

POLARIS CONSULTING & SERVICES LIMITED
(Formerly known as Polaris Financial Technology Limited)
CIN: L65993TN1993PLC024142
Regd Office : Carex Centre, 244 (Old no. 713) Anna Salai, Chennai 600 006
Statement of Unaudited consolidated financial results for the quarter and six months ended September 30, 2016

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

S. No	Particulars	THREE MONTHS ENDED			SIX MONTHS ENDED		YEAR ENDED
		30 September 2016	30 June 2016	30 September 2015	30 September 2016	30 September 2015	31 March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1.	Income from Operations	50,672.11	49,550.28	54,249.94	100,222.39	103,630.98	205,135.16
2.	Expenses						
	(a) Employee benefits expenses	39,476.32	38,373.86	39,935.39	77,850.18	77,984.19	160,992.30
	(b) Depreciation and amortisation expense	578.93	574.97	687.49	1,153.90	1,362.09	2,643.32
	(c) Other expenses	5,050.87	5,304.87	5,203.17	10,355.74	10,716.49	20,299.95
	Total Expenses	45,106.12	44,253.70	45,826.05	89,359.82	90,042.77	183,935.57
3.	Profit from operations before other income and exceptional items (1-2)	5,565.99	5,296.58	8,423.89	10,862.57	13,489.21	21,199.59
4.	Other Income	586.65	748.24	173.48	1,334.89	688.63	1,916.31
5.	Profit from ordinary activities before exceptional items (3+4)	6,152.64	6,044.82	8,597.35	12,197.46	14,176.84	23,115.90
6.	Exceptional items (refer note g)						(2,183.58)
7.	Profit from ordinary activities before tax (5+6)	6,152.64	6,044.82	8,597.35	12,197.46	14,176.84	20,932.32
8.	Tax expenses	2,023.24	2,055.48	2,893.40	4,078.72	4,803.19	10,235.70
9.	Net Profit for the period (7-8)	4,129.40	3,989.34	5,703.95	8,118.74	9,373.65	10,696.62
10.	(a) Non - Controlling Interest			1.74		3.22	5.32
	(b) Share of loss of Joint Venture	(14.91)	(16.89)		(31.80)		(8.19)
11.	Net Profit for the period after taxes, non-controlling interest and share of loss of Joint Venture (9+10)	4,114.49	3,972.45	5,705.69	8,086.94	9,376.87	10,693.75
12.	Other Comprehensive Income (net of taxes)	613.37	(210.25)	(1,436.27)	403.12	(1,819.39)	(3,005.63)
13.	Total Comprehensive Income (11+12)	4,727.86	3,762.20	4,269.42	8,490.06	7,557.48	7,688.12
14.	Paid-up Equity share Capital (Face value of Rs. 5 each)	5,079.03	5,076.51	5,011.47	5,079.03	5,011.47	5,068.34
15.	Reserves i.e. Other equity	NA	NA	NA	NA	NA	88,211.81
16.	Earning Per Share (EPS) of Rs.5 each (Rs.)						
	(a) Basic	4.05	3.92	5.70	7.97	9.37	10.67
	(b) Diluted	4.02	3.88	5.63	7.91	9.28	10.57
	See accompanying notes to the financial results						

POLARIS CONSULTING & SERVICES LIMITED
(Formerly known as Polaris Financial Technology Limited)
Regd Office : Carex Centre, 244 (Old no. 713) Anna Salai, Chennai 600 006
Statement of Unaudited Standalone financial results for the quarter and six months ended September 30, 2016

