

PCSL/SEC/2016-17

May 12, 2016

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

The Bombay Stock Exchange Limited  
1<sup>st</sup> floor, New Trade Ring,  
Rotunda Building, P J Towers  
Dalal Street, Fort, Mumbai – 400 001

Dear Sirs,

Sub : Intimation under Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

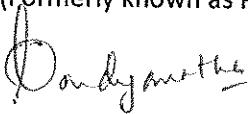
Ref: ISIN INE763A01023

Pursuant to Regulation 30(6) and other relevant regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the investor presentation in respect of the quarter and year ended 31<sup>st</sup> March 2016. 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](http://www.polarisft.com/investors/intimation).

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

Thanking you,

Yours truly  
For Polaris Consulting & Services Limited  
(Formerly known as Polaris Financial Technology Limited)



N.M.Vaidyanathan  
Chief Financial Officer  
Encl: As above



**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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# Polaris Consulting and Services Ltd.

(BSE: 532254; NSE: POLARIS)

Q4 and Full Year FY2016 Earnings Presentation

May 12, 2016

**virtusa | POLARIS™**

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## Performance Highlights: FY2016

| Net Revenue                  |
|------------------------------|
| Rs. 20,371 mn<br>+7.6% y-o-y |

| EBITDA                        |
|-------------------------------|
| Rs. 2,526 mn<br>Margin: 12.4% |

| PAT                          |
|------------------------------|
| Rs. 1,271 mn<br>Margin: 6.2% |

| DSO                          |
|------------------------------|
| 78 Days<br>(88 Days: FY2015) |

| HEADCOUNT                 |
|---------------------------|
| 7,541<br>Attrition: 11.6% |

| GRAND INVESTMENTS                      |
|----------------------------------------|
| Rs. 4,265 mn<br>(Rs. 3,140 mn: FY2015) |

## Management Perspectives

Commenting on results and developments **Mr. Jitin Goyal, CEO and Executive Director** said:

FY2016 was a strategically very important year for Polaris as we became part of Virtusa Corporation. We are now focussed on the integration with Virtusa and laying out the roadmap for realising synergy benefits. The combination is synergistic as it will not only augment our capabilities to provide end-to-end BFSI solutions but also expands our geographic reach and enables us to pursue larger business opportunities with an enhanced scale.

Commenting on FY2016 results **Mr. NM Vaidyanathan, Chief Financial Officer** said:

Our profitability for the year was impacted due to a discount provision made on a contract with a large customer, a loss on BPO business assets held for sale, a transaction cost and an adjustment for tax pertaining to prior periods. All these items put together had impact of about Rs. 657 million on our Net Income during the year. Our focus will be on sustaining margins even as we expect integration costs to impact us in the next fiscal year.

## Performance Overview

### Q4 FY2016 and FY2016 Performance

(Rs. million, unless stated)

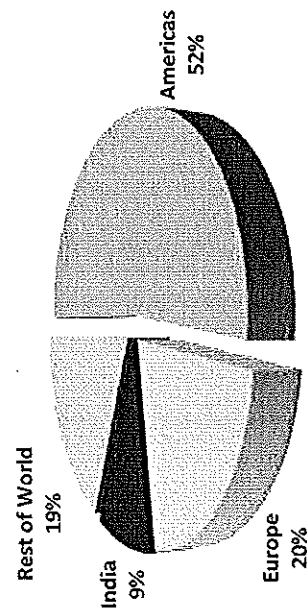
| Parameters      | Q4     |        | y-o-y   |            | Q3     |        | y-o-y   |            | Full Year |        | y-o-y   |            |
|-----------------|--------|--------|---------|------------|--------|--------|---------|------------|-----------|--------|---------|------------|
|                 | FY2016 | FY2015 | FY2016  | Growth (%) | FY2016 | FY2015 | FY2016  | Growth (%) | FY2016    | FY2015 | FY2016  | Growth (%) |
| Net Revenue     | 5,060  | 4,670  | 8.4%    |            | 5,176  |        | (2.2)%  |            | 20,371    | 18,933 | 7.6%    |            |
| EBITDA          | 472    | 503    | (6.1)%  |            | 716    |        | (34.1)% |            | 2,526     | 2,251  | 12.2%   |            |
| Margin (%)      | 9.3%   | 10.8%  |         |            | 13.8%  |        |         |            | 12.4%     | 11.9%  |         |            |
| PAT             | 51     | 371    | (86.2)% |            | 365    |        | (86.0)% |            | 1,271     | 1,673  | (24.0)% |            |
| Margin (%)      | 1.0%   | 7.9%   |         |            | 7.1%   |        |         |            | 6.2%      | 8.8%   |         |            |
| Basic EPS (Rs.) | 0.51   | 3.71   | (86.3)% |            | 3.65   |        | (86.0)% |            | 12.68     | 16.77  | (24.4)% |            |

