POLARIS
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PCSL/SEC/2016-17 **November 9th, 2016**

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

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

Dear Sirs,

Sub: Outcome of the Board Meeting held on 9th November 2016
Ref: ISIN INE763A01023

We wish to inform you that the Board of Directors of the Company at its meeting held on 9th November 2016, have approved the following:

Financial Results:

1. Unaudited Standalone and Consolidated Financial Results for the quarter ended 30th September 2016, prepared as per Indian Accounting Standards (IND-AS) and a signed copy of the financials as per the format prescribed under Regulation 33 of the SEBI (Listing Obligations Disclosure Requirements) Regulations 2015 and the Limited Review report are enclosed.
2. Media release announcing the financial results of the Company for the quarter ended 30th September 2016 is enclosed.
3. Investor Presentation under Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the quarter ended 30th September 2016

We have also uploaded the financial results 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.

POLARIS CONSULTING & SERVICES LIMITED

Other Business:

The Board of Directors have also considered and approved the resignation of Mr. Jitin Goyal, from the position of Executive Director and CEO of the Company w.e.f 9th of November 2016.

The Board Meeting commenced at 18:00 hours and concluded at 20:00 hours.

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

Thanking You,

Yours truly,
For Polaris Consulting & Services Limited

Christina Pauline Beulah
Company Secretary
Encl: As Above

POLARIS CONSULTING & SERVICES LIMITED

B S R & Co. LLP

Chartered Accountants

No 10, Mahatma Gandhi Road
Nungambakkam
Chennai - 600 034, India

Telephone: +91 44 3914 5000
Fax: +91 44 3914 5999

Limited Review Report to the Board of Directors of Polaris Consulting & Services Limited

We have reviewed the accompanying statement of unaudited consolidated financial results (the "Statement") of Polaris Consulting & Services Limited ("the Company"), its subsidiaries and joint venture (collectively referred to as 'the Group') (Refer to note 'd' of the Statement) for the quarter and six months ended 30 September 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Attention is drawn to the fact that the figures for the corresponding quarter and six months ended 30 September 2015 including the reconciliation of net profit as per previously applicable Generally Accepted Accounting Principles ("GAAP") to total comprehensive income as per Indian Accounting Standards ('Ind AS') and figures for the year ended 31 March 2016 including reconciliation of equity as per previously applicable GAAP to equity as per Ind AS, as reported in these financial results have been approved by the Company's Board of Directors but have not been subjected to review/audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity'* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We did not review the unaudited financial results of twelve subsidiaries and a joint venture included in the financial results of the Group. These subsidiaries account for Rs. 22,816 lakhs of total assets as at 30 September 2016 and revenues from operations of Rs. 9,128 lakhs and Rs. 18,264 lakhs for the quarter and six months ended 30 September 2016 respectively. The financial results also include the Group's share of net loss of Rs. 15 lakhs and Rs. 32 Lakhs for the quarter and six months ended 30 September 2016 respectively, in respect of such joint venture. The unaudited financial results of these subsidiaries and a joint venture have been reviewed by other auditors, whose reports have been furnished to us. Our opinion on the unaudited consolidated financial results, in so far as it relates to these subsidiaries and a joint venture, is based on the aforesaid review reports of the other auditors.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results for the quarter and six months ended 30 September 2016 prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration No. 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: 9 November 2016

B S R & Co. LLP

Chartered Accountants

No 10, Mahatma Gandhi Road
Nungambakkam
Chennai - 600 034, India

Telephone: +91 44 3914 5000
Fax: +91 44 3914 5999

Limited Review Report to the Board of Directors of Polaris Consulting & Services Limited

