



THINK DIGITAL. THINK POLARIS.

Earnings Announcement – Second Quarter FY 2015-16

October 29, 2015



Safe Harbor Statement

Certain statements in this release 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.



Key Financial Highlights

- Revenues at Rs. 517.68 crore registering 4% QoQ growth and YoY growth of 9%
- Revenue in USD Terms, stood at \$77.63 Mn growing sequentially by 2% as compared to \$75.9Mn in Q1 FY16
- EBITDA at Rs. 70 crore registering 10% QoQ growth; 16% YoY growth
- Profit After Tax (PAT) stood at Rs. 47 crore registering 24% QoQ growth
- Cash and Cash equivalent stood at Rs. 294 crore
- Revenues were distributed across all geographies with the Americas contributing 52%, Europe 21%, India 8% and Rest of the World 19%



Key Business Highlights

- 4 New clients were added reflecting client confidence in our digital strategy
- The company has a talent strength of 7648 (Excl. BPO division)
- Attrition in Q2 FY16 stood at 12.98%
- Polaris rated as a "Major Contender in Capital Markets AO Delivery Capability" by Everest Group
- Polaris ranked amongst the Global Top 100 vendors by IDC in their Fintech Ranking



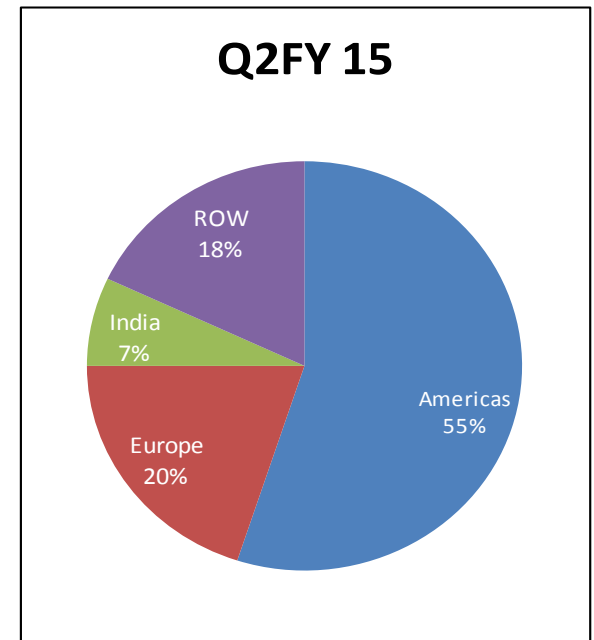
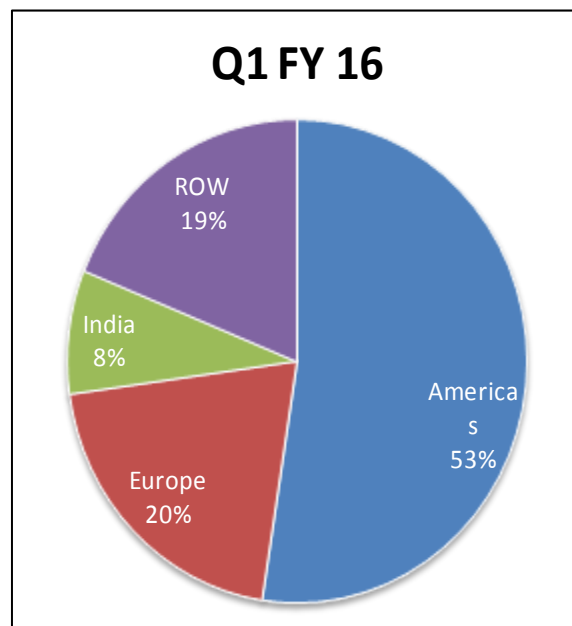
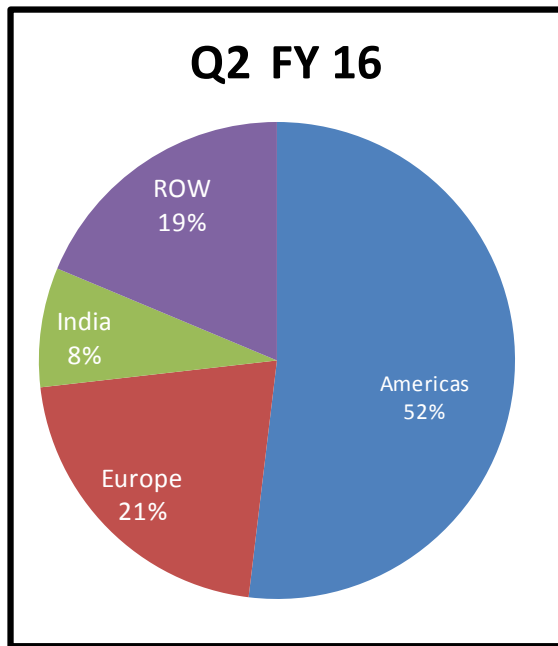
Q2 FY 16 Business Financials