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

S. No	Particulars	THREE MONTHS ENDED			SIX MONTHS ENDED		YEAR ENDED
		30 September 2016	30 June 2016	30 September 2015	30 September 2016	30 September 2015	31 March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1.	Income from Operations	44,781.88	43,571.60	48,224.84	88,353.49	93,716.32	183,427.43
2.	Expenses						
	(a) Employee benefits expenses	36,505.55	35,346.65	38,802.82	71,852.20	73,961.67	150,677.25
	(b) Depreciation and amortisation expense	559.21	554.59	641.44	1,113.80	1,270.73	2,493.72
	(c) Other expenses	3,888.83	4,251.20	4,047.14	8,140.03	8,189.69	15,471.65
	Total Expenses	40,953.59	40,152.44	43,491.40	81,106.03	83,422.09	168,642.62
3.	Profit from operations before other income and exceptional items (1-2)	3,828.29	3,419.16	4,733.44	7,247.46	10,294.23	14,784.81
4.	Other Income	518.50	868.68	217.22	1,387.18	685.10	3,176.89
5.	Profit from ordinary activities before exceptional items (3+4)	4,346.79	4,287.84	4,950.66	8,634.64	10,959.33	17,961.70
6.	Exceptional items (refer note g)						(2,183.58)
7.	Profit from ordinary activities before tax (5+6)	4,346.79	4,287.84	4,950.66	8,634.64	10,959.33	15,778.12
8.	Tax expenses	1,504.81	1,602.09	1,891.31	3,106.90	3,956.33	8,678.06
9.	Net Profit for the period (7-8)	2,841.98	2,685.75	3,059.35	5,527.74	7,003.00	6,900.06
10.	Other Comprehensive Income (net of taxes)	927.80	19.78	(759.37)	947.58	(1,931.57)	(4,372.11)
11.	Total Comprehensive Income (9+10)	3,769.78	2,705.53	2,299.98	6,475.32	5,071.43	2,527.95
12.	Paid-up Equity share Capital (Face value of Rs. 5 each)	5,079.03	5,076.51	5,011.47	5,079.03	5,011.47	5,068.34
13.	Reserves i.e. Other equity	NA	NA	NA	NA	NA	58,425.97
14.	Earning Per Share (EPS) of Rs.5 each (Rs.)						
	(a) Basic	2.80	2.65	3.05	5.45	7.00	6.88
	(b) Diluted	2.78	2.63	3.02	5.40	6.93	6.82
	See accompanying notes to the financial results						

STATEMENT OF ASSETS AND LIABILITIES

S. No	Particulars	CONSOLIDATED		STANDALONE	
		As at 30 September 2016	As at 31 March 2016	As at 30 September 2016	As at 31 March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
A	ASSETS				
1.	Non-current assets				
	(a) Property, plant and equipment	14,352.05	16,024.24	14,074.53	15,700.55
	(b) Investment property	5,139.09	5,139.09	5,139.09	5,139.09
	(c) Other intangible assets	225.03	275.66	225.03	275.66
	(e) Financial assets				
	Investments	2,585.75	6,693.21	4,236.30	8,311.96
	Loans and advances	885.01	1,375.08	684.62	1,159.78
	Derivative financial assets	383.71	554.62	383.71	554.61
	(b) Income tax assets (net)	5,906.02	5,914.97	5,869.02	5,897.62
	(f) Deferred tax assets (net)	1,283.49	2,284.56	1,157.83	2,040.09
	(g) Other non current assets	8.56	75.61	8.56	75.61
	Total non-current assets	30,768.71	38,337.04	31,778.69	39,154.97
2.	Current assets				
	(a) Financial Assets				
	Investments	1,560.40	12,246.26	1,560.40	11,932.55
	Trade receivables	28,674.59	25,183.82	23,532.89	19,434.30
	Unbilled revenue	20,289.55	19,888.31	15,143.02	15,069.76
	Cash and cash equivalents	45,150.59	25,183.51	19,778.01	3,884.24
	Other bank balances	639.16	1,867.94	490.71	502.47
	Loans and advances	2,698.28	3,643.66	8,687.92	6,396.44
	Derivative financial assets	1,971.72	513.99	1,971.72	514.00
	Others	17.86	100.31	17.86	100.31
	(c) Other current assets	1,434.48	3,224.31	1,066.49	2,771.69
	Total current assets	102,437.63	91,852.11	72,249.02	60,605.76
	Total Assets (1 + 2)	133,206.34	130,189.15	104,027.71	99,760.73



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STATEMENT OF ASSETS AND LIABILITIES					
S. No	Particulars	CONSOLIDATED		STANDALONE	
		As at 30 September 2016	As at 31 March 2016	As at 30 September 2016	As at 31 March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
B EQUITY AND LIABILITIES					
1.	Equity				
	(a) Equily Share capital	5,079.03	5,068.34	5,079.03	5,068.34
	(b) Other equity	96,854.68	88,211.81	65,054.14	58,425.97
	Total Equity	101,933.71	93,280.15	70,133.17	63,494.31
	Liabilities				
2.	Non-current liabilities				
	(a) Deferred tax liabilities (Net)	148.33	148.39	138.94	138.02
	Total non-current liabilities	148.33	148.39	138.94	138.02
3.	Current liabilities				
	(a) Financial Liabilities				
	Trade payables	9,699.55	10,087.29	19,845.02	15,892.27
	Other financial liabilities	9,562.47	12,703.32	6,231.52	10,300.70
	(b) Other current liabilities	6,947.68	9,437.25	3,888.78	6,436.23
	(c) Provisions	3,346.35	3,256.36	2,981.77	2,812.36
	(d) Current tax liabilities (net)	1,588.25	1,276.39	808.51	666.84
	Total current liabilities	31,124.30	36,760.61	33,755.60	36,128.40
	Total Equity and Liabilities (1 + 2 + 3)	133,206.34	130,189.15	104,027.71	99,760.73