We have reviewed the accompanying statement of unaudited standalone financial results (the "Statement") of Polaris Consulting & Services Limited ("the Company") for the quarter and six months ended 30 September 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Attention is drawn to the fact that the figures for the corresponding quarter and six months ended 30 September 2015 including the reconciliation of net profit as per previously applicable Generally Accepted Accounting Principles ("GAAP") to total comprehensive income as per Indian Accounting Standards ('Ind AS') and figures for the year ended 31 March 2016 including reconciliation of equity as per previously applicable GAAP to equity as per Ind AS, as reported in these financial results have been approved by the Company's Board of Directors but have not been subjected to review/audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity'* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results for the quarter and six months period ended 30 September 2016 prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration No. 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491
Place: Chennai
Date: 9 November 2016

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**	**103,530.98**	**205,135.16**
2.	**Expenses**						
	(a) Employee benefits expenses	39,476.32	38,373.86	39,935.39	77,850.18	77,964.19	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**	**13,488.21**	**21,199.59**
4.	Other Income	586.65	748.24	173.46	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	665.10	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	8,878.06
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	2,699.28	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

B S R & Co. LLP Chartered Accountants

POLARIS CONSULTING & SERVICES LIMITED No.244 Anna Salai Chennai 600 006

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) Equity 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)	1,568.25	1,276.39	808.51	686.84
	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	2,813.85	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)	(933.05)	(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	(2,289.78)	(2,289.78)	(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	65,395.89
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**	**63,494.31**

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 open 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.

POLARIS CONSULTING & SERVICES LIMITED No.244 Anna Salai Chennai 600 006

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

Rama Sivaraman
Director

Vaidyanathan N.M
Chief Financial Officer

Place : Hyderabad
Date : November 9, 2016

BSR & Co. LLP Chartered Accountants

POLARIS PRESSRELEASE

POLARIS live your dream

Q2 Results FY2017 INR

Polaris' Q2 FY17 PAT up by 3.6% Q-o-Q

Chennai (India), November 9, 2016: Polaris Consulting & Services Ltd (NSE and BSE: POLARIS), a leader in digital transformation solutions and services, announced its results for the second quarter and half year results of FY17 today.

Polaris' second Quarter revenues stood at Rs. 506.72 crore, registering 2.3% growth as compared to Rs. 495.50 crore in Q1 FY17. In dollar terms, revenues stood at $75.7 Mn as against $73.3 Mn in Q1 FY17. EBITDA stood at Rs. 61.45 crore, registering a 4.7% growth as compared to Rs. 58.72 crore in Q1 FY17. Profit after Tax (PAT) grew by 3.6% Q-o-Q to Rs. 41.15 crore from Rs. 39.72 crore.

Business Highlights

- Average utilization in Q2 FY17was 77.0% compared to 71.7% during Q1 FY17
- Talent strength of 7,056 as of September 30, 2016
- DSO stood at 86 Days compared to 89 days in Q1 FY17
- Cash, Cash equivalents and Investments stood at Rs.479.2 Crores at the end of the quarter compared to Rs.352.8 Crores at the end of Q1 FY17

Management Statement

Kris Canekeratne, Chairman, Polaris Consulting & Services Limited said, "We are pleased with our Q2 performance. Our Q-2 revenue and EBITDA grew sequentially by 2.3% and 4.7% respectively. The growth was driven largely by growth in our principal business segment, Banking and Financial services which grew by 8.1%. I would like to take this opportunity to thank all of the Polaris team members for their hard work and dedication towards executing against our strategic goals."

Canekeratne continued, "I would also like to inform the shareholders that Mr. Jitin Goyal, CEO of the Company has resigned to pursue other interests. I would like to thank Jitin for his many contributions, and also for building a strong platform that will allow Polaris to grow and scale in the banking and financial services industry. We wish Jitin the very best."

N M Vaidyanathan, Chief Financial Officer, Polaris Consulting & Services Limited, said, "In $ terms our top-line improved by 2.3% on a sequential basis during the quarter. Our PAT improved by 3.6% compared to Q1 FY2017. This improvement in the profitability was primarily driven by higher revenues and higher utilization levels coupled with cost rationalization initiatives. We will stay focused on driving the business forward, and we expect higher one-time integration related costs to impact us in the second half of the year. Our continued execution on improving collections is evident from considerable growth in cash and cash equivalents & investments during the quarter. Proceeds from the sale of property also contributed to the growth in cash balance."

