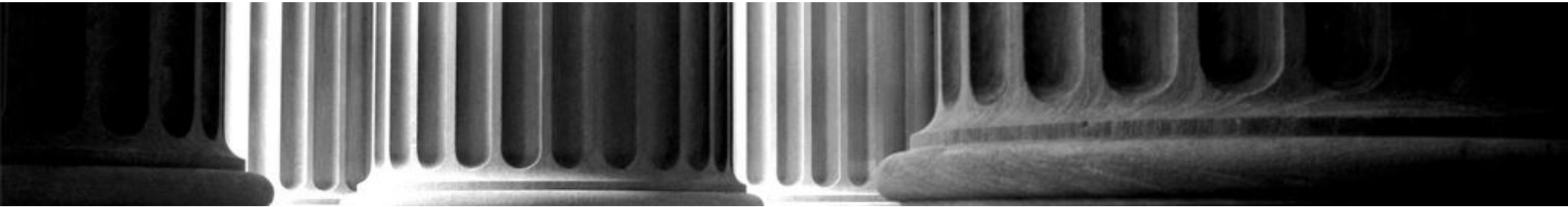




Polaris Consulting & Services Limited

(formerly Polaris Financial Technology Ltd)



Earnings Announcement – Second Quarter FY 14-15

November 7, 2014



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.



- At the end of Q4 FY14 we announced the demerger of the company and the strategic focus of the services business on digital, payments, risk & data analytics, with HPO as the operating model.
- During the quarter we completed the demerger of our Product business into a separate company
- During Q1 & Q2 we reviewed our existing book of business against this strategic intent, and found that some part of the portfolio comprised of tactical engagements that did not fit in, and were consuming an inordinate amount of management bandwidth..
- We acquired 9 new clients in Q2, and won several value-driven deals.
- Theodore Roosevelt Malloch, Chairman and CEO, The Global Fiduciary Governance LLC inducted as a Director on the Board of Polaris and elected Vice Chairman.
- Arun Jain, Founder and Chairman, Polaris Consulting & Services Limited, relinquished his position as Managing Director and will focus on mentoring its growth as Chairman .
- Jitin Goyal, CEO, Polaris Consulting & Services Limited has been inducted on to the Board of Polaris and appointed as Executive Director.

Performance Highlights



Q2 FY15

- **Revenue** stood at **INR 477 Cr** in Q2 against **INR 474 Cr** in the Q1 FY15
- **Revenue** in USD terms stood at **USD 78.7Mn.**
- **EBITDA** stands at **INR 60 Cr** against **INR 59 Cr** in the Q1 FY15
- **PAT** grows at **18%** . Stands at **INR 49 Cr** against **INR 42 Cr** in the Q1 FY15.
- **DSO** stands at **46** days
- **9 New clients added** in Q2 FY15
- Total **head count** was **8603**. This includes **1310** associates in **BPO**.
- The **Attrition rate** was **15.25%**
- **Cash generated by operations** stood at **INR 74.15 Cr** against **INR 63.36 Cr** in **Q1FY15**