### Performance Discussion

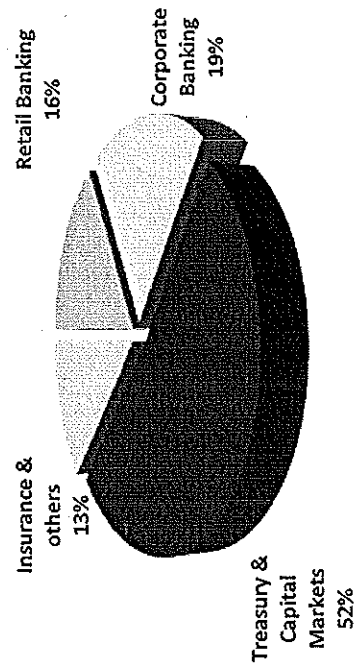
- EBITDA for the year improved despite the impact of productivity saving and minimum discounts provided to a large customer during Q4 FY2016 (\$3.8 mn or Rs. 256 mn)
- PAT for the year included an impact of Rs. 218 mn exceptional item pertaining to the loss on BPO business held for sale and one time transaction costs. Further, adjustments for tax of Rs. 183 million pertaining to prior periods also had an adverse impact on the PAT

## Q4 FY2016 Revenue Break-up

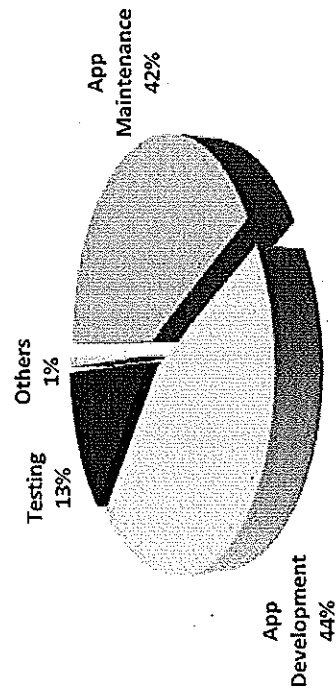
### Revenue by Geography



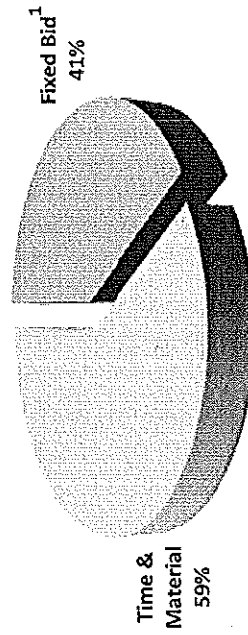
### Revenue by Vertical



### Revenue by Service Offering



### Revenue by Contract Type

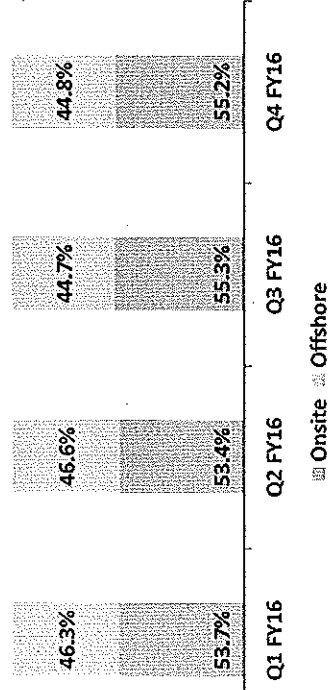


Note:

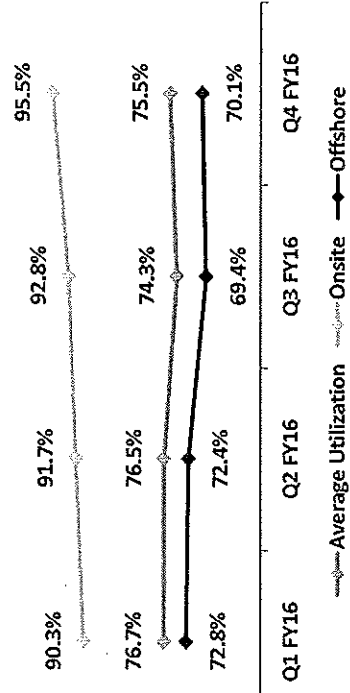
1. Fixed bid includes Fixed price

## Operational Metrics

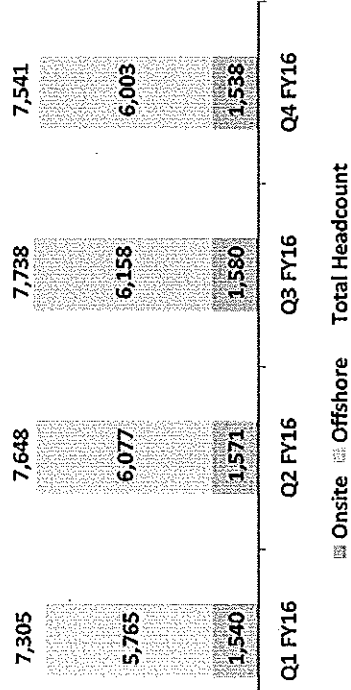
### Revenue Mix



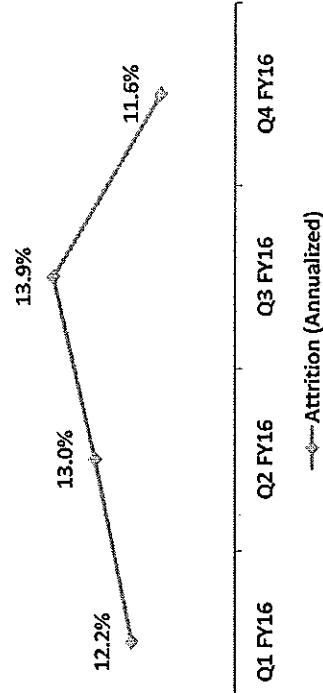
### Utilization



### Headcount<sup>1</sup>



### Attrition<sup>2</sup>



Note:

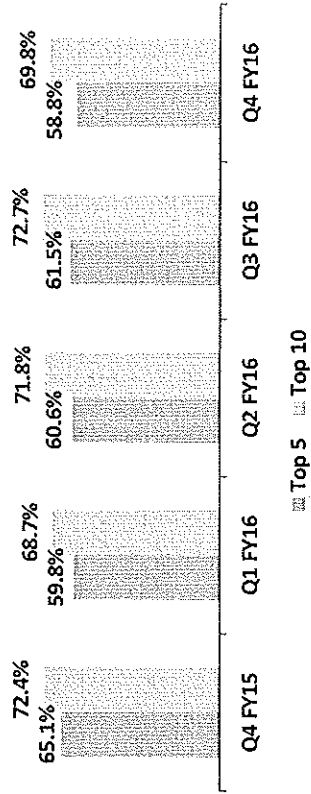
1. Excluding BPO
2. Voluntary attrition

# Operational Metrics

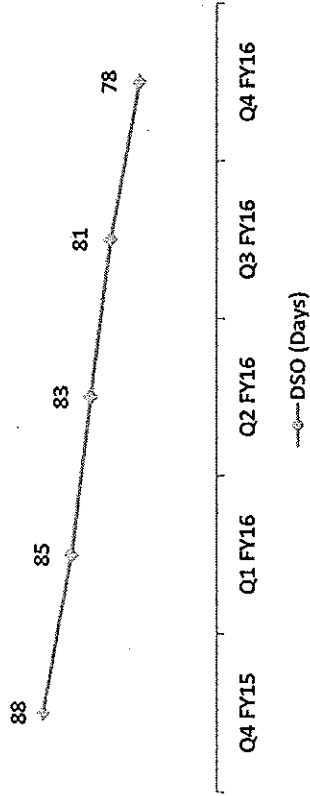
Client Concentration

|                  | Q4 FY15 | Q1 FY16 | Q2 FY16 | Q3 FY16 | Q4 FY16 |
|------------------|---------|---------|---------|---------|---------|
| \$1+ mn clients  | 22      | 20      | 18      | 18      | 21      |
| \$3+ mn clients  | 5       | 6       | 6       | 6       | 3       |
| \$5+ mn clients  | 3       | 4       | 5       | 5       | 5       |
| \$10+ mn clients | 4       | 2       | 2       | 3       | 4       |
| \$25+ mn clients | 1       | 1       | 1       | 1       | 1       |