About Polaris

Polaris Consulting & Services Ltd. is a leader in solutions and services that enable operational productivity for the global financial services industry. Polaris' services include process engineering, solution consulting, system integration, application development and maintenance, production support, testing, and infrastructure management. To deliver these services, Polaris has invested heavily in building deep functional and domain-specific models, tools and accelerators, which enable it to deliver higher productivity and better quality to its BFSI clientele.

POLARIS PRESSRELEASE

POLARIS live your dream

Q2 Results FY2017 INR

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Financial Results for the Second Quarter and Half Year Ended September 30, 2016

POLARIS CONSULTING & SERVICES LIMITED (Formerly known as Polaris Financial Technology Ltd)

Unaudited consolidated financial results for the second quarter and half year ended September 30, 2016 prepared as per IND AS

(Rs. Lakhs)

	For the quarter ended			For the period ended	
Particulars	**30-Sep-16**	**30-Jun-16**	**30-Sep-15**	**30-Sep-16**	**30-Sep-15**
Revenue from operations	50,672.12	49,550.28	54,249.94	100,222.39	103,530.98
Other income	586.65	748.24	173.46	1,334.89	688.63
Total Income	**51,258.76**	**50,298.51**	**54,423.41**	**101,557.28**	**104,219.61**
Expenses					
Employee benefits expense	39,476.32	38,373.86	39,935.39	77,850.18	77,964.19
Depreciation and amortisation expense	578.93	574.97	687.49	1,153.90	1,362.09
Other expenses	5,050.87	5,304.87	5,203.18	10,355.74	10,716.49
Total expenses	**45,106.12**	**44,253.70**	**45,826.06**	**89,359.82**	**90,042.77**
Profit/(loss) before exceptional items and tax	**6,152.64**	**6,044.82**	**8,597.35**	**12,197.46**	**14,176.84**
Profit/(loss) before tax	**6,152.64**	**6,044.82**	**8,597.35**	**12,197.46**	**14,176.84**
Tax expense					
a) Current tax	1,810.66	1,413.11	2,279.01	3,223.76	4,160.05
b) Provision for taxes relating to earlier years	294.55	6.03	-	300.59	-
c) Deferred tax	(81.98)	636.34	614.39	554.37	643.14
Profit after tax before share of results of associates	**4,129.41**	**3,989.33**	**5,703.94**	**8,118.75**	**9,373.65**
Add: Share of profit from Joint Venture	(14.90)	(16.89)	-	(31.80)	-
Profit/(loss) for the period	**4,114.51**	**3,972.44**	**5,703.94**	**8,086.95**	**9,373.65**
Attributable to:					
Owners of the parent	4,114.51	3,972.44	5,705.42	8,086.95	9,376.87
Non-controlling interest	-	-	(1.48)	-	(3.22)
Other comprehensive income	**571.13**	**(210.25)**	**(1,436.27)**	**403.12**	**(1,819.39)**
Total comprehensive income	**4,685.64**	**3,762.19**	**4,269.16**	**8,490.07**	**7,557.48**
(Comprising Profit /(Loss) and Other Comprehensive Income for the period)					

Polaris Consulting & Services Limited

(BSE: 532254; NSE: POLARIS)

Q2 FY2017 Earnings Presentation

November 9, 2016

POLARIS®
live your dream

Performance Highlights: Q2 FY2017

Net Revenue	EBITDA	PAT
Rs. 5,067 mn	Rs. 614 mn	Rs. 411 mn
+2.3% q-o-q	Margin: 12.1%	Margin: 8.1%

DSO	Headcount	CCE and Investments
86 Days	7,056	Rs. 4,792 mn
(89 Days: Q1 FY2017)	Attrition: 17.1%	(Rs. 3,528 mn: Q1 FY2017)

Management Perspectives

Commenting on results and developments **Mr. Kris Canekeratne, Chairman** said:

We are pleased with our Q2 performance. Our Q-2 revenue and EBITDA grew sequentially by 2.3% and 4.7% respectively. The growth was driven largely by growth in our principal business segment, Banking and Financial services which grew by 8.1%. I would like to take this opportunity to thank all of the Polaris team members for their hard work and dedication towards executing against our strategic goals.

