



Banking Reimagined

ANNUAL REPORT 2015 - 2016

© Copyright Polaris Consulting & Services Ltd., 2016
No reproduction without permission. All rights reserved.

A complete version of this report is available at the site
www.polarisft.com

Banking Reimagined

ANNUAL REPORT 2015-2016

REGISTERED OFFICE

POLARIS CONSULTING & SERVICES LIMITED

Polaris House, 244 Anna Salai,
Chennai - 600006, INDIA.
Phone: 91-44-39874000

BUSINESS SOLUTION CENTRES

Foundation – Insurance & Testing Centre

POLARIS CONSULTING & SERVICES LIMITED

'Foundation', 34, IT Highway (OMR),
Chennai - 603103, INDIA.
Phone: 91-44-27435001 / 39873000

POLARIS CONSULTING & SERVICES LIMITED

5th Floor, Plot-3/G-3, Survey III / I (Part),
168/1 (Part) & 130/1 (Part), SIPCOT IT Park,
Siruseri, Chengalpet Taluk, Kancheepuram Dist,
Chennai - 603103, INDIA
Phone: 91-44-33418000

The Capital – Investment Banking Centre

POLARIS CONSULTING & SERVICES LIMITED

'The Capital' 203, Financial District,
Manikonda, Hyderabad - 500019, Telangana, INDIA.
Phone: 91-40-30953000

Polaris Towers – Enterprise Solutions Centre

POLARIS CONSULTING & SERVICES LIMITED

'''Polaris Towers', 249, Udhogy Vihar Phase-IV,
Gurgaon - 122001 Haryana INDIA,
Phone: 91-124-391 6300

Corporate Banking Centres.

POLARIS CONSULTING & SERVICES LIMITED

Unit No.133, SDF - V, SEEPZ - SEZ, Andheri (East),
Mumbai - 400 096 Maharashtra INDIA,
Ph: +91-22-39815000, 4202 8400 | Fax: +91-22-2829 2930

Unit No.184, SDF - VI, SEEPZ - SEZ, Andheri (East),
Mumbai - 400 096 Maharashtra INDIA, Ph: +91-22-3981 5300

Corporate Heights

POLARIS CONSULTING & SERVICES LIMITED

7th Floor, Level-10, G Corp Tech Park, Kasarvadawali,
Ghodbunder Road,
Thane (West) - 400 601 Maharashtra INDIA,
Ph: +91-22-3998 8000, 41218000 | Fax: +91-22-4121 8989

POLARIS CONSULTING & SERVICES LIMITED

15th Floor, Tower-B, Prestige Shantiniketan IT Park,
ITPL/Whitefields Road, Bengaluru - 560066 Karnataka INDIA

Value Sourcing Centres

POLARIS CONSULTING & SERVICES LIMITED

Unit No. 501 & 502, Wing 3, Cluster D, 5th Floor,
Plot No. 1, Survey No. 77, EON Free Zone,
MIDC Kharadi Knowledge Park,
Pune - 411014, INDIA.
Phone: 91-20-40734000

GLOBAL NEARSHORE CENTRES

POLARIS CONSULTING & SERVICES PTY LTD

Level 12, 31, Market Street,
Sydney NSW 2000, AUSTRALIA.
Phone: 61-2-92671955

POLARIS CONSULTING & SERVICES INC.

Suite No. 401, 5090, Explorer Drive,
Mississauga, Ontario - L4W 4T9, CANADA.
Phone: 1-905-212-1170

POLARIS CONSULTING & SERVICES LIMITED

Registry One, Suite-124, 10002 Princess Palm Avenue
Tampa, Hillsborough,
Florida, 33619, USA.

POLARIS CONSULTING & SERVICES LIMITED

Unit 16, Innovation Center, Queen's Road,
Belfast, BT3 9DT, UNITED KINGDOM.
Phone: 44-28-90737832

RELATIONSHIP OFFICES

Americas

Headquarters

POLARIS CONSULTING & SERVICES LIMITED

20, Corporate Place South, Piscataway,
NJ - 08854, USA.
Phone: 1-732-5908100

East Coast

POLARIS CONSULTING & SERVICES LIMITED

111, Town square Place, Suite 340,
Jersey City, NJ - 07310, USA.
Phone: 732-590-8151

Canada

POLARIS CONSULTING & SERVICES INC

Suite 1800, The Exchange Tower,
130, King Street, W Toronto,
Ontario, M5X 1E3. CANADA.
Phone: 1- 416-865 3365

POLARIS CONSULTING & SERVICES INC

Suite 401, 5090 Explorer Drive,
Mississauga, Ontario, L4W 4T9, CANADA.
Phone: 1-905-212-1170

Chicago

POLARIS CONSULTING & SERVICES LTD

3333, Warrenville Road, Suite 115,
Lisle, IL 60532, CHICAGO, USA
Phone: 630-527-8115

Florida

POLARIS CONSULTING & SERVICES LTD

10002 Princess Plam Avenue
Tampa, Hillsborough,
Florida - 33619, USA.

Asia Pacific
Headquarters

Singapore
Registered Office

POLARIS CONSULTING & SERVICES PTE LTD

No.1, North Bridge Road,
#19-04, High Street Center,
Singapore – 179094.
Phone : +65 67490119

Sales Office

POLARIS CONSULTING & SERVICES PTE LTD

No.10, Ubi Crescent, #04-50, Lobby C,
Ubi Tech Park, SINGAPORE - 408564.
Phone: 65-67490119

Japan

POLARIS CONSULTING AND SERVICES JAPAN K K

32, Shiba Koen Building, 8th Floor,
Shiba Koen, Minato – ku,
Tokyo 105-0011, Japan.
Phone: + 81-(0)3-5405-9410

Hong Kong

Registered Office

POLARIS CONSULTING & SERVICES LTD

19/F, Beverly House
Nos 93 - 107 Lockhart Road
Wanchai, HONG KONG.
Phone. : +852 3975 2888

Sales Office

POLARIS CONSULTING & SERVICES LTD

10/F, 1-3 Pedder Street,
Unit -1051, Central Building, Central
Hong Kong.

Malaysia

POLARIS CONSULTING & SERVICES SDN.BHD.

Suite 1007, 10th Floor, Wisma Lim Foo Yong, No. 86
Jalan Raja Chulan, 50200 Kuala Lumpur.
Phone: +603 27735628

Sales Office

Suite 6, Level 21, Block 3B,
Plaza Sentral, Jalan Stesen Sentral 5, 50470,
Kuala Lumpur, MALAYSIA.

CHINA

POLARIS SOFTWARE (SHANGHAI) COMPANY LIMITED

Shanghai City Time Square Office Tower,
Suite 26-03A, Level 26, No:93, Huaihai Zhong Road,
Luwang District, Shanghai -200021
Phone : +86 21 51176391

Australia & New Zealand

Australia

POLARIS CONSULTING & SERVICES PTY LTD

Level 23, HWT Tower,
40 City Road, South Gate,
Victoria 3006, Melbourne, AUSTRALIA.
Phone: 61-3-96740419

POLARIS CONSULTING & SERVICES PTY LTD

Level 12, 31, Market Street,
Sydney NSW 2000, AUSTRALIA.
Phone: 61-2-92671955

NEW ZEALAND

POLARIS CONSULTING & SERVICES PTY LTD

Suite 115 Plaza Level, 41
Shortland Street
Auckland Central
Auckland 1010
New Zealand

Europe

Headquarters

POLARIS CONSULTING & SERVICES LTD

Suite-6.04,6th Floor, 1, Harbour Exchange Square,
London, E14 9GE, UNITED KINGDOM.
Phone: 0044-20-75315500

Germany

POLARIS CONSULTING & SERVICES GmbH

2 Etage, Herriotstrasse 1,
Frankfurt - 60528, GERMANY.
Phone 49-69-6773 3410

Ireland

POLARIS CONSULTING & SERVICES IRELAND LTD

Atlas Court, Bray Business Park,
Southern Cross, Bray, Co Wicklow
Republic of IRELAND.
Phone: 00353-1-2041024

Netherlands

POLARIS CONSULTING & SERVICES B.V

Newtonlaan 115,3584 BH
Utrecht, THE NETHERLANDS,
Phone: 0031-30-2106099

Hungary

POLARIS CONSULTING & SERVICES KFT

1103 Budapest, Koer utca 2/A, C ep.
Hungary

Switzerland

POLARIS CONSULTING & SERVICES SA

Avenue de la gare 49
Case postale 2067
Ch- 2001 neuchatel

Middle East

Dubai

POLARIS CONSULTING AND SERVICES FZ- LLC
Room 113, Level 1, Building 12, Dubai Internet City ,
PO Box 501801 Dubai, United Arab Emirates,
Ph: +9714 4518399

This page is left intentionally blank

Content

Financial Highlights	07
Chairman's Letter to Shareholders	08
Directors' Report	14
Report on Corporate Governance.....	48
Auditor's Report - Standalone Financial Statements.....	76
Standalone Financial Statements	80
Auditor's Report - Consolidated Financial Statements	114
Consolidated Financial Statements	118
Management Discussion & Analysis	153
Notice of Annual General Meeting	163

Numeric Snapshot as on March 31, 2016

Total Revenue

₹2037.15 Crores

Net Worth of the Company

₹962.48 Crores

Cash & Cash Equivalents

₹426.53 Crores

Earnings Per Share (EPS)

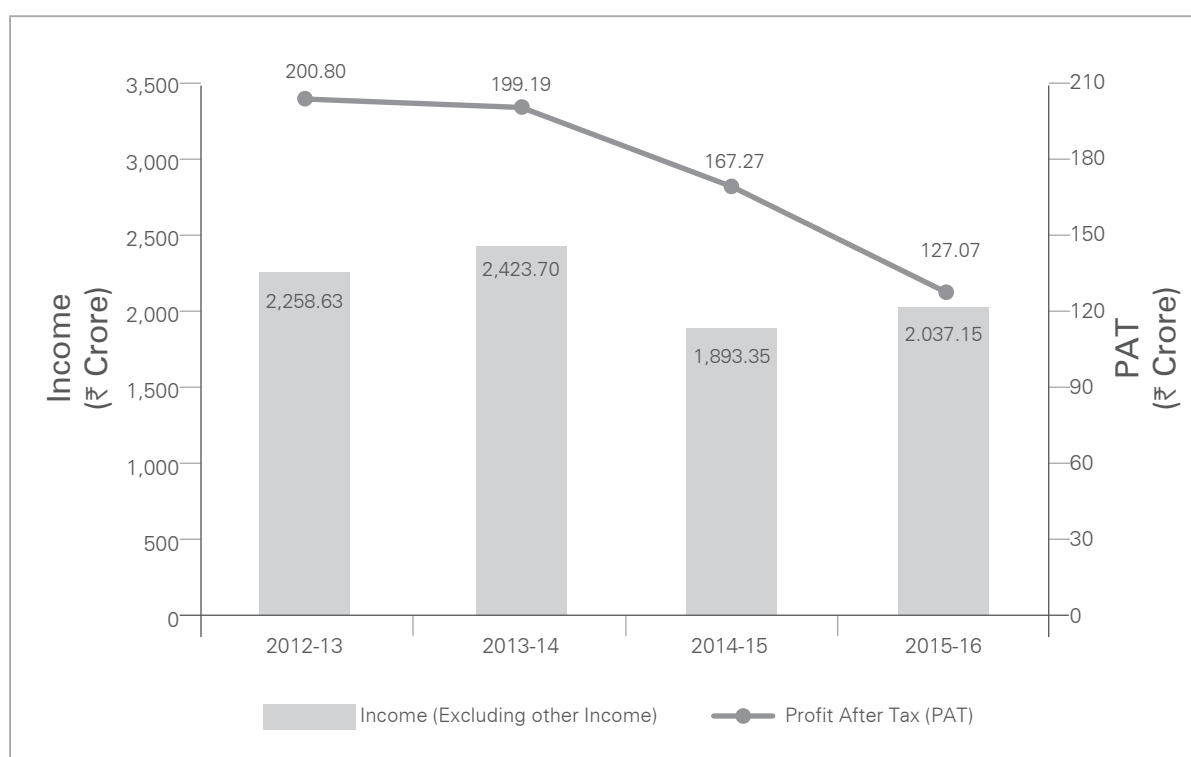
₹12.68

Total Employee Strength

7,291

Annual Report 2015-16

Financial Highlights as on March 31, 2016



Financial Highlights as on March 31, 2016

Financial Year	Rupees in Crores except Per Share Data			
	2012-13	2013-14	2014-15*	2015-16*
Income (Excluding other Income)	2,258.63	2,423.70	1,893.35	2,037.15
Profit After Tax (PAT)	200.80	199.19	167.27	127.07
At the year End				
Fixed Assets	400.69	378.73	234.68	228.58
Cash and Cash Equivalents	489.76	691.24	314.43	426.53
Shareholders' Equity (Net Worth)	1,342.72	1,547.41	850.82	962.48
Earnings Per Share-Basic	20.19	20.01	16.77	12.68
Dividend Paid (%)	100%	125%	300%	-

* Consequent to the demerger of Product Business Undertaking effective from April 1, 2014, the figures for the year ended March 31, 2015 and March 31, 2016 are not comparable with the corresponding figures disclosed under previous years.

Chairman's Letter to Shareholders



Kris Canekeratne
Chairman

Dear shareholders

I am pleased to report on the performance of Polaris Consulting & Services Limited (the "Company" or "Polaris") as well as the expansion of business opportunities available to the Company as a result of the acquisition of a majority stake in Polaris by Virtusa Corporation ("Virtusa") on March 3, 2016. I believe that the significant strengths of the combined businesses will enable Polaris to expand its market share and addressable market, particularly within the banking and financial services industry.

In the fiscal year ended March 31, 2016, the Company has focused on emerging banking needs with specific focus on payments, GRC (Governance, Regulatory and Compliance), mobility and big data analytics. The Company has also invested in developing deep domain capabilities and building strong teams, which resulted in significant client wins. However, despite solid progress, significant client concentration continued to impede our growth.

In supporting and approving the acquisition by Virtusa of a majority stake in Polaris, the Board of Directors of Polaris recognized the strategic value of combining with Virtusa to set the platform for future growth. We are confident that the strengths of the combined business will help Polaris become a leading IT service provider in the banking and financial services industry. We are building a growth platform based on solid fundamentals, including a deep understanding of the banking industry, robust software engineering skills, and a sharp focus on client delight. As Virtusa and Polaris integrate their operations and go to market strategies, we anticipate

meaningful revenue synergies and growth opportunities in the future.

Combining the services and solution offerings of Virtusa and Polaris has resulted in the creation of a truly differentiated banking technology services provider that we believe can be the partner of choice for global banks. Polaris' strengths in corporate banking, payment systems, capital markets and GRC, combined with Virtusa's complementary leadership position in retail banking, investment banking and GRC has helped us offer industry-leading solutions and capabilities to meet our clients' end-to-end IT and domain services requirements.

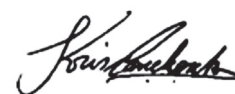
Our vision is to use domain and technology innovation to accelerate business outcomes for our clients. We deliver on our vision by supporting our clients' dual challenges of running their business more efficiently by reducing cost of operations, while investing in new initiatives that accelerate business growth.

Polaris' focus in fiscal year 2017 will be on digital banking transformation, helping our clients reimagine the future of banking in a digital era. We

will focus on enabling our clients transform their business to address the emerging needs of digital/ millennial consumers. At the same time, we will also look at technology innovations in outsourcing to help our banking clients compress the effort required to maintain their IT applications, delivering significant savings in their "run the business" operations. With our long-standing domain expertise and successful delivery for global banking and financial service clients, we believe the combination of Polaris and Virtusa's strengths will help us raise the bar for digital innovation for the banking and financial services industry.

On behalf of the Polaris Board of Directors, we would like to thank our clients and shareholders for their ongoing support and our global team members who consistently provide high levels of service excellence to our clients.

Sincerely,



Kris Canekeratne
Chairman, Polaris

Board of Directors



Kris Canekeratne
Chairman



Professor Jayaraman Ramachandran
Vice Chairman and Independent Director



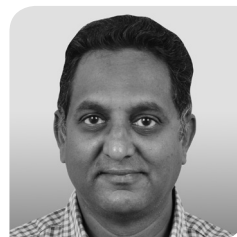
Jitin Goyal
Executive Director



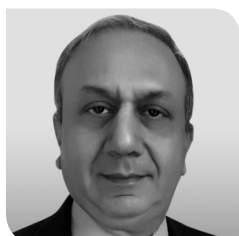
Rama Sivaraman
Executive Director



Ranjan Kalia
Director



Hari Raju Mahadevu
Independent Director



Arvind Sharma
Independent Director



Sunil Bowry
Independent Director

Executive Council



Jitin Goyal
Chief Executive Officer



Rama Sivaraman
Chief Operating Officer



N.M. Vaidyanathan
Chief Financial Officer



Sanjeev Gulati
*SBU Head, Strategic
Accounts, BFS*



Vikas Misra
SBU Head, Diversified



Supriyo Sircar
*Head of Strategy and
Planning, BFS*



Suresh Iyengar
SBU Head, BFS, Americas



Sanjay Deshpande
*SBU Head, BFS, Rest of
the World*



Senthil R
Head, Digital Banking Lab

POLARIS CONSULTING & SERVICES LIMITED
(formerly known as Polaris Financial Technology Limited)
Annual Report for the year ended March 31, 2016

Regd. Office: No. 244, Anna Salai, Chennai - 600 006. INDIA

Bankers

Citibank N A

HSBC Ltd

HDFC Bank Ltd

JP Morgan Chase Bank N.A.

ICICI Bank Ltd

Bank of America, N.A. New Jersey

Barclays Bank PLC

Auditors

M/s.S R Batliboi & Associates LLP

6th and 7th Floor, A Block

(Module 601, 701 – 702), Tidel Park

No.4 Rajiv Gandhi Salai, Taramani

Chennai-600 113. India

Directors' Report

To the Members,

We are pleased to present the Twenty third Annual Report on our business and operations for the year ended 31st March 2016, of Polaris Consulting & Services Limited ("Company") (formerly known as Polaris Financial Technology Limited).

1. Results of Operations

(Rs. in Lacs, except EPS data)

Description	Standalone		Consolidated	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Income (Including Other Income)	185,483.91	171,588.04	205,259.70	193,448.84
Expenses(Including exceptional items)	165,925.51	150,494.43	180,640.58	167,515.02
Profit before Interest, Depreciation & Tax (PBIDTA)	19,558.40	21,093.61	24619.12	25,933.82
Finance Charges	-	-	-	-
Depreciation & amortization	2,493.71	2,650.14	2,655.40	2,790.87
Net Profit Before Tax	17,064.69	18,443.47	21,963.72	23,142.95
Provision for tax including Deferred Tax	8,088.84	5,371.72	9,261.62	6,422.28
Net Profit after tax	8,975.85	13,071.75	12,702.10	16,720.67
Add / (Less): Share of Profit / (Loss) on Associate Companies	-	-	-	1.19
Add / (Less): Minority Interest - Share of Profit / (Loss)	-	-	5.32	5.12
Net Profit	8,975.85	13,071.75	12,707.42	16,726.98
EPS				
Basic Rs.	8.95	13.10	12.68	16.77
Diluted Rs.	8.81	12.81	12.48	16.39

2. Open Offer by Virtusa Consulting Services Private Limited under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011

On the 5th of November 2015, the promoter and promoter group of the Company along with other sellers and institutional sellers entered into a Share Purchase Agreement ("SPA") with Virtusa Consulting Services Private Limited ("Virtusa") for selling 52.42% of their shareholding by means of sale of their shares in the Company.

Upon fulfillment of the conditions precedent laid down in the SPA, the shares were transferred to Virtusa on 3rd March 2016 which led to the change in control/management of the company.

The above acquisition of Virtusa triggered the open offer for acquiring 26% of the paidup share capital of the Company under SEBI (SAST) Regulations, 2011 which was carried out subsequently and the current holding of Virtusa in Polaris is 78.72%.

3. Business Performances

The consolidated revenue of the Company from Software Development Services for the year ended March 31, 2016 stood at Rs.203,714.97 lakhs as against the previous year's revenue of Rs.189,334.54 lakhs. The consolidated Net Profit for the fiscal year ended March 31, 2016 stood at Rs.12,707.42 lakhs as against the previous year's Net Profit of Rs.16,726.98 lakhs. The Reserves and Surplus as of 31st March 2016 stood at Rs.91,179.26 lakhs as against Rs.80,086.74 lakhs of the period as of March 31, 2015.

4. Subsidiaries

Details of Subsidiary Companies, Joint Ventures and their financial position.

Your Company has 10 subsidiary company(ies) for the financial year ended on March 31, 2016 which includes 2 subsidiaries which were incorporated in Switzerland and Dubai during the financial year 2015-16 and 4 step down subsidiaries of Polaris Consulting & Services Pte Ltd, Singapore and Polaris Consulting & Services Limited, UK.

Polaris Consulting & Services Limited, India has divested its 45% stake in Intellect Polaris Design LLC and the same has been sold to Intellect Design Arena Limited on 31st December 2015. As a result, the shareholding of the company in Intellect Polaris Design LLC is now reduced to 50%.

The information as required under the first proviso to sub-section (3) of Section 129 is given in Form AOC-1 in Annexure 1.

Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, ("Act") financial statements of the Company, Consolidated financial statements along with the relevant documents and separate audited accounts in respect of the subsidiaries of the Company are available in the website of the Company and the weblink is provided below:

www.polarisft.com/investor/investor.asp

5. Cash & Cash Equivalents

Your Company's liquidity remains healthy with a cash reserve of Rs.426.53 crores. The DSO is at an impressive 78 days.

6. Share Capital

During the year, under ASOP 2003 Scheme the company has allotted 213,600 equity shares of Rs.5/- each to 73 Associates / Directors and under ASOP 2004 Scheme the Company has transferred 60,400 equity shares of Rs.5/- each to 16 Associates and under ASOP 2011 Scheme the Company has allotted 12,26,950 equity shares of Rs.5/- each to 164 Associates/Directors pursuant to exercise of options granted and under ASOP 2015 Scheme the Company has allotted 11,700 equity shares of Rs.5/- each to 6 Associates/Directors pursuant to exercise of options granted.

As a result of the above allotments paid-up equity share capital of the company was increased from Rs.499,573,120/- comprising of 99,914,624 number of equity shares of Rs.5/- each as on March 31, 2015 to Rs.506,834,370/- comprising of 101,366,874 number of equity shares of Rs.5/- each as on March 31, 2016. The allotted equity shares are listed and traded in the Stock Exchanges.

The information as required under the relevant provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, and also the information required under the Guidance note of ICAI, in relation to ESOPs are set out in the Annexure 2 to the Directors' Report.

7. Research and Development

The Company has incurred expenditure on R&D during the year 2015-16 as per the Standalone financials, and the same is provided in Annexure 3 of this report.

8. Dividend

The Company has not declared any dividend during the financial year 2015-16.

9. Closure of Register of Members and Share Transfer Books :

The Register of Members and Share Transfer books of the company will be closed with effect from 28th June, 2016 to 7th July, 2016 (both days inclusive).

10. Transfer to Reserves

The company did not transfer any amounts to General Reserve during the year.

11. Corporate Governance

Your Company has been complying with the provisions of Corporate Governance as stipulated in Regulations 24, 27 and other relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. A separate report on Corporate Governance along with Auditors' certificate on compliance of the Corporate Governance norms as stipulated in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

12. Internal Financial Control

The Company has kick started Internal Financial Control (IFC) program in the financial year 2015-16 partnering with leading audit firms, as per Section 134(e) of the Companies Act, 2013.

The Company has engaged with Deloitte Haskins & Sells LLP ("Deloitte") for performing the risk evaluation of the design level controls.

- Deloitte performed walkthrough of the processes and existing controls and identified significant account balances and flows of transactions and the risk within each of the processes including entity level controls and IT General Controls and finalized the IFC scope
- Deloitte also documented key risks and controls and developed risk control matrices (RCMs) and developed the IFC Framework.
- Controls are implemented and/or enhanced as required.

The Company has also engaged ANB & Co. for testing the operating effectiveness of controls. Sample transactions were selected as per the sampling methodology and tests are carried out.

Adequate systems and processes, commensurate with the size of the company and of its business are put in place to ensure compliance with the provisions of all applicable laws and such systems and processes are operating effectively.

Audit Committee and Board of Directors of the company were appraised on the performance of the IFC.

13. Transfer to Investor Education and Protection Fund

As required under the provisions of Section 124(5) and 125(2)(c) of the Companies Act, 2013, dividends that remain unpaid/unclaimed for a period of seven years, are to be transferred to the account administered by the Central Government viz: Investor Education and Protection Fund ("IEPF"). Once the amounts that are due for refund are transferred to the IEPF, no claim shall lie in respect of those amounts against the Company. The Company had transferred unpaid dividend amounts within the stipulated time to the IEPF. During the financial year 2015-16, unpaid or unclaimed dividend for the Final Dividend declared for the year ended 31st March 2008 on 17th July 2008 amounting to Rs.821,165 and Interim dividend declared on 20th January 2009 amounting to Rs.8,76,710 were transferred to Investors Education and Protection Fund on 25th August 2015 and 29th February 2016 respectively.

The Board draws your attention that the unclaimed/unpaid dividend for the Final Dividend declared for the financial year ended 31st March 2009 on 16th July 2009 and Interim Dividend declared on 20th January 2010 are due for transfer to IEPF on 15th August 2016 and 19th February 2017 respectively. Members, who have not yet encashed their dividend warrant(s) or those are yet to claim their dividend amounts which were declared for the financial year ended 31st March 2009 and Interim dividend declared on 20th January 2010, may write to the Company/Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited.

14. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in the Annexure 3 to this Report.

15. Particulars of employees

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available at the Registered Office of the Company. Further, the report and the accounts are being sent to the members excluding the aforesaid statement. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

16. Directors' responsibility statement as required under Section 134 (5) of the Companies Act, 2013

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors of your company confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts on a "going concern basis".
- e) The Board of Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Board of Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. Board Meetings, Board of Directors, Key Managerial Personnel & Committees of Directors

(a) Board Meetings:

The Board of Directors of the Company met 12 times during the year 2015-16. The details of various Board Meetings are provided in the Corporate Governance Report. The gap intervening between two meetings of the board is as prescribed in the Act.

(b) Changes in Directors & Key Managerial Personnel

(b-1) Directors :

Pursuant to the change in control and management of the company and upon fulfillment of the conditions precedent laid down in the Share Purchase Agreement dated 5th November, 2015, the Board of Directors of the company was reconstituted in the meeting held on 04th March 2016 to give effect to the same.

The following directors have resigned from the Board effective 4th March 2016:

1. Mr.Arun Jain, Chairman and Director
2. Mr.R.C Bhargava, Non Executive and Independent Director
3. Mr.Arvind Kumar, Non Executive and Independent Director
4. Mr.Raju Venkatraman, Non Executive and Independent Director
5. Mr. Abhay Aggarwal, Non Executive Director
6. Mrs.Uma Ratnam Krishnan, Non Executive and Independent Director
7. Dr.Ashok Jhunjhunwala, Non Executive and Independent Director
8. Mr.V.Balaraman, Non Executive and Independent Director

9. Mr.Rajesh Mehta, Non Executive and Non Independent Director
10. Mr.Jonathan Eric Beyman, Non Executive Director
11. Dr.Theodore Roosevelt Malloch Jr, Non Executive Director

The following persons were appointed as Additional Directors in the Board on 4th March 2016:

1. Mr.Krishan Aruna Canekeratne, Non Executive Director
2. Mr.Anuranjan Krishan Kalia, Non Executive Director
3. Mrs.Rama Sivaraman, Executive Director
4. Mr.Jayaraman Ramachandran, Non-Executive and Independent Director
5. Mr.Sunil Bowry, Non-Executive and Independent Director
6. Mr.Arvind Sharma, Non-Executive and Independent Director
7. Mr.Hari Raju Mahadevu, Non-Executive and Independent Director

Mr.Krishan Aruna Canekeratne and Mr.Jayaraman Ramachandran have been appointed as Chairman and Vice Chairman respectively by the Board in its meeting held on 4th March 2016.