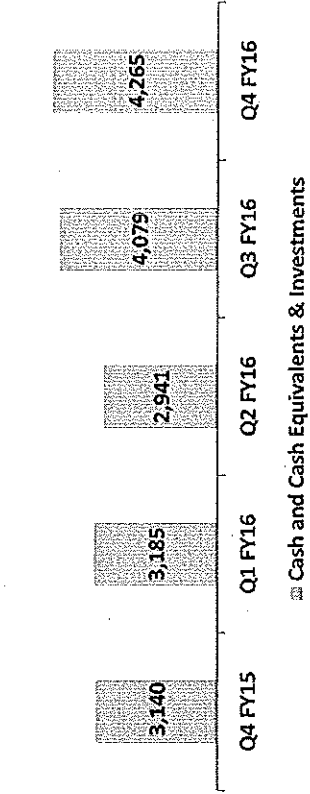
Contribution by top Clients



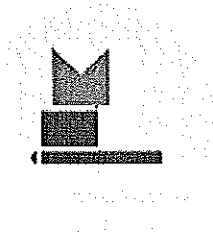
DSO



Cash & Cash Equivalent and Investments (Rs. mn)



# Factsheet



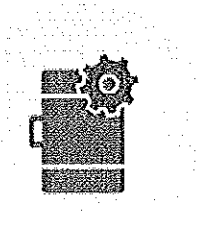
## Polaris at Glance

### About Polaris Consulting & Services Ltd. ("Polaris")

- Founded in 1993; Listed on NSE and BSE, Polaris has a market capitalization of over Rs. 2,000 Crores
- As on March 31, 2016, the Company has 7,541 employees (excluding BPO division)
- Strong balance sheet with zero debt

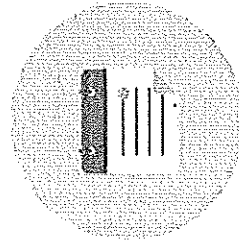
### Specialization

- Polaris is a niche and leading player in the financial technology space
- Major customers include Citibank, Bank of Montreal, JPMC, Lloyds, M&T Bank, RBS, Morgan Stanley and Credit Suisse
- Consistently awarded CMMI Level 5 certification starting from 2001



### Recent Developments

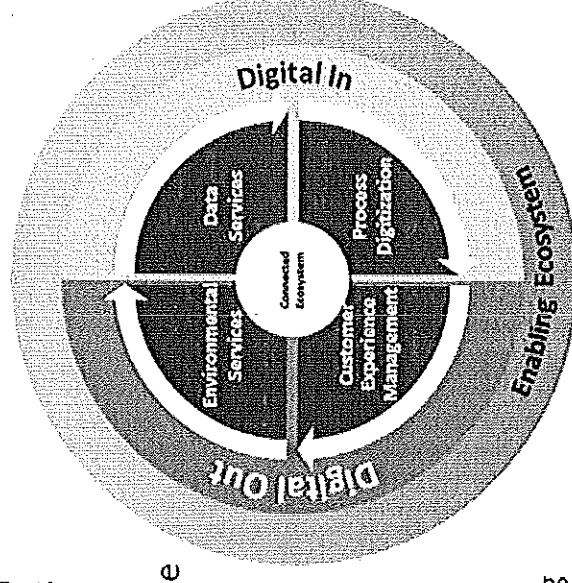
- Virtusa Consulting Services Private Limited ("Virtusa") acquired 52.9% of the total outstanding share capital of the Company in March 2016. Further in April 2016, pursuant to an Open Offer, Virtusa acquired 26.0% stake taking their total stake to 78.9% of the outstanding share capital
- During Q4 FY2016, Polaris entered into a Business Transfer Agreement to transfer all its BPO business as a going concern



## Business Model

### Digital Transformation: Transform to be a Digital 360 Enterprise

- Polaris' Digital Enterprise 360 approach is an 'Assess-Adopt-Grow' strategy with roadmaps to transform Customer Experience, Operation & Technology Processes and build disruptive Business Models through a continuous innovation culture
- **Digital OUT:** This focuses on customer experience transformation and brand value creation, via all customer touchpoints across organization channel, LOB, brands / product and services. It helps organizations maintain a Unified Digital Channel Experience for all its products and services across brands
- **Digital IN:** This focuses on maintaining a balancing act between Operational Efficiency and Technology adoption essential for achieving Superior Customer Experience
- **Connected Ecosystem:** A key technology area essential in building the connecting link between Business and Operations for seamless collaboration
- **Enabling Ecosystem:** This focuses on enabling Rapid Transformation through continuous Innovation, ready-to-use technology accelerators and strong Agile program governance with Development operations