I would also like to inform the shareholders that Mr. Jitin Goyal, CEO of the Company has resigned to pursue other interests. I would like to thank Jitin for his many contributions, and also for building a strong platform that will allow Polaris to grow and scale in the banking and financial services industry. We wish Jitin the very best.

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

In $ terms our top-line improved by 2.3% on a sequential basis during the quarter. Our PAT improved by 3.6% compared to Q1 FY2017. This improvement in the profitability was primarily driven by higher revenues and higher utilization levels coupled with cost rationalization initiatives. We will stay focused on driving the business forward, and we expect higher one-time integration related costs to impact us in the second half of the year. Our continued execution on improving collections is evident from considerable growth in cash and cash equivalents & investments during the quarter. Proceeds from the sale of property also contributed to the growth in cash balance.

Performance Overview

(Rs. million, unless stated)

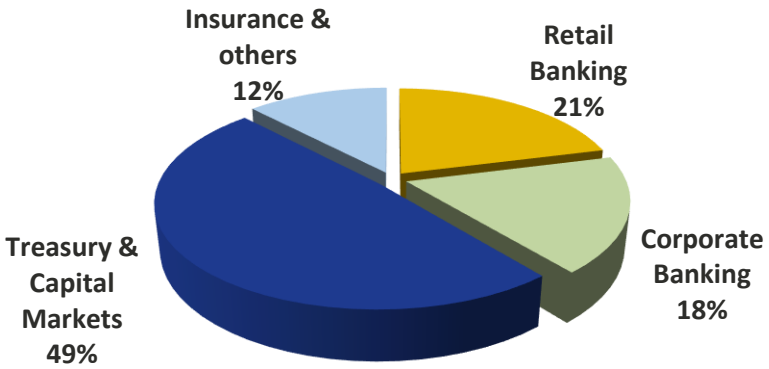
Particulars	Q2 FY2017	Q2 FY2016	*Y-o-Y Growth (%)*	Q1 FY2017	*Q-o-Q Growth (%)*
Net Revenue	5,067	5,425	*(6.6)%*	4,955	*2.3%*
EBITDA	614	911	*(32.6)%*	587	*4.7%*
Margin (%)	*12.1%*	*16.8%*		*11.8%*	
PAT	411	571	*(27.9)%*	397	*3.6%*
Margin (%)	*8.1%*	*10.5%*		*8.0%*	
Basic EPS (Rs.)	4.05	5.70	*(28.9)%*	3.92	*3.5%*

Performance Discussion (Q-o-Q)

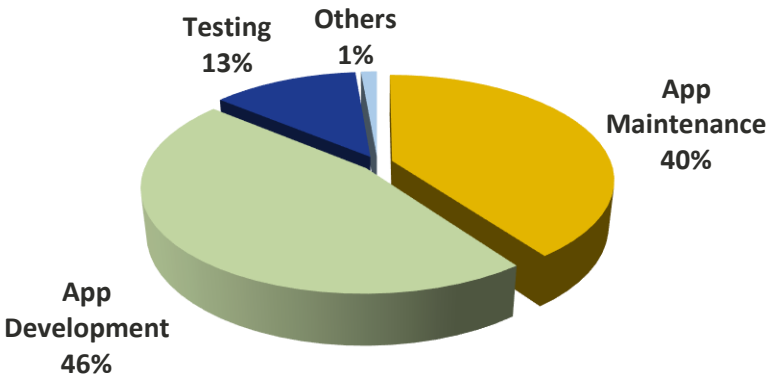
- EBITDA margins improved by 28 basis points primarily driven by improvement in utilization levels coupled with cost rationalization. Adjusted for the impact of IND AS on the revenue for Q1, the EBITDA margin improved by 360 basis points.
- PAT growth was driven by better operating profit, offset to a certain extent by the decline in other income during the quarter
- Higher collection of receivables and proceeds from the sale of Carex property resulted in significant improvement in the Cash and Cash equivalents & Investments which was Rs. 4,792 million as on 30th Sep 2016 (Rs. 3,528 as on 30th Jun 2016)