(b-2) : Key Managerial Personnel :

Mrs.Rama Sivaraman was appointed as Additional Director by the Board of Directors of the Company on 4th March 2016. She will be categorized as Executive Director and her appointment in the Company will be regularized subsequent to the approval of the members in the Postal Ballot. Pursuant to the above, she will be categorized under Key Managerial Personnel as defined under Section 2(51) of the Act.

Mrs. Christina Pauline Beulah, Company Secretary and Mr. N.M.Vaidyanathan, Chief Financial Officer are categorised under Key Managerial Personnel. There has been no change in the same.

(c) Re-Appointment

As per Article 10.22 of the Articles of Association of the Company, one third of the Directors are liable to retire by rotation at the Annual General Meeting of the Company. Mr.Jitin Goyal (DIN: 02851976) retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

(d) Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Act, that they meet the criteria of independence as laid down in Section 149(6) of the Act.

(e) Details of remuneration to Directors:

The information relating to remuneration of directors as required under Section 197(12) of the Act, is given in Annexure 7.

(f) Board Committees

The Company has the following Committees of the Board:

1. Audit Committee
2. Nomination and Remuneration committee
3. Stakeholder's Relationship committee
4. Corporate Social Responsibility committee
5. Risk Management Committee

Sub-committees:

- (a) Share Transfer Committee
- (b) M&A Committee

The composition of each of the above Committees, their respective role and responsibility is as detailed in the Report of Corporate Governance.

The policy framed by the Nomination and Remuneration committee under the provisions of Section 178(4) of the Act, is as below:

Remuneration policy

The remuneration policy of the Company has been so structured in order to match the market trends of the IT industry. The Board in consultation with the Nomination and Remuneration Committee decides the remuneration policy for the Directors.

The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time. Remuneration/ Commission payable to Directors is determined by the contributions made by the respective directors for the growth of the Company. Further the Company also has in place a Remuneration Policy

(g) Board Evaluation

As the present Board of Directors of the Company was appointed on 4th March 2016, the Directors are of the opinion that the evaluation of the Board shall be carried out in the financial year 2016-17.

(h) Vigil Mechanism

The Company has established a whistle-blower policy and also established a mechanism for directors and employees to report their concerns. The details of the same is explained in the Corporate Governance Report.

(i) Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company during the year with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of the related party transactions as required under Section 134(3)(h) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached as Annexure 5.

18) Auditors

The company's Statutory Auditors, M/s. S.R.Batliboi & Associates LLP, Chennai, Chartered Accountants issued their report on the standalone and consolidated financial statements of the company. The Auditor's Report on the Standalone and Consolidated Financial Statements does not contain any qualification, reservation or adverse remarks.

Statutory Auditors: M/s.S.R.Batliboi & Associates LLP, Chennai, Chartered Accountants who are the Statutory Auditors of the Company hold office as statutory auditors until the conclusion of the 23rd Annual General Meeting of the company to be held in the calendar Year 2016.

The Board of Directors has recommended the appointment of M/s.BSR & Co., LLP as Statutory auditors of the Company, which has also been recommended by audit committee, in the Board Meeting held on 12th May 2016, subject to the approval of the shareholders in the 23rd Annual General Meeting to be held on 7th July 2016. M/s.BSR & Co., LLP has expressed its intention to be appointed as statutory auditors and provided declaration under Section 141(3) of the Act.

Secretarial Audit: Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit has been carried out by Mr.Jayanth Viswanathan, Practising Company Secretary, and his report is annexed as Annexure 6 to this report. In connection with the Secretarial auditor's observation in the report, it is clarified that the non-filing of Form MGT-14 is a technical lapse that occurred inadvertently. Secretarial Standards are being complied with in full from the later part of the year. In respect of Chairman of Audit Committee and Nomination and Remuneration Committee not being present in the Annual General Meeting held on 23rd June 2015, the company hereby confirms that the reason for their absence was expressed at the meeting and that the Chairman of the Board was available to answer all the queries raised by the shareholders. The Board hereby confirms that all the matters covered in the matter of emphasis have subsequently been complied with by the company.

19) Fixed Deposits

Your Company has not accepted any deposits during the financial year and as such, no amount of principal or interest was outstanding as on 31st March, 2016.

20) Social Connect

Ullas Trust

A humble initiative which started in 1997 with an aim to integrate associates with the larger community to enable them to enjoy the bliss of working with young minds in the country continues to grow into a movement exemplifying the power of inclusive Corporate Social Responsibility. In its 18 year journey Ullas has awarded scholarships to more than 50,000 students

across Chennai, Delhi, Hyderabad, Mumbai and Pune. Over and above the merit scholarships, the weekend enrichment programs called SUMMIT engages our associate community with the young achievers – through packaged modules of 5 interventions of 3 hours each - 15 magical hours per year over the four year period of the child's association with Ullas. This academic year, over 6100 children from Corporation, Government and Government-Aided schools in five cities – Chennai, Delhi, Hyderabad, Mumbai, and Pune attended these intervention programs – that aid not just with life skills but also in design thinking. Under the rural re-connect program "Touch The Soil", over 1.9 lakh young minds were ignited with the power of "Can Do" with the active engagement and support of over 1000 volunteers across 86 districts in 4 states.

Ullas – Chennai

Ullas Trust celebrated its 18th Annual workshop on 28th August, 2015 at The Music Academy Auditorium in Chennai. The workshop was all about Igniting Young Minds and celebrated over 1091 grade IX Ullas Young Achievers from 192 - Corporation, Government and Government-Aided schools, who not only participated in the aspirational "Can Do" workshop but also were awarded the Ullas Young Achievers Scholarships. The workshop saw real life role models Shri. Gopalkrishna Gandhi, Captain Divya Ajith Kumar, and our then Chennai City Corporation Commission Mr. Vikram Kapoor – share their life journey, inspire and interact with the students. Continuing its endeavor of recognizing and encouraging excellence in education, 3 schools one each from corporation, government, and government aided were awarded the EEE award. Associate volunteers conducted the weekend enrichment program across 7 Ullas chapters in the city covering 3,817 young achievers from grade 9-12. As part of the Touch The Soil program, over 315 volunteers visited 310 schools in the 32 districts of TN, igniting over 1.3 lakh grade 9-12 students, conducting the Diary of Dreams and Planning workshop. A total of 2987 scholarships were given to toppers in grade 9 and 10 in the district schools. During this academic year Ullas inducted 73 Higher Education Scholars (28 professional stream, and 45 arts and science students) while continuing to support an overall of 168 Higher Education Scholars who come back as mentors to the incoming Ullas Young Achievers. Ullas continues to sponsor Easy Learning English (ELE) program of Vidayarambam Trust (VT) for grade 6 to 8 students in over 25 schools in the districts of TN. In the spirit of partnering with likeminded partners to reach as many young minds in schools, Ullas SUMMIT Level 1 and 2 was delivered to over 4,500 students in 29 schools across 14 districts of Tamil Nadu, in collaboration with Vidayarambam Trust, Talent Quest for India and Entecon.

Ullas – Mumbai

Mumbai Ullas chapter conducted the Diary of Dreams workshop on 5th December, 2015 at Mahakavi Kalidas Auditorium, celebrating over 520 young achievers from 23 schools (13 Municipal and 10 Govt-Aided schools). The interactive workshop encouraged the students to dream big, and dream big with conviction. Associate volunteers including volunteers from Morgan Stanley conducted SUMMIT in the chapter schools during the weekends – reaching out to a total of 999 students between grade 9 and 10. As part of the Touch The Soil program, 86 volunteers visited 47 schools in 10 districts covering 10,226 grade 9 and 10 students with 466 scholarships for the toppers in 9th and 10th, and conducting the Diary of Dreams workshop igniting young minds.

Ullas – Hyderabad

In Hyderabad, 252 students enthusiastically participated in the Annual "Can Do" Workshop on 6th February, 2016 which was held at The Capital, Polaris Hyderabad office premises. The Young Achievers enthralled everyone with their rendering of Saraswathi Vandanam and cultural performances. The Diary of Dreams workshop was very interactive and enabled students to share their aspirational dreams. SUMMIT classes also saw our associate volunteers conduct the weekend intervention program for 252 grade 9 students and 254 grade 10 students at school chapters. As part of the Touch the Soil initiative, 95 associate volunteers went in teams to 165 schools from 25 districts conducting the "Can Do" and Planning workshop for 27,030 grade 9 and 10 students.

Ullas – Delhi

Ullas NCR chapter conducted the Annual CAN Do workshop on 19th December, 2015, at Chinmaya Mission, New Delhi. 247 grade 9 young achievers from 20 government and government-aided schools were inducted into the portals of Ullas Trust. The workshop also saw 40 school teachers and 60 associate volunteers who cheered and supported the young achievers. The weekend enrichment program – SUMMIT was conducted by our associate volunteers in school chapters for the selected

Ullas Young Achievers and was received very well by the students and their school authorities. As part of the Touch The Soil initiative, 43 volunteers travelled to 12 districts of NCR, reaching 9,205 students of grade 9-12 from 28 schools, inspiring and igniting young minds delivering the Diary the Diary of Dreams workshop and Planning workshop, and also with a scholarship to 260 toppers in 9th and 10th.

Ullas – Pune

Ullas Pune Chapter expanded its footprint from 1 school to 4 schools this year. The Annual Diary of Dreams workshop was conducted on 28th November, 2016 for incoming young achievers, covering over 200 eager students across three locations. A total of 51 scholarships were awarded in the urban schools as part of the SUMMIT program. 25 volunteers along with family and friends conducted the subsequent weekend enrichment programs in the schools over 8 weekends. As part of the Touch The Soil initiative, 38 volunteers went to 13 locations, across 6 districts covering 37 district schools, reaching 8,300 students from grade 9 and 10 with the diary of dreams and planning workshop. 360 scholarships were given to 5 toppers each from grade 9 and 10 in these 37 schools.

Corporate Social Responsibility: Details of the policy and implementation of the CSR activities during the year are as provided under Annexure 8.

21) Audit Committee Recommendation

During the year all the recommendations of the Audit Committee were accepted by the Board. The Composition of the Audit Committee is as described in the Corporate Governance Report.

22) Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as Annexure 7.

23) Significant & Material Orders passed by the Regulators or Courts

The company has not obtained any significant and material orders passed by any regulators or court.

24) Particulars of Loans, Guarantees and Investments u/s 186 of the Act

Investments made in Subsidiaries during the year 2015-16 :

Name of the Subsidiary	No. of Shares	Face Value	Amount invested in FCY	Amount Rs. in lacs
Polaris Consulting and Services FZ-LLC	1500	AED 1000	AED 1,500,000	261.00
Polaris Consulting & Services SA, Switzerland	200,000	CHF 5	CHF 1,000,000	685.30

Disinvestments made by the Company during the year 2015-16:

Name of the Subsidiary	No. of Shares	Face Value	Amount divested in FCY	Amount Rs. in lacs
Intellect Polaris Design LLC	45	US\$ 50,000	21,37,500	1,380.15

FCY: Foreign Currency

Hiving off BPO business :

The Board of Directors in the meeting held on 29th October 2015 approved the hiving-off of BPO business of the Company.

The Company has entered into a Business Transfer Agreement with M/s Gamma Process Hub India Limited on 25th February 2016.

25) Risk Management Policy:

Risk Management Committee was constituted by the Board of Directors in the meeting held on 29th March 2016. The Board of Directors of the Company approved Risk Management Policy in the meeting held on 26th April 2016 as per Regulation 21(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Policy provides integrated approach for managing the risks in various aspects of the business.

26) Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee ("ICC") has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of the complaints received and disposed off during the financial year 2015-16:

- a) No. of complaints received : NIL
- b) No. of complaints disposed off : NIL

27) Listing Fees

The Company confirms that it has paid the annual listing fees for the year 2016-17 to both National Stock Exchange Limited and BSE Limited

28) Acknowledgement

Your Directors take this opportunity to express the gratitude to all investors, clients, vendors, bankers, Regulatory and Government authorities, Stock Exchanges and business associates for their cooperation, encouragement and continued support extended to the Company. Your Directors also wish to place on record their appreciation to the Associates for their continuing support and unstinting efforts in ensuring an excellent all round operational performances at all levels.

By Order of the Board
For Polaris Consulting & Services Limited
(formerly known as Polaris Financial Technology Limited)

Place: Chennai
Date : May 12, 2016

Krishan Aruna Canekeratne
Chairman

Annexure 1

Form AOC 1

Statement (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

PART-A: Statement containing salient features of the financial statement of Subsidiaries

Sl No	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit before Tax	Provision for Tax	Profit after Tax	Proposed Dividend	Share holding %
1	Polaris Consulting & Services Pte Ltd, Singapore	April-March	SGD	49.27	119.85	7,973.68	8,735.68	1,087.81	445.66	10,437.52	316.95	112.10	204.85	Nil	100
2	Polaris Consulting & Services Limited, United Kingdom	April-March	GBP	95.47	4.92	8,101.86	11,540.36	3,452.24	18.67	16,053.71	1,630.30	357.35	1,272.95	Nil	100
3	Polaris Consulting & Services Kft., Hungary *	January-December	HUF	0.24	7.67	49.45	74.69	17.56	-	387.81	37.12	3.82	33.29	Nil	100
4	Polaris Consulting & Services GmbH, Germany	April-March	EUR	75.40	261.99	792.84	1,377.80	327.92	4.96	758.12	9.14	2.94	6.20	Nil	100
5	Polaris Consulting & Services Pty Ltd, Australia	April-March	AUD	50.98	8.11	3,712.06	4,708.55	988.38	-	9,488.33	855.62	268.68	586.94	Nil	100
6	Polaris Consulting & Services Ireland Ltd, Ireland	April-March	EUR	75.40	88.96	2,743.62	2,615.26	33.29	250.61	437.97	158.72	20.05	138.68	Nil	100
7	Polaris Consulting and Services Japan K.K., Japan	April-March	JPY	0.59	79.04	1,956.30	2,518.91	483.57	-	3,666.76	297.43	110.53	186.89	Nil	100
8	Polaris Consulting & Services Inc, Canada **	April-March	CAD	51.23	189.51	3,374.82	5,059.31	1,494.99	-	9,106.60	1,059.14	289.51	769.62	Nil	100
9	Polaris Consulting & Services B.V, Netherlands *	April-March	EUR	75.40	10.99	81.12	696.49	604.38	-	670.24	47.23	7.80	39.43	Nil	100
10	Polaris Software (shanghai) company Limited, China #	January-December	CNY	10.28	46.02	39.69	183.16	97.45	-	77.31	423.62	-	423.62	Nil	100
11	Optimus Global Services Limited	April-March	INR	1.00	46.85	(127.23)	30.20	110.58	-	9.50	2.05	-	2.05	Nil	100
12	Polaris Software Consulting and Services SDN.BHD., Malaysia #	April-March	MYR	16.97	75.00	1,827.88	1,973.68	70.81	-	1,992.64	638.42	-	638.42	Nil	100
13	Polaris Consulting and Services FZ-LLC	April-March	AED	18.04	261.00	361.45	1,147.19	524.74	-	508.64	368.21	-	368.21	Nil	100
14	Polaris Consulting & Services SA	April-March	CHF	68.98	685.30	4.50	689.80	-	-	-	-	-	-	Nil	100

Notes:

- * Subsidiaries of Polaris Consulting & Services Ltd, UK
- # Subsidiaries of Polaris Consulting & Services Ltd, Singapore
- ** 40% of shares held by Polaris Consulting & Services Pte Limited, Singapore
- d) Investment includes investments made in step down subsidiaries
- e) Information provided above is based on the Indian GAAP financials of the Subsidiaries for the financial year ended 31st March, 2016
- f) Reporting period for all subsidiaries is financial year except for Polaris Consulting & Services Kft and Polaris Software (shanghai) company Limited where the reporting period is Calendar year.

Part "B": Joint Venture

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture

(Rs. in Lakhs)

SI No.	Name of Joint Venture	Intellect Polaris Design LLC, USA
1.	Latest audited Balance Sheet Date	March 31, 2016
2.	Shares of Joint Ventures held by the company on the year end	
	No.	50
	Amount of Investment in Joint Venture	1,533.50
	Extent of Holding %	50%
3.	Description of how there is significant influence	NA
4.	Reason why the joint venture is not consolidated	NA
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	1,535.75
6.	Loss for the year	128.71
i.	Considered in Consolidation	117.53
ii.	Not Considered in Consolidation	11.17

Annexure 2

a) Details of unclaimed shares as per Regulation 39 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Outstanding at the beginning of the year 01.04.2015		Claims during the Year		Outstanding at the end of the year 31.03.2016	
Share Holders	Shares	Share Holders	Shares	Share Holders	Shares
538	90,000	9	6,500	529	83,500

b) Employee Stock Options Plans

Your Company currently administers four stock option programs, viz., ASOP 2003, ASOP 2004, ASOP 2011 and ASOP 2015. Summary information of these various stock options programs of the Company is provided under Notes to Accounts under Standalone Financial Statements of this Annual Report.

The Company has recorded compensation cost for all grants using the intrinsic value based method of accounting, in line with the prescribed SEBI guidelines.

Had compensation been determined under the fair value approach described in the Guidance Note on, "Accounting for employee share based payments" issued by ICAI, the Company's net profit and basic and diluted earnings per share would have reduced to the proforma amounts as indicated:

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Net Profit as reported	1,270,742,000	1,672,698,000
Add: Stock – based employee compensation expense (intrinsic value method)	+6,228,166	828,054
Less: Stock- based employee compensation expense (fair value method)	-(8,571,817)	47,338,651
Pro forma net profit	1,285,541,893	1,626,187,403
Basic earnings per share as reported	12.68	16.77
Pro forma basic earnings per share	12.83	16.30
Diluted earnings per share as reported	12.48	16.39
Pro forma diluted earnings per share	12.62	15.93

Information as required under Rule 12(9) (a) to (i) of the Companies (Share Capital and Debentures) Rules, 2014, is as below:

Particulars	ASOP 2003	ASOP 2004	ASOP 2011	ASOP 2015
Outstanding options at the beginning of the year	946,100	373,700	4,174,650	-
Options Granted	-	-	-	1,303,000
Options Vested	292,300	82,100	463,500	934,200
Options Exercised	213,600	65,400	1,226,950	11,700
Total No. of shares arising as a result of exercise of option	213,600	*60,400	1,226,950	11,700
Options Lapsed	428,000	219,400	17,550	-
Options Lapsed forfeited	12,200	6,800	412,450	228,400
Exercise Price (weighted)	100.67	110.24	104.46	143.52
Variation of terms of Options	NIL	NIL	NIL	NIL
Money realized by exercise of options	Rs.24,280,637	Rs.8,412,568	Rs.121,953,829	Rs.1,535,076
Total no. of Options in force	292,300	82,100	2,517,700	1,062,900

* 60,400 shares were transferred as on March 31, 2016

ASOP 2003 :

The Exercise Price per share is the average of the two weeks high and low price of the share preceding the date of grant of option on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

ASOP 2004 :

The Exercise Price per share is the Market Price which is the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered

ASOP 2011 :

The Exercise Price per share is the Market Price which is the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

If the Market Price is below Rs.175/-, options will be granted at Market Price. If the Market Price is Rs.175 or above, options will be granted at a discount of 10% on market price. However, the grant price (after discount) shall not be lower than the floor price.

ASOP 2015

The Exercise Price per share is the Market Price which is the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, on the stock exchange on which the shares of the company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

If the Market Price is below Rs. 126/-, options will be granted at Market Price. If the Market Price is Rs. 126 or above, options will be granted at the discounted price as mentioned in clause 6.4 of ASOP 2015 scheme. However, grant price (after discount) shall not be lower than floor price.

Information as required under Rule 12(9) (j) (i) to (iii) of the Companies (Share Capital and Debentures) Rules, 2014, is as below:

Name of the Senior Managerial Personnel	Designation	ESOPs Granted
N M Vaidyanathan	Chief Financial Officer	100,000
Total		100,000
Name of the Director	Designation	ESOPs Granted
Theodore Roosevelt Malloch JR	Non-Executive Director	300,000
Jonathan Eric Beyman	Non- Executive Director	400,000
Total		700,000

Annexure 3

Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflow

[Clause (m) of sub-section (3) of Section 134 of the Act, r/w Rule 8 of the Companies (Accounts) Rules, 2014]

A) Conservation of energy:

Our efforts during the last year reflect our commitment towards achieving desired objectives of our Sustainability initiatives with many positive developments that have taken place in this arena; be it optimum utilization of Energy or minimizing water or Food wastage and reduction in GHG emissions. We could achieve some of these over the last year which are enumerated below.

We were able to achieve considerable reduction in Energy Consumption by virtue of installing LED lights in work areas, Motion Sensors in Washrooms, Conference rooms; Installation of Solar Street Lights; optimum usage of VFD chillers and completely phasing out CRT Monitors. During the year, we could run our Chennai facility on green power with 92% of supply coming from Renewable Energy Source i.e. Wind Power with effect from July 2015. Similar achievement was on the reduction in Water consumption by 1953 Kilo liters through installation of Waterless Urinals at our facilities, recycling of waste water, Installing sensor-cum-aerated taps and usage of treated water for Landscaping from Sewage Treatment Plant.

We could achieve reduced emission levels to the tune of 3266 MT (Carbon Footprint) though various initiative like promoting Car pooling for our associates, renewable source of energy etc.

In a nutshell, the following table depicts our company's commitment level towards sustaining the Environment System:

Highlights		
7500+		28
resources across the world		locations across the world
Environmental Performance		
25%	18%	25,570
reduction in energy consumption	reduction in water consumption	sqft LEED certified office space
40,557 kg	25,314 kg	261,470
of e-waste recycled	of paper and plastic recycled	sqft of office space certified for ISO 14001*
3266 Metric Tons reduction in GHG emissions**		

* includes Hyderabad & Pune only.

**includes Wind Energy

We have greater plans in FY-17 to convert 100% of CFL lamps to LED and draw green power for other facilities apart from other energy efficient initiatives planned for a more sustainable tomorrow.

(B) (i) Technology Innovation :

Data Center Migration & Split

The following are the major scope of the DC migration project

- a. Commissioning of Intellect DC
- b. DC Migration
 - i. Intellect Servers Migration > From Polaris DC to Intellect DC
 - ii. Servers consolidation & segregation
 - iii. Services segregation
 - iv. Applications migration

During the actual transition, it was ensured that Virtusa Polaris DC was fully operational with continuity of all the services during the entire exercise

Data center Migration activity started on 1st August 2015 and was completed on 19th March 2016.

(ii) Technology adoption

Host Integrity Check

Symantec Endpoint solution was explored and extended to ensure Host integrity check on the work stations of an ODC segment. Through Policy definition and Central implementation, the process of isolating the Non-compliant workstations from this ODC segment & connecting back on making them compliant - was deployed.

New IT infrastructure

The following are the new IT infrastructure implementation details.

- 1 Bangalore (120 seats)
- 2 2 new Customer ODCs at Hyderabad
- 3 Expansion of existing customer ODC at Navalur, Chennai

(iii) Technology Absorption

Network Infrastructure upgrades

The following are the major network infrastructure upgrade implementation

Customer connectivity link bandwidth upgraded from 30 Mbps to 90 Mbps

IT Policies & process simplification towards Business & Associate enablement made simple. Mobile assets usage and Assets provisioning simplified and made associate friendly through Technology & Process refinement.

Customer Reviews

30 Customer Reviews handled across locations successfully

(iv) the expenditure incurred on Research and Development

Particulars	Rs. In Lakhs	
	March 31, 2016	
Capital		-
Revenue		125.00
Total		125.00

Total R & D expenditure as a % of total turnover: 0.07%.

(C) Foreign exchange earnings and Outgo –

For the year ended	Rs. In Lakhs	
	March 31, 2016	March 31, 2015
Foreign Exchange earnings	157,174.93	147,694.41
Foreign Exchange outgo (including capital goods)	119,669.47	108,029.55

Annexure 4

Details of Ratio of Remuneration of Director

[Section 197(12), r/w Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Name of the Director	Ratio to the Median
	Jitin Goyal	29.12
	Rama Sivaraman	13.93
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Name of the Director / Company Secretary	% increase
	Jitin Goyal	8%
	Christina Pauline Beulah	20%
(iii) the percentage increase in the median remuneration of employees in the financial year;	1.57%	
(iv) the number of permanent employees on the rolls of company;	7291	
(v) the explanation on the relationship between average increase in remuneration and company performance;	-	
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	The remuneration payable to the KMP is in accordance with the Industry and Geographical standards	
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	-	
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	18.77%	
(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	Jitin Goyal – Director Rama Sivaraman - Director Vaidyanathan N M - Chief Financial Officer Christina Pauline Beulah - Company Secretary The remuneration payable to the KMP is in accordance with the Industry and Geographical standards	
(x) the key parameters for any variable component of remuneration availed by the directors;	The variable pay is in accordance with the performance of the Company as well as the individual	
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	Not Applicable	
(xii) Affirmation that the remuneration is as per the remuneration policy of the company.	Yes, our remuneration is as per the remuneration policy of the company	

Annexure 5

Details of Related Party Transactions

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

(a)	Name(s) of the related party and nature of relationship	-	-
(b)	Nature of contracts/arrangements/transactions	-	-
(c)	Duration of the contracts/arrangements/transactions	-	-
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-	-
(e)	Justification for entering into such contracts or arrangements or transactions	-	-
(f)	Date(s) of approval by the Board	-	-
(g)	Amount paid as advances, if any:	-	-
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	-	-

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

2. Details of contracts or arrangement or transactions at arm's length basis

		Amount in Rs. in lakhs	
Name of the related party and nature of relationship	Intellect Design Arena Limited	Virtusa Consulting Services Private Limited	
Nature of contracts/arrangements/transactions	a) Rental Expenses b) Rental Income, c) Software Development Service Income d) Reimbursement of expenses by the Company e) Software Development expenses f) Reimbursement of expenses to the Company	a) Software Development Service Income	
Duration of the contracts/arrangements/transactions	The contract will continue till any party terminate the contract	The contract will continue till any party terminate the contract	
Salient terms of the contracts or arrangements or transactions including the value, if any	The agreement was effective from Effective Date (12.11.2014) and shall continue, unless otherwise terminated. Either party may terminate the agreement or service provided in pursuance of the agreement made between the parties	The Company has entered into a service Agreement with Virtusa Consulting Services Private Limited on various dates which were approved by the Board of Directors in the meeting held on March 29, 2016.	
Justification for entering into such contracts or arrangements or transactions	a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	a) To avoid misuse of corporate assets and abuse of related party transactions b) To ensure compliance with the relevant legal framework set out by regulatory authorities c) To act as a framework for any statement of work that may be entered into between the parties for any service that may be provided by one party to another	
Date of approval by the Board	07th November 2014	29th March, 2016	
Amount paid as advances, if any	a) Rs.314.75 b) Rs.239.39 c) Rs.2518.15 d) Rs.282.56 e) Rs.2204.92 f) Rs.591.77	a) Rs.674	

Annexure 6

Secretarial Audit Report

For the Financial Year Ended on 31st March 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

The Members

Polaris Consulting & Services Limited
244/713, Anna Salai,
Chennai 600 006

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Polaris Consulting & Services Limited ("the Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Management's Responsibility

Management is responsible for the maintenance of the Secretarial records and for the preparation and filing of forms, returns, documents for compliances and to ensure that they are free from material non compliance, whether due to fraud or error.