NOTES :

- a The unaudited standalone financial results and unaudited consolidated financial results for the three months and six months ended 30 September 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 November 9, 2016. 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 not opted for the relaxation provided by SEBI in respect of disclosure requirements for corresponding figures of earlier periods. Accordingly, the figures for the year ended 31 March 2016 have been presented after incorporating the applicable Ind AS adjustments in addition to the figures for the quarter and six months ended 30 September 2015.

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 six months ended 30 September 2015 for standalone and consolidated financial results are presented below.

Net Profit Reconciliation	Three months ended 30 September 2015		Six months ended 30 September 2015	
	Consolidated	Standalone	Consolidated	Standalone
Net Profit attributable to the Shareholders of the Company as per previous GAAP	4,734.45	2,991.75	8,543.02	6,372.42
Difference on account of revenue recognition	2,813.65	1,160.02	2,824.17	2,289.68
Mark to market adjustments on Investments	(14.84)	16.02	26.75	19.10
Actuarial gain on employee defined benefit plans recognised in OCI	26.00	26.00	(13.95)	(13.95)
Increase in compensation cost due to fair value accounting of share based payments	(202.94)	(42.17)	(349.48)	(188.71)
Effect of consolidation of employee welfare trusts	(724.62)	(724.62)	(720.59)	(720.59)
Income tax impact on above adjustments	(926.21)	(367.65)	(893.05)	(754.95)
Net profit for the period as per Ind AS (A)	5,705.69	3,059.35	9,376.87	7,003.00
Other Comprehensive Income (OCI):				
Re-measurement gains on defined benefit plans	(26.00)	(26.00)	13.95	13.95
Exchange differences on translation of foreign operations	(358.48)	318.42	752.99	640.81
Net movement on cash flow hedges	(2,289.76)	(2,289.76)	(3,881.73)	(3,881.73)
Mark to market adjustments on investments	440.21	440.21	(235.74)	(235.74)
Income tax impact on above adjustments	797.78	797.78	1,531.14	1,531.14
Sub-total (B)	(1,436.27)	(759.37)	(1,819.39)	(1,931.57)
Total Comprehensive Income as reported under Ind AS (A + B)	4,269.42	2,299.98	7,557.48	5,071.43

The Company has also prepared an equity reconciliation between the equity for the comparative period under previous GAAP and the equity as reported in the statement of assets and liabilities under Ind AS. The equity reconciliation as at 31 March 2016 for the standalone and consolidated statement of assets and liabilities is as below:

Equity Reconciliation	As at 31 March 2016	
	Consolidated	Standalone
Equity under previous GAAP attributable to the shareholders of the Company	96,247.61	85,395.89
Difference on account of revenue recognition	(2,795.30)	(2,231.86)
Fair valuation of investments	(588.92)	20.42
Effect of consolidation of employee welfare trusts	353.44	353.44
Impact of applying expected credit loss model on financial assets	(397.42)	(386.83)
Income tax adjustments	460.74	343.25
Equity under Ind AS attributable to the shareholders of the Company	93,280.15	83,494.31

- c Figures for the corresponding quarter and six months ended 30 September 2015 and year ended 31 March 2016 in the consolidated financial results and standalone financial results have been adjusted for differences in the accounting principles on transition to Ind AS. The management has exercised necessary due diligence to ensure that the financial results (including reconciliation) provide a true and fair view of the Company's affairs. These adjustments have been approved by the Board of Directors, but not subjected to review / audit.

- d 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 Pte 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 Kft.
- 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

- e The Company has allotted 50,530 shares under its stock option plans during the quarter ended 30 September 2016 and 213,790 shares during the six months ended 30 September 2016

- f 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 fully-diluted capitalization 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.

- g 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.

- h 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.

- i Prior period figures have been reclassified wherever required to conform to the classification of the current period.

Place : Hyderabad
Date : November 9, 2016



Rama Sivaraman
Director

For Polaris Consulting & Services Limited
(formerly known as Polaris Financial Technology Limited)
Vaidyanathan N.M.
Chief Financial Officer