



# Polaris Consulting & Services Limited

(formerly Polaris Financial Technology Ltd)



Earnings Announcement – Fourth Quarter FY 14-15  
& Year Ending 31<sup>st</sup> March 2015

April 30, 2015



## 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.



# Management view

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***Jitin Goyal, CEO and Executive Director, said:***

*“We have been able to maintain our revenues and sustain margin levels despite FY 15 being the year of restructuring and demerger. We realigned our organization around a core digital strategy in order to drive transformation programs for our clients. 24 new clients during a challenging year has energized the organization and validated our strategy. The green shoots of digital led growth are now visible and we are confident that FY 16 would be a growth year”*



# Management view ( Cont.)

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**NM Vaidyanathan, Chief Financial Officer, said**  
*“We were able to sustain EBITDA levels despite adverse cross-currency movements as well as increased contribution to CSR. Reduction in DSO by 5 days during the quarter helped us generate and grow cash reserves from Rs. 273 crore to Rs. 314 crore. The Board’s recommendation of a dividend of Rs 10 per share, over and above the interim of Rs. 5 per share, is a reflection of confidence in the company’s financial position and future outlook.*”



# Key Financial Highlights Q4 FY 15 |

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- Revenues stood at Rs. 468 crore. In dollar terms, revenues stood at \$ 75 Mn.
- EBITDA sustained at Rs. 51 crore despite adverse cross-currency movements & increased contribution towards CSR initiatives
- Profit After Tax (PAT) stood at Rs. 37 crore
- 5 New clients were added reflecting client confidence in our digital strategy
- **DSO days improved to 44 days**, indicating delivery efficiencies.
- The company has a talent strength of 7220 ( Excl. BPO division)
- Polaris Consulting and Saïd Business School, University of Oxford, launched an executive education program, Oxford Polaris Digital Academy aimed to educate executives across industries on how to thrive in today's complex world of digital transformation



# Key Financial Highlights FY 15 |

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- Revenues stood at Rs. 1894 crore. In dollar terms, annual revenues were \$ 310 Mn.
- EBITDA stood at Rs. 225 crore
- Profit After Tax (PAT) stood at Rs. 167 crore
- Encouraging new client acquisitions with **24 wins** in the year, compared to 11 in FY 14.
- The Board of Directors have recommended a dividend of Rs. 10 per equity share, in addition to the interim dividend of Rs. 5 per equity share for the financial year ended 31<sup>st</sup> March 2015.



# Awards and Recognitions |

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- Polaris Consulting featured amongst Top IT Services Vendors in Celent report on Banking in North America for 2014
- Everest Group rated Polaris as a “Major Contender” in IT Outsourcing Banking - Service Provider Landscape with PEAK Matrix Assessment 2014 report
- Polaris Consulting featured amongst Top Global IT Services Vendors in Celent’s IT Services Report - EMEA & LATAM
- Everest Report featured Polaris among leading providers of regulatory compliance services in its report “Regulatory Compliance in Banking and Capital Markets - All About Good Data Governance”
- Forrester featured two case studies from Polaris on Risk Management & Regulatory Compliance for Functional Solutions in its report titled ‘Big Data in Banking: It's time to Act’. The feature highlighted that the improved access to global data enables global managers of business lines to make faster and better decisions.
- Polaris Consulting & Services' Capital Markets COE rated as "Major Contenders" by Everest Group



# ANNEXURE

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ANALYST DATA

Q4 FY 15



# **CLARIFICATION NOTE**

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**With respect to the financial results for the Financial year and the Fourth quarter ended March 31, 2015 & 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.**