Secretarial Auditor's Responsibility

Secretarial Audit is a process of verification of Secretarial records and related documents. My responsibility is to express an opinion on the Secretarial Compliances of applicable laws by the Company on the basis of my audit. The audit practices and processes have been followed as deemed appropriate to provide reasonable assurance about the correctness of the records and the confirmation of compliance. My audit process involved verification of records and dependence on processes in vogue in the company to enable rendering of my opinion. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also based on the information provided by the Company, its officers, and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder. I also report that the Company has proper Board-processes and compliance-mechanism in place, subject to the reporting made hereinafter:

Opinion

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner reported hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of -

1. The Companies Act, 2013 (the Act) and the Rules made under that Act.
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent applicable to Overseas Direct Investment (ODI).
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), viz.,:
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.
6. Other applicable laws specifically applicable to the company, viz.,
- a) The Information Technology Act, 2000
 - b) The Special Economic Zone Act, 2005
 - c) Policy relating to Software Technology Parks of India and its regulations
 - d) The Trade Marks Act, 1999
7. I have also examined compliance with applicable clauses of the following:
- a) The Equity Listing Agreements with the BSE Limited and National Stock Exchange of India Limited
 - b) Secretarial Standards issued by the Institute of Company Secretaries of India

During the period under review the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except that Form MGT 14 in respect of investment of funds in Hexa Wind Farm Private Limited was not filed, Secretarial Standards were not complied in few instances and Chairman of Audit Committee and Nomination and Remuneration Committee were not present in the 22nd Annual General Meeting held on 23rd June 2015. I further report the following as a matter of emphasis where I have observed few instances of delay in form filing and delay in intimation to the stock exchanges.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board that took place during the year were carried out in compliance with the provisions of the Act. Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent / tabled at the meeting. Majority decisions are carried through while the dissenting members views, if any, are captured and recorded as part of the Minutes.

I further report that based on the information received and records maintained, there are reasonable systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

I further report that during the review period the company has entered into a share purchase agreement with Virtusa Corporation whereby a subsidiary of Virtusa will acquire 53% of the Paid up share capital from the promoters as per the terms and conditions of the Share Purchase agreement.

I further report that during the period under review the company has amended the Master Service Agreement with Citigroup technologies, Inc (Citi), pursuant to which Citi has agreed to designate Virtusa and the company as its preferred vendor for Global Technology Resource Strategy for the IT services of Citi on an enterprise wise basis.

I further report that during the period under review the Board of Directors of the Company have approved for hiving off the BPO business of the Company and formation of sub-committee for carrying out the same.

Date: 12.05.2016
Place: Chennai

Jayanth Viswanathan
Practising Company Secretary
Certificate of Practice No. 14642
Membership No.F7968

The Members
Polaris Consulting & Services Limited
244/713, Anna Salai,
Chennai 600 006

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date: 12.05.2016
Place: Chennai

Jayanth Viswanathan
Practising Company Secretary
Certificate of Practice No. 14642
Membership No.F7968

Annexure 7

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L65993TN1993PLC024142
2.	Registration Date	05.01.1993
3.	Name of the Company	POLARIS CONSULTING & SERVICES LIMITED (formerly known as Polaris Financial Technology Limited)
4.	Category/Sub-category of the Company	Information Technology
5.	Address of the Registered office & contact details	#244/713, Anna Salai, Chennai – 600 006.
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd Plot 31-32, Karvy Selenium, Tower B, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Computer programming consultancy and related activities	620	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name And Address of the Company	CIN/GLN	Holding / Subsidiary	% of shares held	Applicable Section
1	Optimus Global Services Limited	U72300TN2002PLC049649	Subsidiary	100%	2(86)
2	Polaris Consulting & Services Inc, Canada	-	Subsidiary	100%	2(86)
3	Polaris Consulting & Services Pty Ltd, Australia	-	Subsidiary	100%	2(86)
4	Polaris Consulting and Services Japan K.K., Japan	-	Subsidiary	100%	2(86)
5	Polaris Consulting & Services Pte Ltd, Singapore	-	Subsidiary	100%	2(86)
6	Polaris Consulting and Services FZ – LLC, Dubai	-	Subsidiary	100%	2(86)
7	Polaris Consulting & Services GmbH, Germany	-	Subsidiary	100%	2(86)
8	Polaris Consulting & Services Ireland Ltd, Ireland	-	Subsidiary	100%	2(86)
9	Polaris Consulting & Services Ltd, UK	-	Subsidiary	100%	2(86)
10	Polaris Consulting & Services SA, Switzerland	-	Subsidiary	100%	2(86)
11	Virtusa Consulting Services Private Ltd.	-	Holding	52.42%	2(86)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

(A) SHARE HOLDING PATTERN BETWEEN 01/04/2015 AND 31/03/2016

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2015				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	28,985,760	0	28,985,760	29.01	0	0	0	0.00	29.01

CATE GORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2015				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2016				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	28,985,760	0	28,985,760	29.01	0	0	0	0.00	29.01
(2)	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	28,985,760	0	28,985,760	29.01	0	0	0	0.00	29.01
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	220,590	0	220,590	0.22	869,080	0	869,080	0.86	-0.64
(b)	Financial Institutions / Banks	438,079	0	438,079	0.44	424,811	0	424,811	0.42	0.02
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	22,645,417	150	22,645,567	22.66	8,074,246	150	8,074,396	7.97	14.70
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1):	23,304,086	150	23,304,236	23.32	9,368,137	150	9,368,287	9.24	14.08
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	5,146,771	550	5,147,321	5.15	53,808,664	1,750	53,810,414	53.08	-47.93
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	11,492,321	191,200	11,683,521	11.69	7,685,250	182,015	7,867,265	7.76	3.93
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	10,771,994	0	10,771,994	10.78	1,681,138	0	1,681,138	1.66	9.12
(c)	Others									
	BUSINESS ASSOCIATES	17,458,692	0	17,458,692	17.47	0	0	0	0.00	17.47
	CLEARING MEMBERS	412,833	0	412,833	0.41	27,888,333	0	27,888,333	27.51	-27.10
	NON RESIDENT INDIANS	572,165	3,850	576,015	0.58	578,909	6,250	585,159	0.58	0.00
	OVERSEAS CORPORATE BODIES	250	50	300	0.00	250	50	300	0.00	0.00
	TRUSTS	1,553,852	20,100	1,573,952	1.58	145,878	20,100	165,978	0.16	1.63
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	47,408,878	215,750	47,624,628	47.67	91,788,422	210,165	91,998,587	90.76	-43.09
	Total B=B(1)+B(2) :	70,712,964	215,900	70,928,864	70.99	101,156,559	210,315	101,366,874	100.00	-29.01
	Total (A+B) :	99,698,724	215,900	99,914,624	100.00	101,156,559	210,315	101,366,874	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	99,698,724	215,900	99,914,624	100.00	101,156,559	210,315	101,366,874	100.00	

(B) Shareholding of Promoter-

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of Shares	% of total shares of the Company	& of shares Pledged/ encumbered to total shares	No of Shares	% of total shares of the Company	& of shares Pledged/ encumbered to total shares	
1	Polaris Banyan Holding Private Limited	20,020,938	20.04	-	-	-	-	-
2	Arun Jain	4,322,365	4.33	-	-	-	-	-
3	Yogesh Andlay	2,077,447	2.08	-	-	-	-	-
4	Manju Jain	1,052,460	1.05	-	-	-	-	-
5	Arun Jain	789,000	0.79	-	-	-	-	-
6	Uday Jain	619,500	0.62	-	-	-	-	-
7	Aarushi Jain	60,000	0.06	-	-	-	-	-
8	Meena Agarwal	21,450	0.02	-	-	-	-	-
9	Shashi Gupta	5,900	0.01	-	-	-	-	-
10	Naveen Kumar	4,800	0.00	-	-	-	-	-
11	Nita Jain	2,400	0.00	-	-	-	-	-
12	Manju Verma	2,400	0.00	-	-	-	-	-
13	Uma Gupta	2,400	0.00	-	-	-	-	-
14	Neeta Mathur	2,400	0.00	-	-	-	-	-
15	Suman Mathur	2,300	0.00	-	-	-	-	-
	Total	28,985,760	29.01	-	-	-	-	-

Note : Promoters as aforesaid have sold all their equity shares held in the company to Virtusa Consulting Services Private Limited pursuant to Share Purchase Agreement executed on 5th November 2015.

The Company has sought shareholders' approval for reclassification of promoters vide Postal Ballot notice dt.29/03/2016. Post the approval of the shareholders, Promoters will be reclassified.

(C) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year*	4,322,365	4.33	4,322,365	4.33
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	01/03/2016 : (-)4,322,365 (SHARES SOLD AS PART OF SHARE PURCHASE AGREEMENT) DT. 05/11/2015			
3	At the end of the year	0	0	0	0

(D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No.	Name of the Share Holder	No. of shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reasons	Cumulative Holding	% change in shareholding
1	Virtusa Consulting Services Private Limited	0	0	01/04/2015	0	-	0	0
		-	52.94	03/03/2016	53,131,303	Acquisition	53,131,303	52.94
		-	52.42	31/03/2016	2,400	acquisition	53,133,703	52.42
		53,133,703	52.42	31/03/2016			-	-
2	Orbitech Limited	15,379,606	15.39	01/04/2015	-	-	15,379,606	0
				03/03/2016	-15,379,606	Sale	-	100
		0	0	31/03/2016				
3	Citibank A/C Orbitech Limited	2,079,086	2.08	01/04/2015	-	-	2,079,086	0
				03/03/2016	-2,079,086	Sale	-	100
		0	0	31/03/2016				
4	Citibank N.A.	0	0	01/04/2015	0	0		
				10/04/2015	435	Purchase	435	0.00
				17/04/2015	-435	Sale	0	0.00
				08/05/2015	9,010	Purchase	9,010	0.01
				15/05/2015	-9,010	Sale	0	0.00
				19/06/2015	1,113	Purchase	1,113	0.00
				26/06/2015	-1,113	Sale	0	0.00
				30/06/2015	685	Purchase	685	0.00
				03/07/2015	1,567	Purchase	2,252	0.00
				10/07/2015	-2,252	Sale	0	0.00
				14/08/2015	12,309	Purchase	12,309	0.01
				21/08/2015	-12,309	Sale	0	0.00
				09/10/2015	1,166	Purchase	1,166	0.00
				16/10/2015	12,085	Purchase	13,251	0.01
				23/10/2015	-13,251	Sale	0	0.00
				06/11/2015	36,272	Purchase	36,272	0.04
				13/11/2015	-36,272	Sale	0	0.00
				11/12/2015	8,693	Purchase	8,693	0.01
				18/12/2015	6,605	Purchase	15,298	0.02
				25/12/2015	-10,608	Sale	4,690	0.00
				31/12/2015	-4,690	Sale	0	0.00
				12/02/2016	1,005	Purchase	1,005	0.00
				19/02/2016	-1,005	Sale	0	0.00
		26/02/2016	3,008	Purchase	3,008	0.00		
		03/03/2016	1,835	Purchase	4,843	0.00		
		11/03/2016	-1,122	Sale	3,721	0.00		
		18/03/2016	3,160,612	Purchase	3,164,333	3.12		
		25/03/2016	2,621,934	Purchase	5,786,267	5.71		
		31/03/2016	1,492,829	Purchase	7,279,096	7.18		
		7,279,096	7.18	31/03/2016			7,279,096	7.18
5	Franklin mutual series funds- mutual beacon fund	6,103,048	6.11	01/04/2015	0	0	6,103,048	0
				10/04/2015	-144,265	Sale	5,958,783	5.96
				17/04/2015	-1,867,273	Sale	4,091,510	4.10
				24/04/2015	-205,598	Sale	3,885,912	3.89
				08/05/2015	-1,031,657	Sale	2,854,255	2.86
				15/05/2015	-361,755	Sale	2,492,500	2.49
				22/05/2015	-1,006,821	Sale	1,485,679	1.49
				29/05/2015	-666,003	Sale	819,676	0.82
				05/06/2015	-819,676	Sale	0	0.00
		0%	0%	31/03/2016				

SI No.	Name of the Share Holder	No. of shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reasons	Cumulative Holding	% change in shareholding
6	Jhunjhunwala Rakesh Radheshyam	4,750,000	4.75	01/04/2015	-	-	-	
				07/08/2015	250,000	Purchase	5,000,000	4.99
				03/03/2016	-5,000,000	Sale	-	0
		0	0	31/03/2016	0			0
7	'Integrated Master Securities Pvt. Ltd.	1,100	0.00	01/04/2015	0	-	1,100	-
				24/07/2015	3,500	Purchase	4,600	0.00
				31/07/2015	-3,500	Sale	1,100	0.00
				07/08/2015	1,200	Purchase	2,300	0.00
				14/08/2015	-1,200	Sale	1,100	0.00
				20/11/2015	30,000	Purchase	31,100	0.03
				27/11/2015	31,100	Purchase	62,200	0.06
				27/11/2015	-31,100	Sales	31,100	0.03
				12/02/2016	14,182	Purchase	45,282	0.05
				19/02/2016	44,844	Purchase	90,126	0.09
				26/02/2016	-59,026	Sale	31,100	0.03
				18/03/2016	92,095	Purchase	123,195	0.12
				25/03/2016	3,581,604	Purchase	3,704,799	3.65
				31/03/2016	44,197	Purchase	3,748,996	3.70
				31/03/2016	-30,000	Sale	3,718,996	3.67
		3,718,996	3.67	31/03/2016	-	-	-	-
8	Edelweiss Securities Ltd	81,614	0.08	03/04/2015	-211	Sale	81,403	0.08
				10/04/2015	8,678	Purchase	90,081	0.09
				10/04/2015	-3,525	Sale	86,556	0.09
				17/04/2015	1,500	Purchase	88,056	0.09
				17/04/2015	-32,255	Sale	55,801	0.06
				24/04/2015	8,245	Purchase	64,046	0.06
				24/04/2015	-8,812	Sale	55,234	0.06
				01/05/2015	15	Purchase	55,249	0.06
				01/05/2015	-27,633	Sale	27,616	0.03
				08/05/2015	-3,180	Sale	24,436	0.02
				15/05/2015	32,353	Purchase	56,789	0.06
				22/05/2015	174,363	Purchase	231,152	0.23
				29/05/2015	178,572	Purchase	409,724	0.41
				29/05/2015	-180,197	Sale	229,527	0.23
				05/06/2015	6,754	Purchase	236,281	0.24
				05/06/2015	-179,853	Sale	56,428	0.06
				12/06/2015	14,403	Purchase	70,831	0.07
				12/06/2015	-2,050	Sale	68,781	0.07
				19/06/2015	-27,540	Sale	41,241	0.04
				26/06/2015	-15,930	Sale	25,311	0.03
				30/06/2015	3,660	Purchase	28,971	0.03
				30/06/2015	-2,993	Sale	25,978	0.03
				03/07/2015	11,066	Purchase	37,044	0.04
				10/07/2015	774	Purchase	37,818	0.04
				10/07/2015	-11,582	Sale	26,236	0.03
				17/07/2015	-5,644	Sale	20,592	0.02
				24/07/2015	5,900	Purchase	26,492	0.03
				31/07/2015	13,770	Purchase	40,262	0.04
				31/07/2015	-4,747	Sale	35,515	0.04
				07/08/2015	77,123	Purchase	112,638	0.11
				14/08/2015	-33,490	Sale	79,148	0.08

SI No.	Name of the Share Holder	No. of shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reasons	Cumulative Holding	% change in shareholding
				21/08/2015	5,013	Purchase	84,161	0.08
				21/08/2015	-7,335	Sale	76,826	0.08
				28/08/2015	14,718	Purchase	91,544	0.09
				28/08/2015	-4,087	Sale	87,457	0.09
				04/09/2015	3,370	Purchase	90,827	0.09
				04/09/2015	-39,517	Sale	51,310	0.05
				11/09/2015	1,326	Purchase	52,636	0.05
				11/09/2015	-3,327	Sale	49,309	0.05
				18/09/2015	2,326	Purchase	51,635	0.05
				18/09/2015	-15,166	Sale	36,469	0.04
				25/09/2015	14,471	Purchase	50,940	0.05
				30/09/2015	28,974	Purchase	79,914	0.08
				02/10/2015	22,981	Purchase	102,895	0.10
				02/10/2015	-24,981	Sale	77,914	0.08
				09/10/2015	7,555	Purchase	85,469	0.09
				09/10/2015	-3,493	Sale	81,976	0.08
				16/10/2015	10,005	Purchase	91,981	0.09
				16/10/2015	-7,670	Sale	84,311	0.08
				23/10/2015	10,068	Purchase	94,379	0.09
				23/10/2015	-8,019	Sale	86,360	0.09
				30/10/2015	-15,655	Sale	70,705	0.07
				06/11/2015	1,000	Purchase	71,705	0.07
				06/11/2015	-10,734	Sale	60,971	0.06
				13/11/2015	346,485	Purchase	407,456	0.41
				13/11/2015	-23,441	Sale	384,015	0.38
				20/11/2015	326,305	Purchase	710,320	0.71
				20/11/2015	-67,956	Sale	642,364	0.64
				27/11/2015	556,045	Purchase	1,198,409	1.20
				04/12/2015	903,640	Purchase	2,102,049	2.10
				04/12/2015	-835,536	Sale	1,266,513	1.26
				11/12/2015	-115,209	Sale	1,151,304	1.15
				18/12/2015	159,118	Purchase	1,310,422	1.31
				25/12/2015	18,687	Purchase	1,329,109	1.33
				25/12/2015	-3,272	Sale	1,325,837	1.32
				31/12/2015	263,970	Purchase	1,589,807	1.59
				01/01/2016	251,785	Purchase	1,841,592	1.84
				01/01/2016	-210,106	Sale	1,631,486	1.63
				08/01/2016	-50,157	Sale	1,581,329	1.58
				15/01/2016	17,389	Purchase	1,598,718	1.59
				22/01/2016	5,374	Purchase	1,604,092	1.60
				22/01/2016	-4,444	Sale	1,599,648	1.60
				29/01/2016	66,815	Purchase	1,666,463	1.66
				29/01/2016	-169	Sale	1,666,294	1.66
				05/02/2016	72	Purchase	1,666,366	1.66
				05/02/2016	-1,900	Sale	1,664,466	1.66
				12/02/2016	193,037	Purchase	1,857,503	1.85
				19/02/2016	601,778	Purchase	2,459,281	2.45
				19/02/2016	-40,000	Sale	2,419,281	2.41
				26/02/2016	37,563	Purchase	2,456,844	2.45
				04/03/2016	318,059	Purchase	2,774,903	2.76
				03/03/2016	-31,233	Sale	2,743,670	2.73
				11/03/2016	-249,093	Sale	2,494,577	2.48
				18/03/2016	-66,069	Sale	2,428,508	2.40
				25/03/2016	1,807,485	Purchase	4,235,993	4.18

SI No.	Name of the Share Holder	No. of shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reasons	Cumulative Holding	% change in shareholding
				25/03/2016	-2,409,142	Sale	1,826,851	1.80
				31/03/2016	579,290	Purchase	2,406,141	2.37
		2,406,141	2.37	31/03/2016	-		-	-
9	Deutsche Bank A.G.	0	0	01/04/2015	0		0	0
				22/05/2015	35,188	Purchase	35,188	0.04
				29/05/2015	4,904	Purchase	40,092	0.04
				05/06/2015	-40,092	Sale	0	0.00
				30/06/2015	868	Purchase	868	0.00
				03/07/2015	-868	Sale	0	0.00
				24/07/2015	23,500	Purchase	23,500	0.02
				31/07/2015	-23,500	Sale	0	0.00
				06/11/2015	60,000	Purchase	60,000	0.06
				13/11/2015	110,000	Purchase	170,000	0.17
				20/11/2015	-170,000	Sale	0	0.00
				18/03/2016	1,569,353	Purchase	1,569,353	1.55
				25/03/2016	172,953	Purchase	1,742,306	1.72
		2,006,204	1.98	31/03/2016	263,898	Purchase	2,006,204	1.98
10	Lsv Emerging Markets Equity Fund Lp	1,510,089	1.51	01/04/2015	-	-	-	-
				10/04/2015	256,100	Purchase	1,766,189	1.77
				17/04/2015	273,535	Purchase	2,039,724	2.04
				24/04/2015	101,276	Purchase	2,141,000	2.14
		2,141,000	2.11	31/03/2016	-	-	-	-
11	Standard Chartered Bank			01/04/2015	-	-	-	-
				10/04/2015	8,211	Purchase	66,618	0.07
				10/04/2015	-32,033	Sale	34,585	0.03
				17/04/2015	-34,485	Sale	100	0.00
				15/05/2015	17,169	Purchase	17,269	0.02
				22/05/2015	-17,169	Sale	100	0.00
				19/06/2015	25,610	Purchase	25,710	0.03
				26/06/2015	-15,828	Sale	9,882	0.01
				30/06/2015	16,565	Purchase	26,447	0.03
				03/07/2015	4,216	Purchase	30,663	0.03
				03/07/2015	-8,733	Sale	21,930	0.02
				10/07/2015	-21,830	Sale	100	0.00
				17/07/2015	3,210	Purchase	3,310	0.00
				24/07/2015	-3,210	Sale	100	0.00
				31/07/2015	15,133	Purchase	15,233	0.02
				07/08/2015	-15,133	Sale	100	0.00
				18/09/2015	15,306	Purchase	15,406	0.02
				25/09/2015	-15,306	Sale	100	0.00
				02/10/2015	2,862	Purchase	2,962	0.00
				09/10/2015	24,201	Purchase	27,163	0.03
				16/10/2015	3,348	Purchase	30,511	0.03
				16/10/2015	-394	Sale	30,117	0.03
				23/10/2015	-30,017	Sale	100	0.00
				20/11/2015	4,467	Purchase	4,567	0.00
				27/11/2015	-4,467	Sale	100	0.00
				15/01/2016	227,251	Purchase	227,351	0.23
				22/01/2016	7891	Purchase	235,242	0.23
				22/01/2016	-92,000	Sale	143,242	0.14
				29/01/2016	5,000	Purchase	148,242	0.15
				29/01/2016	-127,224	Sale	21,018	0.02

SI No.	Name of the Share Holder	No. of shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company	Date	Increase / Decrease in Shareholding	Reasons	Cumulative Holding	% change in shareholding
				05/02/2016	-20,918	Sale	100	0.00
				12/02/2016	25,181	Purchase	25,281	0.03
				19/02/2016	-25,181	Sale	100	0.00
				31/03/2016	1,476,662	Purchase	1,476,762	1.46
		1476762	1.46	31/03/2016	-	-	-	-

(E) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Name of the Share Holder	Shareholding at the beginning of the year	Sold	Bought	Cumulative Holding	Share holding at the end of the year	Date	
1	Abhay Agarwal	31,622			31,622		01/04/2015	
					5,000	36,622		08/05/2015
				-36,622		0		19/02/2016
					5,000	5,000		18/03/2016
				-5,000		0		25/03/2016
2	Arvind Kumar	23,000				0	31/03/2016	
								01/04/2015
				-2,000	5,000	28,000		14/08/2015
				-10,000		26,000		21/08/2015
				-10,000		16,000		19/02/2016
3	ASHOK JHUNJHUNWALA	19,300				6,000	26/02/2016	
						6,000		31/03/2016
						19,300		01/04/2015
					5,000	24,300		14/08/2015
				-19,000		5,300		18/03/2016
4	RAVINDRA CHANDRA BHARGAVA	19,250				5,300	31/03/2016	
								01/04/2015
					5,000	24,250		08/05/2015
				-17,233		7,017		11/03/2016
					3,133	10,150		18/03/2016
5	RAJU VENKATRAMAN	10,500				10,150	31/03/2016	
								01/04/2015
					5,000	10,500		08/05/2015
					5,000	15,500		18/03/2016
				-20,500		20,500		25/03/2016
6	UMA RATNAM KRISHNAN	10,000				0	31/03/2016	
						10,000		01/04/2015
							10,000	31/03/2016
7	V Balaraman	0		10,000	10,000		09/03/2016	
				-10,000				25/03/2016
							0	31/03/2016
8	Jitin Goyal	0		25,000	25,000		19/06/2015	
				-5,000		20,000		18/03/2016
					335,000	355,000		25/03/2016
				-355,000			0	31/03/2016
9	Rama Sivaraman	4,000			4,000		01/04/2015	
					3,000	7,000		19/06/2015
					4,000	11,000		26/06/2015
					26,000	37,000		18/03/2016
				-37,000				25/03/2016
10	N M Vaidyanathan (Key Managerial Personnel)	0				0	31/03/2016	
					10,000	10,000		14/03/2016
				-10,000				17/03/2016
					0	31/03/2016		

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year			Nil	
* Addition				
* Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rs.

SI No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		MD	WTD	WTD	
			Rama Sivaraman**	Jitin Goyal*	
1	Gross salary	-	819,046	144,267,408	145,086,454
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	514,839	95,827,618	96,342,457
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	304,207	48,439,790	48,743,997
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	-	819,046	144,267,408	145,086,454
	Ceiling as per the Act		Rs. 1,654.03 Lakhs under section 197 of the Companies Act, 2013.		

* The remuneration provided above is for Mr. Jitin Goyal, Executive Director who is a Non-Resident, during the period 1/04/2015 to 31/03/2016. The salary was paid to him in foreign currency by the foreign subsidiary. The amount mentioned above is the rupee equivalent of the same.

** The remuneration provided above is for Mrs. Rama Sivaraman, Whole Time Director, during the period 4/3/2016 to 31/03/2016

(B) Remuneration to other directors

SI No.	Particulars of Remuneration	Name of Directors								Total Amount (Rs.)	
		Arvind Kumar	R C Bhargava	Uma Ratnam Krishnan	V Balaraman	Ashok Jhunjunwala	Raju Venkatraman	Theodore Roosevelt Malloch Jr.	Abhay Aggarwal		
1	Independent Directors										
	Fee for attending board committee meetings	255,000	235,000	120,000	175,000	265,000	110,000	90,000	2,65,000	15,15,000	
	Commission	1,664,385	1,830,822	998,630	1,997,260	2,663,014	832,192	-	2,163,699	12,150,002	
	Others, please specify	-	-	-	-	-	-	9,201,410*	-	-	9,201,410
	Total (1)	1,919,385	2,065,822	1,118,630	2,172,260	2,928,014	942,192	9,291,410	2,428,699	22,866,412	
2	Other Non-Executive Directors/ Independent Directors	Jonathan Eric Beyman	Rajesh Mehta	Jayaraman Ramachandran-	Sunil Bowry	Arvind Sharma	Hari Raju Mahadevu			Total Amount (Rs.)	
	Fee for attending board committee meetings	30,000		45,000	60,000	30,000	60,000			225,000	
	Commission	-		316,406	126,563	126,563	126,563			696,095	
	Others, please specify	5,929,500*		-	-	-	-			5,929,500	
		Total (2)	5,959,500		361,406	186,563	156,563	186,563	-	-	6,850,595
		Total									29,717,007
	Overall Ceiling as per the Act	As per Section 197 of the Companies Act, 2013									

* Professional fees for the above Directors were paid in foreign currency by the foreign subsidiary. The amount mentioned above is the INR equivalent of the same.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SI No.	Particulars of Remuneration	Name of Directors			Total Rs.
		CEO	CS	CFO	
1	Gross salary	-	1,483,595	18,193,506	196,77,101
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	1,483,595	17,240,000	187,23,595
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	953,506	953,506
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	100,000	100,000
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	0	1,483,595	18,193,506	196,77,101

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY		}			
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty				Nil	
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Annexure 8

ANNUAL REPORT ON CSR ACTIVITIES (Pursuant to Section 135 of the Companies Act, 2013)

Polaris started an initiative "Ullas Trust" in 1997 with an aim to integrate associates with the larger community to enable them to enjoy the bliss of working with young minds in the country continues to grow into a movement exemplifying the power of inclusive CSR. In its 18 year journey Ullas has awarded scholarships to more than 50,000 students across Chennai, Delhi, Hyderabad, Mumbai and Pune.