Q2 FY2017 Revenue Break-up

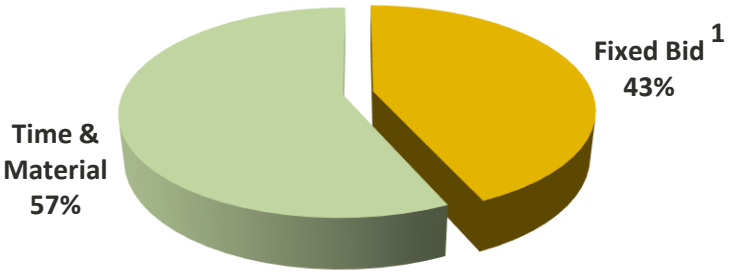
Revenue by Vertical



Revenue by Service Offering



Revenue by Contract Type

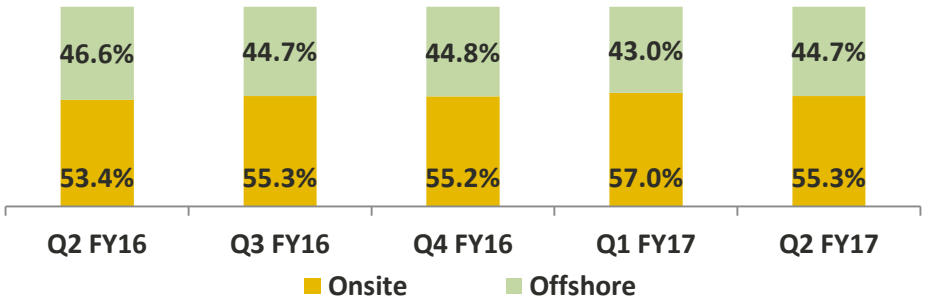


Note:

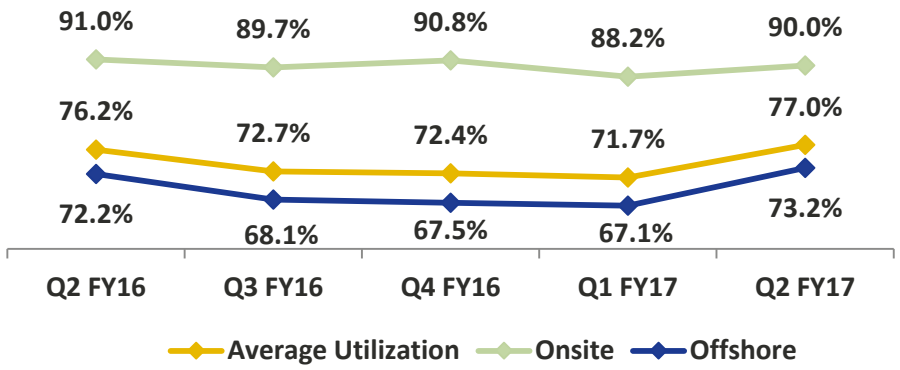
1. Fixed bid includes Fixed price

Operational Metrics

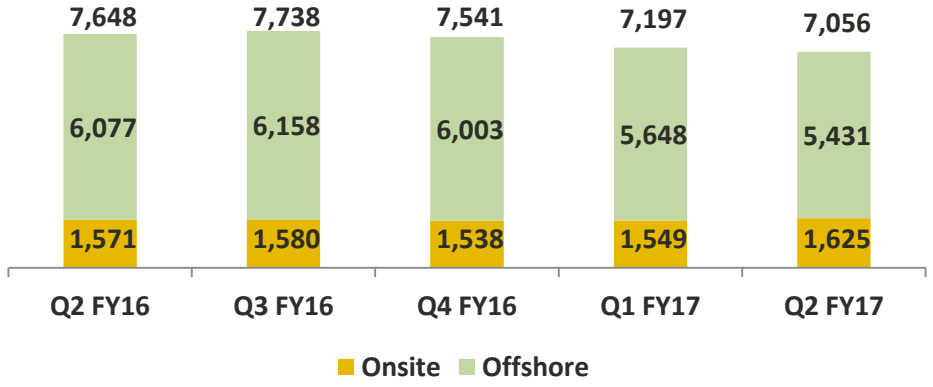
Revenue Mix



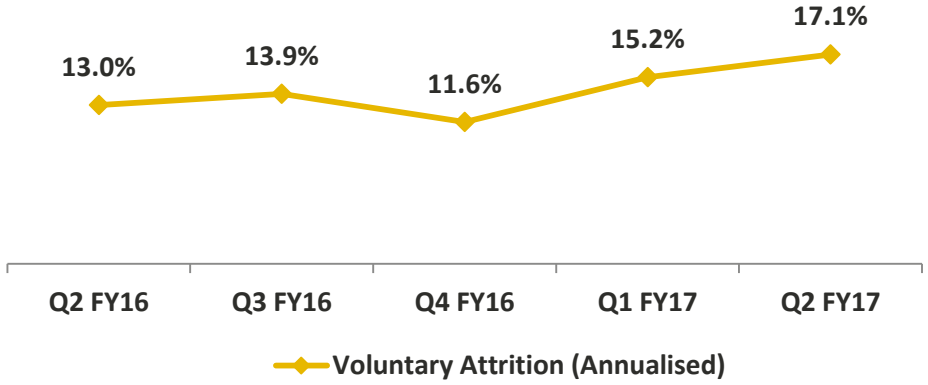
Utilization



Headcount[1]



Attrition

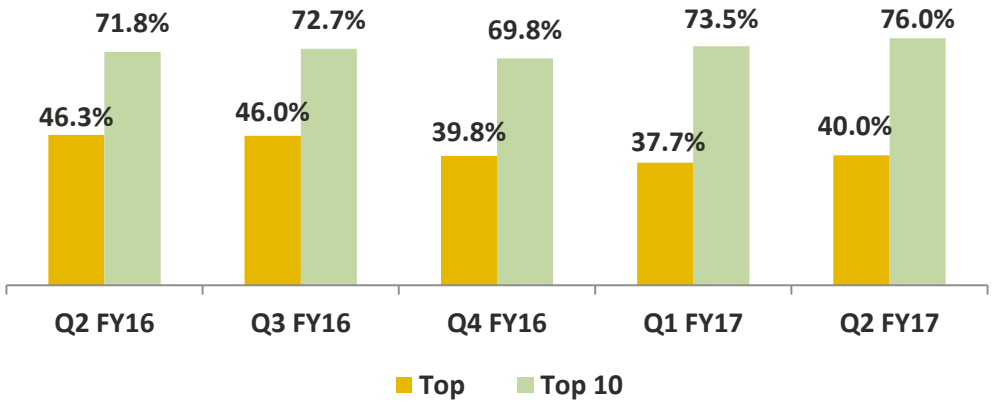


Note:

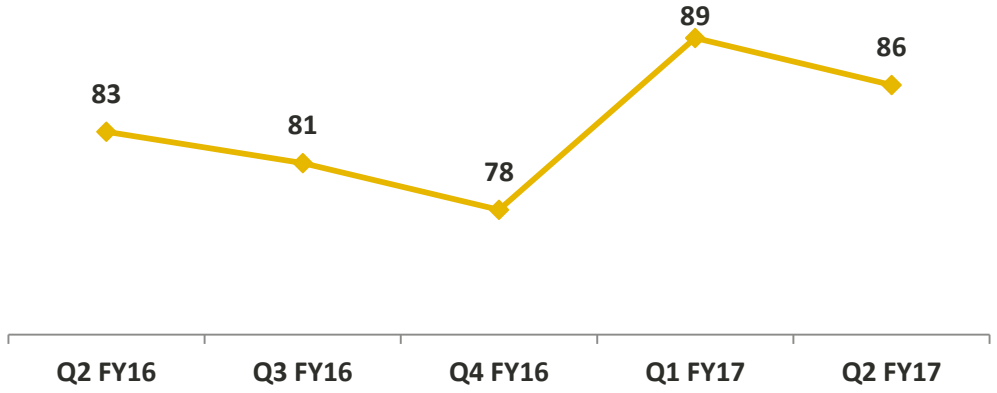
1. Excluding BPO and including vendors

Operational Metrics

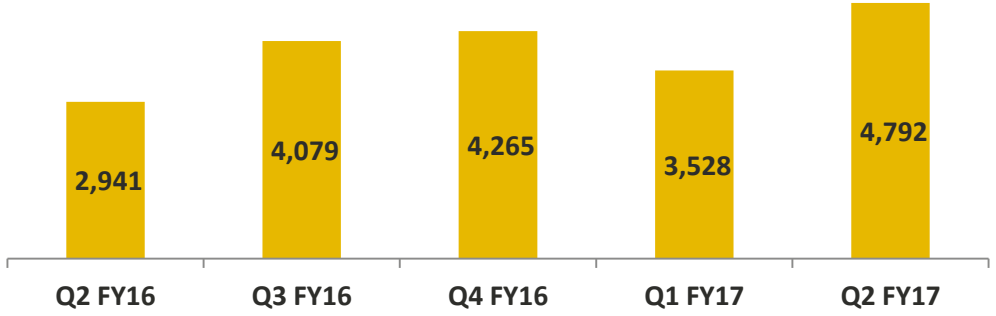
Contribution by top Clients



DSO



Cash & Cash Equivalent and Investments (Rs. mn)



Factsheet

Factsheet

Detailed Profit & Loss Statement

Profit & Loss Statement (Rs. mn)	Q2 FY2017	Q2 FY2016	Y-o-Y Growth (%)	Q1 FY2017	Q-o-Q Growth (%)
Income from operations	5,067	5,425	(6.6)%	4,955	2.3%
Employee Cost	(3,948)	(3,994)	(1.1)%	(3,837)	2.9%
% of Sales	*77.9%*	*73.6%*		*77.4%*	
Other Expenditures	(505)	(520)		(530)	
EBITDA	**614**	**911**	**(32.6)%**	**587**	**4.7%**
EBITDA Margin (%)	***12.1%***	***16.8%***		***11.8%***	
Depreciation and Amortization	(58)	(69)		(57)	
% of Sales	*1.1%*	*1.3%*		*1.2%*	
EBIT	**557**	**842**	**(33.9)%**	**530**	**5.1%**
EBIT Margin (%)	***11.0%***	***15.5%***		***10.7%***	
Other Income	59	17		75	
PBT	**615**	**860**	**(28.4)%**	**604**	**1.8%**
PBT Margin (%)	***12.1%***	***15.8%***		***12.2%***	
Tax Expenses	(202)	(289)		(206)	
Share of (profit)/loss of associate companies	(1)	0		(2)	
Minority Interest	0	0		0	
PAT	**411**	**571**	**(27.9)%**	**397**	**3.6%**
PAT Margin (%)	***8.1%***	***10.5%***		***8.0%***	
EPS:					
Basic EPS (Rs.)	4.05	5.70	(28.9)%	3.92	3.5%
Diluted EPS (Rs.)	4.02	5.63	(28.6)%	3.88	3.6%