# Q4 FY 15 Business Financials

Rs Lakhs

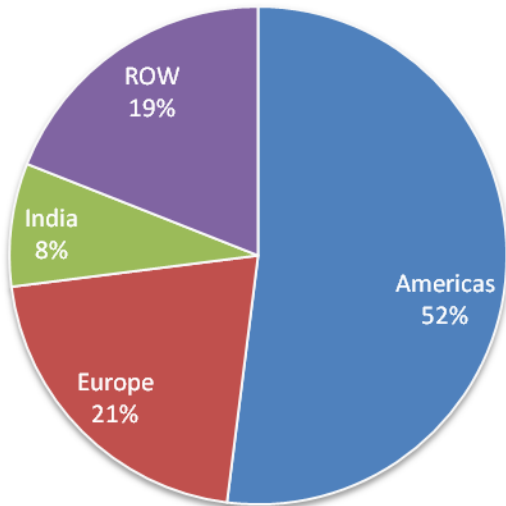
Particulars	QUARTER ENDED			YEAR ENDED	
	March 31, 2015	December 31, 2014	March 31, 2014	March 31, 2015	March 31, 2014**
<b>INCOME</b>					
Gross Income from software services, and Business Process Management	46,765.87	47,556.41	64,549.22	189,368.67	249,906.65
<b>Income from Operations</b>	46,765.87	47,556.41	64,549.22	189,368.67	249,906.65
<b>EXPENDITURE</b>					
Software development expenses	34,691.61	35,135.67	41,761.95	139,964.80	159,088.85
Selling & Marketing and General & Administrative expenses	6,981.82	6,958.80	11,924.40	26,860.97	47,142.13
<b>Total Expenditure</b>	<b>41,673.43</b>	<b>42,094.47</b>	<b>53,686.35</b>	<b>166,825.77</b>	<b>206,230.98</b>
<b>Profit before interest, depreciation &amp; amortisation</b>	<b>5,092.44</b>	<b>5,461.94</b>	<b>10,862.87</b>	<b>22,542.90</b>	<b>43,675.67</b>
Research & development expenses			2,545.67		8,702.70
Depreciation/ Amortisation	670.65	665.82	1,332.81	2,790.87	5,292.18
Finance Charges		-	15.53		123.85
<b>Profit after interest, depreciation &amp; amortisation</b>	<b>4,421.79</b>	<b>4,796.12</b>	<b>6,968.86</b>	<b>19,752.03</b>	<b>29,556.94</b>
Forex impact on Hedge accounting (AS30)	(64.30)	(80.80)	(2,609.80)	(34.13)	(10,439.89)
Other Income including exceptional items	874.83	897.12	402.63	3,425.05	4,759.38
Minority Interest/ Share of profit/(loss ) of Associate Companies	6.31	-	175.38	6.31	11.55
<b>Profit before tax</b>	<b>5,238.63</b>	<b>5,612.44</b>	<b>4,937.07</b>	<b>23,149.26</b>	<b>23,887.98</b>
Provision for taxation	1,530.12	1,686.58	395.22	6,422.28	3,968.78
<b>Profit after tax</b>	<b>3,708.51</b>	<b>3,925.86</b>	<b>4,541.85</b>	<b>16,726.98</b>	<b>19,919.20</b>

\*\*\* 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 function wise results.