Over and above the merit scholarships the weekend enrichment programs called SUMMIT engages our associate community with the young achievers – through packaged modules of 5 interventions of 3 hours each - 15 magical hours per year over the four year period of the child's association with Ullas.

This academic year, over 6100 children from Corporation, Government and Government-Aided schools in five cities – Chennai, Delhi, Hyderabad, Mumbai, and Pune attended these intervention programs – that aid not just with life skills but also in design thinking. Under the rural re-connect program "Touch The Soil", over 1.9 lakh young minds were ignited with the power of "Can Do" with the active engagement and support of over 1000 volunteers across 86 districts in 4 states.

Particulars	Remarks
Date of Formation of CSR Committee	18th March 2014
Composition of Committee*	Ms. Rama Sivaraman, Chairman Mr. Jitin Goyal, Member Mr. Sunil Bowry, Member
CSR Activity	The Company is undertaking its CSR activity through Ullas Trust which qualifies as CSR activity under Schedule VII (ii) of the Companies Act, 2013. Ullas Trust objective is to recognize and promote academic excellence for the lesser privileged

* The committee was reconstituted on 4th March 2016

Total amount to be spent for the financial year:

Particulars	Amount (Rs in Lakhs)
Avg.net profit of three years	15,217.01
2% of Avg. net profits -Sec 135	304.34

Details of CSR spent during the financial year:

Date of Payment	Amount (Rs in Lakhs)
19th October 2015	77.00
12th January 2016	76.00
03rd March 2016	76.09
31st March 2016	75.25
Total	304.34

Amount unspent – Nil

Manner in which the amount spent during the financial year is detailed below.

Amount in Rs. in lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub-heads: (1)Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency *
1	The Company is undertaking its CSR activity through Ullas Trust* which qualifies as CSR activity under Schedule VII (ii) of the Companies Act, 2013.	Promotion of Education	Ullas Trust	304.34	The amount has been provided to Ullas Trust who are working towards promotion of education	304.34	304.34
	TOTAL			304.34		304.34	304.34

CSR committee Responsibility statement

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

CSR Policy is available in the website of the Company and weblink is as under:

<http://www.polarisft.com/investor/corporate-governance.asp>

Jitin Goyal
 Executive Director

Rama Sivaraman
 Chairman CSR Committee

By Order of the Board
 For Polaris Consulting & Services Limited
(formerly known as Polaris Financial Technology Limited)

Place: Chennai
 Date : May 12, 2016

Krishan Aruna Canekeratne
 Chairman

Report on Corporate Governance

1. Company's Philosophy

Polaris focuses Corporate Governance as a key driver of sustainable corporate growth and a powerful medium to achieve the company's goal of maximizing value for all its stakeholders. A sound corporate governance strengthens investors' trust and enables the company to fulfill its commitment towards the customers, employees and the society in general. Polaris believes that the primary objective is to create and adhere to a corporate culture of conscience and consciousness, empowerment, accountability and independent monitoring. The company's philosophy is based on the key elements in corporate governance viz., transparency, disclosure, supervision and internal controls, risk management, internal and external communications, accounting fidelity, product and service quality. The company has a strong legacy of fair and ethical governance practices.

2. Board of Directors

The Board of Directors of the Company possess highest personal and professional ethics, integrity and values, and provide leadership, strategic guidance and objective judgement on the affairs of the company. The Board is fully aware of its fiduciary responsibilities and is committed to represent the long-term interest of the Stakeholders. The Board adopted the principles of corporate governance and remains informed, participative, and independent to implement its broad policies and guidelines and has set up adequate review procedures.

- Composition of the Board of Directors as on March 31, 2016**

The Key to good corporate governance is the optimum combination of the executive and non-executive directors on the board and the extent of their independence. The Board consists of eight members with knowledge and experience in diverse fields and professionally acclaimed to understand their role in addressing the issues raised by the management. The day-to-day affairs of the company are managed by the CEO under the supervision of the Board.

As a policy, the Company has an optimal combination of Executive, Non-executive and Independent Directors to maintain the independence of the Board.

- Boards' Composition**

Board of Directors of the Company was reconstituted on 04th March, 2016 pursuant to the execution of the Share Purchase Agreement dated 05th November, 2015 between Virtusa Consulting Services Private Limited, Promoter Sellers, Investor Sellers and other Sellers for acquisition of 52.42% of equity shares in the Company.

The Board consists of eight members, comprising of one Chairman (Non-Executive Director), one Non-Executive Director, four Independent Directors and two Executive Directors. To maintain the independence of the Board and to separate its functions of governance and management, there is an appropriate mix of executive and Non-Executive independent Directors.

Name of the Director	Age	India Listed Companies (1)	All Companies around the world (2)	Committee Memberships (3)	Chairperson of Committees (3)
Chairman and Non Executive Director					
Krishan Aruna Canekeratne	50	0	6	1	0
Executive Directors					
Jitin Goyal	43	0	2	1	0
Rama Sivaraman	49	0	7	1	1
Non-Executive Director					
Anuranjan Krishan Kalia	56	0	1	2	0
Independent Directors					
Jayaraman Ramachandran	58	4	10	7	7
Hari Raju Mahadevu	54	0	4	1	1
Arvind Sharma	56	1	4	1	1
Sunil Bowry	58	0	1	2	0

- (1) Excluding directorship in Polaris Consulting & Services Limited and its subsidiaries.
- (2) Directorship in Companies around the world (listed, unlisted and private limited companies), including Polaris Consulting & Services Limited and its subsidiaries.
- (3) As required by the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the disclosure includes Membership / Chairmanship of the Audit Committee, Stakeholders' Relationship Committee, CSR Committee and Nomination and Remuneration Committee in Indian public companies (listed and unlisted)
- **During the financial year 2015-16, Board of Directors met 12 times on the following dates**

April 30, 2015	February 8, 2016
May 15, 2015	March 4, 2016 (11 30 AM)
August 6, 2015	March 4, 2016 (12 15 PM)
September 21, 2015	March 4, 2016 (12 30 PM)
October 29, 2015	March 29, 2016
November 5, 2015	
January 29, 2016	

The maximum gap between two Board meetings was 85 days. (between 5th November, 2015 and 29th January, 2016)

Board of Directors' attendance at the 22nd Annual General Meeting held on June 23rd, 2015

Sl. No.	Name	Director Identification Number (DIN)	Designation / Category	Attended
1.	Arun Jain	00580919	Chairman	YES
2.	Jitin Goyal	02851976	Executive Director	YES
3.	Uma Ratnam Krishnan	00370425	Independent Director	YES
4.	Dr.Ashok Jhunjhunwala	00417944	Independent Director	YES
5.	Raju Venkatraman	00632071	Independent Director	YES

Familiarisation programme for the Independent Directors:

The Company has conducted familiarization programme for the independent directors on 29th March, 2016 and the details of the programme has been uploaded in the website of the Company. Weblink of the same is provided here- <http://www.polarisft.com/investor/notice/Familiarization.pdf>.

The annual meeting of the Independent Directors was held on 29th March, 2016.

Profile of the Directors of the Company are given below:

Mr.Krishan Aruna Canekeratne, Chairman

Kris Canekeratne is the co-founder, Chairman & CEO of Virtusa Corp (NASDAQ: VRTU), a rapidly growing global provider of business consulting and information technology services. In the past two years alone, the company has experienced double-digit revenue and profit growth, working with some of the world’s most influential brands such as AIG, J.P Morgan Chase and British Telecom. Recently, Virtusa made a strategic decision to further strengthen its position in Banking, Financial Services and Insurance by acquiring a majority interest in Polaris Consulting & Services Limited.

Kris co-founded Virtusa 20 years ago to address what he thought was a significant opportunity: applying the intellectual power of global teams and the efficiencies of software platforms to accelerate software development innovation. Today, Virtusa employs 20,000 team members worldwide and has enjoyed a CAGR of over 23% during the past 10-years.

Kris is an accomplished entrepreneur and a transformational leader. Having been part of the global services and outsourcing market for nearly twenty years, Kris brings a unique global perspective to clients, colleagues and partners. Recognizing his unique talents and the critical leadership thinking he brings to the table, Kris was recently showcased as one of the featured CEOs in award-winning author John Mattone’s latest book - Cultural Transformations: Lessons of Leadership and Corporate Reinvention.

In addition to Virtusa, Kris also co-founded eDocs, Inc, a leading provider of electronic bill presentment and payment technology. eDocs was backed by some of the leading venture firms in the Boston area, enjoyed pole-position in the bill presentment and customer self-service market, and was eventually acquired by Oracle in 2004.

Kris graduated from Syracuse University in 1988, with a Bachelor of Science degree in Computer Science. Soon after graduating, he moved to New York City and held senior executive positions in the technology industry before relocating to the Boston Area in 1994 and starting Virtusa and eDocs.

Outside of his work achievements, Kris is a devoted father and husband and an accomplished athlete. Born in Colombo, Kris attended St. Thomas’ Prep School and The Colombo International School, where he served as the first President of the Student Union. He was also the number one ranked under-16 table tennis player in Sri Lanka and the under-15 amateur golf champion in Sri Lanka. Today Kris lives in Southborough, Massachusetts, with his wife Tushara and their two sons.

In November 2005, Kris was awarded the Sri Lanka Sikhamani Honor, one of the most prestigious national honors the Sri Lankan government bestows upon individuals making a significant contribution to the nation. The esteemed Sri Lanka Sikhamani Honor is only permitted to be held by 200 living individuals at a time.

Other notable personal accomplishments include:

- Worcester Business Journal’s Business leader of the Year (large business category), 2013
- The Most Outstanding CEO award in the IT/BPO industry, presented by Information and Communication Technology Association of Sri Lanka (ICTA), 2007
- Ernst & Young Entrepreneur Of The Year® finalist for New England, 2006

Under Kris’ stellar leadership, Virtusa Corporation has been recognized numerously for its outstanding corporate achievements and industry leading growth, including:

- IAOP Global Outsourcing 100 Leaders Category Listing (2014-15)
- Niche Player in Gartner’s Magic Quadrant for IT Services Providers to CSPs (2015)
- FinTech 100 leader in Global Financial Technology Services (2011-15)
- Forbes List of 100 Best Public Companies in America with revenues less than \$1 Billion, 2013-15

- Stevie American Business Awards for HR (2012-15)
- Stevie International Business Awards for HR (2012-15), Investor Relations (2014-15), Marketing Communications (2015), Technology (2015)
- Britain's Top Employer Award (2011-15)
- Asia's Best Employer Brand (2013)
- Golden Peacock Award for HR Innovation (2013)
- TiE Boston IPO Award in recognition of the company's successful IPO, 2007

Mr. Jitin Goyal, Executive Director

Jitin has over 18 years of industry experience and is currently the CEO & Executive Director – Polaris Consulting & Services Ltd, based out of London.

Prior to Polaris, he spent more than 10 years at Infosys with stints in the US, UK and Continental Europe, serving as the Head of Sales for Europe, Middle East & Africa, and then as Head of Financial Services for Europe. He was a member of the Tier-1 leadership team at Infosys.

Prior to joining Infosys in 1999, Jitin was with Citibank in India. He has rich experience across multiple dimensions of the banking industry including FX and derivatives trading, selling risk management solutions to corporate clients, leading BPR teams responsible for re-engineering the bank's core systems and processes, and running back-office operations.

He is also a successful entrepreneur and has set up a technology innovation company.

Jitin holds an MBA in Finance & Strategy from the Indian Institute of Management (Calcutta) and a BE in Electronics from Thapar Institute of Engineering & Technology.

Mr. Jayaraman Ramachandran, Vice Chairman and Independent Director

J. Ramachandran is Professor of Strategy at the Indian Institute of Management Bangalore. His research focuses on the growth and governance challenges of business groups and multinational subsidiaries. His work has been published in the Harvard Business Review, Strategic Management Journal, Global Strategy Journal, Journal of Product Innovation Management, Advances in International Management, Best Paper Proceedings of the Academy of Management USA, IIMB Management Review, Vikalpa and Economic and Political Weekly.

Professor Ramachandran is the first Bain Fellow in India. Other recognition for his work includes: the IMD FDC Award for Best Paper in Strategy / IB Theory from the Academy of Management USA; the Tata Steel-IIMB award for best case on corporate social responsibility; best case awards from the European Foundation for Management Development [EFMD], Association of Management Development Institutions in South Asia [AMDISA], The Central and East European Management Development Association [CEEMAN], and Association of Indian Management Schools [AIMS] as well as best teacher awards at IIM Bangalore.

A qualified Chartered and Cost Accountant, and a Fellow of the Indian Institute of Management Ahmedabad, Professor Ramachandran has been a Visiting Professor at INSEAD, Fontainebleau, France, the Wharton School of the University of Pennsylvania, USA; and the Carlson School of Management, University of Minnesota, USA. He has also served Indian Institute of Management Bangalore as a member of the Board of Governors.

Professor Ramachandran is also actively engaged with the practice of management. He is presently Chairman of Redington (India) Limited and Aditya Auto Products and a member of the Board of Reliance Communications, Sasken Communication Technologies, Allcargo Logistics, ECU-line NV Belgium, and MVP International, USA

Mr. Sunil Bowry, Independent Director

Professor Sunil Bowry – Head of Computational Finance, IIIMIT, Shiv Nadar University - has over 25 years of experience of the financial markets mostly in the UK. He has worked at top tier investment banks in UK, Germany and the Netherlands, investigating quantitative financial risk management methodologies in both Market and Credit risk. He was involved in discussions with regulators from the UK's FSA on the capturing of high dimensional non-linear risks in large portfolios of interest rate derivatives held by the bank.

In addition Professor Bowry has worked in the modelling of financial derivatives, with emphasis on credit derivatives and

structured credit products. The work involved in producing models and calculation techniques for tranches of Credit Derivative Obligations (CDOs) and more exotic variants of structured products including evaluating the jump risk in Credit Proportion Portfolio Insurance (CPPI) and credit risk of Credit Proportion Debt Obligations (CPDOs).

Prior to his work in the Investment Banking arena, Professor Bowry worked for many years in the Software industry, principally working on bank trading room systems.

Current areas of research include financial risk management and models for high frequency price data.

Mr. Arvind Sharma, Independent Director

Arvind did his B.E. (Electrical and Electronics) from Birla Institute of Technology and Science (BITS) Pilani. He has over 30 years experience in the Electronics Manufacturing Industry.

He started his career in the Hardware R&D division of DCM Data Products, designing computer motherboards. Subsequently he moved to manufacturing and helped set up the computer business of Methodex Systems Ltd.

Presently he is the Managing Director of Vintron Informatics Ltd, a public listed company engaged in the field of Security and Surveillance Products, and providing EMS services to the Energy Meter industry.

Arvind lives in Delhi with his dental surgeon wife and two children, and is a keen golfer.

Mr. Hari Raju Mahadevu, Independent Director

Mr. Hari Raju Mahadevu is a qualified Chartered Accountant from the Institute of Chartered Accountants of India (ICAI). He is currently the Financial Controller of Google India Private Limited, Hyderabad

Mrs. Rama Sivaraman, Executive Director

Mrs. Rama Sivaraman, B.E., (Elec.), MBA serves as Global Head of Operations at Polaris Consulting & Services Limited. Ms. Sivaraman served as Global Head of Operations - FT Services at Polaris Financial Technology Limited and served as its Chief Delivery Assurance Officer - FT Services. Ms. Sivaraman served as Global Head of Performance Excellence at Polaris Financial Technology Limited (Alternate Name: Polaris Software Lab Ltd). Ms. Sivaraman served as Head of Corporate Quality, and Global Head of Quality at Polaris Financial Technology Limited and also served as its Partner and Senior Vice President. Ms. Sivaraman served as SEPG Manager of DSQ Software

3. Audit Committee

The Company has a qualified and independent Audit Committee comprising of Non-executive /Independent Directors. The Chairman of the Committee is an Independent Director. The Company Secretary acts as the Secretary to the Committee.

The Committee was reconstituted by the Board of Directors in its meeting held on March 4, 2016.

Members of the Audit Committee prior to its reconstitution are as follows:

Name	Designation	No.of meetings *	
		Held	Attended
Arvind Kumar	Chairman	7	7
Abhay Aggarwal	Member	7	7
Dr.Ashok Jhunjhunwala	Member	7	6
R.C.Bhargava	Member	7	6

* Meeting held till March 4, 2016

Members of the Committee after its reconstitution are as follows :

Name	Designation	No.of meetings **	
		Held	Attended
Hari Raju Mahadevu	Chairman	1	1
Sunil Bowry	Member	1	1
Anuranjan Krishan Kalia	Member	1	0

** Meeting held on March 29, 2016

The Audit Committee had met 8 times during the year 2015-16, on 30/04/2015, 06/08/2015, 29/10/2015, 05/11/2015, 29/01/2016, 08/02/2016, 04/03/2016 and 29/03/2016.

Powers of the Committee

- To investigate any activity within its terms of reference.
- To secure attendance of and seek information from any employee including representative of Prime Shareholders (subject to internal approvals).
- To obtain outside legal or other professional advice, if necessary.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Compliance with the accounting standards.

Role / Functions of the Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - Approval or any subsequent modification of transactions of the company with related parties;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the company, wherever it is necessary;
 - Evaluation of internal financial controls and risk management systems;
 - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - Discussion with internal auditors of any significant findings and follow up there on;
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions, as defined by the Committee, submitted by the management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the Chief Internal Auditor

4 Nomination and Remuneration Committee

The Nomination and Remuneration & Compensation Committee was reconstituted by the Board of Directors in its Board Meeting held on March 4, 2016, the nomenclature of the same was changed to Nomination and Remuneration Committee during the meeting held on April 26, 2016.

The Nomination and Remuneration Committee consisting of 2 Non-executive Independent Directors and 2 Non-Executive Directors, who evaluates and finalise among other things, compensation and benefits of Executive Directors and Key Managerial Personnel, the procedures and modalities for giving effect to the Employee Stock Option Scheme which inter alia includes determination of eligibility criteria, maximum number of options/ shares offered to each employee and the aggregate number of options / shares offered during the period covered under the Scheme, identification of classes of employees entitled to participate in the scheme, framing of a detailed pricing formula, mode or process of exercise of the option etc.

The members of the Nomination and Remuneration Committee prior to its reconstitution are as follows:

Name	Designation	No.of meetings *	
		Held	Attended
R.C. Bhargava	Chairman	5	5
Dr.Ashok Jhunjhunwala	Member	5	5
V.Balaraman	Member	5	5
Arun Jain	Member	5	5

* Meetings held till March 4, 2016

The members of the Nomination and Remuneration Committee after its reconstitution are as follows:

Name	Designation	No.of meetings	
		Held	Attended
Jayaraman Ramachandran	Chairman	-	-
Arvind Sharma	Member	-	-
Krishan Aruna Canekeratne	Member	-	-
Anuranjan Krishan Kalia	Member	-	-

Performance evaluation of the independent director

All the independent directors prior to March 4, 2016 have resigned on March 4, 2016 and the new independent directors joined the Board on March 4, 2016. Since their period in the financial year 2015-16 is only 26 days, the Board will review the performance evaluation of new independent directors in the year 2016-17.

The Nomination and Remuneration Committee had met 5 times during the year 2015-16 on 30/04/2015, 06/08/2015, 29/10/2015, 08/02/2016 and 04/03/2016.

Remuneration policy

The remuneration policy of the Company has been so structured in order to match the market trends of the IT industry. The Board in consultation with the Nomination and Remuneration Committee decides the remuneration policy for directors. The Company has made adequate disclosures to the members on the remuneration paid to Directors from time to time. Remuneration/ Commission payable to Directors is determined by the contributions made by the respective directors for the growth of the Company.

Name of the directors	Fixed Salary					(Amount in Rs.)				
	Basic Salary	Perquisites/ Allowances	Retiral Benefits	Total fixed salary/ Remuneration/ others	Bonus/ Incentives	Commission Paid	Sitting fees paid	No. of equity shares held	Stock options granted	Stock options exercised
Chairman										
Arun Jain	-	-	-	-	-	-	-	-	-	-
Krishan Aruna Canekeratne	-	-	-	-	-	-	-	-	-	-
Non- Executive Director										
Abhay Aggarwal	-	-	-	-	-	21,63,699	2,65,000	-	-	10,000
Anuranjan Krishan Kalia	-	-	-	-	-	-	-	-	-	-
Theodore Roosevelt malloch JR#	-	-	-	9,201,410	-	-	90,000	-	300,000	-
Jonathan Beyman#	-	-	-	5,929,500	-	-	30,000	-	400,000	-
Non- Executive and Non-Independent Director										
Rajesh Mehta	-	-	-	-	-	-	-	-	-	-
Executive Director										
Jitin Goyal**	27,204,490	48,439,790	18,254,751	93,899,031	50,368,377	-	-	-	-	400,000
Rama Sivaraman*	768,313	11,422	39,311	819,046	-	-	-	-	-	33,000
Non- Executive and Independent Directors										
Arvind Kumar	-	-	-	-	-	16,64,385	2,55,000	6,000	-	10,000
R.C. Bhargava	-	-	-	-	-	18,30,822	2,35,000	10,150	-	10,000
Dr. Ashok Jhunjhunwala	-	-	-	-	-	26,63,014	2,65,000	5,300	-	10,000
V.Balaraman	-	-	-	-	-	19,97,260	1,75,000	-	-	10,000
Raju Venkatraman	-	-	-	-	-	8,32,192	1,10,000	-	-	10,000
Uma Ratnam Krishnan	-	-	-	-	-	9,98,630	1,20,000	10,000	-	-
Jayaraman Ramachandran	-	-	-	-	-	316,406##	45,000	-	-	-
Sunil Bowry	-	-	-	-	-	126,563##	60,000	-	-	-
Arvind Sharma	-	-	-	-	-	126,563##	30,000	-	-	-
Hari Raju Mahadevu	-	-	-	-	-	126,563##	60,000	-	-	-

* Remuneration for Mrs. Rama Sivaraman provided above is for the period March 4, 2016 to March 31, 2016.

** Remuneration for the above Director were paid in foreign currency by the foreign subsidiary. The amount mentioned above is the INR equivalent of the same.

Professional fees for the above Directors were paid in foreign currency by the foreign subsidiary. The amount mentioned above is the rupee equivalent of the same.

Commission was paid on a fixed basis approved by the Board in its meeting held on 29th March, 2016. The said amount is paid on a quarterly basis and are within the limits approved by the shareholders (prorata for the period 04th March, 2016 to 31st March, 2016).

Criteria for the remuneration, commission and sitting fees :

Clause on Notice Period to be given by the Company and the Executive Directors is covered in the service agreement executed by the Company with the Executive Directors.

Details of stock options granted during the financial year 2015-16 under ASOP 2003, 2004, 2011 and ASOP 2015 Schemes are detailed as below:

Sl No.	Date of Grant	Option Price (Rs)	ASOP 2003		ASOP 2004		ASOP 2011		ASOP 2015	
			No. of associates	No. of Options	No. of associates	No. of Options	No. of associates	No. of Options	No. of associates	No. of Options
1	30/04/2015	130.22	-	-	-	-	-	-	41	439000
2	8/5/2015	145.18	-	-	-	-	-	-	2	700000
3	6/8/2015	179.95	-	-	-	-	-	-	9	31000
4	29/10/2015	168.56	-	-	-	-	-	-	31	111000
5	16/02/2016	178.67	-	-	-	-	-	-	6	22000

The Company has obtained a certificate from the Auditors of the Company certifying that the Company's Associate Stock Option Plan(s) are being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations 2014 as applicable and in accordance with the resolution of the Members in the General Meeting.

5 Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee consists of 2 Non-executive and Independent Directors and 1 Executive Director and the chairman being Non-Executive Director. It focuses on Shareholders' grievances and strengthening of investor relations. This Committee specifically looks into the redressal of shareholders complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

The purpose of constituting this Committee is to uphold the basic rights of the shareholders including right to transfer and registration of shares, obtaining relevant information about the company on a timely and regular basis, participating and voting in shareholders meetings, electing members of the board and sharing in the residual profits of the Company. Further the Committee is empowered to act on behalf of the Board, in the matters connected with allotment of shares, issuance of duplicate share certificates, split and consolidation of shares into marketable lots etc.

The Stakeholders' Relationship Committee had met 5 times during the year 2015-16 on 30/04/2015, 06/08/2015, 29/10/2015, 08/02/2016 and 04/03/2016.

The Stakeholders' Relationship Committee was reconstituted by the Board of Directors in its meeting held on March 4, 2016.

Members of the Stakeholders' Relationship Committee prior to its reconstitution are as follows:

Name	Designation	No. of meetings *	
		Held	Attended
V. Balaraman	Chairman	5	5
Abhay Aggarwal	Member	5	5
Dr. Ashok Jhunjhunwala	Member	5	5
Raju Venkatraman	Member	5	4

* Meetings held till March 4, 2016

Members of the Stakeholders' Relationship Committee after its reconstitution are as follows:

Name	Designation	No. of meetings *	
		Held	Attended
Arvind Sharma	Chairman	-	-
Hari Raju Mahadevu	Member	-	-
Rama Sivaraman	Member	-	-

During the year, under ASOP 2003 Scheme the company has allotted 213,600 equity shares of Rs. 5/- each to 73 Associates / Directors and under ASOP 2004 Scheme company has transferred 60,400 equity shares of Rs. 5/- each to 16 Associates from Orbitech Employees Welfare Trust and under ASOP 2011 Scheme company has allotted 1,226,950 equity shares of Rs. 5/- each to 164 Associates and under ASOP 2015 Scheme company has allotted 11,700 equity shares of Rs. 5/- each to 6 Associates pursuant to exercise of options granted as detailed hereunder:

SI No.	Date of Allotment	ASOP 2003		ASOP 2004		ASOP 2011		ASOP 2015	
		No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted	No. of Associates	No. of shares allotted
1	18/04/2015	10	20,100	-	-	9	35,250	-	-
2	09/06/2015	7	28,600	3	6,800	27	109,550	-	-
3	27/07/2015	5	32,200	2	4,400	6	18,200	-	-
4	17/08/2015	5	21,100	-	-	8	26,350	-	-
5	01/09/2015	8	10,000	2	1,800	10	8,300	-	-
6	24/09/2015	2	1,200	1	2,000	4	3,950	-	-
7	29/10/2015	4	16,100	1	2,000	3	2,600	-	-
8	21/12/2015	6	9,200	-	-	8	9,200	-	-
9	13/01/2016	2	5,000	1	2,000	5	6,950	-	-
10	30/01/2016	5	19,100	1	600	10	63,200	-	-
11	29/02/2016	5	12,400	2	5,600	6	17,050	-	-
12	09/03/2016	10	23,500	3	36,200	45	208,650	4	1200
13	14/03/2016	3	12,100	1	4,000	21	362,700	2	10,500
14	18/03/2016	1	3,000	-	-	2	355,000	-	-

As the result of the above allotments paid-up equity share capital of the company has increased from Rs. 499,573,120/- comprising of 99,914,624 number of equity shares of Rs.5/- each as on March 31, 2015 to Rs. 506,834,370 comprising of 101,366,874 number of equity shares of Rs. 5/- each as on March 31, 2016. The allotted equity shares are listed and traded in the Stock Exchanges.

