

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

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

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