Rs. Lakhs

Particulars	QUARTER ENDED			YEAR ENDED
	September 30, 2015	June 30, 2015	September 30, 2014	March 31, 2015
INCOME				
Income from Software development, Support & BPO services	51,767.88	49,583.48	47,689.79	189,334.54
EXPENDITURE				
Software development expenses	36,514.04	35,153.44	35,103.42	139,964.80
Selling & Marketing and General & Administrative expenses	8,253.45	8,050.64	6,529.16	26,860.97
Total Expenditure	44,767.49	43,204.08	41,632.58	166,825.77
Profit before interest, depreciation & amortisation other Income, foreign exchange gain/ (loss), exceptional items & tax	7,000.39	6,379.40	6,057.21	22,508.77
Depreciation and Amortisation expenses	687.49	674.59	690.46	2,790.87
Profit before other Income, foreign exchange gain/ (loss), exceptional items & tax	6,312.90	5,704.81	5,366.75	19,717.90
Foreign exchange gain/ (loss)	233.34	(445.04)	389.74	1,182.81
Other Income including exceptional items	153.68	450.27	968.41	2,242.24
Profit before tax	6,699.92	5,710.04	6,724.90	23,142.95
Provision for taxation	1,967.23	1,902.95	1,809.67	6,422.28
Profit after tax	4,732.69	3,807.09	4,915.23	16,720.67
Minority Interest/ Share of profit/(loss) of Associate Companies	1.74	1.48	-	6.31
Profit for the period	4,734.43	3,808.57	4,915.23	16,726.98