5.1 Associate Stock Option Scheme (ASOP)

Consolidated Scheme wise ASOP status for the year ended March 31, 2016

Sl. No.	Description	ASOP 2003	ASOP 2004	ASOP 2011	ASOP 2015
1.	Outstanding at the beginning of the year	946,100	373,700	4,174,650	-
2.	Granted during the year	-	-	-	1,303,000
3.	Exercised during the year	213,600	65,400	1,226,950	11,700
4.	Forfeited during the year	12,200	6,800	412,450	228,400
5.	Lapsed during the year	428,000	219,400	17,550	-
6.	Outstanding at the end of the year	292,300	82,100	2,517,700	1,062,900
7.	Price formula	Market Price	Market Price	* Discounted Market Price	**Discounted Market Price
8.	Total Shares arised due to exercise of options	213,600	#60,400	1,226,950	11,700
9.	Money realized by exercise of options (Rs.)	24,280,637	8,412,568	121,953,829	1,535,076

* Discounted price as defined in the scheme or "Market Price" if it is lower than the fixed price of Rs.175/- per equity share as per scheme

* * Discounted price as defined in the scheme or "Market Price" if it is lower than the fixed price of Rs.126/- per equity share as per scheme

60,400 shares were transferred as on March 31, 2016.

Particulars / information of options granted under the ASOP schemes		March 31, 2016
Weighted average exercise price	2003	100.67
	2004	110.24
	2011	104.46
	2015	143.52
Weighted average fair value	2003	-
	2004	-
	2011	-
	2015	55.20
(i) Details of number of options granted to Senior Management Personnel:		
	ASOP 2003	-
	ASOP 2004	-
	ASOP 2011	-
	ASOPT 2011	-
	ASOP 2015	100,000
(ii) Employee receiving 5% or more of the total number of Options granted during the year		Nil
(iii) Employees granted Option equal to or exceeding 1% of the issued capital Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options for the financial year 2015-16		Nil
(i) Employee compensation cost using Intrinsic method of accounting.		Rs.6,228,166
(ii) Employee compensation cost using Fair Value method of accounting.		Rs. (8,571,817)
(iii) Difference between (i) & (ii)		Rs.14,799,983
Impact for the accounting period had the fair value method been used on the following:		
Net results decreased by		Rs.14,799,983
Basic EPS will reduce by		Rs. 0.15

Method and significant assumptions used to estimate the fair value of options granted during the year under Black & Scholes methods

	2003	2004	2011	2015
(a) Risk free rate of interest	-	-	-	7.74%
(b) Expected life (in years)	-	-	-	6
(c) Expected volatility	-	-	-	49.25%
(d) Expected dividend yield	-	-	-	4.76%
(e) Price of the underlying share in market at the time of option grant (Rs.)	-	-	-	210

Details of options granted during the year		(in Rs.)	
Date of grant	Market price	Exercise price	
30/04/2015	153.20	130.22	
8/5/2015	158.10	145.18	
6/8/2015	211.70	179.95	
29/10/2015	198.30	168.56	
16/02/2016	210.00	178.67	

Shareholders' complaints and requests

During the financial year 2015-16, 2080 numbers of requests / Complaints had been received and 2080 numbers of requests / Complaints resolved by the Company:

STATUS OF REQUEST/ COMPLAINTS DURING THE PERIOD 01/04/2015 TO 31/03/2016

Sl. No.	Subject	RECEIVED	REPLIED/ RESOLVED
A. REQUESTS			
1	CHANGE/CORRECTION OF ADDRESS	20	20
2	RECEIPT OF DIVIDEND WARRANTS/REFUND ORDER FOR REVALIDATION	0	0
3	SPECIMEN SIGN CHANGE / NOT MENTIONED IN APPLICATION	17	17
4	CHANGE/CORRECTION OF BANK MANDATE	5	5
5	CHANGE/CORRECTION OF BANK MANDATE/NAME/DAMAGE ON DW	30	30
6	RECEIPT OF IB FOR ISSUE OF DUPLICATE DW	181	181
7	QUERY REGARDING PAYMENT OF DIVIDEND WARRANT	1	1
8	RECEIPT OF DD(S) /AGAINST DW FROM COMPANY/BANK	21	21
9	REQUEST FOR ECS FACILITY (ELECTRONIC CLEARANCE SERVICES)	30	30
10	LETTERS FROM CLIENTS REGARDING BILLS/PAYMENTS	0	0
11	POSTAL RETURN DOCUMENTS	1536	1536
12	LETTER FROM SEBI/STOCK EXCHANGE/CBI/ACKNOWLEDGE MENT	0	0
13	REGISTRATION OF POWER OF ATTORNEY	0	0
14	LOSS OF SECURITIES AND REQUEST FOR ISSUE OF DUPLICATE	18	18
15	RECEIPT OF IB AND AFFIDAVIT FOR ISSUE OF DUP SECURITIES	2	2
16	REQUEST FOR CONSOLIDATION/SPLIT OF SECURITIES	5	5
17	DELETION OF JOINT NAME DUE TO DEATH	11	11
18	REQUEST FOR TRANSFER OF SECURITIES	30	30
19	REQUEST FOR TRANSMISSION OF SECURITIES	6	6
20	REQUEST FOR DEMAT NSDL & CDSL /REMAT	62	62
21	DD RECEIVED FROM BANKS AGAINST ECS REJECTIONS	0	0
22	CHANGE / CORRECTION OF NAME ON SECURITIES	3	3
23	CLARIFICATION REGARDING SHARES	2	2
24	REQUEST FOR EXCHANGE OF CERTIFICATES	5	5
25	QUERY REGARDING UNDELIVERED DOCUMENTS	0	0
26	OTHERS(ACKNOWLEDGEMENT/NSDL OPERATION/ELECTRONIC DP REQ/ PAN NO, REQ FOR COMMUNIC , EMAILS/Lodgement of conversion form	51	51
TOTAL (A)		2036	2036
B. COMPLAINTS			
1	NON-RECEIPT OF ANNUAL REPORT	4	4
2	NON-RECEIPT OF DIVIDEND WARRANT	31	31
3	NON-RECEIPT OF SECURITIES	7	7
4	NON RECEIPT OF DUP/TRANSMISSION/DELITION OF SCS	0	0
5	NON-RECEIPT OF REFUND ORDER	0	0
6	SEBI/BSE/NSE Complaints	2	2
TOTAL(B)		44	44
TOTAL (A) + (B)		2080	2080

Mrs. Christina Pauline Beulah, Company Secretary is designated as Compliance Officer of the Company.

6. Corporate Social Responsibility Committee :

As per Section 135 of the Companies Act, 2013, every Company having net worth of Rupees 500 crore or more, or turnover of Rupees 1000 crore or more or Net Profit of Rupees 5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board of Directors of the Company consisting of 3 or more directors, out of which at least 1 director shall be an independent director.

Corporate Social Responsibility Committee was reconstituted by the Board in its meeting held on March 4, 2016 with the following members :

Name	Designation
Rama Sivaraman	Chairman
Jitin Goyal	Member
Sunil Bowry	Member

The Terms of Reference of the Committee is as under :

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- To recommend the amount of expenditure to be incurred on the activities referred to above;
- To monitor the Corporate Social Responsibility Policy of the company from time to time;
- To ensure that the company spends, in every financial year, at least two per cent of the average net profits for CSR. If the Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount;
- Eradicating extreme hunger and poverty;
- Promotion of education;
- Promoting gender equality and empowering women;
- Reducing child mortality and improving maternal health;
- Combating human immunodeficiency virus, malaria and other diseases;
- Ensuring environmental sustainability;
- Employment enhancing vocational skills;
- Social business projects;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

7 Details of the Sub-Committees constituted by the Board

(a) Share Transfer Committee

The Share Transfer Committee is empowered to consider and approve the physical transfer, transmission and transposition etc. of the shares of the Company. The Committee met 16 times during the year 2015-16 on 27/04/2015, 06/07/2015, 29/07/2015, 14/08/2015, 07/09/2015, 11/09/2015, 21/10/2015, 12/11/2015, 22/12/2015, 23/12/2015, 12/01/2016, 23/02/2016, 24/02/2016, 25/02/2016, 18/03/2016 and 28/03/2016.

The brief details on the business transacted are as follows.

Details for the period for 01/04/2015 to 31/03/2016

Sl. No.	Details	No. of Cases	No. of Shares
1	Transfer of Shares	15	10,200
2	Consolidation of Unclaimed Shares	0	0
3	Deletion of names	0	0
4	Issue of Duplicate Shares	7	11,600
5	Rematerialisation requests	5	6,415
6	Transmission of names	1	100
7	Dematerialisation requests	24	15,350
8	Issue of Split Shares	1	15

The Share Transfer Committee was reconstituted in the Board Meeting held on March 4, 2016 and the members of the Committee are :

Name	Designation
N M Vaidyanathan	Chief Financial Officer
Rama Sivaraman	Executive Director
Christina Pauline Beulah	Company Secretary

(b) Investment Committee

The Committee has not met during the year.

Investment Committee was dissolved by the Board of Directors in its board meeting held on March 4, 2016.

(c) M&A Committee

The M&A Committee was constituted by the Board of Directors in the meeting held on April 26, 2016 to assist the Board in reviewing and assessing potential acquisitions and investment and ensure due diligence is carried out, prior to the proposal of acquisition.

Name	Designation
Prof. Jayaraman Ramachandran	Chairman
Anuranjan Krishan Kalia	Member

8. General Body Meetings of the Company

Particulars of the last three Annual General Meetings of the Company are as follows:

Financial year ended	Date and Time	Venue	Special Resolutions passed
March 31, 2013	August 8, 2013 at 3:00 PM	Chinmaya Heritage Centre, No.2, 13th Avenue, Harrington Road, Chetpet, Chennai-600 031	1. Approval of extension of payment of the Commission to the Non-Executive Directors of the company for further period of 5 years from the financial year 2013-14. 2. Approval for appointment of Mr. Vinay Garg for a period of 3 years commencing from 20.02.2013 in Polaris Software Lab Inc., under Section 314 (1) (b) of Companies Act, 1956. 3. Approval for re-appointment of Ms. Ruchira Gupta for a further period of 3 years commencing from 20.02.2013 under Section 314 (1) (b) of Companies Act, 1956
March 31, 2014	July 23, 2014 at 11:45 a.m.	The Music Academy, New No. 168, T.T.K. Road, Royapettah, Chennai – 600 014	To approve the payment of remuneration to non-executive directors
March 31, 2015	June 23, 2015 at 3:00 p.m.	“Rani Seethai Hall”, No.603, First Floor, Anna Salai, Thousand Lights, Chennai-600 006	--

9. Postal Ballot :

During the fiscal 2016, the Company passed the following special resolutions by postal ballot :

Special Resolutions	Votes cast in favour		Votes cast against		Date of declaration of results
	No. of Votes	%	No. of Votes	%	
Amendment of Associate Stock Option Plan 2011 (“ASOP 2011”) in line with the provisions of SEBI (Share Based Employee Benefits) Regulations 2014:	57,851,569	96.24	2,257,946	3.76	26/10/2015
Amendment of Associate Stock Option Plan 2015 (“ASOP 2015”) in line with the provisions of SEBI (Share Based Employee Benefits) Regulations 2014	57,851,569	96.24	2257946	3.76	26/10/2015
Amendment of Associate Stock Option Plan 2003 (“ASOP 2003”) to incorporate a new clause regarding “Control” under Clause 2 “Definition” and an additional clause regarding “Vesting” under Clause 7 pursuant to Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014	56,857,142	91.82	5,066,448	8.18	31/12/2015
Amendment of Associate Stock Option Plan 2004 (“ASOP 2004”) to incorporate a new clause regarding “Control” under Clause 2 “Definition” and an additional clause regarding “Vesting” under Clause 7 pursuant to Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014	56,857,142	91.82	5,066,448	8.18	31/12/2015

Special Resolutions	Votes cast in favour		Votes cast against		Date of declaration of results
	No. of Votes	%	No. of Votes	%	
Amendment of Associate Stock Option Plan 2011 ("ASOP 2011") to incorporate a new clause regarding "Control" under Clause 2 "Definition" and an additional clause regarding "Vesting" under Clause 8 pursuant to Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014	56857142	91.82	5066448	8.18	31/12/2015
Amendment of Associate Stock Option Plan 2015 ("ASOP 2015") to incorporate a new clause regarding "Control" under Clause 2 "Definition" and an additional clause regarding "Vesting" under Clause 7 pursuant to Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014:	56857142	91.82	5066448	8.18	31/12/2015

The Company successfully completed the process of obtaining approval of its shareholders for special resolutions on the items detailed above, vide postal ballot. The Company also conducted a postal ballot in October 2015, seeking shareholders' approval, pertaining to the appointment of 2 Non-Executive Directors by way of Postal ballot, passed as ordinary resolutions, the details of which are mentioned below:

Ordinary Resolutions	Votes cast in favour		Votes cast against		Date of declaration of results
	No. of Votes	%	No. of Votes	%	
Appointment of Dr.Theodore Roosevelt Malloch Jr(Non-Executive director of the company)to an office or place of profit under the company and /or its subsidiaries and/or its associate companies	5,57,23,165	92.70	43,86,250	7.30	26/10/2015
Appointment of Mr.Jonathan Eric Beyman (Non-Executive director of the company)to an office or place of profit under the company and /or its subsidiaries and/or its associate companies	5,57,23,165	92.70	43,86,250	7.30	26/10/2015

Mr.S.Eshwar, Practising Company Secretary was appointed as the Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

10. Disclosures

(a) Related Party Transactions

Related Party Transactions are defined as transactions of the Company of material nature, with Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

Details on related party transactions are shown in the Note No. 19 under Significant Policies and Notes to accounts to the Balance Sheet and Profit & Loss Account.

(b) Statutory Compliance, Penalties & Strictures

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets during the last three years:- Nil.

(c) Compliance with mandatory requirements and adoption of non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement and the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including CEO/CFO certification. As required under Clause 49 and the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, a certificate signed by CEO & CFO of the Company has been placed before the Board of Directors and the same has been provided elsewhere in this report. Further, a certificate from the Statutory Auditors, certifying the compliance of clause 49 of the Listing agreement / relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, was adhered/adopted has also been provided elsewhere in this report.

Clause 49 / relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 also requires disclosures of adoption by the Company of non-mandatory requirements specified in the said clause, the implementation of which is discretionary on the part of the Company. Accordingly, the adoption of non-mandatory requirements are given below:

(i) Nomination and Remuneration Committee

The Company has constituted Nomination and Remuneration Committee consisting of Non-executive Directors and Independent Directors. A detailed note on Nomination and Remuneration Committee is provided elsewhere in the report.

(ii) Whistle Blower Policy

The Company has established a mechanism for employees to report concerns about unethical behaviors, actual or suspected fraud, and violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access by the Whistle Blower to the Audit Committee. We affirm that during the Financial Year 2015-16; no employee has been denied to access the Audit Committee.

(iii) Ombudsman

Ombudsman is a Polaris initiative, to resolve workplace conflicts. Incidentally the first office of the Ombudsman in the IT industry in India was set up at Polaris. It is a forum for associates' and retirees to report discuss and resolve workplace issues.

The office of the ombudsman promises complete confidentiality in all the matters discussed with him. Ombudsman also assures "No Reprisal" to the complainant who brings to light a problem or blows the whistle against someone. It works as an early warning system to the organization.

(iv) Risk Management framework

Risk Management Committee was constituted by the Board of Directors on 29th March 2016 and the members of the committee is given below:

Name	Designation
Mr.Hariraju Mahadevu	Chairman
Mr.Sunil Bowry	Member
Mr.Anuranjan Krishan Kalia	Member

Risk Management Policy was adopted by the Board of Directors in its meeting held on April 26, 2016 to chalk out the plan for risk mitigation.

(v) Insider Trading Policy

As per the SEBI (Prohibition of Insider Trading) Regulations, 2015 an Insider Trading Policy of the company is in force. The policy guides a mechanism for regulating transactions of the shares of the company and enforces a code of conduct and internal procedures.

The details of Trading window for all during the year 2015-16

Sl. No.	Closed on	Opened on
1	20-04-2015	04-05-2015
2	25-07-2015	10-08-2015
3	19-10-2015	02-11-2015
4	25-01-2016	11-02-2016

(vi) Conflict of Interest Policy.

As a part of good corporate governance, the company has formulated a Conflict of Interest policy for the senior management and associates.

vii) **Weblink for the Policy** for determination of material subsidiary, Policy on materiality of Related Party Transaction and, remuneration Policy are provided here >> : <http://www.polarisft.com/investor/corporate-governance.asp>

Weblink for the investor presentation :

The Company has made presentation for the investors on the performance of the Company for the quarter ended 31st December 2015 in the board meeting held on 8th February 2016 which is posted in the Company's website and the weblink is given here : <http://www.polarisft.com/investor/presentations/2016-feb-Polaris-Q3-FY16-Investor-Presentation.pdf>

11. Discretionary Requirements :

The status of compliance with discretionary recommendations of the Regulation 27 of the Listing Regulations with Stock Exchanges is provided below :

11.1 Non-Executive Chairman's Office : Chairman's office is separate from that of the Managing Director & CEO. However, the same is now maintained by the Chairman himself.

11.2 Shareholders' Rights : As the Quarterly and Half Yearly financial performance along with significant events are published in the news papers and are also posted on the Company's website, the same are not being sent to the Shareholders.

11.3 Modified opinion in auditors report : The Company's financial statement for the year 2015-16 does not contain any modified audit opinion.

11.4 Separate posts of Chairman and CEO : The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director & CEO.

11.5 Reporting of Internal Auditor : The Internal Auditor reports to the Audit Committee.

12. Means of Communication :

We have established procedures to disseminate pertinent information to our shareholders, employees and society at large.

(a) Investor Information

Investors are being provided with timely information on all Company related matters;

Media release: all our media releases are posted on the Company's website: www.polarisFT.com.

Quarterly results: Our quarterly results are published in widely circulated national newspapers such as Business Line, the local daily The Hindu tamil edition.

Annual Report: Annual Report containing audited standalone accounts, consolidated financial statements together with Directors' Report, Auditors' Report and other important information are circulated to members and others entitled thereto either in physical copy or through email.

Website: the Company's website contains a separate dedicated section "Investors" where information sought by shareholders is available. The Annual Report, Media release and financial reports of the company are available on the website in a user-friendly and downloadable form at www.polarisFT.com.

(b) The Management Discussion & Analysis report (MD&A)

The MD&A gives an overview of the Industry, Company's business and its financials etc., and the same is provided elsewhere in this report, which forms a part of the Directors' Report.

1	General Shareholder information	
	Date of incorporation	January 5, 1993
	Company Registration Number	18-24142
	Registered Office	No.244, Anna Salai, Chennai – 600 006.
	Date and Time of Annual General Meeting	Thursday, 7th July 2016 at 3 00 PM
	Venue of Annual General Meeting	Rani Seethai Hall, 603, Anna Salai, 1st Floor, Near Gemini Fly over, Thousand Lights, Chennai – 600 006.
	Financial Reporting: (tentative and subject to change) 01.04.2016 – 31.03.2017	
	First quarter ending June 30, 2015	Between 16th and 31st July 2016
	Second quarter ending September 30, 2015	Between 16th and 31st October 2016
	Third quarter ending December 31, 2015	Between 16th and 31st January 2017
	For the year ending March 31, 2016	Between 16th and 30th April 2017
	Book Closure	28th June, 2016 to 7th July, 2016 (both days inclusive)
	Dividend for 2015-16	--
	Listing of shares with Stock Exchanges / Polaris shares traded in	
	National Stock Exchange of India Ltd.	w.e.f November 24, 1999.
	BSE Ltd.	w.e.f. September 29, 1999
	NSE – Scrip Code	POLARIS
	BSE – Scrip Code	532254
	ISIN Code	INE763A01023

The Company hereby confirms that the Listing fee, payable to each of the stock exchange pursuant to clause 38 of the Listing Agreement/ relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 in which the Company's shares are Listed have been paid.

- The Company's shares are traded in "Group A" category in the BSE Ltd, Mumbai since March 26, 2001.
- BSE Ltd has decided to include Polaris share in the "BSE mid-cap index" with effect from January 2011.

Reconciliation of Share Capital Audit :

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carried out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon submitted to Stock Exchanges, NSDL and CDSL is also placed before the Board of Directors. No discrepancies were noticed during these audits other than listing of 50 shares which was held in abeyance and subsequently released. The Company has applied for listing those 50 shares to both NSE and BSE. BSE has listed those 50 shares and NSE is processing the same for listing. The Company has been coordinating with NSE in this regard.

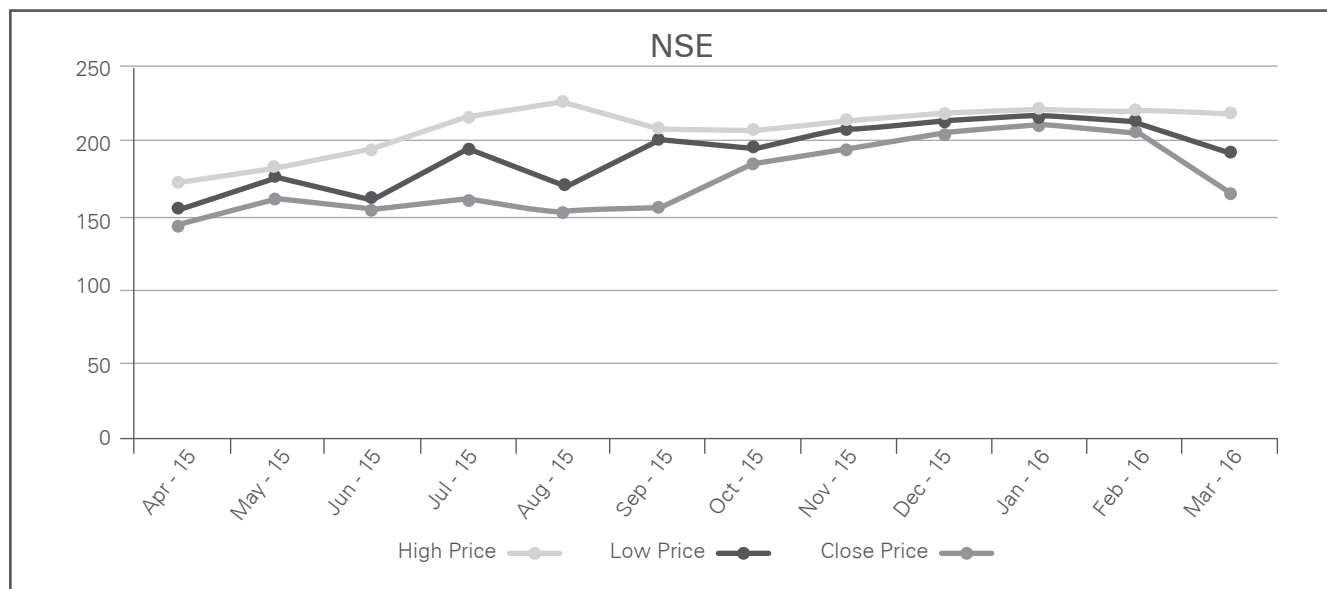
Registrar and Share Transfer Agent	Karvy Computershare Private Ltd. Unit: Polaris Consulting & Services Limited Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad – 500 008 E-mail: mailmanager@karvy.com: URL: www.karvycomputershare.com		
Publication of Quarterly Results Details of Quarterly financial results published during financial year 2015-16			
Language	News paper	Date	
ENGLISH	BUSINESS LINE	May 2, 2015	
TAMIL	The Hindu Tamil Edition	May 2, 2015	
ENGLISH	BUSINESS LINE	August 7, 2015	
TAMIL	The Hindu Tamil Edition	August 7, 2015	
ENGLISH	BUSINESS LINE	October 30, 2015	
TAMIL	The Hindu Tamil Edition	October 30, 2015	
ENGLISH	BUSINESS LINE	February 9, 2016	
TAMIL	The Hindu Tamil Edition	February 9, 2016	
Website address of the Company in which reports/financial results have been posted			www.polarisft.com

13. Stock market data about the shares of the Company for the period April 2015 to March 2016 at National Stock Exchange Limited (NSE) and BSE Limited (BSE).