CLARIFICATION NOTE

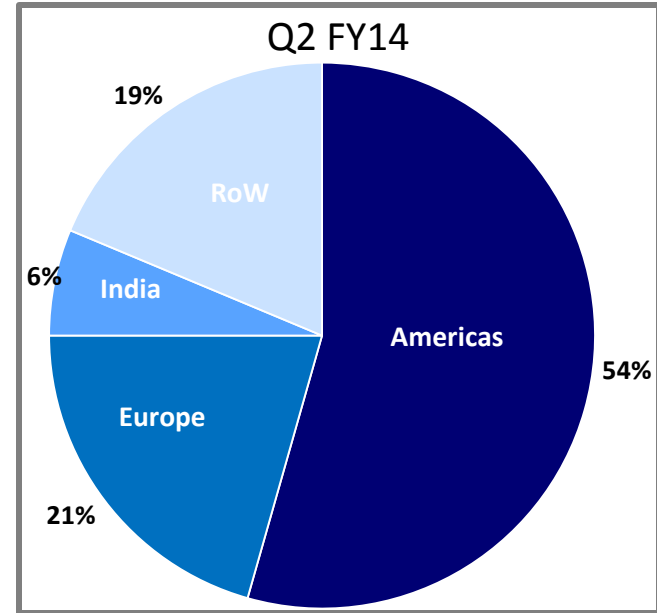
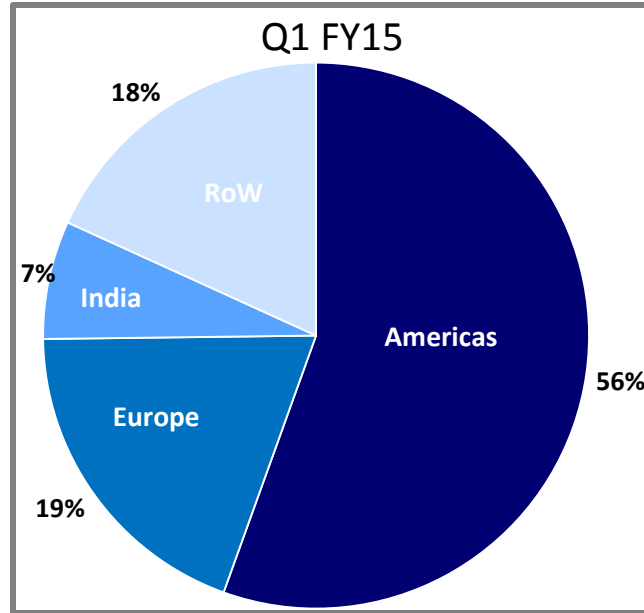
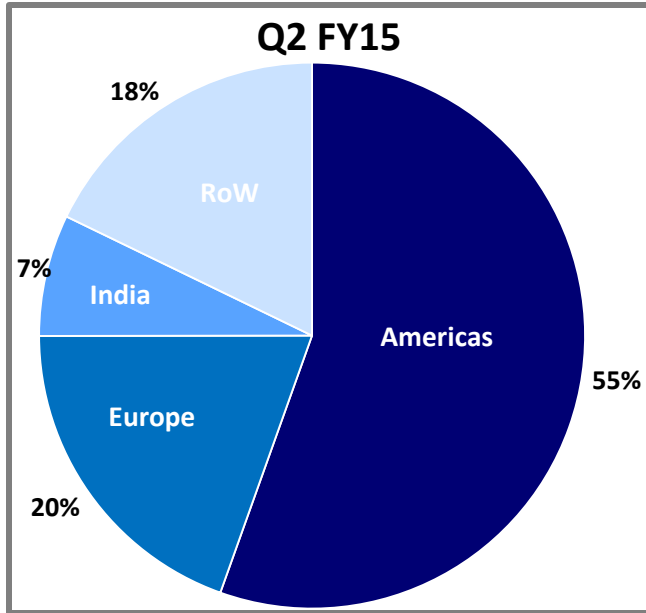
With respect to the financial results for the second quarter ended September 30, 2014 (Q2 FY15) for Polaris Consulting & Services Ltd (formerly known as Polaris Financial Technology Limited), please note that the current year financials are not comparable with the previous year financials, consequent to the demerger of the Product business during the current year.