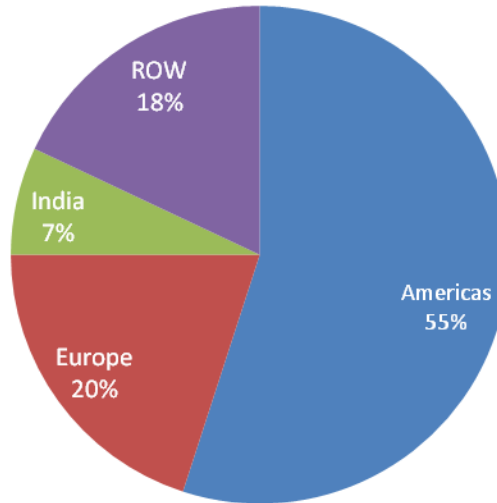


# Geographic Distribution

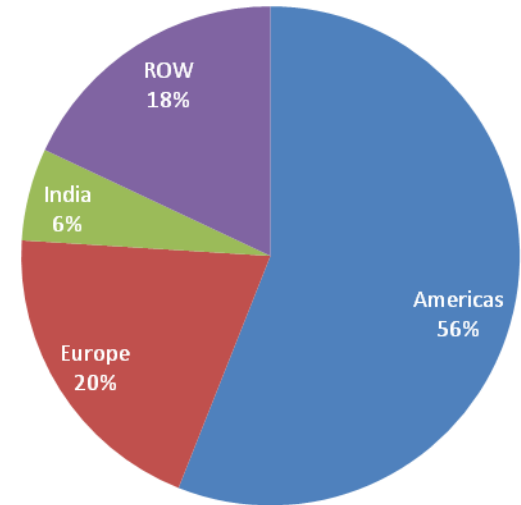
Q4 FY 15



Q3 FY 15

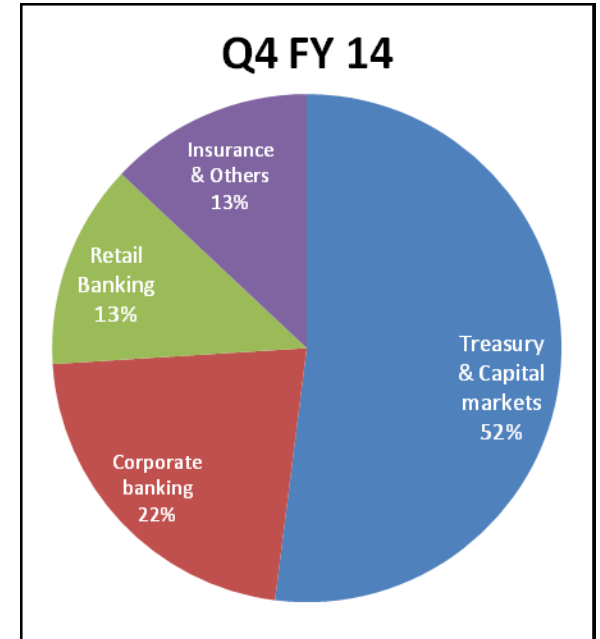
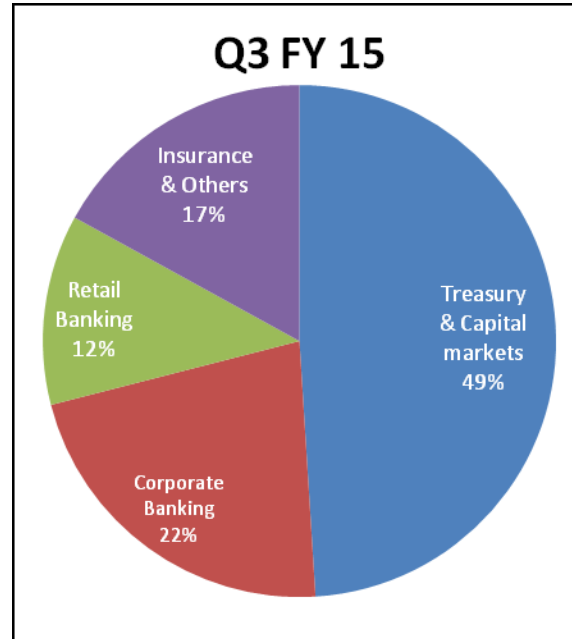
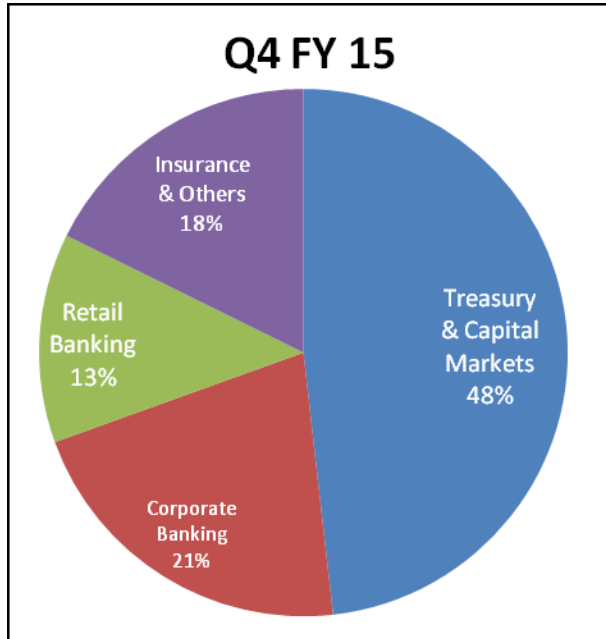