## Factsheet

## Detailed Profit &amp; Loss Statement

| Profit & Loss Statement (Rs. mn) | Q4 FY16 | Q4 FY15 | Y-o-Y Growth (%) | Q3 FY16 | Q-o-Q Growth (%) | FY2016   | FY2015   | Y-o-Y Growth (%) |
|----------------------------------|---------|---------|------------------|---------|------------------|----------|----------|------------------|
| Income from operations           | 5,060   | 4,670   | 8.4%             | 5,176   | (2.2)%           | 20,371   | 18,933   | 7.6%             |
| Employee Cost                    | (4,071) | (3,660) | 11.2%            | (3,923) | 3.8%             | (15,677) | (14,613) | 7.3%             |
| % of Sales                       | (80.5)% | (78.4)% |                  | (75.8)% |                  | (77.0)%  | (77.2)%  |                  |
| Other Expenditures               | (517)   | (507)   |                  | (537)   |                  | (2,169)  | (2,070)  |                  |
| EBITDA                           | 472     | 503     | (6.1)%           | 716     | (34.1)%          | 2,526    | 2,251    | 12.2%            |
| EBITDA Margin (%)                | 9.3%    | 10.8%   |                  | 13.8%   |                  | 12.4%    | 11.9%    |                  |
| Depreciation and Amortization    | (65)    | (67)    |                  | (65)    |                  | (266)    | (279)    |                  |
| % of Sales                       | (1.3)%  | (1.4)%  |                  | (1.2)%  |                  | (1.3)%   | (1.5)%   |                  |
| EBIT                             | 407     | 436     | (6.5)%           | 651     | (37.5)%          | 2,260    | 1,972    | 14.6%            |
| EBIT Margin (%)                  | 8.0%    | 9.3%    |                  | 12.6%   |                  | 11.1%    | 10.4%    |                  |
| Other Income                     | 84      | 87      |                  | 31      |                  | 154      | 411      |                  |
| Exceptional Item                 | (112)   | 0       |                  | (106)   |                  | (218)    | (69)     |                  |
| PBT                              | 379     | 523     | (27.6)%          | 577     | (34.3)%          | 2,196    | 2,314    | (5.1)%           |
| PBT Margin (%)                   | 7.5%    | 11.2%   |                  | 11.1%   |                  | 10.8%    | 12.2%    |                  |
| Tax Expenses                     | (328)   | (153.0) |                  | (211)   |                  | (926)    | (642)    |                  |
| PAT                              | 51      | 371     | (86.2)%          | 365     | (86.0)%          | 1,271    | 1,673    | (24.0)%          |
| PAT Margin (%)                   | 1.0%    | 7.9%    |                  | 7.1%    |                  | 6.2%     | 8.8%     |                  |
| EPS:                             |         |         |                  |         |                  |          |          |                  |
| Basic EPS (Rs.)                  | 0.51    | 3.71    | (86.3)%          | 3.65    | (86.0)%          | 12.68    | 16.77    | (24.4)%          |
| Diluted EPS (Rs.)                | 0.50    | 3.63    | (86.2)%          | 3.57    | (86.0)%          | 12.48    | 16.39    | (23.9)%          |

Note:

1. Q4 FY2016 PAT impacted by exceptional items of Rs. 112 mn (Loss on BPO business assets held for sale: Rs. 66 mn and Transaction cost: Rs. 46 mn) and adjustments for tax pertaining to prior periods of Rs. 179 mn
2. FY2016 PAT impacted by exceptional items of Rs. 218 mn (Loss on BPO business assets held for sale: Rs. 66 mn and Transaction cost: Rs. 152 mn) and adjustments for tax pertaining to prior periods of ~Rs. 183 mn

