

POLARIS CONSULTING & SERVICES LIMITED

CIN:L65993TN1903PLC024142

Regd Office : No 34, IT Highway, Navalur, Chennai - 600 130

Statement of Unaudited consolidated financial results for the quarter and six months ended September 30, 2017

S. No	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
1	Revenue from operations	(Unaudited) 67,151.20	(Unaudited) 55,494.98	(Unaudited) 50,948.83	(Unaudited) 122,646.18	(Unaudited) 100,747.05	(Audited) 209,498.66
2	Other income	466.07	325.90	810.84	687.97	1,203.07	2,086.61
3	Total income (1+2)	67,617.27	55,820.88	51,759.67	123,334.15	101,950.12	211,585.27
4	Expenses						
(a)	Employee benefits expenses	41,827.76	38,250.14	33,778.61	80,077.90	67,894.39	139,482.72
(b)	Subcontracting expenses	8,154.03	7,055.00	5,901.28	15,209.03	10,350.76	23,456.15
(c)	Depreciation and amortisation expense	592.02	553.38	592.67	1,145.40	1,181.68	2,383.67
(d)	Foreign exchange loss / (gain)	(32.23)	229.81	236.89	197.58	(124.83)	2,491.17
(e)	Other expenses	6,289.96	5,367.76	5,079.59	11,657.72	10,216.58	22,345.08
	Total Expenses	56,831.54	51,456.09	46,889.04	108,287.63	89,718.56	187,896.79
5	Profit before share of loss of joint venture and tax (3-4)	10,681.73	4,364.79	6,170.63	15,046.52	12,231.56	23,688.48
6	Share of loss of joint venture	(25.97)	(0.26)	(14.91)	(26.23)	(31.80)	(62.60)
7	Profit before tax (5+6)	10,655.76	4,364.53	6,155.72	15,020.29	12,199.76	23,625.88
8	Tax expenses	3,468.00	1,716.15	2,108.63	5,184.15	3,530.83	6,690.17
	Current tax	(42.26)	(372.20)	(81.98)	(414.96)	554.37	691.06
9	Deferred tax	7,220.02	3,092.08	4,129.07	10,251.10	8,114.56	16,244.65
10	Net profit for the period / year (7-8)						
(a)	Other comprehensive income	(Unaudited) 7,220.02	(Unaudited) 3,092.08	(Unaudited) 4,129.07	(Unaudited) 10,251.10	(Unaudited) 8,114.56	(Audited) 16,244.65
(b)	Items that will not be reclassified to profit or loss						
(i)	Equity investments through other comprehensive income - net change in fair value	(3.90)	7.84	-	3.94	-	(121.31)
(ii)	Items that will be reclassified to profit or loss						
(a)	Exchange differences in translating financial statements of foreign operations	-	-	2.26	-	2.26	7.03
(b)	Effective portion of gains (losses) on hedging instruments in cash flow hedges	(1,528.62)	(830.55)	(456.64)	2,138.47	(473.69)	(2,918.51)
	Others	-	-	(83.52)	-	1,286.81	2,854.41
11	Income tax relating to items that will be reclassified to profit or loss	529.03	287.44	(561.16)	816.47	40.62	37.88
12	Other comprehensive income (net of taxes)	239.07	360.64	611.64	899.71	(404.43)	(996.59)
13	Reserve i.e. Other equity	7,460.09	3,381.72	4,740.71	10,850.81	8,515.99	15,107.56
14	Earning Per Share of Rs.5 each (Rs.)	5,111.54	5,110.53	5,079.03	5,111.54	5,079.03	5,066.04
(a)	Basic	(not annualised) 7.07	(not annualised) 2.96	(not annualised) 4.07	(not annualised) 10.03	(not annualised) 7.99	15.99
(b)	Diluted	7.02	2.94	4.04	9.96	7.93	15.89
	See accompanying notes to the financial results						

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Regd Office : No 34, IT Highway, Navalur, Chennai - 600 130

Statement of Unaudited standalone financial results for the quarter and six months ended September 30, 2017