Q4FY 14



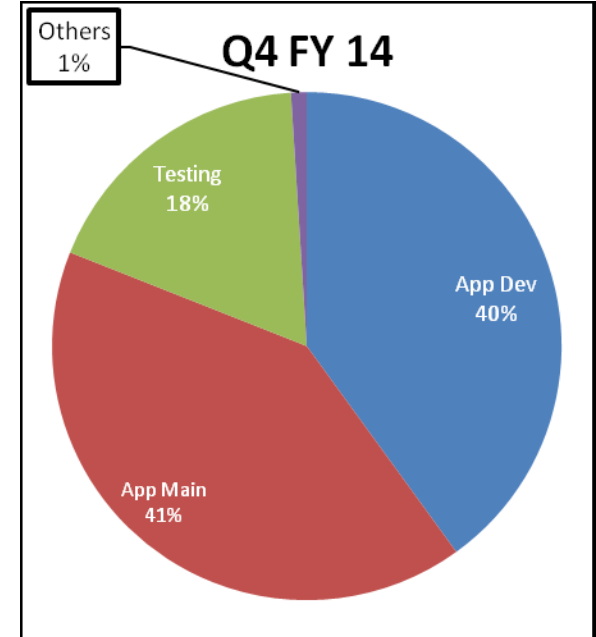
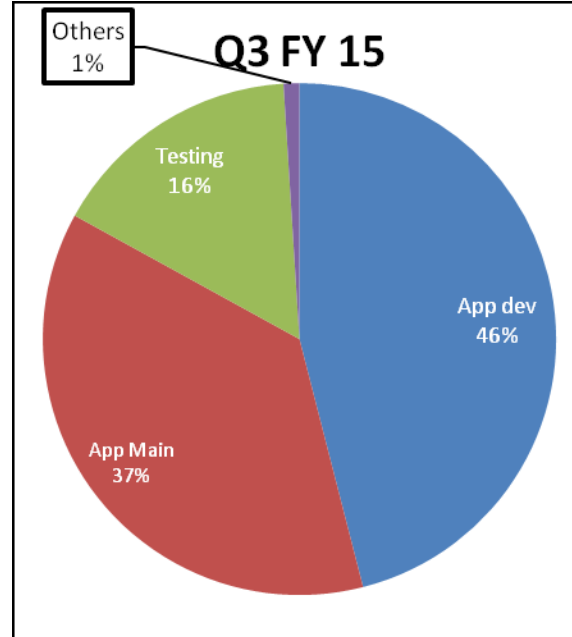
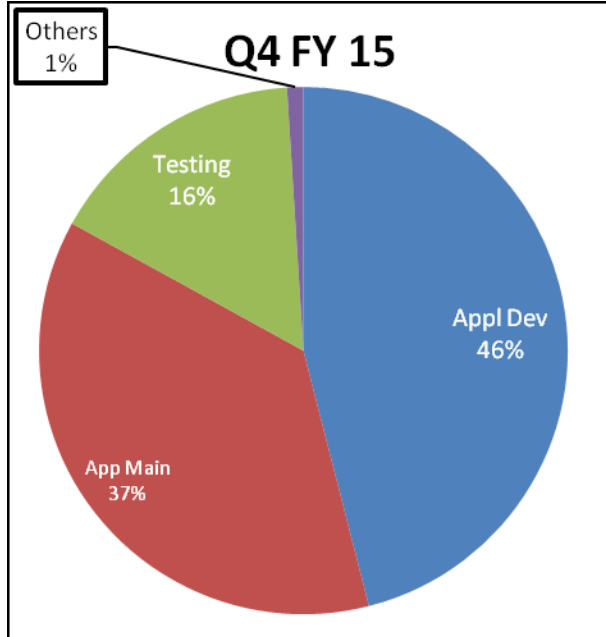


# Vertical Split





# Revenue Distribution





# Revenue Distribution

Revenue by	Q4 FY 15	Q3 FY15	Q4 FY14
Fixed Bid	41.1%	39.6%	34.9%
Time & Material	58.9%	60.4%	65.1%

Onsite Offshore Ratio - By Efforts	Q4 FY 15	Q3 FY15	Q4FY14
Onsite	22%	22%	21%
Offshore	78%	78%	79%

