

Polaris Consulting & Services Limited

CIN: L65993TN1993PLC024142

Regd. Office: Polaris House, 244, Anna Salai, Chennai-600 006

Phone: 044-39874000, Fax: 044-28523280, Website: www.polarisft.com

CHAIRMAN'S ADDRESS AT THE TWENTY THIRD ANNUAL GENERAL MEETING OF THE COMPANY



On behalf of Polaris Consulting & Services Limited, I extend you a warm welcome to the 23rd annual general meeting.

I am looking forward to addressing you in my first ever Polaris Consulting & Services Limited AGM, since taking over as Chairman in March 2016. Before I begin, I would like to take a moment to recognize the contribution by Arun Jain, the previous Board of Directors, and Arun's management team, in building a successful organization with good fundamentals, and a strong brand in the banking and financial services (BFS) market. Thank you, Arun, Jitin, the members of the previous Board of Directors, and the Polaris management team.

I would also like to recognize the faith and confidence that you, the shareholders of Polaris, have shown in the Company and its potential and your continued support of the management team.

Achievements in Fiscal 2016 – Setting the stage for growth

I would now like to spend some time sharing insights into how Polaris performed over the last year. Polaris decided to focus on 4 strategic areas last year:

- Digital Banking
- Payments
- Data & Analytics

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- Risk & Compliance

I am happy to share with you that this strategy has enabled Polaris to compete for and win several new client projects in these areas.

In fiscal 2016, Polaris executed the first Executive Education Session through the Oxford Polaris Digital Academy, which was attended by senior executives from the top global banks in the UK. This initiative, set up in partnership with the Saïd Business School, Oxford University, has helped Polaris take significant steps forward in strengthening its position as a thought leader in the banking and financial services space. Such programs create avenues for our sales teams to have deeper conversations with decision makers at our client organizations.

Polaris invested in creating a FinTech Lab to promote the development of next-generation, cutting edge solutions & services for our clients. I am happy to inform you that we have been able to develop four new service offerings across consulting, retail, and risk & compliance areas and have seen strong interest for these services from new and existing clients across the US, Europe, and Asia Pacific.

Over the last two years, Polaris also saw an opportunity to capture new business with Tier-2 and Tier-3 banks and we put together a strategy to focus on the challenges faced by these banks and solutions to help them grow their business. I am happy to report that we have seen some positive outcomes in this area resulting in our ability to acquire several new clients over the past two years. Our goal is to grow our wallet share within these clients in the coming years.

Finally, the acquisition of a majority stake by Virtusa Corporation in March 2016 saw new doors open for Polaris. Citigroup recognized the strength of the combination and awarded Virtusa Corporation and Polaris Consulting & Services Limited a preferred strategic IT partnership across all of Citigroup. As a preferred strategic partner and as Citi consolidates its IT suppliers,

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we will have an opportunity to grow our presence at Citi. Having said this, however, I would also like to point out that in return for the preferred vendor status, Citigroup has mandated a reduction in spend across all strategic preferred partners and therefore we will see some revenue headwind at Citi in the near-term.

Overall, while we may not have seen the kind of business growth that we would have liked in the past few years, including fiscal 2016, I believe we have focused on the right strategies, pursued the right markets, and have set the stage to begin a new growth-focused journey at Polaris.

Virtusa Corporation, the parent company of Polaris, has a very strong track record of growth, with over 23% CAGR over the past 10 years, and has consistently exhibited an ability to expand and grow business within newly acquired clients. It is our goal to leverage the best-practices of both firms to resume growth and become a potent force in the markets we serve.

Let me now spend a moment on the strength of the executive leadership within Polaris

As we continue to make progress in this new environment of functioning as a subsidiary of Virtusa Corporation, let me take a moment to introduce you to some key changes and additions to Polaris' executive leadership team. The Board of Directors of Polaris has been reconstituted following the acquisition by Virtusa Corporation. There are four independent directors on the Board:

- **Professor J. Ramachandran**, professor of corporate strategy at IIM Bangalore. Prof. Ramachandran is a Bain fellow in India and was named one of the nine top business school professors in India by Business Today (2006)
- **Sunil Bowry**, professor of management and entrepreneurship, Shiv Nadar University. Mr. Bowry comes with over 25 years of experience in the financial services sector with significant stints at ABN Amro, Braclays Capital and Channel Capital Advisors.