Share market data and the graphical representation of closing market prices movement of the Company's shares quoted in the Bombay Stock Exchange (BSE) Mumbai and National Stock Exchange Ltd. (NSE) from April 2015 to March 2016

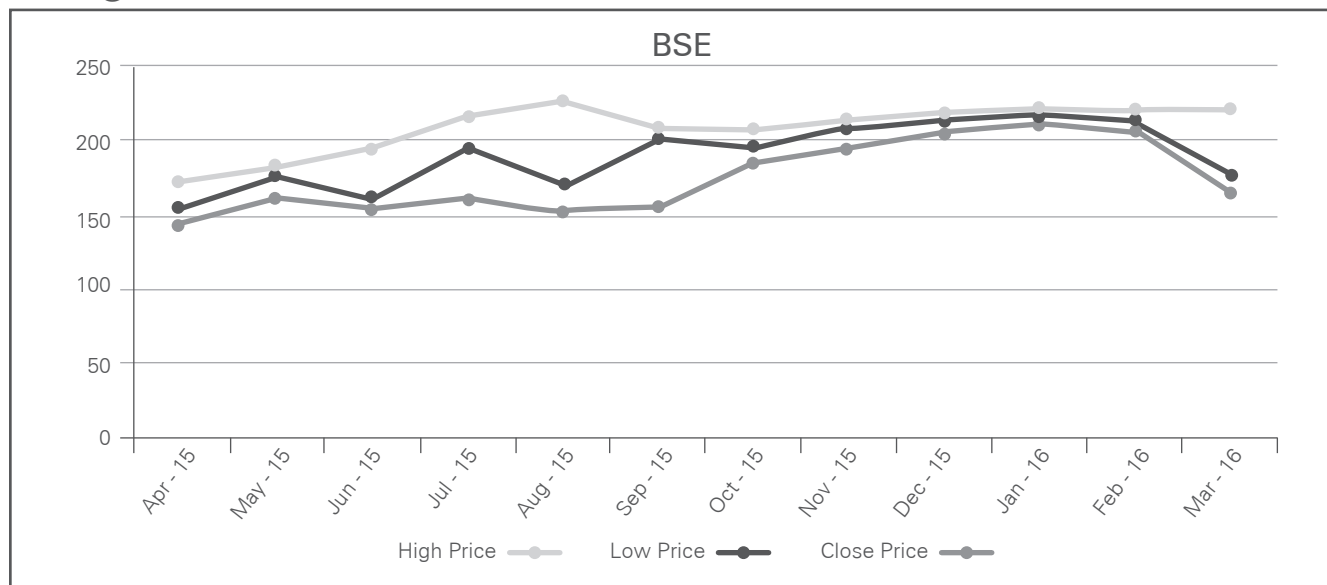
Month 2015-16	NSE Price			
	High Price	Low Price	Close Price	Volume
April 15	175.00	143.15	148.85	286,170
May 15	179.25	157.30	173.90	324,294
June 15	191.50	151.00	157.75	337,127
July 15	213.00	158.10	191.70	428,301
Aug 15	224.45	147.40	167.30	454,398
Sep 15	203.90	152.00	197.90	465,298
Oct 15	203.70	183.60	192.10	1,052,708
Nov 15	211.00	192.00	203.80	256,268
Dec 15	214.70	203.75	211.55	215,629
Jan 16	216.80	210.10	214.40	100,175
Feb 16	215.00	204.55	210.25	76,029
Mar 16	215.80	159.55	189.05	124,711
Total				4,121,108

Polaris @ NSE



Month 2015-16	BSE Price			
	High Price	Low Price	Close Price	Volume
April	175.00	143.45	156.75	111,108
May	179.40	157.20	174.25	98,219
June	191.30	151.00	157.75	81,200
July	213.00	157.10	191.55	133,110
August	224.00	147.50	167.65	84,726
September	203.80	152.00	197.30	97,311
October	203.80	182.75	192.35	239,977
November	211.00	192.35	203.95	30,919
December	214.50	203.50	210.50	33,665
January	216.70	209.35	213.55	17,304
February	215.00	204.10	209.85	14,943
March	217.00	186.20	190.15	30,715
			Total	973,197

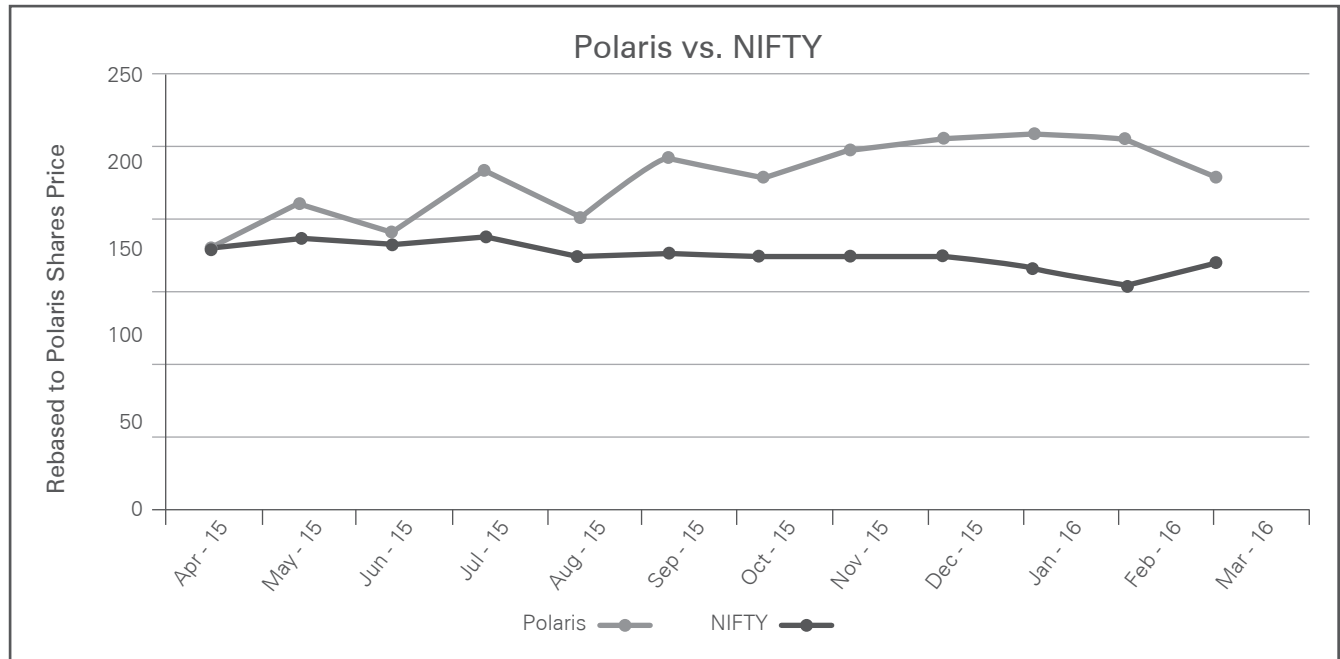
Polaris @ BSE



Polaris Consulting & Services Limited Share Price (High/Low) during the financial year 2015-16

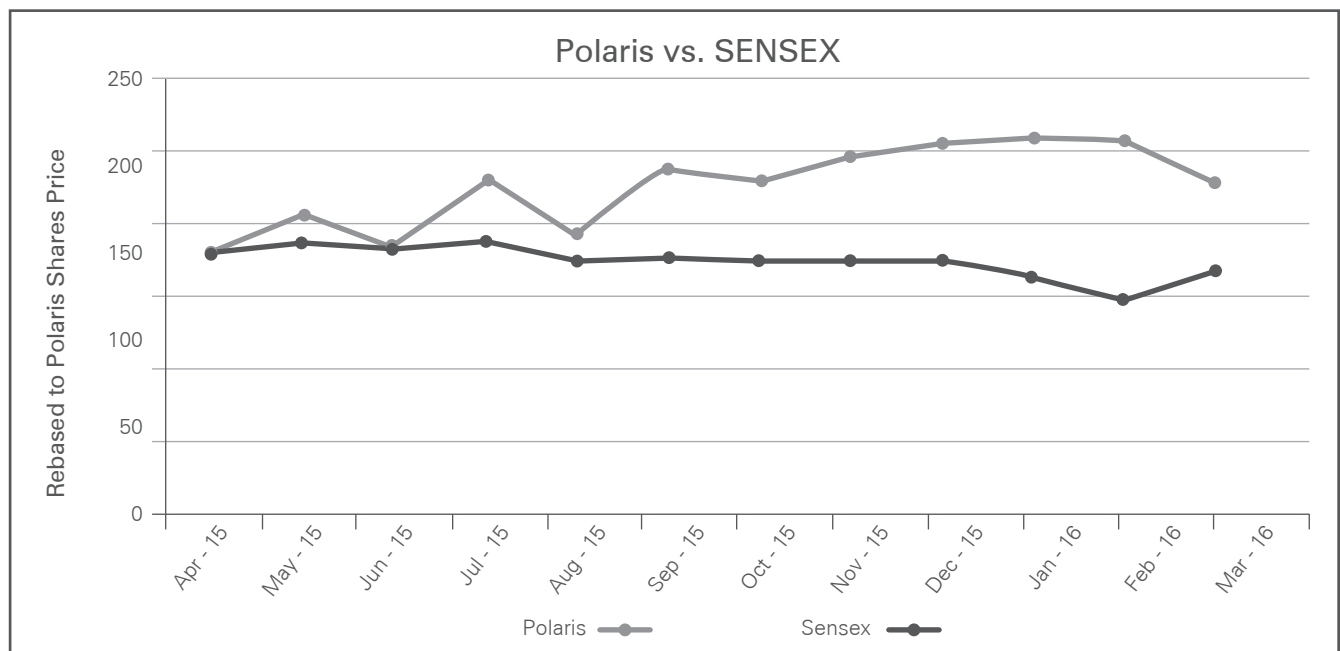
Stock Exchange	Yearly High Price	Date	Yearly Low Price	Date
NSE	224.45	11/8/2015	143.15	28/04/2015
BSE	224.00	11/8/2015	143.45	28/04/2015

NIFTY Vs POLARIS @ NSE



	APR 15	MAY 15	JUNE 15	JULY 15	AUG 15	SEP 15	OCT 15	NOV 15	DEC 15	JAN 16	FEB 16	MAR 16
POLARIS	148.85	173.9	157.75	191.7	167.3	197.9	192.1	203.8	211.55	214.4	210.25	189.05
NIFTY	8181.5	8433.65	8368.5	8532.85	7971.3	7948.9	8065.8	7935.25	7946.35	7563.55	6987.05	7738.4

SENSEX Vs POLARIS @ BSE



	APR 15	MAY 15	JUNE 15	JULY 15	AUG 15	SEP 15	OCT 15	NOV 15	DEC 15	JAN 16	FEB 16	MAR 16
SENSEX	27011.31	27828.44	27780.83	28114.56	26283.09	26154.83	26656.83	261145.67	26117.54	24870.69	23002	25341.86
POLARIS	156.75	174.25	157.75	191.55	167.65	197.30	192.35	203.95	210.50	213.55	209.85	190.15

14. Shareholding pattern of the Company as on March 31, 2016

Category Code	Category Of Shareholder	No of Share Holders	Total Number of Shares	No. of Shares Held In Dematerialized Form	Total Shareholding As a % of Total no Of Shares		Shares Pledge Or Otherwise Encumbered	
					As a % of (A+B) (Vi)	As a % of (A+B+C) (Vii)	Number of Shares (Viii)	As a % (Ix)=(Viii)/(Iv)*100
(I)	(II)	(III)	(IV)	(V)	(Vi)	(Vii)	(Viii)	(Ix)=(Viii)/(Iv)*100
(A)	PROMOTER AND PROMOTER GROUP							
(1)	INDIAN	-	-	-	-	-	-	-
(a)	Individual /HUF	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(1) :							
(2)	FOREIGN	-	-	-	-	-	-	-
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-
	Sub-Total A(2) :							
	Total A=A(1)+A(2)							
(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	10	869,080	869,080	0.86%	0.86%	-	-
(b)	Financial Institutions /Banks	7	424,811	424,811	0.42%	0.42%	-	-
(c)	Central Government / State Government(s)	-	-	-	0.00%	0.00%	-	-
(d)	Venture Capital Funds	-	-	-	0.00%	0.00%	-	-
(e)	Insurance Companies	-	-	-	0.00%	0.00%	-	-
(f)	Foreign Institutional Investors	39	8,074,396	8,074,246	7.97%	7.98%	-	-
(g)	Foreign Venture Capital Investors	-	-	-	0.00%	0.00%	-	-
(h)	Qualified Foreign Investor	-	-	-	0.00%	0.00%	-	-
(i)	Others	-	-	-	0.00%	0.00%	-	-
	Sub-Total B(1) :	56	9,368,287	9,368,137	9.24%	9.26%	-	-
(2)	NON-INSTITUTIONS				0.00%	0.00%	-	-
(a)	Bodies Corporate	623	53,810,414	53,808,664	53.09%	53.19%	-	-
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	40,261	7,867,265	7,685,250	7.76%	7.60%	-	-
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	27	1,681,138	1,681,138	1.66%	1.66%	-	-
(c)	Others	-	-	-	-	-	-	-
	BUSINESS ASSOCIATES	-	-	-	0.00%	0.00%	-	-
	CLEARING MEMBERS	296	27,888,333	27,888,333	27.51%	27.57%	-	-
	NON RESIDENT INDIANS	636	585,159	578,909	0.58%	0.57%	-	-
	OVERSEAS CORPORATE BODIES	2	300	250	0.00%	0.00%	-	-
	TRUSTS	6	165,978	145,878	0.16%	0.16%	-	-
	Sub-Total B(2) :	41,851	91,998,587	91,788,422	90.76%	90.74%	-	-
	Total B=B(1)+B(2) :	41,907	101,366,874	101,156,559	100.00%	100.00%	-	-
	Total (A+B) :	41,907	101,366,874	101,156,559	100.00%	100.00%	-	-
(c)	Shares held by custodians, against which Depository Receipts have been issued							
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	41,907	101,366,874	101,156,559	100.00%	100.00%	-	-

*No shares were pledged by the promoters as on March 31, 2016

List of persons holding more than 1% of the total number of shares as on March 31, 2016

Sl No.	Name	Shares	% Equity
1	Virtusa Consulting Services Private Limited	53,133,703	52.42
2	Citibank N.A.	7,279,096	7.18
3	Integrated Master Securities (P) Ltd	3,717,896	3.67
4	Edelweiss Securities Limited	2,386,398	2.35
5	Lsv Emerging Markets Equity Fund Lp	2,141,000	2.11
6	Deutsche Bank A.G.	2,006,204	1.98
7	Standard Chartered Bank	1,474,653	1.45
8	Bajaj Share and St Br Pl	1,286,254	1.27
9	Kotak Mahindra Bank Ltd.	1,261,925	1.24
10	Australiansuper	1,155,676	1.14
		75,842,805	74.82

Shareholding of Directors / office bearers as on March 31,2016.

Sl No.	Name of the Director / Office Bearer	No. of Shares	% Share Capital
1	Arun Jain, Director	0	0
2	Raju Venkatraman, Director	0	-
3	Abhay Agarwal, Director	0	-
4	Ravindra Chandra Bhargava, Director	10,150	0.01
5	Uma Ratnam Krishnan, Director	10,000	0.01
6	Arvind Kumar, Director	6,000	0.01
7	Ashok Jhunjhunwala, Director	5,300	0.01
8	V Balaraman, Director	0	0
9	Rajesh Mehta, Director	0	0
10	Theodore Roosevelt Malloch Jr., Director	0	0
11	Jonathan Eric Beyman, Director	0	0
12	Krishan Aruna Canekaratne, Director	0	0
13	Anuranjan Krishan Kalia, Director	0	0
14	Jitin Goyal, Director	0	0
15	Rama Sivaraman	1	0
16	Jayaraman Ramachandran	0	0
17	Arvind sharma, Director	0	0
18	Hariraju Mahadevu, Director	0	0
19	Sunil Bowry, Director	0	0
20	N M Vaidyanathan, Chief Financial Officer	0	0
21	Christina Pauline Beulah, Company Secretary	0	0

Note : Directors mentioned in Sl.No.1 to 11 have resigned from the Board of Directors of the Company on 4th March 2016.

Distribution Schedule of Shareholding as on March 31, 2016

Category (Shares)	Total		Electronic		Physical	
	No. of Share holders	No. of Shares	No. of Share holders	No. of Shares	No. of Share holders	No .of Shares
1 – 5000	40,464	4,888,282	39,444	4,751,067	1,020	137,215
5001 – 10000	677	1,025,595	656	999,695	20	25,900
10001 – 20000	338	950,041	327	922,941	11	27,100
20001 – 30000	141	692,674	141	692,674	0	0
30001 – 40000	47	325,928	47	325,928	0	0
40001 – 50000	39	364,159	39	364,159	0	0
50001 – 100000	80	1,185,619	80	1,185,619	0	0
100001 and above	121	91,934,576	121	91,914,476	1	20,100
TOTAL	41,907	101,366,874	40,855	101,156,559	1,052	210,315

Comparitive distribution schedule as on March 31, 2016

Shares	Physical		Demat		Total	
	Nos.	%	Nos.	%	Nos.	%
31.03.2016	210,315	0.21	101,156,559	99.79	101,366,874	100
31.03.2015	215,900	0.22	99,698,724	99.78	99,914,624	100
Shareholders						
31.03.2016	1052	2.51%	40,855	97.49	41,907	100
31.03.2015	1069	2.19%	47,692	97.81	48,761	100

15. Other Information to Shareholders

● **Share Transfer System**

The applications for transfers, transmission and transposition are received by the Company at its Registered Office address at Chennai or at M/s. Karvy Computershare Private Limited Hyderabad, Registrar and Share Transfer Agents (RTA) of the Company. As the Company's shares are currently traded in demat form, the transfers are processed and approved by NSDL/CDSL in the electronic form through its Depository Participants. The RTA on a regular basis processes the physical transfers and the share certificates are sent to the respective transferees.

● **Dividend Information**

Members who have not claimed the dividend for the below mentioned periods are requested to lodge their claim with the Company. No claim shall lie for the unclaimed dividends from IEPF by the members. The due dates for transfer of unclaimed dividends to IEPF, pertaining to different financial years are given below:

Financial Year ended	Dividend			Date of declaration of Dividend	Amount Lying Unpaid (in Rs.)	Last date for claiming unpaid Dividend
	Type	%	Per Share (in Rs.)			
31.03.2009	Final	25%	1.25	16.07.2009	609,078	15.08.2016
31.03.2010	Final	35%	1.75	20.01.2010	588,196	19.02.2017
	Interim	35%	1.75	17.07.2010	662,916	16.08.2017
31.03.2011	Final	90%	4.50	20.07.2011	1,217,202	19.08.2018
31.03.2012	Interim	40%	2.00	16.02.2012	599,024	15.03.2019
	Final	60%	3.00	19.11.2012	1,084,554	18.12.2019
31.03.2013	Final	100%	5.00	08.08.2013	1,692,870	07.09.2020
31.03.2014	Final	100%	5.00	23.07.2014	1,583,582	22.08.2021
31.03.2015	Interim	100%	5.00	19.03.2015	1,770,810	18.04.2022
31.03.2015	Final	200%	5.00	23.06.2015	3,029,150	22.07.2022
Total					12,837,382	

During the year under review, the company has revalidated 174 dividend warrants amounting to Rs. 211,118 and the same was issued to the shareholders.

Dividend remitted to IEPF during the previous three years

Sl. No.	Pertaining to FY	Date of transfer to IEPF	Amount (in Rs.)
1	2008-09-Interim	22.02.2016	876,710
2	2007-08 Final	16.08.2015	821,165
3	2006-07 - Final	09.05.2014	5,92,968
4	2006-07 - Interim	27.02.2014	3,27,251

- **Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity** - Not applicable

- **Policy on Insider Trading**

A Policy on Insider Trading has been implemented and continues to be in force since December 1999, as amended pursuant to the guidelines issued by SEBI from time to time. This Policy deals with the rules, regulations and process for transactions in the shares of the Company and shall apply to all transactions and for all associates in whatever capacity they may be, including Directors. This code forms part and parcel of the service conditions of the employees of the Company.

- **Disclosures with respect to demat suspense account / unclaimed suspense account**

In compliance with the amendment to Clause 5A of the Listing Agreement issued by SEBI vide its circular CIR/CFD/DIL/10/2010 dated December 16, 2010; the company has opened a Demat account in the name of "Polaris Financial Technology Limited Unclaimed Suspense Account" with ICICI Bank Limited, DP IN302679, Client ID No.38718320 Chennai for the purpose of transferring the unclaimed shares lying with RTA, Karvy Computershare (P) Ltd. The name of the aforesaid account has been changed into Polaris Consulting & Services Limited Unclaimed Suspense Account pursuant to the change of name of the Company, during the year.

The Company had not received any response for the reminders sent during the earlier years to the Shareholders and thus as per the directions of the above said circular the shares held by the Shareholders were dematerialised and transferred to the above said demat account. As on 31st March 2016, 83,500 outstanding shares are lying in the said suspense account.

As and when any shareholder approaches the Company or RTA to claim the above said shares, the company or RTA as applicable after proper verification either credit the shares lying in the Unclaimed suspense account to the demat account of the shareholder to the extent of the shareholders' entitlement or deliver the physical certificates after re-materialising the same, depending on what has been opted by the shareholder. The voting rights on the unclaimed outstanding shares shall remain frozen till the rightful owner of such shares claims the shares.

aggregate number of shareholders and the outstanding shares in the suspense account at the beginning of the year		number of shareholders who approached listed entity for the transfer of shares from suspense account during the year	number of shareholders to whom shares were transferred from suspense account during the year	aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	
Shareholders	Shares			Shareholders	Shares
538	90000	9	9	529	83500

- **Locations**

Headquartered in Chennai; the other branch offices addresses / locations are furnished elsewhere in the Annual Report. Polaris also has one subsidiary in India namely Optimus Global Services Limited,

- **Addresses for correspondence**

The Company Secretary & Compliance Officer
POLARIS CONSULTING & SERVICES LTD
(Formerly Known as Polaris Financial Technology Limited)

Regd. Office:

244, Anna Salai, Chennai - 600 006

Phone: 044-39843400, Fax: 044-2852 3280

E-mail: shareholder.query@polarisft.com

Company.secretary@polarisft.com

Christina.beulah@polarisft.com

By order of the Board
For Polaris Consulting & Services Limited
(Formerly known as Polaris Financial Technology Ltd.)

Place: Chennai

Date: May 12, 2016

Krishan Aruna Canekeratne
Chairman

CEO & CFO CERTIFICATION

To: The Board of Directors of Polaris Consulting & Services Limited, Chennai

We, Jitin Goyal, Executive Director and Mr. Vaidyanathan N M, Chief Financial Officer of Polaris Consulting & Services Limited., ("Company") hereby certifies that:-

- (a) We have reviewed financial statements and the Cash Flow Statement of the company for the financial year ended March 31, 2016 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee
- (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Chennai

Date: May 12, 2016

Jitin Goyal
Executive Director

N. M.Vaidyanathan
Chief Financial Officer

**Auditors' Certificate on compliance with the conditions of Corporate Governance
under Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure
Requirements) Regulations 2015**

AUDITORS' CERTIFICATE

To
The Members
Polaris Consulting & Services Limited.

We have examined the compliance of conditions of corporate governance by Polaris Consulting & Services Limited, for the year ended on March 31, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said company with Stock Exchanges.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R.Batliboi & Associates LLP
Firm registration No. 101049W
Chartered Accountants

per **Bharath N S**
Partner
Membership No.210934

Place: Chennai
Date: May 12, 2016

To
The Members
Polaris Consulting & Services Limited
Chennai

Sub: Declaration by the Executive Director

I, Jitin Goyal, Executive Director of Polaris Consulting & Services Limited to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2016.

Place: Chennai
Date: May 12, 2016

Jitin Goyal
Executive Director

Independent Auditor's Report

To the Members of
Polaris Consulting & Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Polaris Consulting & Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures

that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 20 to the financial statements
- II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Partner

Place of Signature: Chennai

Date: May 12, 2016

Membership Number: 210934

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Polaris Consulting & Services Limited ('the Company')

- | | |
|---|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(i) (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>(i) (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.</p> <p>(ii) (a) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.</p> <p>(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.</p> <p>(iv) In our opinion and according to the information and explanations</p> | <p>given to us, provisions of Section 186 of the Companies Act, 2013 in respect of investments made have been complied with by the Company and provisions with respect to section 185 of the Companies Act, 2013 does not apply to such investments made by the Company. The Company did not have any loans, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.</p> <p>(v) The Company has not accepted any deposits from the public.</p> <p>(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.</p> <p>(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, value added tax, cess and other material statutory dues applicable to it. The provisions relating to sales-tax and excise duty are not applicable to the Company.</p> <p>(vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> |
|---|---|

- (vii) (c) According to the records of the Company, the dues outstanding of income-tax, value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount demanded (Rs. in Lakhs)*	Period to which the amount relates (Assessment years)	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	5,806.86	2001-10	High Court
Income Tax Act, 1961	Income tax	5,714.33	2005-12	Appellate tribunal
Income Tax Act, 1961	Income tax	136.47	2010-11	Commissioner of Income tax appeals
Tamil Nadu General Sales tax Act, 1959	Sales tax	519.93	2004-05	High court
Central Sales Tax Act, 1956	Central sales tax**	42.40	2006-08	High court

*Does not include interest

**The Company has also deposited a sum of Rs. 21.20 Lakhs under protest

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company did not have any outstanding dues with financial institution or banks or government during the year.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of

reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him, as prescribed under Section 192 of the Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Place of Signature: Chennai

Partner

Date: May 12, 2016

Membership Number: 210934

Annexure 2 to the Independent Auditor's Report of Even date on the Financial Statements of Polaris Consulting & Services Limited Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of

Polaris Consulting & Services Limited

We have audited the internal financial controls over financial reporting of Polaris Consulting & Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Place of Signature: Chennai

Partner

Date: May 12, 2016

Membership Number: 210934

Balance Sheet as at March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	4	5,068.34	4,995.73
Reserves and surplus	5	60,327.55	54,333.08
		65,395.89	59,328.81
CURRENT LIABILITIES			
Trade payables	6		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		28,857.42	25,102.20
Other current liabilities	7	5,601.62	9,568.61
Short-term provisions	8	2,845.55	13,722.21
TOTAL		1,02,700.48	1,07,721.83
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9		
-Tangible assets		20,839.65	19,877.38
- Intangible assets		275.66	513.12
		21,115.31	20,390.50
Non-current investments	10	8,608.45	14,816.86
Deferred tax assets (net)	11	689.15	483.53
Long-term loans and advances	12	7,561.38	8,906.73
Other non-current assets	13	554.62	244.26
CURRENT ASSETS			
Current investments	14	10,545.91	801.94
Trade receivables	15	27,388.38	25,433.33
Cash and bank balances	16	3,615.84	7,923.21
Short-term loans and advances	17	6,790.71	4,497.91
Other current assets	18	15,830.73	24,223.56
TOTAL		1,02,700.48	1,07,721.83
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Chennai

May 12, 2016

For and on behalf of the Board of Directors of

Polaris Consulting & Services Limited**Hari Raju Mahadevu**

Director

Vaidyanathan N. M

Chief Financial Officer

Chennai

May 12, 2016

Jitin Goyal

Executive Director

Christina Pauline Beulah

Company Secretary

Statement of profit and loss for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Notes	Year ended March 31, 2016	Year ended March 31, 2015
REVENUE			
Income from operations		182,570.84	167,820.54
Other income	22	2,913.07	3,767.50
Total Revenue		185,483.91	171,588.04
EXPENSES			
Employee benefit expense	23	146,903.56	133,619.69
Depreciation and amortisation expense	9	2,493.71	2,650.14
Other expenses	23	16,838.37	16,185.49
Total expenses		166,235.64	152,455.32
Profit before exceptional items and tax		19,248.27	19,132.72
Exceptional items	29	(2,183.58)	(689.25)
Profit before tax		17,064.69	18,443.47
TAX EXPENSE			
Income taxes - Current tax		6,478.71	5,681.40
- Provision for taxes relating to earlier years		1,832.45	(167.00)
- Deferred tax		(222.32)	(142.68)
Profit for the year		8,975.85	13,071.75
Earnings per share (In Rs.)	32		
(equity shares par value Rs 5 each)			
Basic		8.95	13.10
Diluted		8.81	12.81
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per Bharath N S

Partner

Membership No. 210934

Chennai

May 12, 2016

For and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

Hari Raju Mahadevu

Director

Vaidyanathan N. M

Chief Financial Officer

Chennai

May 12, 2016

Jitin Goyal

Executive Director

Christina Pauline Beulah

Company Secretary

Statement of cash flow for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	March 31, 2016	March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,064.69	18,443.48
Adjustments for:		
Depreciation / amortisation	2,493.71	2,582.96
Unrealised exchange gains	(209.65)	(292.96)
Exchange difference on translation of foreign operations	318.96	189.45
Interest income	(378.09)	(570.88)
Dividend income	(1,186.25)	(2,193.16)
Provision for doubtful debts (net)	165.00	165.00
Bad debts / advances written off	-	2.20
Profit on sale of investments (net)	(484.88)	(302.86)
Profit on sale of fixed assets	(5.17)	(26.66)
Operating profit before working capital changes	17,778.32	17,996.57
Increase in trade receivables	(11,798.55)	(10,146.77)
Decrease / (Increase) in loans and advances and other assets	1,358.61	(1,918.98)
Increase / (Decrease) in liabilities and provisions	15,518.40	2,535.14
Cash generated from operations	22,856.78	8,465.96
Taxes paid	(7,224.16)	(4,318.82)
Net cash flow from operating activities	15,632.62	4,147.14
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets, changes in capital work in progress and capital advance	(3,195.41)	(4,500.74)
Proceeds from sale of fixed assets	77.38	97.04
(Acquisition) / Disposal of subsidiaries / associates	433.85	(3,038.42)
Purchase of non-current investments	5,970.46	(2,500.00)
Redemption / (Purchase) of current investments	(9,454.98)	8,070.72
Interest received	432.01	625.57
Dividend received	1,186.25	2,193.16
Cash flows from/(used in) investing activities	(4,550.44)	947.33

Statement of cash flow (contd...) for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	March 31, 2016	March 31, 2015
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from share capital issued on exercise of stock options	72.61	18.22
Proceeds from securities premium on exercise of stock options	1,405.08	428.74
Dividends paid	(14,976.45)	(6,219.89)
Dividend tax paid during the period	(2,037.20)	(1,701.14)
Cash flows used in financing activities	(15,535.96)	(7,474.07)
Net decrease in cash and cash equivalents during the year	(4,453.78)	(2,379.60)
Exchange differences on translation of cash and cash equivalents in foreign currency	146.41	(25.08)
Cash and cash equivalents at the beginning of the year	7,923.21	10,427.72
Cash and cash equivalents transferred on Demerger pursuant to Scheme of arrangement (Refer note 28)	-	(99.83)
Cash and cash equivalents at the end of the year*	3,615.84	7,923.21
Components of cash and cash equivalents		
Cash on hand	1.04	1.77
Balance with banks		
- On Current & Deposit accounts	3,486.43	2,827.44
- On unpaid dividend account *	128.37	5,094.00
Total cash and cash equivalents	3,615.84	7,923.21

* The balance with banks include Rs.128.37 lakhs (March 31, 2015: Rs.5,094 lakhs), which are not available for use by the Company as they represent unpaid dividend liabilities Rs.128.37 lakhs (March 31, 2015: Rs 98.27 lakhs) and dividend payable Rs.Nil (March 31, 2015 interim dividend payable: Rs 4,995.73).