DSO		Q4 FY 15	Q3 FY15	Q4FY14
	Billed	44	52	38
	Unbilled	44	41	37
	Total	88	93	75

<b>Capacity Utilization</b>	78.2%	79.8%	81.6%
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# Q4 FY15 Client Matrix

Client Concentration	Q4 FY 15	Q3 FY15	Q2 FY15
Top 5	45.3%	47.5%	45.4%
Top 10	59.7%	62.7%	61.7%

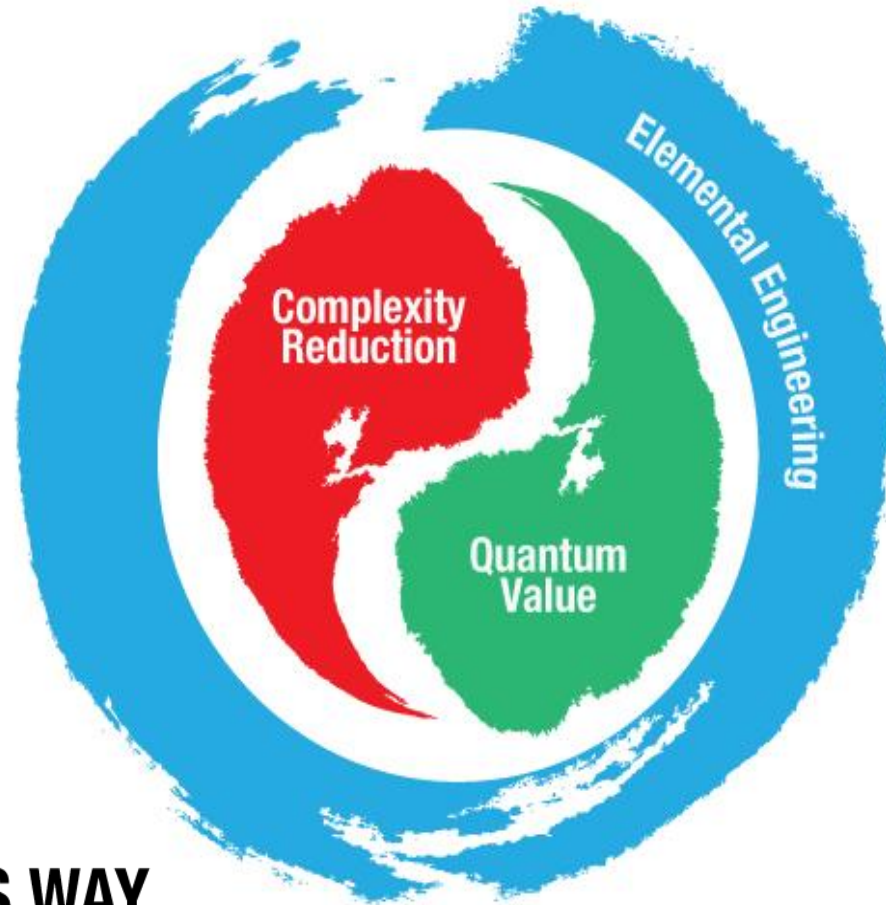
Client Concentration	Q4 FY 15	Q3 FY15	Q2 FY15
US\$ 1+ Mn accounts	27	26	27
US\$ 3+ Mn accounts	7	6	4
US\$ 5+ Mn accounts	5	6	7
US\$ 10+ Mn accounts	7	7	6
US\$ 25+ Mn accounts	2	2	2



# Q4 FY 15 Financial Matrix

	Q4 FY 15	Q3 FY15	Q2 FY15
Cash & Cash Eqv (INR Cr)	<b>314</b>	<b>273</b>	<b>339</b>
Major Cash Outflow Items	Capex: Rs 8.93 Cr	Capex : 32.35 Cr	•Div & div tax payout : 71 Cr •Capex : 3.76 Cr

USD INR Rate	Q4 FY 14	Q3 FY15	Q4FY14
Average Rate	<b>62.31</b>	<b>62.00</b>	<b>61.79</b>
Closing Rate	<b>62.50</b>	<b>63.04</b>	<b>59.92</b>



## **THE POLARIS WAY...** High Performance FT

# Thank You

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