S. No	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	March 31, 2017
1	Revenue from operations	(Unaudited) 47,604.48	(Unaudited) 38,956.97	(Unaudited) 36,794.06	(Unaudited) 86,561.45	(Unaudited) 73,612.37	(Audited) 151,097.91
2	Other income	336.10	280.05	764.11	616.15	1,169.83	1,973.21
3	Total income (1+2)	47,940.58	39,237.02	37,558.17	87,177.60	74,782.20	153,071.12
4	Expenses						
(a)	Employee benefits expenses	32,525.07	30,210.16	26,272.62	62,735.23	52,905.19	109,791.41
(b)	Subcontracting expenses	1,356.37	1,276.03	2,245.11	2,632.40	4,205.89	7,166.94
(c)	Depreciation and amortisation expense	550.09	527.89	559.21	1,077.98	1,113.80	2,227.63
(d)	Foreign exchange loss / (gain)	(188.68)	1,47.22	245.61	(41.46)	(217.35)	381.25
(e)	Other expenses	5,208.92	4,361.88	3,888.83	9,570.80	8,140.03	17,663.32
	Total Expenses	39,451.77	36,523.18	33,311.38	75,974.95	66,147.56	137,234.15
5	Profit before tax (3-4)	8,488.81	2,713.84	4,246.79	11,202.65	8,634.64	15,836.97
6	Tax expenses						
	Current tax	3,167.39	1,209.70	1,613.65	4,377.09	2,679.20	5,239.43
	Deferred tax	(163.64)	(189.30)	(108.84)	(352.94)	427.70	663.78
7	Net profit for the period / year (5-6)	5,485.06	1,693.44	2,841.98	7,178.50	5,327.74	9,933.76
8	Other comprehensive income						
(a)	Items that will not be reclassified to profit or loss						
(i)	Equity investments through other comprehensive income - net change in fair value	(3.90)	7.84	-	3.94	-	(121.31)
(ii)	Items that will be reclassified to profit or loss						
(a)	Exchange differences in translating financial statements of foreign operations	-	-	2.26	-	2.26	7.03
(b)	Effective portion of gains (losses) on hedging instruments in cash flow hedges	(1,528.62)	(830.55)	(456.64)	2,138.47	(473.69)	(2,918.51)
	Others	-	-	(83.53)	-	1,286.81	2,854.41
9	Income tax relating to items that will be reclassified to profit or loss	529.03	287.44	(561.16)	816.47	40.62	37.88
10	Other comprehensive income (net of taxes)	(915.82)	(537.26)	927.80	(1,453.18)	(996.59)	1,550.54
11	Reserves i.e. Other equity	4,569.24	1,156.08	3,769.28	5,715.32	6,475.32	11,484.30
12	Earning Per Share of Rs.5 each (Rs.)	5,111.54	5,110.53	5,079.03	5,111.54	5,079.03	5,066.04
(a)	Basic	(not annualised) 5.37	(not annualised) 1.66	(not annualised) 2.80	(not annualised) 7.02	(not annualised) 5.45	9.78
(b)	Diluted	5.33	1.65	2.78	6.98	5.40	9.71
	See accompanying notes to the financial results						



STATEMENT OF ASSETS AND LIABILITIES

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

S. Particulars		CONSOLIDATED				STANDALONE	
No		As at September 30, 2017	As at March 31, 2017	As at September 30, 2017	As at March 31, 2017		
		(Unaudited)	(Audited)	(Unaudited)	(Audited)		
A. ASSETS							
1. Non-current assets							
(a)	Property, plant and equipment	14,831.50	14,482.86	14,525.07	14,157.42		
(b)	Capital work in progress	344.93	-	342.90	-		
(c)	Investment property	5,309.09	5,309.09	5,309.09	5,309.09		
(d)	Other intangible assets	963.73	203.85	963.73	203.85		
(e)	Intangibles under development	-	277.41	-	277.41		
(f)	Equity accounted investee	1,444.46	1,470.69	-	-		
(g)	Financial assets	-	-	-	-		
	Investments	-	-	-	-		
	Derivatives	-	-	-	-		
	Loans	1,188.94	1,229.26	4,340.78	4,381.09		
	Others financial assets	9.72	-	9.72	-		
(h)	Income tax assets (net)	18.27	103.07	18.27	103.08		
(i)	Deferred tax assets (net)	868.62	1,250.91	666.92	831.04		
(j)	Other non-current assets	7,822.34	7,846.96	7,425.80	7,425.72		
	Total non-current assets	1,368.29	136.70	1,160.55	8.89		
		99.05	113.27	99.06	113.27		
		34,268.94	32,424.07	34,861.89	32,810.86		
2. Current assets							
(a)	Financial Assets						
	Investments	14,640.89	12,871.98	14,640.89	12,871.98		
	Trade receivables	38,598.96	32,005.29	30,913.74	22,891.98		
	Unbilled revenue	20,017.13	21,079.36	12,229.13	13,875.30		
	Cash and cash equivalents	40,748.86	32,405.51	18,889.06	16,178.87		
	Other bank balances	8,636.40	7,530.45	128.90	486.85		
	Derivatives	1,554.12	3,923.01	1,554.12	3,923.01		
	Loans	723.08	528.53	261.66	405.65		
	Others financial assets	494.96	319.71	320.74	122.83		
(b)	Other current assets	3,412.13	1,977.10	2,497.88	1,516.81		
	Total current assets	128,836.53	113,240.94	81,436.12	72,732.28		
		163,095.47	145,665.01	116,298.01	105,064.14		
B. EQUITY AND LIABILITIES							
1. Equity							
(a)	Equity share capital	5,111.54	5,106.04	5,111.54	5,106.04		
(b)	Other equity	114,742.87	104,342.64	76,760.45	70,882.88		
	Total Equity	119,854.41	109,448.68	81,871.99	75,988.92		
2. Non-current liabilities							
(a)	Deferred tax liabilities (net)	117.99	134.98	117.99	134.98		
	Total non-current liabilities	117.99	134.98	117.99	134.98		
3. Current liabilities							
(a)	Financial liabilities						
	Trade payables	20,413.30	17,333.04	18,405.55	15,548.93		
(b)	Provisions	7,629.43	6,970.64	5,570.99	5,220.08		
(c)	Current tax liabilities (net)	4,544.10	3,947.56	2,851.16	3,041.50		
(d)	Other current liabilities	2,727.05	622.38	1,870.95	568.36		
	Total current liabilities	7,809.19	7,187.73	5,603.38	4,551.37		
		43,123.07	36,081.35	34,308.63	28,960.24		
	Total Equity and Liabilities (1 + 2 + 3)	163,095.47	145,665.01	116,298.01	105,064.14		
NOTES :							