As per our attached report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Chennai
May 12, 2016

For and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

Hari Raju Mahadevu
Director

Vaidyanathan N. M
Chief Financial Officer
Chennai
May 12, 2016

Jitin Goyal
Executive Director

Christina Pauline Beulah
Company Secretary

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

1 CORPORATE INFORMATION

Polaris Consulting and Services Limited (formerly known as Polaris Financial Technology Limited), a public limited company domiciled in India. It was founded in 1993 and is headquartered at Chennai, India. The Company's shares are listed on The National Stock Exchange and The Bombay Stock Exchange in India. The Company is a global leader in Financial Technology (FT) for Banking, Insurance, and other Financial Services.

The name of the Company has been changed to Polaris Consulting & Services Limited from Polaris Financial Technology Limited with effect from October 21, 2014 and the necessary regulatory approvals has been obtained.

2A BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy for depreciation on tangible fixed assets.

2B SCHEME OF ARRANGEMENT (DEMERGER)

The Board of Directors of the Company at its meeting held on March 18, 2014 had approved a Scheme of Arrangement between Polaris Consulting & Services Limited and Intellect Design Arena Limited (formerly known as Fintech Grid Limited) a wholly owned subsidiary of Polaris Consulting & Services Limited, and their respective shareholders which inter alia envisaged demerger of the Product business undertaking along with related assets and liabilities into Intellect Design Arena Limited with effect from April 1, 2014 in accordance with the provisions of the Companies Act, 1956. The above scheme has received the approval of the Madras High court on September 15, 2014. Consequently, the assets and liabilities which vest with Intellect Design Arena Limited have been excluded from the balance sheet of the Company.

The Company has accounted for the demerger as per the High Court order as more fully disclosed in Note 28.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Tangible fixed assets and capital work in progress

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises cost of tangible fixed assets not ready for intended use as at the balance sheet date.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c) Depreciation on tangible fixed assets

Depreciation on fixed assets is provided using the straight line method based on rates specified in Schedule II of the Companies Act 2013.

The estimated useful lives considered for depreciation of fixed assets are as follows:

Assets Category	Estimated useful life (years)
Buildings	29
Plant and machinery	15
Computer equipment	3
Servers and computer accessories	6
Electrical fittings, furniture and fixtures	10
Office equipment	5
Vehicles *	4-8
Leasehold improvements	Over the lease period or 10 years whichever is lower
Leasehold land	Over the lease period (99 years)

*Vehicles provided to the employees are depreciated over the period for which the loan is taken to purchase the vehicles. This policy is consistently followed by the Company.

The component accounting becomes effective from 1st April 2015 as per the requirements of Companies Act, 2013, however there is no impact on account of such application, as the Company's existing classification of fixed assets for depreciation purposes is in compliance with the requirement.

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

d) Intangible assets

Intangible assets acquired are stated at cost, less accumulated amortization and impairment losses if any.

Research and development costs

Software product and intellectual property development costs are expensed as incurred until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalized and amortised over estimated useful life of the products. This capitalisation is done only if the Company has the intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available to the Company and the Company is able to accurately measure such expense.

Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product and intellectual property rights.

Amortisation

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the method are reviewed at each year end. The expected useful life is reassessed at each year end and the amortization period is changed accordingly. The estimated useful life of company's intangible assets are stated below:

Assets category	Estimated useful life (years)
Computer software	3
Customer contracts acquired on business purchase agreements	3
Intellectual property rights	3-5

e) Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term.

f) Impairment of tangible and intangible fixed assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax discount rate reflecting current market assessment of time value of money and risks specific to asset.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Investments

Investments are classified as long-term investments and current investments. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at the lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price contracts is recognized in accordance with the proportionate completion method. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

Product licenses and related revenues

Revenues from product licenses and related services comprise income under multiple element arrangements recognized as follows:

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

- License fees and fees for customization/implementation services are recognized using proportionate completion method. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.
- Product maintenance revenues are recognized over the period of the maintenance contract.

Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Revenue in excess of billing represents earnings on ongoing fixed price and time and material contracts over amounts invoiced to customers. Billings in excess of revenue represent amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

Business Process Outsourcing

Revenue from call centre services comprises income from time and material contracts. Revenue is recognized in accordance with the terms of the contract with the customer, as related services are performed.

Other Income

Interest is recognized using the time-proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend income is recognized when the Company's right to receive dividend is established.

i) Foreign currency transactions and translations

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement/reporting of monetary items, at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Translation of integral and non-integral foreign operations

The company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

j) Forward contracts entered into to hedge foreign currency risk

The Company uses foreign exchange contracts to hedge its exposure to movements in foreign currency rates. The use of these foreign exchange forward contracts is aimed to reduce the risk/cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculative purposes.

The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

The Company designates these hedging instruments as Cash flow hedges applying the recognition and measurement principles set out in Accounting standard 30 - Financial Instruments - Recognition and measurement.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds (hedge fluctuation reserve) and the ineffective portion is recognised immediately in the statement of profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds (hedge fluctuation reserve) is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the profit and loss.

k) Retirement and other employee benefits

Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The Company has no further obligations under the Plan beyond its monthly contributions which are periodically contributed to a trust.

Leave Benefits

Provision for long-term compensated absences is accrued and provided for on the basis of actuarial valuation made at the end of each financial period. The actuarial valuation is done as per projected unit credit method. Short-term encashment of accumulated leave balances are accounted for in the year in which the leave balances are credited to employees on actual basis.

The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

l) Income and Deferred Taxes

Tax expense comprises of current and deferred tax. The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. The current tax provision and advance income tax as at balance sheet date have been arrived at after setting off advance tax and current tax provision where the Company has legally enforceable right to set off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have legal right to do so.

Deferred tax assets are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reassessed for the appropriateness of their respective carrying values at each balance sheet date. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

m) Stock based compensation

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

n) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Provisions and contingent liabilities

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

p) Segment reporting

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

q) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of change in value.

4. SHARE CAPITAL

Particulars	March 31, 2016	March 31, 2015
Authorised		
120,000,000 equity shares of Rs 5 each. (March 31, 2015: 120,000,000 equity shares of Rs 5 each)	6,000.00	6,000.00
10,000,000 11 % preference shares of Rs 5 each. (March 31, 2015: 10,000,000 11% preference shares of Rs 5 each)	500.00	500.00
	6,500.00	6,500.00
Issued, Subscribed and Paid up		
101,366,874 equity shares of Rs 5 each (March 31, 2015: 99,914,624 equity shares of Rs 5 each) fully paid up	5,068.34	4,995.73
Total Issued, Subscribed and Paid up Capital	5,068.34	4,995.73

Of the total authorised capital of the company referred above, the Company has issued only one class of equity shares having a face value of Rs.5 per share. Each holder of such equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

Reconciliation of the number of shares outstanding as at March 31, 2016

Particulars	No of Shares	
	March 31, 2016	March 31, 2015
Shares outstanding at the beginning of the year	99,914,624	99,550,274
Add: Shares issued under ESOP	1,452,250	364,350
Shares outstanding at the end of the year	101,366,874	99,914,624

Details of Shareholders holding more than 5 percent shares in the Company (based on legal ownership)

Particulars	March 31, 2016		March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Polaris Banyan Holding Private Limited	-	-	20,020,938	20.04%
Virtusa Consulting Services Limited	53,133,703	52.42%	-	-
Citibank N.A	7,279,096	7.18%	-	-
Orbitech Limited	-	-	15,379,606	15.39%
Franklin Mutual Series Funds - Mutual Beacon Fund	-	-	6,103,048	6.11%

Stock option plans

The Company has five stock option plans that provide for the granting of stock options to employees including directors of the Company (not being promoter directors and not holding more than 10% of the equity shares of the Company). The objectives of these plans include attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares.

The option plans are summarized below:

Associate Stock Option Plan 2003

The Shareholders of the Company at the EGM held on March 12, 2004 approved an Associate Stock Option Plan (the 2003 Plan). The 2003 Plan provides for issuance of 3,895,500 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. A summary of the status of the options granted under 2003 plan at March 31, 2016 is presented below.

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	946,100	133.89	1,627,500	122.27
Granted during the year	-	-	-	-
Exercised during the year	(213,600)	113.67	(258,100)	94.19
Forfeited during the year	(12,200)	129.40	(64,000)	127.71
Expired during the year	(428,000)	150.77	(359,300)	110.87
Outstanding at the end of the year	292,300	124.13	946,100	133.89
Exercisable at the end of the year	292,300	124.12	838,800	134.45

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Range of exercise price (Rs.)	24.73-150.30	24.73-163.73
Weighted average remaining contractual life (in years)	2.92	2.74
Weighted average market price of shares on the date of exercise (Rs.)	187.15	223.96

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

Associate Stock Option Plan 2004

The Shareholders of the Company in the AGM held on July 22, 2005 approved an Associate Stock Option Plan (the 2004 plan). The 2004 plan provides for issuance of 1,084,745 options, convertible to equivalent number of equity shares of Rs 5 each, to the associates including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. A summary of the status of the options granted under 2004 plan at March 31, 2016 is presented as below:

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	373,700	148.53	412,300	144.03
Granted during the year	-	-	-	-
Exercised during the year	(65,400)	128.63	(17,800)	133.00
Forfeited during the year	(6,800)	131.44	(4,200)	111.70
Expired during the year	(219,400)	161.79	(16,600)	62.74
Outstanding at the end of the year	82,100	130.35	373,700	148.53
Exercisable at the end of the year	82,100	130.37	360,500	149.76

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Range of exercise price (Rs.)	92.52-133.88	125.17-133.88
Weighted average remaining contractual life (in years)	3.09	1.94
Weighted average market price of shares on the date of exercise (Rs.)	200.07	259.81

Associate Stock Option Plan 2011

The Shareholders of the Company in the Extraordinary General Meeting held on October 28, 2011 approved an Associate Stock Option Plan (the 2011 plan). The 2011 plan provides for issuance of 4,960,000 options convertible into equivalent number of equity shares of Rs 5 each. The plan shall be administered under 4 different schemes based on the following terms:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non-executive directors	Non - Executive directors
Maximum number of options grantable	3,720,000 Less: Number of Option granted under Swarnam 21	1,736,000	1,240,000 Less: Number of Option granted under Swarnam 41	200,000

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

Grant price

Market price upto Rs. 175	Market price	Market price	Market price	Market price
Market price between Rs. 175 - Rs. 500	15% discount on market price. (Subject to being Not lower than Rs 175)	30% discount on market price. (Subject to being Not lower than Rs 175)	50% discount on market price. (Subject to being Not lower than Rs 175)	Market price
Market price greater than Rs.500	10% discount on market price	20% discount on market price	50% discount on market price	Market price

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the intrinsic value model.

The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfillment of vesting conditions as follows:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Service conditions				
At the end of year 1	10%	0%	0%	20%
At the end of year 2	15%	0%	0%	20%
At the end of year 3	20%	33%	33%	20%
At the end of year 4	25%	33%	33%	20%
At the end of year 5	30%	34%	34%	20%

Performance conditions

Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

During the current year the Company has granted options under Swarnam 11 & 21 scheme. As the market price on the date of the grant was more than Rs 175, option discount has been provided as per the scheme terms and the options are issued at the discounted price. Accordingly compensation cost has been recorded. A summary of the status of the options granted under 2011 plan at March 31, 2016 is presented on below

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	4,174,650	103.79	4,012,900	98.47
Granted during the year	-	-	650,000	128.04
Exercised during the year	(1,226,950)	99.42	(106,250)	91.83
Forfeited during the year	(412,450)	106.38	(331,300)	92.18
Expired during the year	(17,550)	95.39	(50,700)	94.64
Outstanding at the end of the year	2,517,700	105.55	4,174,650	103.79
Exercisable at the end of the year	646,660	104.16	414,350	94.54

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Range of exercise price (Rs.)	78.48-175.00	78.58-108.54
Weighted average remaining contractual life (in years)	6.27	4.68
Weighted average fair value of options granted (Rs.)	-	82.58
Weighted average market price of shares on the date of exercise (Rs.)	204.70	194.67

Associate Stock Option Plan 2015

The Shareholders of the Company in the Extraordinary General Meeting held on March 19, 2015 approved an Associate Stock Option Plan (the 2015 plan). The 2015 plan provides for issuance of 50,00,000 options convertible into equivalent number of equity shares of Rs 5 each. The plan shall be administered under 5 different schemes based on the following terms:

Particulars	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401	Swarnam 501
Grant price					
Market price upto Rs. 126	Market price	Market price	Market price	Market price	Market price
Market price between Rs. 126 – Rs. 360	15% discount on market price. (Subject to being Not lower than Rs 126)	30% discount on market price. (Subject to being Not lower than Rs 126)	50% discount on market price. (Subject to being Not lower than Rs 126)	25% discount on market price. (Subject to being Not lower than Rs 126)	up to 50% discount on market price. (Subject to being Not lower than Rs 126)
Market price greater than Rs. 360	10% discount on market price	20% discount on market price	50% discount on market price	25% discount on market price	Up to 50% discount on market price

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the intrinsic value model.

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,303,000	143.52	-	-
Exercised during the year	(11,700)	131.20	-	-
Forfeited during the year	(228,400)	127.62	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,062,900	147.08	-	-
Exercisable at the end of the year	234,150	144.23	-	-

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Range of exercise price (Rs.)	130.22-168.56	-
Weighted average remaining contractual life (in years)	7.53	-
Weighted average fair value of options granted (Rs.)	167	-
Weighted average market price of shares on the date of exercise (Rs.)	212.59	-

Associate Stock Option Plan (Trust) 2011

The Shareholders of the Company in the Extraordinary General Meeting held on October 28, 2011 approved an Associate Stock Option Plan (TRUST) 2011 [the 2011(Trust) plan]. The 2011(Trust) plan provides for issuance of 1,984,000 options, convertible to equivalent number of equity shares of Rs 5 each. The options shall be granted at the market price if the market price is below Rs. 175 or at discount of 10% on market price if the market price is Rs. 175 or above. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date. The Company has not granted any options under the plans as on March 31, 2015.

The Company had formulated an Associate stock option plan Trust-2011, for the purpose of administering the above scheme. The Trust had purchased 1,536,000 shares of the Company from the secondary market during the year ended March 31, 2013. In accordance with the Stock Exchange Board of India (SEBI) circular dated January 17, 2013, listed companies have been prohibited from purchase of their own securities in the secondary market through such trusts. The trust has disposed off such holding in the quarter ended June 30, 2014 to be in compliance with SEBI Regulations.

Pro forma Disclosure:

The Company follows the intrinsic value model for valuation of its options under the various plans. In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for associate stock option plans been recognized based on the fair value at the date of grant in accordance with Black-Scholes model, the pro forma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	March 31, 2016	March 31, 2015
Profit after tax		
- As reported	8,975.85	13,071.75
- pro forma profit	9,123.84	12,598.36
Earnings Per Share (in Rs.)		
Basic		
- As reported	8.95	13.10
- Pro forma	9.10	12.63
Diluted		
- As reported	8.81	12.81
- Pro forma	8.96	12.34

The fair value of options was estimated at the date of grant using the Black Scholes Model with the following assumptions:

Particulars	March 31, 2016				
	ASOP 2015	ASOP 2015	ASOP 2015	ASOP 2015	ASOP 2015
Scheme	Swarnam 101	Swarnam 101	Swarnam 101	Swarnam 101	Swarnam 101
Grant date	30-Apr-15	8-May-15	6-Aug-15	29-Oct-15	16-Feb-16
Risk-free interest rate	7.83%	7.97%	7.85%	7.60%	7.74%
Expected life (Years)	6	6	6	6	6
Expected volatility	52.79%	52.92%	50.93%	50.85%	49.25%
Expected dividend yield	7.34%	7.12%	4.72%	5.04%	4.76%

Particulars	March 31, 2015			
	ASOP 2011	ASOP 2011	ASOP 2011	ASOP 2011
Scheme	Swarnam-21	Swarnam-31	Swarnam-11	Swarnam-11
Grant date	30-Apr-14	30-Apr-14	7-Nov-14	22-Jan-15
Risk-free interest rate	8.90%	8.90%	8.22%	7.75%
Expected life (Years)	6.5	6.5	5	5
Expected volatility	58.62%	58.62%	51.49%	51.33%
Expected dividend yield	2.41%	2.41%	3.08%	6.74%

The expected life of stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

5. RESERVES AND SURPLUS

Particulars	March 31, 2016	March 31, 2015
Securities premium account		
Opening balance	428.74	19,147.69
Less: Adjustment of reserves on account of demerger of Product business undertaking from the Company (Refer Note 28)	-	(19,147.69)
Add: Premium received on issue of shares under ESOP plans to employees	1,405.08	428.74
Closing balance	1,833.82	428.74
General reserve account		
Opening balance	-	17,255.30
Less: Adjustment of reserves on account of demerger of Product business undertaking from the Company (Refer Note 28)	-	(17,255.30)
Closing balance	-	-
Foreign currency translation reserve account		
Opening balance	2,701.05	2,397.33
Add : Adjustment for the period	341.10	303.72
Closing balance	3,042.15	2,701.05
Hedging reserve account		
Opening balance	5,772.81	1,406.26
Add: Adjustment for the period	(4,704.21)	4,366.55
Closing balance	1,068.60	5,772.81
Surplus in the statement of profit and loss		
Opening balance	45,430.48	72,376.23
Less: Adjustment of reserves on account of demerger of Product business undertaking from the Company (Refer Note 28)	-	(22,278.68)
Net Profit for the current year	8,975.84	13,071.75
Amount available for appropriation	54,406.32	63,169.30
Appropriations		
Adjustment on account of aligning the useful life of fixed assets in accordance with the Companies Act, 2013	-	109.93
Tax impact on aligning of useful life in accordance with Companies Act, 2013	-	(42.75)
Dividend - Interim	-	4,995.73
Dividend - Final	-	9,998.96
Tax on dividend	-	2,676.95
Residual dividend	23.34	-
Closing balance of surplus in the statement of profit and loss	54,382.98	45,430.48
Total Reserves and surplus	60,327.55	54,333.08

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

6. TRADE PAYABLES

Particulars	March 31, 2016	March 31, 2015
Creditors for expenses and goods	9,197.19	12,859.07
Provision for expenses	5,716.50	4,695.56
Accrued salaries and benefits	7,116.44	6,251.63
Others	6,827.29	1,295.94
Total Trade payables	28,857.42	25,102.20

Refer Note – 19. Related parties transactions

7. OTHER CURRENT LIABILITIES

Particulars	March 31, 2016	March 31, 2015
Unclaimed dividends	128.37	98.27
Interim dividend payable	-	4,995.73
Other payable		
Superannuation payable	700.11	634.14
Advances received from customers	13.45	0.06
Billings in excess of revenues	2,868.52	2,500.09
Payable to related parties #	597.18	491.11
Payable to others	343.56	106.81
Capital creditors	30.77	46.84
Statutory dues	919.66	695.56
Total Other current liabilities	5,601.62	9,568.61

Refer Note – 19. Related parties transactions

8. SHORT-TERM PROVISIONS

Particulars	March 31, 2016	March 31, 2015
Provision for employee benefits		
- Provision for gratuity (Refer Note - 24)	243.89	435.43
- Provision for leave benefits	2,601.66	1,262.10
Others Provisions		
- Proposed dividend	-	9,991.46
- Provision for tax on proposed dividend	-	2,033.22
Total Short-term provisions	2,845.55	13,722.21

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

9. FIXED ASSETS

Sr. No.	Description	Cost				Depreciation and Amortisation				Net Book value			
		April 01, 2015	Additions	Deletions	Assets vested with Intellect ***	Other adjustments *	March 31, 2016	Deletions	Depreciation on assets vested with Intellect ***	Other adjustments *	Transition adjustment- Fixed assets	March 31, 2016	March 31, 2015
A	TANGIBLE ASSETS												
	Land	8,211.76	1,320.00	-	-	1.58	9,533.34	-	-	-	-	9,533.34	8,211.76
	Buildings	9,216.32	-	-	-	7.32	9,223.64	2,546.47	315.03	(2,355.28)	-	8,717.42	6,669.85
	Plant and machinery (including computer equipment & accessories)	17,564.35	1,196.96	471.86	-	(2,169.07)	16,120.38	15,261.20	1,003.40	428.24	-	341.91	2,303.15
	Electrical equipments	1,419.77	17.69	35.56	-	(158.85)	1,243.05	1,009.78	66.14	35.56	-	437.59	409.99
	Furniture and fittings	4,216.40	206.34	33.28	-	(219.41)	4,170.05	3,286.42	240.69	33.28	-	735.82	929.98
	Office equipment	2,893.94	187.38	-	-	(57.21)	3,024.12	2,225.60	304.86	-	-	495.71	668.34
	Vehicles	1,343.25	254.48	253.12	-	(20.36)	1,324.25	782.09	259.85	224.53	-	506.84	561.16
	ASSETS UNDER LEASE												
	Leasehold improvements	599.23	-	-	-	(207.73)	391.50	476.08	21.93	-	(177.53)	71.02	123.15
	SUB TOTAL (A)	45,465.02	3,182.85	793.82	-	(2,823.73)	45,030.33	25,587.64	2,211.90	721.61	-	20,839.65	19,877.38
B	INTANGIBLE ASSETS												
	Computer software	7,336.25	137.25	-	-	(162.76)	7,310.74	6,881.46	223.48	-	(69.86)	275.66	454.79
	Customer contracts #	350.00	-	-	-	-	350.00	291.67	58.33	-	-	-	58.33
	SUB TOTAL (B)	7,686.25	137.25	-	-	(162.76)	7,660.74	7,173.13	281.81	-	(69.86)	275.66	513.12
	TOTAL (A+ B)	53,151.27	3,320.10	793.82	-	(2,986.49)	52,691.07	32,760.77	2,493.71	721.61	-	21,115.31	20,390.50
	Previous year ended March 31, 2015	74,673.11	4,446.65	563.67	25,458.79	53.97	53,151.27	45,086.49	2,650.14	493.29	14,633.06	20,390.50	29,586.62

* Other adjustments represents foreign exchange gain / loss on account of translation of foreign branches and adjustments with respect to the loss on impairment provision created for Business Process Outsourcing division assets (Refer note 29).

This represents the customer contracts acquired by the Company from Pyxis Systems Private Limited through business purchase agreement dated October 9, 2012.

*** Pursuant to the Scheme of Arrangement (Demerger), on April 1, 2014, Gross Assets and Accumulated Depreciation amounting to Rs.25,458.79 lakhs and Rs.14,633.06 lakhs respectively, has been vested with Intellect Design Arena Limited (Resulting Company)

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

10. NON-CURRENT INVESTMENTS

Particulars	Currency	Face Value *	March 31, 2016		March 31, 2015	
			Units*	Amount	Units*	Amount
I. Trade Investments - Unquoted						
Investments in Equity Instruments - Subsidiaries (at cost)						
Polaris Consulting & Services GmbH (Germany)	EURO	1	600,000	261.99	600,000	261.99
Polaris Consulting & Services Pty Ltd (Australia)	AUD	1	25,000	8.11	25,000	8.11
Polaris Consulting & Services Ireland Ltd (Ireland)	EURO	1	176,186	88.96	176,186	88.96
Polaris Consulting and Services Japan K.K (Japan)	JPY	50,000	400	79.04	400	79.04
Polaris Consulting & Services Inc (Canada)	CAD	1	296,350	109.38	296,350	109.38
Intellect Polaris Design LLC, USA (Also Refer Note - 31)	USD	50,000	50	1,533.50	95	2,913.65
Polaris Consulting & Services Pte Ltd (Singapore)	SGD	1	250,010	119.85	250,010	119.85
Polaris Consulting & Services Limited (UK)	GBP	1	5,001	4.92	5,001	4.92
Polaris Consulting and Services FZ- LLC (Dubai)	AED	1000	1,500	261.00	-	-
Polaris Consulting & Services SA(Swiss)	CHF	5	200,000	685.30	-	-
				3,152.05		3,585.89
Investments in Preference shares - Subsidiaries (at cost)						
(Net of provision)						
Optimus Global Services Limited (Also refer note-10 I)	INR	2	1,492,030	-	1,492,030	-
II. Non - trade investment (Quoted)						
Investments in Preference shares - others (at cost)						
15.95 % Cumulative Non-convertible Redeemable preference shares- Infrastructure Leasing & Financial Services Ltd	INR	7,500	8,000	1,000.00	8,000	1,000.00
8.4 % Cumulative Non-convertible Redeemable preference shares-L&T Finance Holdings Limited	INR	100	1,000,000	1,000.00	1,000,000	1,000.00
8.33 % Cumulative Redeemable Non-participating preference shares- Tata Capital Limited	INR	1,000	50,000	500.00	50,000	500.00
				2,500.00		2,500.00
Investments in bonds (at cost)						
6.30% Indian Railway Finance Corporation Ltd	INR	100,000	500	500.00	500	500.00
8.25% National Highways Authority of India	INR	1,000	-	-	12,362	123.62

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

10. NON-CURRENT INVESTMENTS (contd...)

Particulars	Currency	Face Value *	March 31, 2016		March 31, 2015	
			Units*	Amount	Units*	Amount
II. Non - trade investment (Quoted)						
Investments in bonds (at cost)						
8.22% Housing and Urban Development Corporation Limited	INR	1,000	20,000	200.00	20,000	200.00
8.01% India Infrastructure Finance Company Limited	INR	1,000	-	-	150,000	1,500.00
8.18% Power Finance Corporation Limited	INR	1,000	-	-	32,389	323.89
8.14% National Thermal Power Corporation Limited	INR	1,000	-	-	9,499	94.99
8.14% Housing and Urban Development Corporation Limited	INR	1,000	-	-	100,000	1,000.00
8.14% National Housing Bank	INR	5,000	-	-	2,166	108.30
8.23% Indian Railway Finance Corporation Ltd	INR	1,000	-	-	50,000	500.00
8.27% National Highways Authority of India	INR	1,000	-	-	50,000	500.00
8.35% National Highways Authority of India	INR	1,000,000	-	-	100	1,038.66
8.35% National Highways Authority of India	INR	1,000,000	-	-	50	525.19
8.51% Housing and Urban Development Corporation Limited	INR	1,000	100,000	1,141.40	100,000	1,161.68
8.30% National Highways Authority of India	INR	1,000	50,000	551.00	50,000	585.56
8.46% National Housing Bank	INR	1,000,000	50	564.00	50	569.08
				2,956.40		8,730.97
Total Non-current investments				8,608.45		14,816.86
Aggregate amount of unquoted investments				3,152.05		3,585.89
Aggregate amount of quoted investments				5,456.40		11,230.97
Market value of quoted investments				5,162.02		11,889.06

* Units & face value are in absolute numbers

10. I. Investments in subsidiaries

During the year ended March 31, 2012, pursuant to the Approved Scheme of Arrangement with Optimus Global Services Limited ("Optimus"), a subsidiary of the Company (with 99.94% holding), the Company had merged the BPO division of Optimus into the Company with effect from October 1, 2011. Consequent to the scheme, as at March 31, 2016, the company holds 8,49,997 equity shares and 14,92,030 preference shares in the reorganised capital structure of the subsidiary. Further, the Company had taken over net assets aggregating to Rs. 1,652.33 lakhs and accumulated losses of Rs. 3,033.72 lakhs and credited the same to the Company's investment in equity and preference shares of Optimus, resulting in the carrying value of the respective investments in Optimus to be Nil.