Q2 FY 15- Business Financials

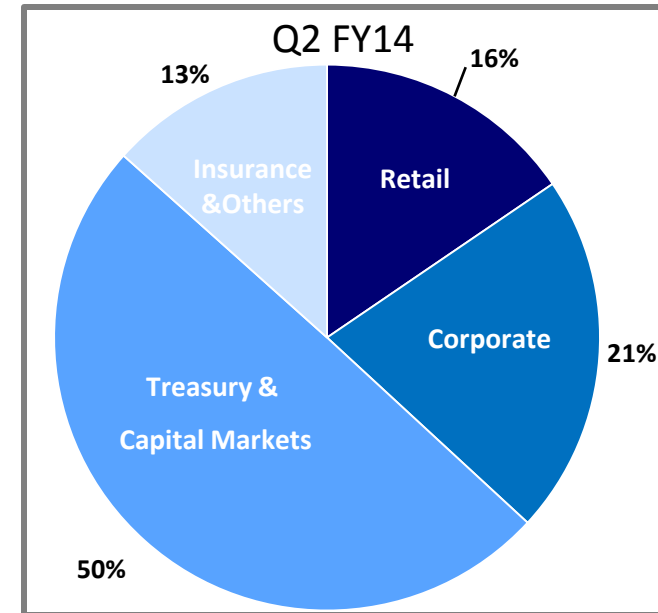
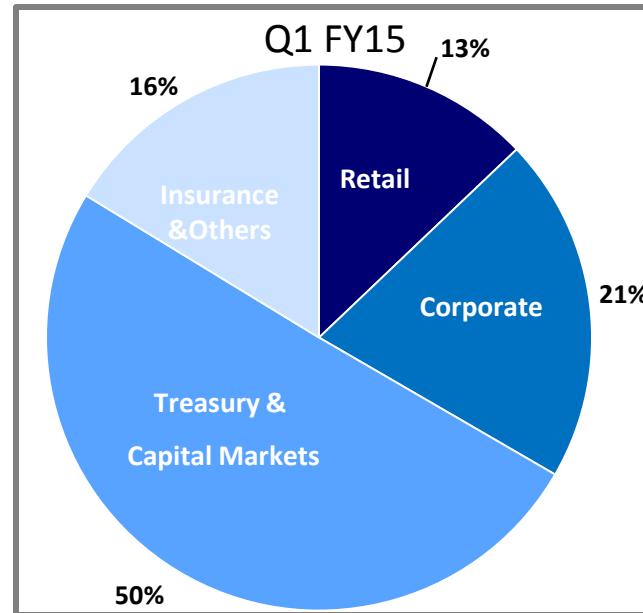
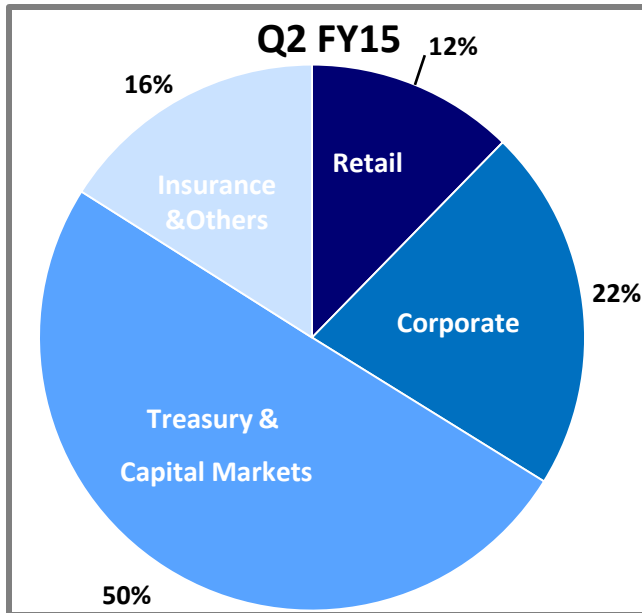
Particulars	QUARTER ENDED			YEAR ENDED
	September 30, 2014 Rs Lakhs	June 30, 2014 Rs Lakhs	September 30, 2013 Rs Lakhs	March 31, 2014 Rs Lakhs
INCOME				
Gross Income from software services and Business Process Management	47,674.48	47,371.40	64,337.31	249,906.65
Income from Operations	47,674.48	47,371.40	64,337.31	249,906.65
EXPENDITURE				
Software development expenses	35,103.42	35,034.10	40,121.23	159,088.85
Selling & Marketing and General & Administrative expenses	6,529.15	6,391.20	12,451.61	47,142.13
Total Expenditure	41,632.57	41,425.30	52,572.84	206,230.98
Profit before interest, depreciation & amortisation	6,041.91	5,946.10	11,764.47	43,675.67
Research & Development expenses			2,016.76	8,702.70
Depreciation/ Amortisation	690.46	763.94	1,355.41	5,292.18
Finance Charges		-	41.69	123.85
Profit after interest, depreciation & amortisation	5,351.45	5,182.16	8,350.61	29,556.94
Forex impact on Hedge accounting (AS30)	15.31	96.18	(3,329.40)	(10,439.89)
Other Income including exceptional items	1,358.14	294.95	1,904.67	4,759.38
Minority Interest/ Share of profit/(loss) of Associate Companies		-	(58.80)	11.55
Profit before tax	6,724.90	5,573.29	6,867.08	23,887.98
Provision for taxation	1,809.67	1,395.90	885.69	3,968.78
Profit after tax	4,915.23	4,177.39	5,981.39	19,919.20

***Previous year financials are not comparable with the current year financials consequent to demerger of Product business during the current year. The function wise classification results for the year 2013-14 are not comparable with the audited Consolidated financial results for the year ended March 31, 2014 as the net impact of the financial results of IdenTrust Inc. up to the date of divestment and the profit on divestment of the IdenTrust business had been disclosed under "Other income including exceptional items" in the above functionwise results.

