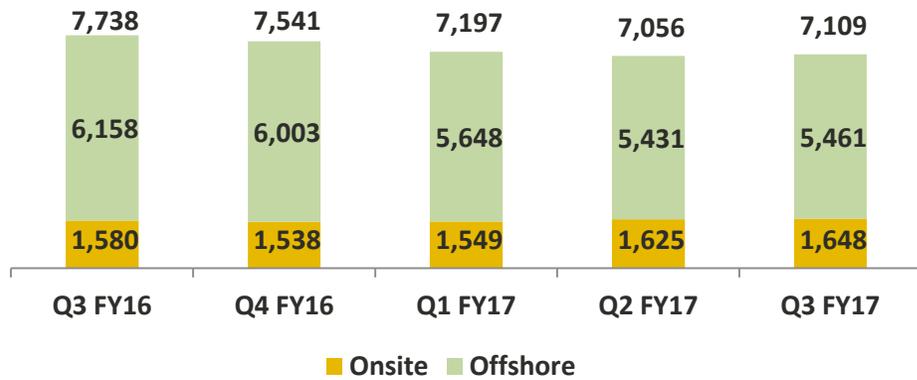
1. Fixed bid includes Fixed price

# Operational Metrics

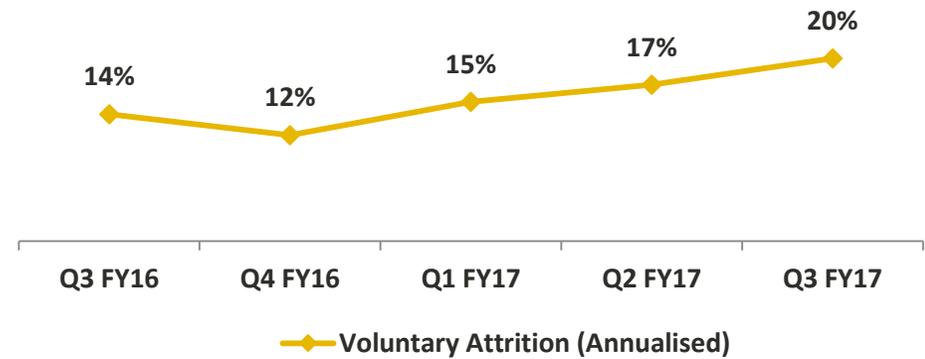
## Utilization



## Headcount<sup>1</sup>



## Attrition

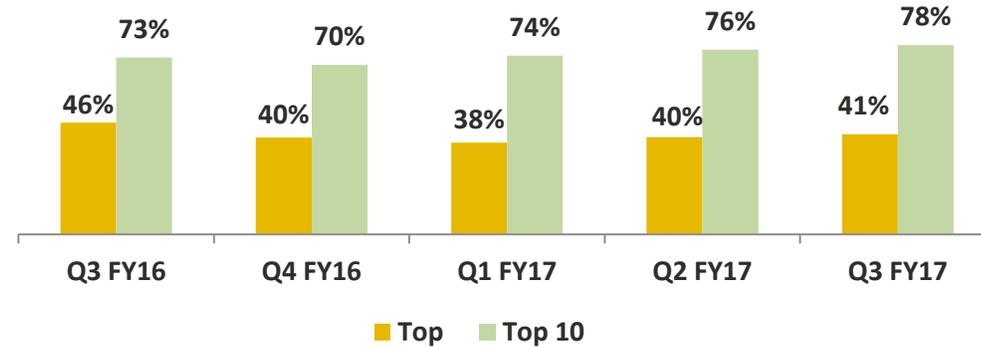


Note:

