

PCSL/SEC/2015-16

February 8, 2016

The National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

The Bombay Stock Exchange Ltd.,
1st Floor, New Trade Ring, Rotunda Building, PJ Towers,
Dalal Street, Fort, Mumbai – 400 001.

Dear Sirs,

Sub: Investor Presentation for the quarter ended 31st December 2015

Ref: ISIN INE763A01023

We are enclosing herewith the Investor Presentation for the quarter ended 31st December 2015 and the same has also been uploaded on the Stock Exchange Websites at <http://www.nseindia.com> and <http://www.bseindia.com> and on the Company's website at www.polarisft.com/investors/intimation.

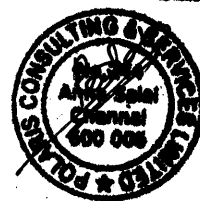
We request you to kindly take the above information on record and confirm compliance.

Thanking You,

Yours sincerely,

For Polaris Consulting & Services Limited
(formerly known as Polaris Financial Technology Limited)


Christina Pauline Beulah
Company Secretary and Compliance Officer



Polaris Consulting & Services Limited

Registered Office: Polaris House, 244 Anna Salai, Chennai - 600 006, India | Ph: +91-44-3987 4000, 3984 3400 | Fax: +91-44-2852 3280
Corporate Headquarters: Foundation, 34 IT Highway, Chennai - 603 103, India | Ph: +91-44-2743 5001, 3987 3000 | Fax: +91-44-2743 5166

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Earnings Announcement – Third Quarter FY 2015-16

February 8, 2016



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.517.58 crore registering 9% YoY growth
- Revenue in USD Terms, stood at \$ 76.51 Mn
- EBITDA was at Rs. 71.58 crore registering 33 % YoY growth
- Operating margin improved to 13.83 % compared 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 to Rs. 408 crore from Rs. 294 crore at the end of the last quarter
- Revenues were distributed across all geographies with the Americas contributing 54%, Europe 21%, India 7% and Rest of the World 18%



Key Business Highlights

- 3 New clients were added reflecting client confidence in our digital strategy
- The company has a talent strength of 7738 (Excl. BPO division)
- Attrition in Q3 FY16 stood at 13.9%
- Polaris consulting ranked amongst the Global Top 100 vendors in Fintech forward ranking by American banker BAI.
- Virtusa transaction announced in Nov. 2015 expected to close in Q4 FY 16.



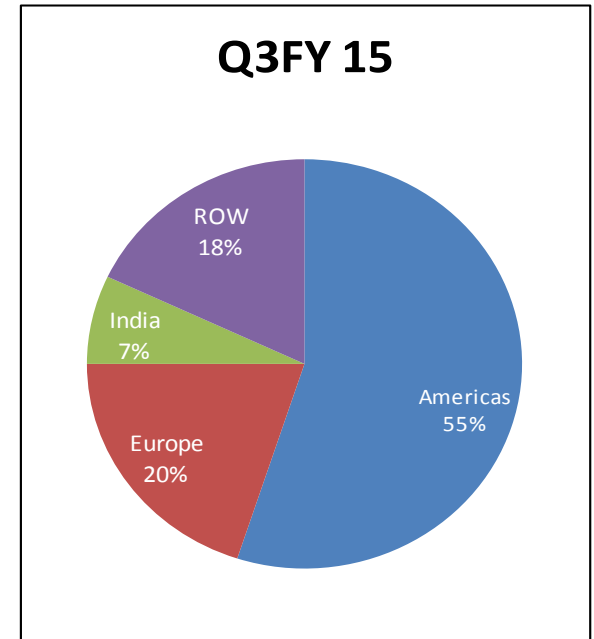
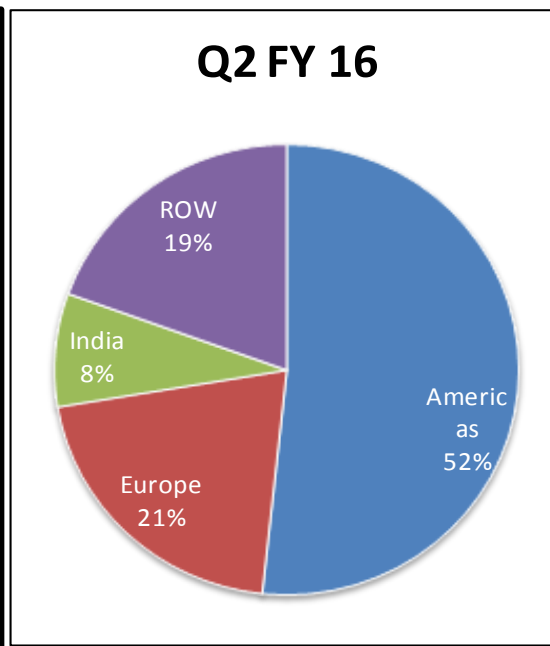
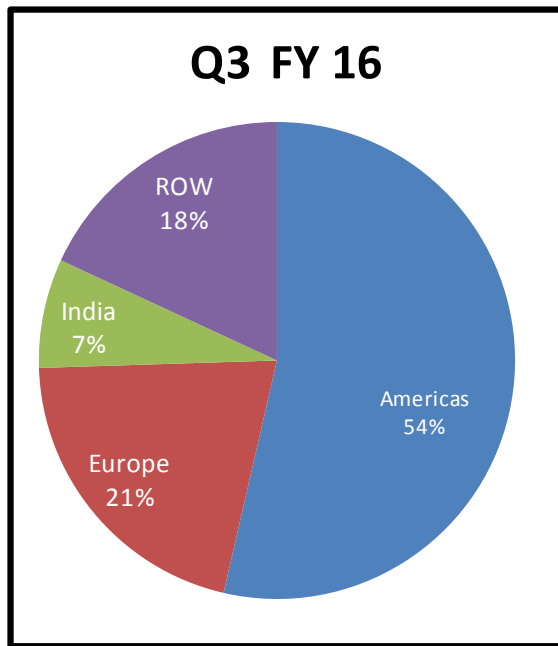
Q3 FY 16 Business Financials