Factsheet

	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17
Revenue By Vertical					
Retail Banking	15.4%	15.2%	16.3%	17.9%	21.2%
Corporate Banking	21.8%	20.7%	19.0%	18.3%	17.9%
Treasury & Capital Markets	47.2%	50.9%	51.7%	51.0%	48.8%
Insurance & others	15.6%	13.1%	13.0%	12.8%	12.2%
Revenue by Service Offering:					
App Maintenance	39.1%	39.9%	41.7%	42.6%	40.0%
App Development	45.7%	46.4%	43.8%	43.6%	46.0%
Testing	14.0%	12.6%	13.4%	12.9%	12.7%
Others	1.2%	1.1%	1.0%	0.9%	1.4%
Revenue by Product Type:					
Fixed Bid	38.8%	41.2%	40.9%	38.3%	43.3%
Time & Material	61.2%	58.8%	59.1%	61.7%	56.7%
Effort Mix:					
Offshore effort	74.5%	73.6%	73.1%	73.0%	73.5%
Onsite effort	25.5%	26.4%	26.9%	27.0%	26.5%
Revenue Mix:					
Onsite	53.4%	55.3%	55.2%	57.0%	55.3%
Offshore	46.6%	44.7%	44.8%	43.0%	44.7%
Utilization:					
Average Utilization	76.2%	72.7%	72.4%	71.7%	77.0%
Onsite	91.0%	89.7%	90.8%	88.2%	90.0%
Offshore	72.2%	68.1%	67.5%	67.1%	73.2%

	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17
Clients:					
Active clients	146	142	141	128	119
Number of New clients	4	3	1	3	3
Number of 10% clients	1	1	1	1	1
Revenue from repeat clients >12 months	89.7%	90.5%	90.8%	90.7%	90.0%
Top client	46.3%	46.0%	39.8%	37.7%	40.0%
Top 10 clients	71.8%	72.7%	69.8%	73.5%	76.0%
Headcount:					
Total Headcount	7,648	7,738	7,541	7,197	7,056
Onsite	1,571	1,580	1,538	1,549	1,625
Offshore	6,077	6,158	6,003	5,648	5,431
Non IT professionals	746	741	731	625	608
IT professionals	6,902	6,997	6,810	6,572	6,448
Net addition	343	90	(197)	(344)	(140)
Voluntary Attrition (Annualized)	13.0%	13.9%	11.6%	15.2%	17.1%
Cash:					
Cash, Cash Equivalents & Investments (Rs. Mn)	2,941	4,079	4,265	3,528	4,792
DSO (days)	83	81	78	89	86

Polaris at Glance

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

- Founded in 1993; Listed on NSE and BSE, Polaris has a market capitalization of around Rs. 1,700 Cr.
- As on September 30, 2016, the Company has 7,056 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

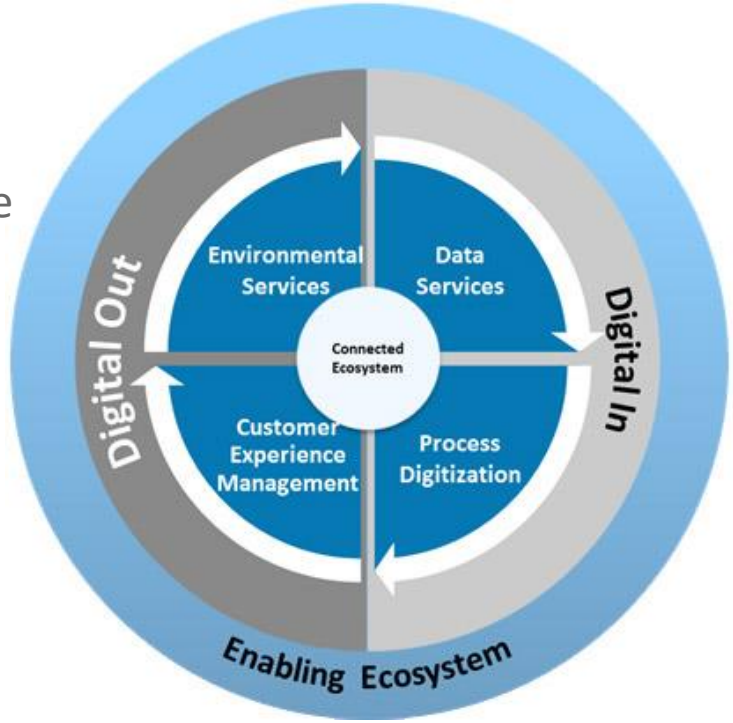
Recent Developments

- 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



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

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