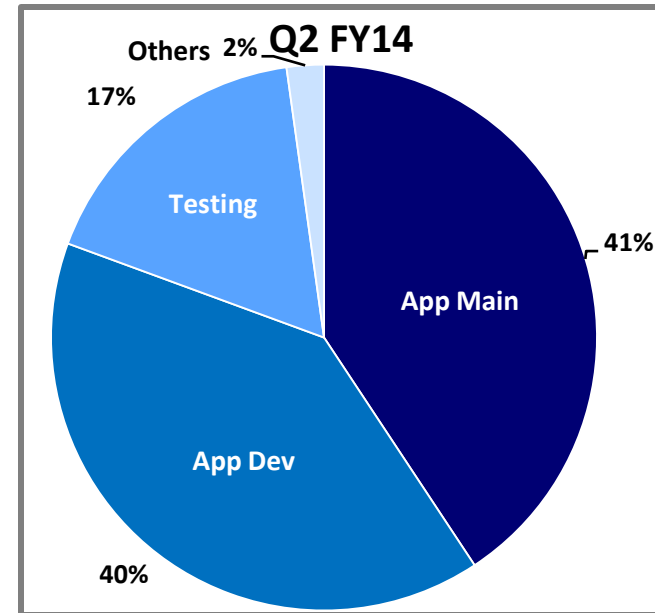
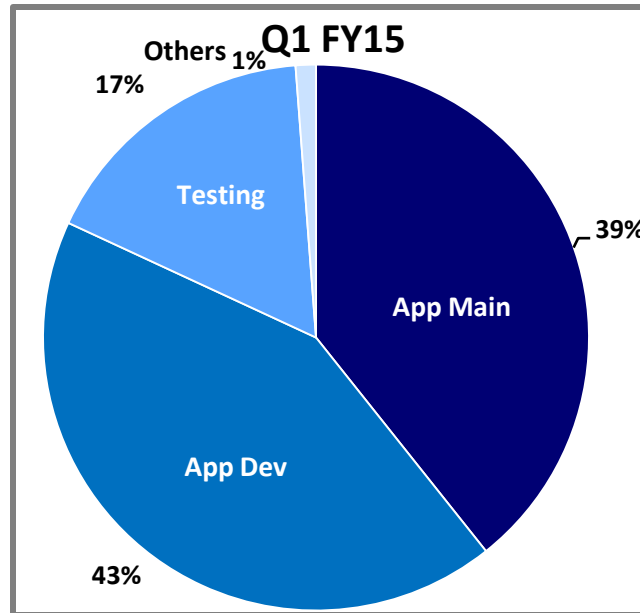
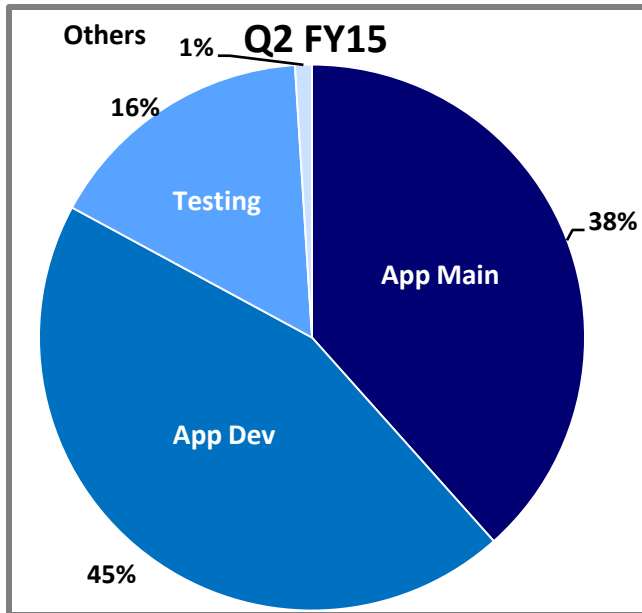
Geographic Distribution



Vertical Split



Revenue Distribution



Revenue Distribution



Revenue by	Q2 FY15	Q1 FY15	Q2 FY14
Fixed Bid	38.7%	34.4%	32.9%
Time & Material	61.3%	65.6%	67.1%

Onsite Offshore Ratio - By Efforts	Q1 FY15	Q4 FY14	Q1 FY14
Onsite	22%	21%	22%
Offshore	78%	79%	78%

DSO Days	Billed	46	39
	Unbilled	43	40
	Total	89	79

Capacity Utilization	81.0%	78.2%	82.6%
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Q2 FY15 Client Matrix



Client Concentration	Q2 FY15	Q1 FY15
Top 5	45.4%	43.7%
Top 10	61.7%	58.8%

US\$ 1+ Mn accounts	27	27
US\$ 3+ Mn accounts	4	3
US\$ 5+ Mn accounts	7	7
US\$ 10+ Mn accounts	6	6
US\$ 25+ Mn accounts	2	2