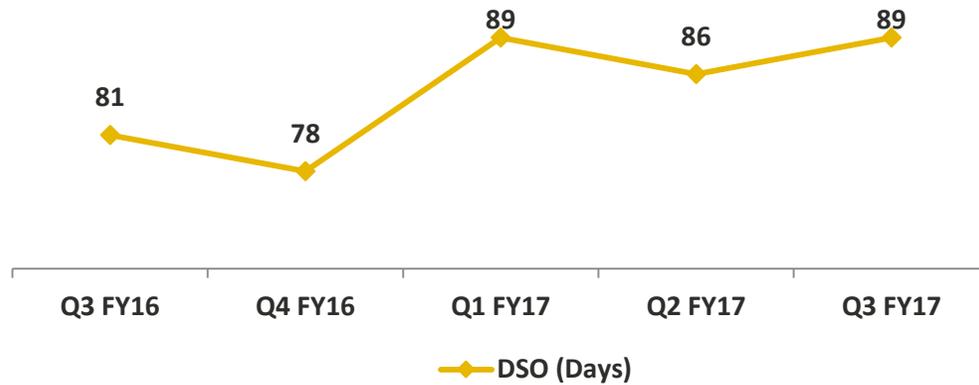
1. Excluding BPO and including vendors

# Operational Metrics

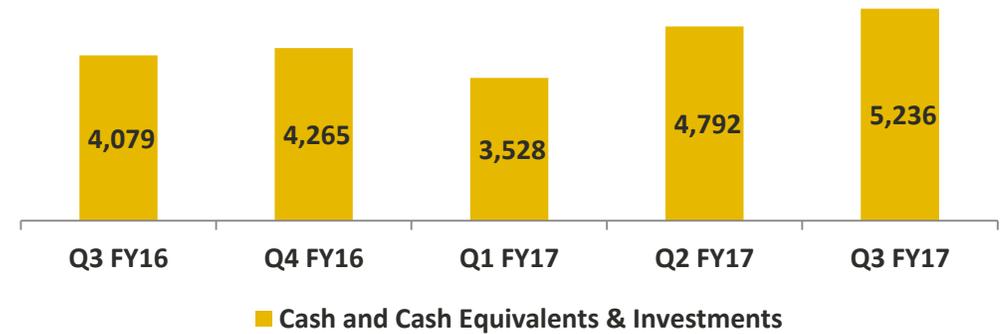
## Contribution by top Clients



## DSO



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



# Factsheet

## Factsheet

## Detailed Profit &amp; Loss Statement

Profit & Loss Statement (Rs. mn)	Q3		Y-o-Y Growth (%)	Q2 FY17	Q-o-Q Growth (%)	Nine Months		Y-o-Y Growth (%)
	FY17	FY16				FY17	FY16	
Income from operations	5,154	5,169	(0.3)%	5,067	1.7%	15,177	15,522	(2.2)%
Employee Cost	(4,008)	(4,013)	(0.1)%	(3,948)	1.5%	(11,793)	(11,810)	(0.1)%
<i>% of Sales</i>	77.7%	77.6%		77.9%		77.7%	76.1%	
Other Expenditures	(567)	(525)		(505)		(1,602)	(1,597)	
<b>EBITDA</b>	<b>580</b>	<b>631</b>	<b>(8.0)%</b>	<b>614</b>	<b>(5.5)%</b>	<b>1,782</b>	<b>2,116</b>	<b>(15.8)%</b>
<b>EBITDA Margin (%)</b>	<b>11.3%</b>	<b>12.2%</b>		<b>12.1%</b>		<b>11.7%</b>	<b>13.6%</b>	
Depreciation and Amortisation	(69)	(65)		(58)		(184)	(201)	
<i>% of Sales</i>	1.3%	1.2%		1.1%		1.2%	1.3%	
<b>EBIT</b>	<b>512</b>	<b>566</b>	<b>(9.6)%</b>	<b>557</b>	<b>(8.0)%</b>	<b>1,598</b>	<b>1,915</b>	<b>(16.5)%</b>
<b>EBIT Margin (%)</b>	<b>9.9%</b>	<b>11.0%</b>		<b>11.0%</b>		<b>10.5%</b>	<b>12.3%</b>	
Other Income	171	28		59		304	97	
Exceptional Item	0	(106)		0		0	(106)	
<b>PBT</b>	<b>683</b>	<b>488</b>	<b>39.9%</b>	<b>615</b>	<b>10.9%</b>	<b>1,902</b>	<b>1,906</b>	<b>(0.2)%</b>
<b>PBT Margin (%)</b>	<b>13.2%</b>	<b>9.4%</b>		<b>12.1%</b>		<b>12.5%</b>	<b>12.3%</b>	
Tax Expenses	(206)	(220)		(202)		(614)	(700)	
Share of (profit)/loss of associate companies	(0)	0		(1)		(3)	0	
Minority Interest	0	0		0		0	1	
<b>PAT</b>	<b>476</b>	<b>268</b>	<b>77.7%</b>	<b>411</b>	<b>15.8%</b>	<b>1,285</b>	<b>1,205</b>	<b>6.6%</b>
<b>PAT Margin (%)</b>	<b>9.2%</b>	<b>5.2%</b>		<b>8.1%</b>		<b>8.5%</b>	<b>7.8%</b>	
EPS:								
Basic EPS (Rs.)	4.69	2.68	75.3%	4.05	15.8%	12.66	12.04	5.1%
Diluted EPS (Rs.)	4.66	2.63	77.3%	4.02	15.8%	12.54	11.86	5.7%