NOTES:

- The unaudited standalone and consolidated financial results for the quarter and six months ended September 30, 2017 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 7, 2017. The above results have been subjected to limited review by statutory auditors of the Company. The reports of the statutory auditors are unqualified.
- These financial results have been prepared in accordance with Indian Accounting Standards (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 July 5, 2016.
- The consolidated financial results include the financial results of the parent company Polaris Consulting & Services Limited, and the financial results of the following subsidiaries:
 - Polaris Consulting & Services Pte Ltd
 - Polaris Consulting and Services Japan K K
 - Polaris Software 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 KA
 - Polaris Consulting & Services SA
 - Polaris Consulting & Services FZ LLC
 - Virtusa Malaysia SDN BHD
- In addition to the above, the consolidated financial results also include the financial results in respect of Associate Stock Option Plan (ASOP) Trust and Orithick Employee Welfare Trust (OEWT). The Company has also accounted for its share of interests in the joint venture Invelier Polaris Design LLC under the equity method. Polaris Consulting & Services Limited, its subsidiaries and a joint venture are collectively referred to as "the Group".
- The Company has allotted 20,120 shares under its stock option plans during the quarter ended September 30, 2017 and 1,10,000 shares during the six months ended September 30, 2017.
- The Board of Directors of Polaris Consulting & Services Pte Ltd ("Polaris Singapore"), a wholly owned subsidiary of Virtusa Corporation, U.S. Pursuant to the requirements of Ind AS 103 - Business Combinations, the Company has accounted this business combination involving entities under common control using the pooling of interests method in the consolidated financial results. Accordingly, the financial information presented for prior period/year have been restated as if the combination had occurred from beginning of April 1, 2016.
- Segment Reporting in Consolidated and Standalone 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 Consulting Services.
- Prior period/year figures have been reclassified wherever required to conform to the classification of the current period/year.

Place : Bengaluru
Date : November 7, 2017

Hari Raju Mahadevu
Director

Vadysaranathan N.M
Chief Financial Officer



BSR & Co. LLP

Chartered Accountants

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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 a joint venture (collectively referred to as 'the Group') (Refer to note 'c' of the Statement) for the quarter and six months ended September 30, 2017, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations').

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 consolidated financial results of the Group. These subsidiaries account for Rs. 19,688.63 lakhs of total assets as at September 30, 2017, revenue from operations of Rs. 5,781.00 lakhs and Rs. 11,199.19 lakhs for the quarter and six months ended September 30, 2017 respectively and net profit of Rs. 574.98 lakhs and Rs. 842.03 lakhs for the quarter and six months ended September 30, 2017 respectively. The financial results also include the Group's share of net loss of Rs. 25.97 lakhs and Rs. 26.23 lakhs for the quarter and six months ended September 30, 2017 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 prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards ('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 SEBI Regulations and SEBI Circular dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm registration No. 101248W/W-100022



K Raghuram
Partner

Membership No. 211171

Place: Chennai

Date: November 7, 2017

BSR & Co. LLP

Chartered Accountants

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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 September 30, 2017, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations').

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 prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards ('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 SEBI Regulations and SEBI Circular dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm registration No. 101248W/W-100022


K Raghuram

Partner

Membership No. 211171

Place: Chennai

Date: November 7, 2017