## Factsheet

## Detailed Balance Sheet

| Balance Sheet (Rs. mn)                    |               | Mar 2015      | Dec 2015 | Mar 2016      |
|-------------------------------------------|---------------|---------------|----------|---------------|
| <b>EQUITY AND LIABILITIES</b>             |               |               |          |               |
| <b>Shareholders' funds</b>                |               |               |          |               |
| Share Capital                             | 500           | 501           |          | 507           |
| Reserves & Surplus                        | 8,009         | 8,940         |          | 9,118         |
| <b>Shareholders' fund</b>                 | <b>8,508</b>  | <b>9,441</b>  |          | <b>9,625</b>  |
| Share application money pending allotment |               | 2             |          |               |
| Minority interest                         | 15            | 154           |          |               |
| <b>Non-current liabilities</b>            |               |               |          |               |
| Differed tax liabilities (net)            | 25            | 27            |          | 15            |
| Long-term provision                       |               |               |          |               |
| <b>Non current liabilities</b>            | <b>25</b>     | <b>27</b>     |          | <b>15</b>     |
| <b>Current liabilities</b>                |               |               |          |               |
| Trade payables                            | 1,803         | 1,899         |          | 2,119         |
| Other current liabilities                 | 1,149         | 929           |          | 744           |
| Short term provisions                     | 1,453         | 294           |          | 388           |
| <b>Current liabilities</b>                | <b>4,405</b>  | <b>3,121</b>  |          | <b>3,250</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>       | <b>12,953</b> | <b>12,746</b> |          | <b>12,890</b> |
| <b>ASSETS</b>                             |               |               |          |               |
| <b>Non-current assets</b>                 |               |               |          |               |
| Fixed Assets                              | 2,347         | 2,434         |          | 2,286         |
| Non-current Investments                   | 1,149         | 571           |          | 571           |
| Deferred tax assets (net)                 | 81            | 97            |          | 96            |
| Long term loans and advances              | 913           | 864           |          | 779           |
| Other non current assets                  | 24            | 15            |          | 55            |
| <b>Non current assets</b>                 | <b>4,514</b>  | <b>3,981</b>  |          | <b>3,787</b>  |
| <b>Current Assets</b>                     |               |               |          |               |
| Current investments                       | 105           | 821           |          | 1,079         |
| Trade receivables                         | 2,382         | 2,722         |          | 2,559         |
| Cash and cash equivalents                 | 1,916         | 2,712         |          | 2,641         |
| Short-term loans and advances             | 1,088         | 322           |          | 759           |
| Other current assets                      | 2,948         | 2,187         |          | 2,065         |
| <b>Current Assets</b>                     | <b>8,439</b>  | <b>8,765</b>  |          | <b>9,103</b>  |
| <b>TOTAL ASSETS</b>                       | <b>12,953</b> | <b>12,746</b> |          | <b>12,890</b> |

## Factsheet

### Revenue by Geography

| Particulars   | Q4 FY15     | Q1 FY16     | Q2 FY16     | Q3 FY16     | Q4 FY16     |
|---------------|-------------|-------------|-------------|-------------|-------------|
| Americas      | 52%         | 53%         | 52%         | 54%         | 52%         |
| Europe        | 21%         | 20%         | 21%         | 21%         | 21%         |
| India         | 8%          | 8%          | 8%          | 7%          | 9%          |
| Rest of World | 19%         | 19%         | 20%         | 18%         | 19%         |
| <b>Total</b>  | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

### Revenue by Vertical

| Particulars                | Q4 FY15     | Q1 FY16     | Q2 FY16     | Q3 FY16     | Q4 FY16     |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Retail Banking             | 13%         | 14%         | 15%         | 15%         | 16%         |
| Corporate Banking          | 21%         | 22%         | 22%         | 21%         | 19%         |
| Treasury & Capital Markets | 48%         | 47%         | 47%         | 51%         | 52%         |
| Insurance & others         | 18%         | 17%         | 16%         | 13%         | 13%         |
| <b>Total</b>               | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

### Revenue by Service Offering

| Particulars     | Q4 FY15     | Q1 FY16     | Q2 FY16     | Q3 FY16     | Q4 FY16     |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| App Maintenance | 38%         | 38%         | 39%         | 40%         | 42%         |
| App Development | 46%         | 46%         | 46%         | 46%         | 44%         |
| Testing         | 15%         | 15%         | 14%         | 13%         | 13%         |
| Others          | 1%          | 1%          | 1%          | 1%          | 1%          |
| <b>Total</b>    | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

### Revenue by Contract Type

| Particulars     | Q4 FY15     | Q1 FY16     | Q2 FY16     | Q3 FY16     | Q4 FY16     |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| Fixed Bid       | 41%         | 39%         | 39%         | 41%         | 41%         |
| Time & Material | 59%         | 61%         | 61%         | 59%         | 59%         |
| <b>Total</b>    | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

## Safe Harbor Statement

Certain statements in this presentation 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.

**Thank you**

**Contact Details:**

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