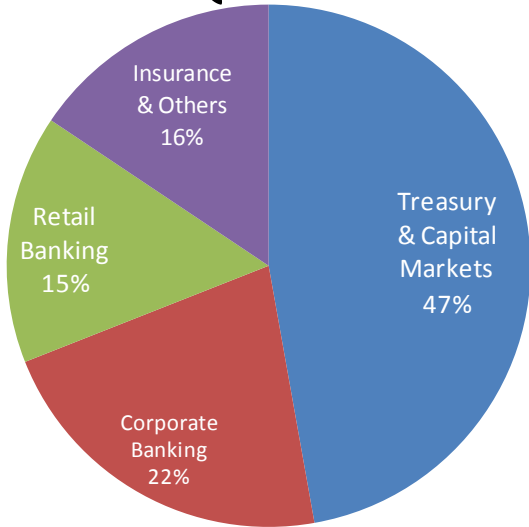
Revenue: Geographic Distribution



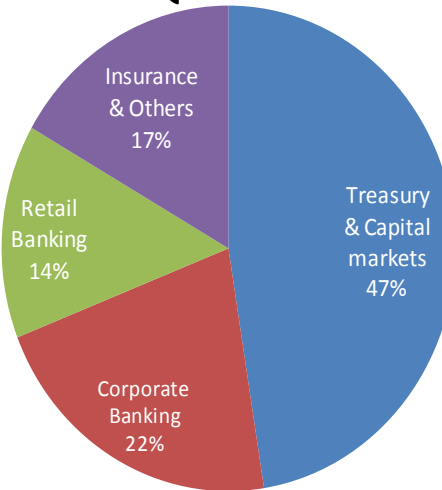


Revenue: Vertical Split

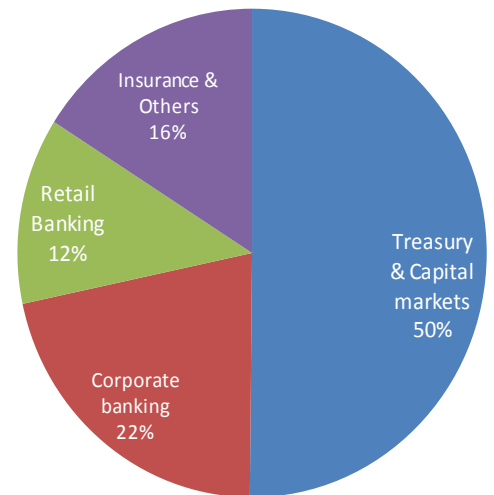
Q2 FY 16



Q1 FY 16

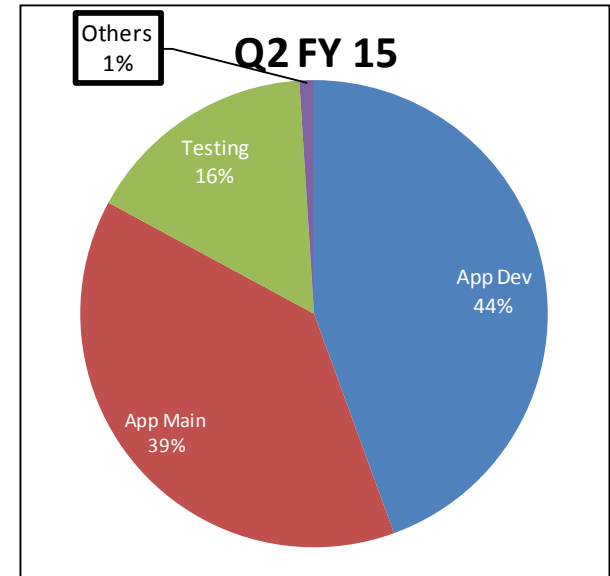
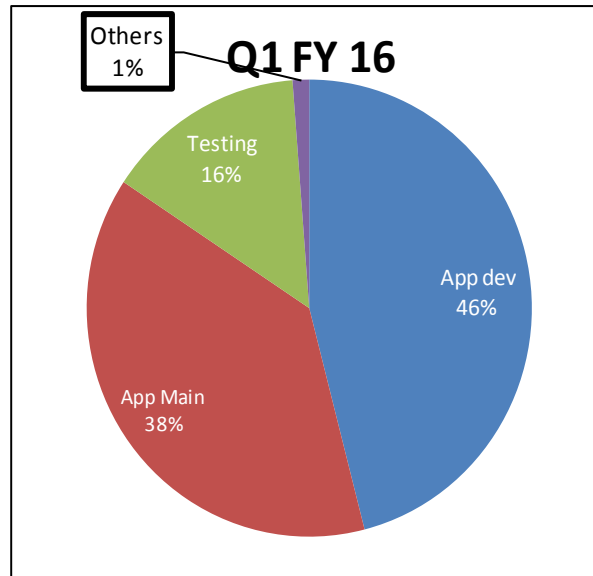
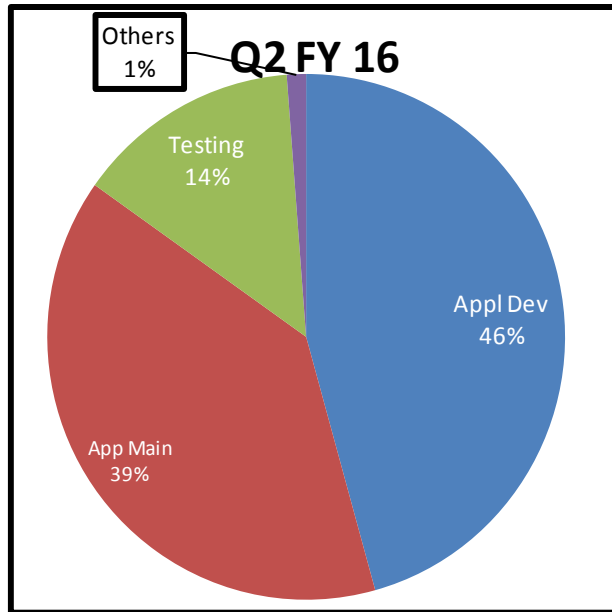


Q2 FY 15





Revenue: Service Offering





Q2 FY 16 Financial Metrics

Revenue by	Q2FY 16	Q1FY16	Q2 FY15
Fixed Bid	38.8%	38.8%	38.7%
Time & Material	61.2%	61.2%	61.3%

Onsite Offshore Ratio - By Efforts	Q2 FY 16	Q1 FY16	Q2FY15
Onsite	21%	21%	22%
Offshore	79%	79%	78%

DSO		Q2 FY 16	Q1 FY16	Q2 FY15
	Billed	45	45	46
	Unbilled	38	40	43
	Total	83	85	89

Capacity Utilization	76.5%	76%	81%
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Q2 FY 16 Financial Metrics

	Q2 FY 16	Q1FY16	Q2FY15
Cash & Cash Eqv (INR Cr)	294	318*	339
Major Cash Outflow Items	Capex: Rs 4.4 Cr Dividend payment (including DDT) 120 Crs	Capex: Rs 7.7 Cr Dividend payment Rs 50 cr	Div & div tax payout : 71 Cr Capex : 3.76 Cr

* Includes balance in unpaid dividend A/c of Rs. 101 Cr

USD INR Rate	Q2 FY 16	Q1 FY16	Q2 FY15
Average Rate	64.91	63.49	60.57
Closing Rate	65.59	63.65	61.75



Management View

Jitin Goyal, CEO and Executive Director, said:

“Our strategic focus on Digital is beginning to pay off with strong digital led wins in this quarter. We continue investing in the core areas of Digital, Data, Payments and Risk & Compliance and we are gaining good traction in the market in these areas, reflected in the steady build-up in the deal pipeline. Revenue and EBITDA are both trending in the right direction, and this is a good sign”.



Management View

NM Vaidyanathan, Chief Financial Officer, said:

“Our focused approach towards growth plans & cost plans has resulted in 9% growth in Revenues and a PAT of Rs 47 Cr. We are balancing the levers of investments in key accounts along with cost optimisation efforts. We expect this momentum to continue”



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