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- **Arvind Sharma**, managing director, Vintron Informatics Ltd. Mr.Sharma is a seasoned executive with over 30 years of experience in the Electronics industry.
- **Hariraju Mahadevu**, finance controller at Google India Pvt. Ltd. Mr.Mahadevu brings sharp insights on business performance and finance operations with over 17 years of experience in this field.

In addition, Jitin Goyal will continue on the Polaris Board and provide guidance and direction as the CEO of Polaris. Rama Sivaraman, Chief Operating Officer of Polaris has been inducted into the Board and we look forward to her contributions to developing and sustaining a growth-oriented operating model for the Company. Ranjan Kalia, Chief Financial Officer at Virtusa Corporation, and I, will represent Virtusa Corporation on the Polaris Board.

I am also pleased to recognize the contributions of N.M.Vaidyanathan, Chief Financial Officer of Polaris in ensuring a smooth process for the acquisition of a majority stake of Polaris by Virtusa Corp. He will continue in his role as the CFO of Polaris.

Let me now spend a few minutes on Trends in Banking and our role as a leading Digital Banking Transformation Partner for the BFS industry.

As many of you might be aware, the banking industry around the world is going through a massive transformation as it comes to grips with the emerging demands of the digital economy. FinTech is disrupting the business of our clients in an unprecedented way. Every day, week and month, we hear stories about new business models being developed, new products and services being launched, new advances in technologies that allow banks to deliver better and more compelling experiences to their customers. This can be both a threat and an opportunity for our clients and, therefore, for us.

Our clients are trying to answer important questions like:

- How do we remain relevant in this increasingly digital economy and marketplace?

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- How do we compete effectively while burdened with legacy systems, costs & operating models?

As a service provider in the digital world, we need to ask ourselves:

- How do we ensure we have the right service offerings?
- How do we ensure that we build the right techno-functional expertise in a rapidly evolving environment?

We have the opportunity to turn FinTech driven disruptions into a business advantage by developing expertise that can help our clients remain competitive. The Polaris FinTech Lab was explicitly created for the purpose of developing cutting edge solutions, building deep techno-functional expertise that enable us to sharply focus on helping our clients with their digital transformation initiatives. We will continue to invest into the FinTech Lab, as well as explore other ways of acquiring expertise from outside. This requires us to preserve cash on our balance sheet to fund such investments. We believe this strategy will help us deliver better value to our clients & shareholders in the long term.

Initiatives like the FinTech Lab and Oxford Polaris Digital Academy ideally position us to become the partner of choice to global banks as they look to become digital businesses. Polaris is already a recognized leader in providing technology and domain solutions to banks worldwide. Now, combined with the strengths that Virtusa Corporation brings to the table, we expect that Polaris will be well positioned to capture a share of the budgets that banks will dedicate to modernizing their IT systems, processes, business models and customer experience to become tomorrow's digital banks.

While this is an exciting time to be supporting the financial services industry and pursuing FinTech disruption created opportunities, it is also a time to critically evaluate where we are in this journey. As I mentioned earlier, while we were successful in putting together some

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important building blocks for growth, we did not meet our growth targets and are coming off a couple of years of weak performance. I expect the current year to be one where we will invest our energies in re-building the business, investing in our FinTech Lab and building targeted solutions and services. While we are confident that we have a winning strategy, a terrific management team and a solid base, it will take us several years to execute our strategy and realize its full potential.

Thank you again, for your continued support of our efforts to grow and add value to Polaris investors. I am confident that we will leverage the strong platform we have built over the past couple of years and begin the growth journey, along with Virtusa Corporation, into fiscal 2017.