## Factsheet

	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17
<b>Revenue By Vertical</b>					
Retail Banking	15%	16%	18%	21%	17%
Corporate Banking	21%	19%	18%	18%	18%
Treasury & Capital Markets	51%	52%	51%	49%	54%
Insurance & others	13%	13%	13%	12%	11%
<b>Revenue by Service Offering:</b>					
App Maintenance	40%	42%	42%	40%	42%
App Development	46%	44%	44%	46%	43%
Testing	13%	13%	13%	13%	13%
Others	1%	1%	1%	1%	2%
<b>Revenue by Product Type:</b>					
Fixed Bid	41%	41%	38%	43%	37%
Time & Material	59%	59%	62%	57%	63%
<b>Effort Mix:</b>					
Offshore effort	74%	73%	73%	74%	76%
Onsite effort	26%	27%	27%	26%	24%
<b>Utilization:</b>					
Average Utilization	73%	72%	72%	77%	80%

	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17
<b>Clients:</b>					
Active clients	142	141	128	119	106
Number of New clients	3	1	3	3	-
Number of 10% clients	1	1	1	1	2
Revenue from repeat clients >12 months	90.5%	90.8%	90.7%	90.0%	90.0%
Top client	46.0%	39.8%	37.7%	40.0%	41.2%
Top 10 clients	72.7%	69.8%	73.5%	76.0%	77.8%
<b>Headcount:</b>					
IT professionals	6,997	6,810	6,572	6,448	6,577
Non IT professionals	741	731	625	608	532
Total Headcount	7,738	7,541	7,197	7,056	7,109
Net addition	90	(197)	(344)	(140)	53
Voluntary Attrition (Annualized)	14%	12%	15%	17%	20%
<b>Cash:</b>					
Cash, Cash Equivalents & Investments (Rs. Mn)	4,079	4,265	3,528	4,792	5,236
DSO (days)	81	78	89	86	89

# 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. 1,700 Cr.
- As on December 31, 2016, the Company had 7,109 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



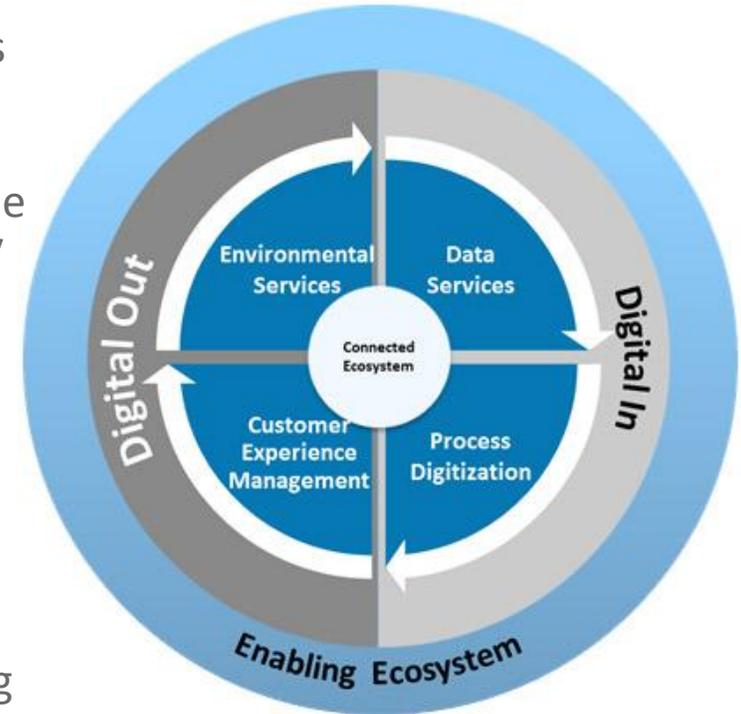
## Recent Developments

- 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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