Q2 Financial Matrix

	Q2 FY15	Q1 FY15
Cash & Cash Eqv (INR Cr)	339	349
Major Cash Outflow Items	<ul style="list-style-type: none"> •Div & div tax payout : 71 Cr •Capex : 3.76 Cr 	<ul style="list-style-type: none"> •Capex – INR 27.5 Cr • Employee Annual Payout – 30 Cr

USD INR Rate	Q2 FY15	Q1 FY15	Q2 FY14
Average Rate	60.57	59.74	62.06
Closing Rate	61.75	60.18	62.61

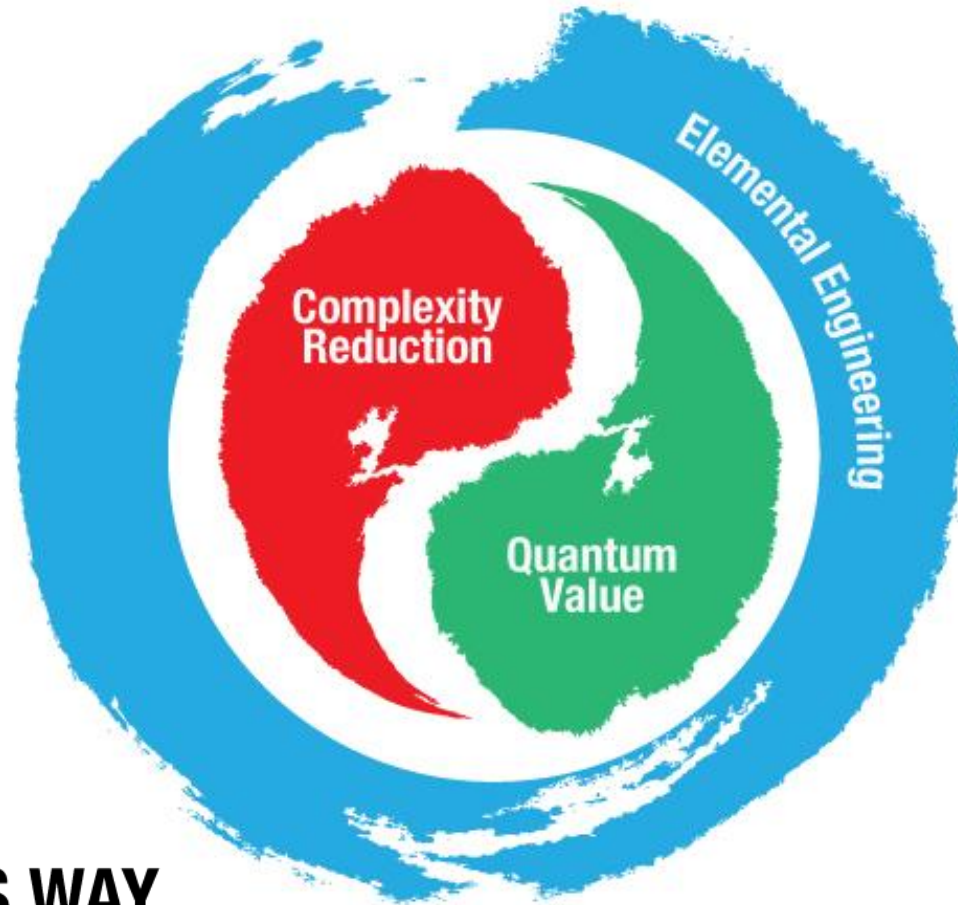


- Rationalization of engagement profile
- 9 new clients added in Q2 in the four strategic areas
- Sizable opportunities in Four strategic areas – Digital Banking, Risk & Compliance, Payments Transformation and Data Analytics



Q2 FY 15 Management view

- **Arun Jain, Founder and Chairman, said,** *“It gives me great pleasure to welcome Ted Malloch to the Board of Polaris. Publishing independent Accounts after a very well designed demerger reflects the stability and maturity of the new management team who withstood market pressure and sustained the business. Now with the demerger behind us and with a new identity, I am confident of the company restarting its growth journey. At this juncture, I am happy to handover the leadership responsibility to Jitin Goyal and look forward to mentoring the growth of the company.”*
- **Jitin Goyal, CEO and Executive Director, said,** *“As a stand-alone company, our PAT and EPS have improved, but we need to continue to improve our top line. Our strategy, as outlined last quarter, is to focus on Digitization, Data Analytics, Risk and Compliance and Payments Transformation. This strategy is beginning to yield results with the new wins for the quarter all being in these areas”*



THE POLARIS WAY... High Performance FT

Thank You

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