| 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 |
| INCOME | | | | |
| 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 | 2,242.24 |
| 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 31st March 2015 is for Demerger expenses



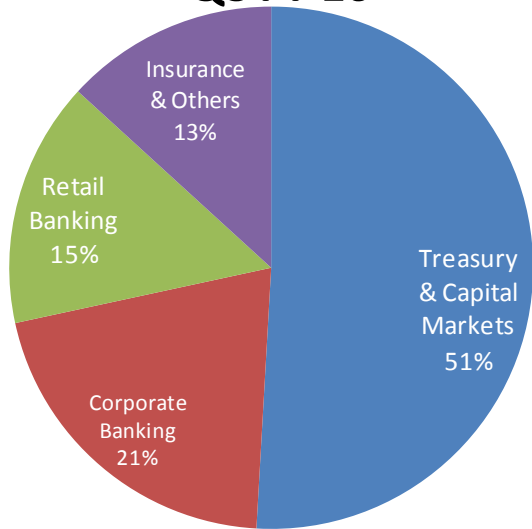
Revenue: Geographic Distribution



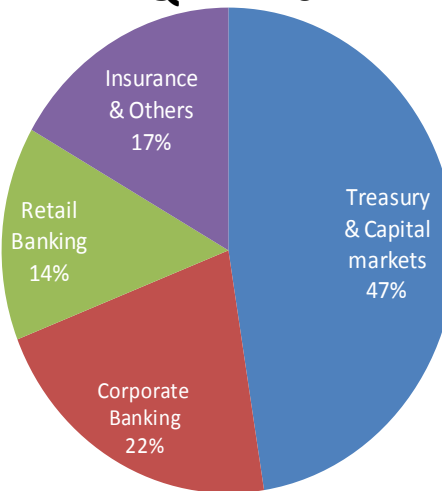


Revenue: Vertical Split

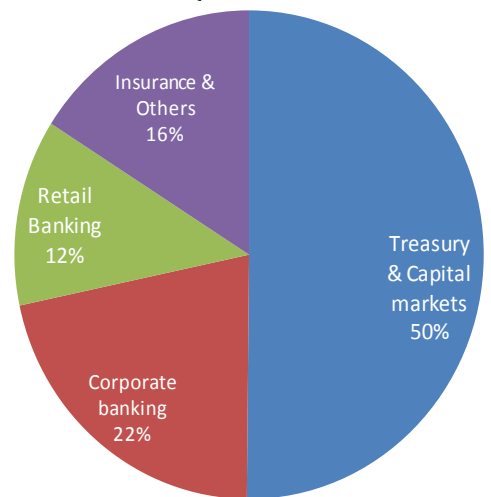
Q3 FY 16



Q2 FY 16

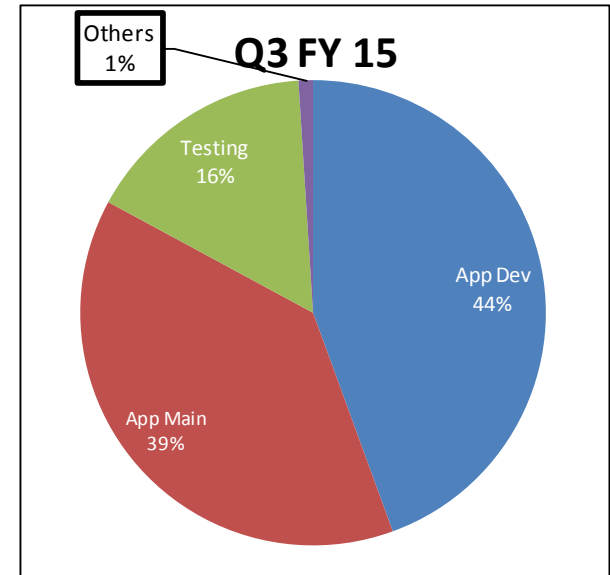
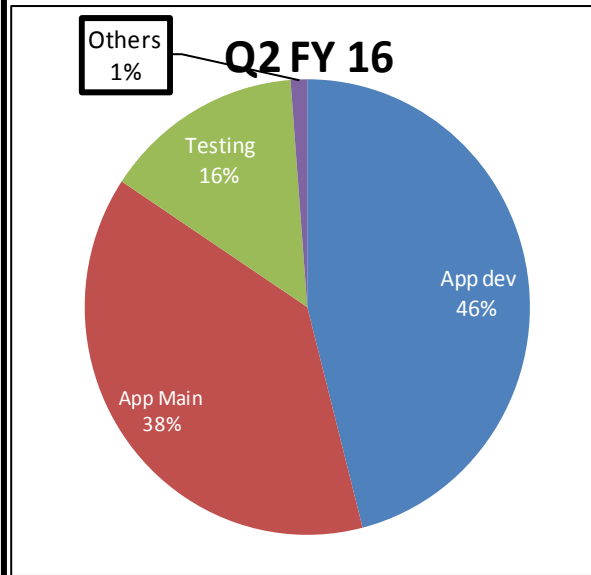
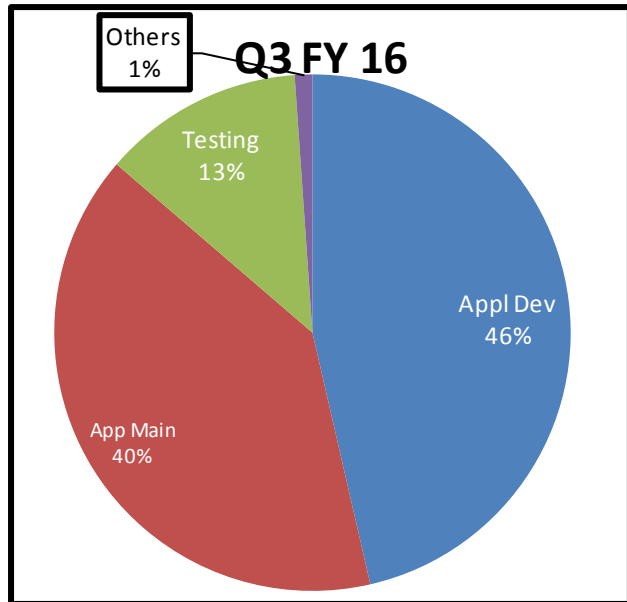


Q3 FY 15





Revenue: Service Offering





Q3FY 16 Financial Metrics

| Revenue by | Q3 FY 16 | Q2 FY16 | Q3 FY15 |
|-----------------|--------------|--------------|---------|
| Fixed Bid | 41.2% | 38.8% | 39.6% |
| Time & Material | 58.8% | 61.2% | 60.4% |

| Onsite Offshore Ratio - By Efforts | Q3 FY 16 | Q2 FY16 | Q2FY15 |
|------------------------------------|------------|------------|--------|
| Onsite | 21% | 21% | 22% |
| Offshore | 79% | 79% | 78% |

| DSO | | Q3 FY 16 | Q2 FY16 | Q3 FY15 |
|-----|----------|-----------|-----------|---------|
| | Billed | 46 | 45 | 51 |
| | Unbilled | 35 | 38 | 41 |
| | Total | 81 | 83 | 92 |

| | | | |
|-----------------------------|---------------|---------------|-------|
| Capacity Utilization | @74.3% | 76.5 % | 79.8% |
|-----------------------------|---------------|---------------|-------|

@ The Utilization was lower on account of Chennai Floods and Furloughs in the quarter



Q3 FY 16 Financial Metrics

| | Q3 FY 16 | Q2 FY16 | Q3 FY15 |
|--------------------------|----------------|--|--------------------|
| Cash & Cash Eqv (INR Cr) | 408 | 294 | 273 |
| Major Cash Outflow Items | Capex 13.27 Cr | Capex: Rs 4.4 Cr Dividend payment (including DDT) 120 Crs | Capex: Rs 32.35 Cr |

| USD INR Rate | Q3FY 16 | Q2 FY16 | Q3 FY15 |
|--------------|--------------|--------------|--------------|
| Average Rate | 65.92 | 64.91 | 62 |
| Closing Rate | 66.16 | 65.59 | 63.04 |



Management View

Jitin Goyal, CEO and Executive Director, 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”



Management View

NM Vaidyanathan, Chief Financial Officer, 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. ”



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