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

11. DEFERRED TAX ASSETS (NET)

Particulars	March 31, 2016	March 31, 2015
Deferred Tax Liability		
Fixed assets	204.12	236.91
Deferred Tax Asset		
Provision for doubtful debts	157.51	98.61
Others	327.52	148.01
Total Deferred tax assets (net)	689.15	483.53

12. LONG TERM LOANS AND ADVANCES

Particulars	March 31, 2016	March 31, 2015
Unsecured, considered good		
Capital Advances	93.25	149.71
Security Deposits	838.28	936.47
Loans and advances to related parties #		
Loans to Employees Welfare Trust	239.64	411.64
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	75.61	8.77
Loans to employees	234.88	233.41
Advance income tax (Net of provision for tax)	6,079.72	7,166.73
Total Long term loans and advances	7,561.38	8,906.73

Refer Note – 19. Related party transactions

13. OTHER NON CURRENT ASSETS

Particulars	March 31, 2016	March 31, 2015
Forward cover receivable, Net*	554.62	244.26
Total Other non current assets	554.62	244.26

*As per the accounting policy specified in note 3(j), the outstanding forward cover receivables/payables as on March 31, 2016 has been segregated in to current and non-current as per the Schedule III of the Companies Act, 2013. Consequent to this, the current portion of Rs.513.99 lakhs (March 31,2015 - Rs.5,528.56 lakhs) has been recorded as forward cover receivable under other current assets and non-current portion of Rs.554.62 lakhs has been recorded as forward cover receivable under other non current assets (March 31, 2015- Rs.244.26 lakhs).

14. CURRENT INVESTMENTS

Particulars	Face Value *	March 31, 2016		March 31, 2015	
		Units*	Amount	Units*	Amount
Non- Trade Investments (Unquoted)					
Investments in Mutual Funds					
(At Cost or Market price whichever is Lower)					
Dividend Schemes	Rs.				
IDFC SSI Medium-term Reg-DD	10	-	-	2,994,732	301.94
Growth Schemes					
Birla Sun Life Cash Plus	100	808,919	2,132.88	-	-
Reliance Liquid Fund - Treasury Plan	1000	67,736	2,488.99	-	-
HDFC Liquid Fund	1000	105,293	3,135.43	-	-
ICICI Prudential Liquid Fund	100	1,249,429	2,788.61	-	-
Axis Banking Debt-G	1000	-	-	39,645	500.00
Total Current investment			10,545.91		801.94

* Units & face value are in absolute numbers

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

15. TRADE RECEIVABLES

Particulars	March 31, 2016	March 31, 2015
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured considered good #	2,992.25	2,408.44
- Doubtful	455.12	290.12
Less: Allowance for bad and doubtful debts	(455.12)	(290.12)
	2,992.25	2,408.44
Other debts		
- Unsecured considered good	24,396.13	23,024.89
Total Trade receivables	27,388.38	25,433.33

Refer Note- 19 Related party transactions

16. CASH AND BANK BALANCE

Particulars	March 31, 2016	March 31, 2015
Cash and cash equivalents		
Cash on hand	1.04	1.77
Balance with banks		
- On Current & Deposit accounts	3,486.43	2,827.44
- Unpaid dividend accounts	128.37	5,094.00
Total Cash and bank balance	3,615.84	7,923.21

17. SHORT TERM LOANS AND ADVANCES

Particulars	March 31, 2016	March 31, 2015
Unsecured, considered good		
Loans and advances to related parties#	861.20	2,113.17
Loans and advances to others	4.35	-
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	4,726.99	1,797.07
Loans to employees	532.80	478.27
Salary advance	127.71	69.11
Input tax credit receivable	537.66	15.29
Security Deposits	-	25.00
Total Short term loans and advances	6,790.71	4,497.91

Refer Note – 19. Related party transactions

18. OTHER CURRENT ASSETS

Particulars	March 31, 2016	March 31, 2015
Revenues accrued and not billed #	15,216.43	18,540.77
Other receivable	100.31	154.23
Forward cover receivable, Net*	513.99	5,528.56
Total Other current assets	15,830.73	24,223.56

* Refer Note 13

Refer Note – 19. Related party transactions

19. RELATED PARTY TRANSACTIONS

List of related parties

Ultimate Holding Company

Virtusa Corporation, US w.e.f March 03 2016

Holding Company

Virtusa Consulting Services Private Limited (Virtusa India) w.e.f March 03 2016

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (contd...)

Subsidiaries

1. Polaris Consulting & Services Pte Ltd, Singapore ('PCSL Singapore')	8. Polaris Consulting & Services Ireland Ltd., ("PCSL Ireland") (Formerly known as Polaris Software Lab Ireland Ltd)
2. Polaris Consulting & Services Inc ('PCSL Canada') (Formerly known as Polaris Software Lab Canada Inc)	9. Polaris Consulting & Services B.V, Netherlands ('PCSL Netherlands') *
3. Polaris Consulting & Services Limited, United Kingdom ('PCSL UK')	(Formerly known as Polaris Software Lab B.V, Netherlands)
4. Polaris Consulting & Services GmbH ('PCSL Germany') (Formerly known as Polaris Software Lab GmbH)	10. Polaris Software (shanghai) company Limited ('PSL China') **
5. Polaris Consulting & Services Pty Ltd, Australia ('PCSL Australia') (Formerly known as Polaris Software Pty Ltd)	11. Polaris Software Consulting & Services Sdn. Bhd. ('PCSL Malaysia')** (Formerly known as Polaris Software Lab Sdn. Bhd.)
6. Polaris Consulting and Services Japan K.K ('PCSL Japan') (Formerly known as Polaris Software Lab Japan KK)	12. Polaris Consulting & Services, KFT, Hungary ('PCSL Hungary')*
7. Optimus Global Services Limited ('Optimus')	13. Polaris Consulting and Services FZ- LLC, Dubai ('PCSL Dubai')
	14. Polaris Consulting & Services SA (Switzerland)

* Subsidiaries of Polaris Software Lab Limited, UK

** Subsidiaries of Polaris Software Lab Pte Limited, Singapore

Others

(a) Venturer in respect of which the Polaris Consulting & Services Limited is a Joint Venture.

1. Intellect Polaris Design LLC, USA, ('IPDLLC USA') - from January 01, 2016, (Up to December 31, 2015 it is subsidiary)

(b) Enterprises that directly, or indirectly through one or more intermediaries, over which Key Management Personnel is able to exercise significant influence, "Others" up to 02 March 2016.

1. Intellect Design Arena Pte Ltd, Singapore ('Intellect Singapore') (Formerly known as Polaris Software Lab Pte Limited)	10. Indigo TX Software Pvt Ltd India ('Indigo TX')
2. Intellect Design Arena Limited, UK ('Intellect UK') (Formerly known as Polaris Software Lab Ltd)	11. Intellect Design Arena Co. Ltd, Vietnam ('Intellect Vietnam') (Formerly known as Polaris Software Lab Vietnam Co. Ltd)
3. Intellect Design Arena Limited SA, Switzerland ('Intellect Switzerland') (Formerly known as Polaris Software Lab SA)	12. SFL Properties Private Ltd, India ('SFL Properties')
4. Intellect Design Arena Limited FZ-LLC ('Intellect Dubai') (Formerly known as Polaris Software Lab FZ- LLC)	13. Intellect Design Arena Philippines, Inc ('Intellect Philippines')
5. Polaris Enterprise Solutions Limited, India ('PESL')	14. Sonali Polaris FT Limited, Bangladesh ('Sonali Polaris FT')
6. Polaris Software lab Chile Limitada, Chile ('Intellect Chile')	15. FT Grid Pte Ltd, Singapore
7. Intellect Design Arena Inc. ('Intellect US') (Formerly known as Polaris Software Lab Inc.)	16. Intellect Design Arena Limited, India (Intellect India) (Formerly known as Fin Tech Grid Limited)
8. SEEC Technologies Asia Private Limited ('Seec Asia')	17. Intellect Design Arena, PT Indonesia
9. Laser Soft Infosystems Limited, India ('Laser Soft')	18. Polaris Banyan Holding Private Ltd
	19. Orbitech Limited

(c) Enterprises that directly, or indirectly through one or more intermediaries, over which Key Management Personnel is able to exercise significant influence, "Others"

1. Orbitech Employees Welfare trust
2. Associate Stock Option Plan (Trust) 2011 ('ASOP Trust 2011')

(d) Fellow subsidiaries with effect from March 03, 2016

1. Virtusa UK Limited
2. Virtusa International BV, the Netherlands

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (contd...)

Key Management Personnel

1. Arun Jain, Chairman (till March 02, 2016)
2. Rama Sivaraman, Executive Director (effective from March 04, 2016)
3. Jitin Goyal, Executive Director (effective from November 07, 2014)
4. Vaidyanathan N.M, Chief Financial Officer (effective from March 04, 2015)
5. Christina Pauline Beulah, Company Secretary (effective from November 07, 2014)

Particulars	Subsidiaries		Others		Key management personnel	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
BALANCE DUE FROM RELATED PARTIES						
Trade receivables						
PCSL Australia	219.87	22.09	-	-	-	-
PCSL Singapore	192.50	119.71	-	-	-	-
PCSL Germany	-	4.86	-	-	-	-
Intellect Philippines	-	-	-	42.94	-	-
Intellect India	-	-	-	1,569.97	-	-
Intellect US	-	-	-	478.33	-	-
	412.37	146.66	-	2,091.24	-	-
Long term loans and advances						
Loans to employee welfare trusts						
Orbitech Employee Welfare Trust	-	-	239.64	411.64	-	-
	-	-	239.64	411.64	-	-
Short term loans and advances						
Optimus	109.81	141.97	-	-	-	-
PCSL Australia	5.10	13.75	-	-	-	-
PCSL Canada	513.31	-	-	-	-	-
PSL China	22.96	24.31	-	-	-	-
PCSL Dubai	162.17	-	-	-	-	-
PCSL Malaysia	-	2.22	-	-	-	-
PCSL Ireland	2.03	19.04	-	-	-	-
PCSL Germany	-	14.16	-	-	-	-
PCSL Hungary	22.34	6.79	-	-	-	-
PCSL Singapore	8.11	25.12	-	-	-	-
PCSL Netherlands	15.37	-	-	-	-	-
Indigo TX	-	-	-	0.03	-	-
LaserSoft	-	-	-	4.14	-	-
Intellect Dubai	-	-	-	20.09	-	-
Intellect US	-	-	-	1,841.55	-	-
	861.20	247.36	-	1,865.81	-	-
Other current assets						
Virtusa India (Holding Company)	-	-	674.00	-	-	-
	-	-	674.00	-	-	-

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (contd...)

Particulars	Subsidiaries		Others		Key management personnel	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
BALANCE DUE TO RELATED PARTIES						
Trade payables						
PCSL Germany	50.98	-	-	-	-	-
PCSL Dubai	721.14	-	-	-	-	-
PCSL Japan	48.69	153.90	-	-	-	-
PCSL Ireland	365.52	170.28	-	-	-	-
PCSL UK	4,413.40	2,004.82	-	-	-	-
PCSL Singapore	282.84	254.68	-	-	-	-
IPDLLC USA	-	77.73	-	-	-	-
Intellect Philippines	-	-	-	6.27	-	-
Intellect Dubai	-	-	-	902.00	-	-
Intellect India	-	-	-	(103.48)	-	-
Intellect Switzerland	-	-	-	774.40	-	-
	5,882.57	2,661.41	-	1,579.19	-	-
Other current liabilities						
PCSL Japan	206.71	1.12	-	-	-	-
PCSL Canada	10.22	53.99	-	-	-	-
PCSL UK	378.19	193.94	-	-	-	-
PSL Malaysia	2.06	-	-	-	-	-
Intellect US	-	-	-	0.74	-	-
PESL	-	-	-	6.22	-	-
Intellect India	-	-	-	16.44	-	-
Seec Asia	-	-	-	6.31	-	-
Intellect Switzerland	-	-	-	212.37	-	-
	597.18	249.05	-	242.08	-	-
INVESTMENTS						
PCSL Australia	8.11	8.11	-	-	-	-
PCSL Japan	79.04	79.04	-	-	-	-
PCSL Singapore	119.85	119.85	-	-	-	-
PCSL Canada	109.38	109.38	-	-	-	-
PCSL Germany	261.99	261.99	-	-	-	-
PCSL Ireland	88.96	88.96	-	-	-	-
PCSL UK	4.92	4.92	-	-	-	-
IPDLLC USA	1,533.50	2,913.65	-	-	-	-
PCSL Dubai	261.00	-	-	-	-	-
PCSL Swiss	685.30	-	-	-	-	-
	3,152.05	3,585.90	-	-	-	-

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (contd...)

Particulars	Subsidiaries		Others		Key management personnel	
	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15
TRANSACTIONS DURING THE PERIOD						
Advances/Loan given						
PCSL Australia	98.25	52.31	-	-	-	-
PCSL Japan	5.80	8.00	-	-	-	-
PCSL Malaysia	18.26	45.21	-	-	-	-
PCSL China	-	1.68	-	-	-	-
PCSL Singapore	48.48	112.97	-	-	-	-
PCSL Germany	4.98	5.08	-	-	-	-
PCSL Ireland	3.04	20.64	-	-	-	-
PCSL Netherlands	14.24	-	-	-	-	-
PCSL Hungary	14.55	6.77	-	-	-	-
PCSL UK	193.44	87.02	-	-	-	-
PCSL Dubai	54.00	-	-	-	-	-
Intellect UK	-	-	1.18	-	-	-
Intellect Dubai	-	-	26.94	-	-	-
Intellect Switzerland	-	-	7.21	-	-	-
	455.04	339.68	35.33	-	-	-
Software development service income						
PCSL Australia	9,030.47	5,453.49	-	-	-	-
PCSL Japan	3,550.13	5,113.71	-	-	-	-
PCSL Singapore	952.92	516.80	-	-	-	-
PCSL Germany	117.17	267.47	-	-	-	-
PCSL UK	15,916.95	14,868.51	-	-	-	-
PCSL Dubai	485.76	-	-	-	-	-
Intellect US	-	-	-	782.77	-	-
Intellect Dubai	-	-	-	164.48	-	-
Intellect Philippines	-	-	1,272.57	31.96	-	-
Intellect Switzerland	-	-	-	291.80	-	-
Intellect India	-	-	2,518.15	1,935.29	-	-
Virtusa India (Holding Company)	-	-	674.00	-	-	-
	30,053.40	26,219.98	4,464.72	3,206.30	-	-
Software development expenses						
PCSL Australia	7,013.59	4,276.11	-	-	-	-
PCSL Japan	2,292.52	2,562.08	-	-	-	-
PCSL Germany	167.35	252.85	-	-	-	-
PCSL Ireland	235.37	259.74	-	-	-	-
PCSL UK	18,621.92	14,065.14	-	-	-	-
PCSL Singapore	1,393.41	2,991.77	-	-	-	-
PCSL Dubai	3,678.43	-	-	-	-	-
Intellect Dubai	-	-	-	1,019.71	-	-
Intellect Philippines	-	-	-	6.27	-	-
Intellect India	-	-	2,204.92	(211.11)	-	-
Intellect US	-	-	137.33	304.45	-	-
Intellect Switzerland	-	-	2,092.07	1,017.07	-	-
	33,402.59	24,407.69	4,434.32	2,136.39	-	-

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (contd...)

Particulars	Subsidiaries		Others		Key management personnel	
	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15
Remuneration to key managerial personnel						
Remuneration & other benefits	-	-	-	-	192.38	82.51
Reimbursement of expenses to the Company						
<i>Optimus</i>	3.08	-	-	-	-	-
PCSL Australia	-	1.44	-	-	-	-
PCSL China	-	6.41	-	-	-	-
PCSL Japan	219.56	151.36	-	-	-	-
PCSL Singapore	8.10	53.44	-	-	-	-
PCSL UK	906.34	-	-	-	-	-
PCSL Dubai	52.98	-	-	-	-	-
PCSL Malaysia	0.30	58.75	-	-	-	-
PESL	-	-	-	16.66	-	-
IndigoTx	-	-	-	1.66	-	-
Lasersoft	-	-	-	41.66	-	-
Intellect Dubai	-	-	-	63.60	-	-
Intellect US	-	-	-	1,897.62	-	-
SEEC Asia	-	-	-	1.26	-	-
Intellect Switzerland	-	-	167.37	-	-	-
Intellect India	-	-	591.77	936.38	-	-
	1,190.36	271.40	759.14	2,958.84	-	-
Reimbursement of expenses by the Company						
<i>Optimus</i>	18.78	2.37	-	-	-	-
PCSL Australia	7.54	0.72	-	-	-	-
PCSL Japan	1.57	124.55	-	-	-	-
PCSL Malaysia	-	1.25	-	-	-	-
PCSL Singapore	5.13	27.05	-	-	-	-
PCSL Canada	1,466.83	1,386.57	-	-	-	-
PCSL Ireland	45.42	80.25	-	-	-	-
PCSL UK	-	2,749.98	-	-	-	-
PCSL Netherlands	0.46	-	-	-	-	-
Indigo TX	-	-	0.03	-	-	-
LaserSoft	-	-	1.41	16.15	-	-
SEEC ASIA	-	-	-	2.93	-	-
PESL	-	-	3.29	-	-	-
Intellect Dubai	-	-	-	31.65	-	-
Intellect India	-	-	282.56	618.43	-	-
Intellect Switzerland	-	-	-	32.59	-	-
Intellect US	-	-	315.88	329.73	-	-
	1,545.73	4,372.74	603.17	1,031.48	-	-

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

19. RELATED PARTY TRANSACTIONS (contd...)

Particulars	Subsidiaries		Others		Key management personnel	
	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15
Rental Income						
Intellect India	-	-	239.39	95.31	-	-
	-	-	239.39	95.31	-	-
Dividend Income						
PCSL Singapore	926.04	682.53	-	-	-	-
Intellect Singapore	-	-	-	1,300.07	-	-
	926.04	682.53	-	1,300.07	-	-
Rental Expenses						
IPDLLC USA	196.37	77.73	-	-	-	-
Intellect India	-	-	314.75	192.20	-	-
SEEC ASIA	-	-	25.03	25.60	-	-
	196.37	77.73	339.78	217.80	-	-
Investments						
PCSL Dubai	261.00	-	-	-	-	-
PCSL Swiss	685.30	-	-	-	-	-
PCSL Singapore	-	119.85	-	-	-	-
PCSL UK	-	4.92	-	-	-	-
IPDLLC USA	-	2,913.65	-	-	-	-
	946.30	3,038.42	-	-	-	-
Sale of shares						
IPDLLC USA (Refer note 31)	-	-	1,380.15	-	-	-
	-	-	1,380.15	-	-	-

20. COMMITMENTS AND CONTINGENT LIABILITIES

(i) The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at March 31, 2016 is Rs 236 Lakhs (March 31, 2015 : Rs 678 Lakhs)

(ii). Claims against the Company, not acknowledged as debts includes:

1. Demand from Indian income tax authorities as at March 31, 2016 is Rs 10,957.34 Lakhs (March 31, 2015: Rs. 6,895.50 Lakhs).
2. Sales Tax demand from Commercial Tax Officer Chennai as at March 31, 2016 is Rs.520 Lakhs (March 31, 2015: Rs.520 Lakhs).
3. Sales Tax demand from Commercial Tax Officer, Hyderabad as at March 31, 2016 is Rs.42.4 Lakhs (March 31, 2015: Rs 107 Lakhs). Against the said liability the Company has made a deposit of Rs.21.20 lakhs (March 31, 2015 : Rs 27.91 lakhs)
4. Service tax demand from Commissioner of Central Excise, Chennai as at March 31, 2016 is Rs. Nil (March 31, 2015: Rs. 201 Lakhs). Against the said liability the Company has made a deposit of Rs.Nil (March 31, 2015 Rs 68.28 lakhs)

The Company is contesting the demands raised by the respective tax authorities, and the management, including its tax advisers, believes that its position will likely be upheld in the appellate process and ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

The Company has received draft assessment order for Assessment Year 2012-13 and since the order is in the draft stage, the same has not been disclosed as contingent liability.

(iii) There is a claim for damages by the vendor for an amount of Rs 90 lakhs towards alleged breach of intellectual property rights which the Company has not accepted and is defending itself appropriately.

(iv) The Company is also involved in a law suit with and claims including suits filed by former employees, which arise in the ordinary course of business. However there are no such matters pending that the Company expects to be material in relation to its business.

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

21. HEDGING OF FOREIGN CURRENCY EXPOSURES

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to forecasted transactions. The Company does not use forward contracts for speculative purposes.

The following are the outstanding Forward Exchange Contracts entered into by the Company as at March 31, 2016 including forward cover taken for forecasted revenue receivable transactions:

Particulars (USD and INR in Lakhs)	As at March 31, 2016	As at March 31, 2015
Number of contracts	48	93
US \$ Equivalent	1,320	1,800
INR Equivalent	93,364	126,176

The period end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	As at March 31, 2016		As at March 31, 2015	
		Amount in Foreign currency	INR Equivalent	Amount in Foreign currency	INR Equivalent
Amounts receivable in foreign currency	USD	360.80	23,906.93	706.72	44,169.85
	GBP	24.37	2,326.47	3.28	303.50
	EUR	4.10	309.41	1.04	69.80
	AUD	18.24	929.83	0.75	35.84
	SAR	0.21	3.71	-	-
	SGD	0.16	8.11	1.38	62.75
	CHF	3.60	248.66	3.07	197.54
	CAD	10.02	513.31	-	-
	CLP	1,260.25	125.18	-	-
	MYR	-	-	0.13	2.22
	CNY	2.23	22.96	2.37	24.31
	JPY	167.77	98.97	68.49	35.70
	PHP	310.43	447.58	22.80	31.96
	HKD	-	-	11.38	91.70
	HUF	93.30	22.34	29.93	6.79
	Bank Balances	AED	8.99	162.17	1.18
USD		22.70	1,504.08	16.96	1,059.70
GBP		0.75	71.95	0.57	52.28
EUR		0.32	23.85	0.71	47.40
AUD		-	-	0.003	0.15
Amounts payable in foreign currency	SGD	-	-	0.03	1.37
	USD	97.45	6,456.72	51.95	3,246.63
	GBP	35.55	3,393.99	2.87	265.59
	EUR	4.85	365.52	2.71	181.83
	SGD	2.90	143.07	5.60	254.68
	CHF	0.04	2.83	19.79	1,271.58
	PHP	4.47	6.45	4.48	6.28
	SAR	-	-	1.36	22.69
	AED	39.81	718.20	33.47	569.69
	CAD	-	-	1.10	53.99
	MYR	0.12	2.06	-	-
JPY	350.42	206.71	2.14	1.12	

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

22. OTHER INCOME

Particulars	March 31, 2016	March 31, 2015
Interest income		
Interest from deposits with banks	21.11	11.98
Interest on non-current investments	219.17	514.64
Interest on others	137.81	44.26
Dividend income		
Dividends received from investments	1,186.25	2,193.17
Net gain/(loss) from sale of investments		
Profit on sale of current investments, net	484.88	302.86
Other non-operating Income		
Miscellaneous income, Net	265.08	120.57
Profit on sale of fixed assets, net	5.17	26.66
Foreign exchange fluctuation	593.60	553.36
Total other income	2,913.07	3,767.50

23. DETAILS OF EXPENSES

Particulars	March 31, 2016	March 31, 2015
Employee benefits expenses		
Salaries and incentive		
Salaries and bonus	124,345.42	110,358.62
Cost of technical sub-contractors	11,147.33	12,714.46
Contribution to -		
Provident fund	1,860.88	1,755.05
Superannuation fund	719.28	662.71
Other funds	2,779.46	2,784.55
Gratuity contribution scheme	371.22	511.82
Social security and other benefit plans for overseas employees	3.55	26.06
Staff welfare expenses	5,676.42	4,806.42
Total Employee benefits expenses	146,903.56	133,619.69

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

23. DETAILS OF EXPENSES (contd...)

Particulars	March 31, 2016	March 31, 2015
Other expenses		
Cost of software packages, hardware, consumable and maintenance	85.55	349.49
Travelling expenses	5,226.22	5,242.99
Communication expenses	1,374.61	1,260.16
Professional and Legal charges	2,666.63	2,291.28
Power and fuel	1,290.44	1,336.07
Rent	1,619.25	1,456.66
Repairs - Plant and machinery	845.75	726.39
Repairs - Building	60.13	49.81
Repairs - Others	626.28	553.44
Business promotion	631.94	472.22
Office maintenance	652.91	633.44
Provision for doubtful debts	165.00	165.00
Bad debts / advances written off	-	2.20
Insurance	291.37	266.15
Printing and stationery	90.73	84.61
Rates and taxes excluding Taxes on Income	142.24	177.07
Donations	305.33	334.17
Payment to the auditors		
- Statutory audit	51.00	44.00
- for other services	216.83	24.75
- for reimbursement of expenses	4.18	2.86
Directors' sitting fees	17.72	8.62
Bank charges and commission	44.91	37.48
Miscellaneous expenses	429.35	666.63
Total Other expenses	16,838.37	16,185.49

24. GRATUITY

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund. The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Particulars	March 31, 2016	March 31, 2015
Obligations at the beginning of the year	2,020.04	1,764.80
Current service cost	474.03	325.52
Interest cost	137.24	126.49
Actuarial losses	6.41	64.33
Benefits paid	(390.02)	(261.10)
Obligations at the end of the year	2,247.70	2,020.04
Change in plan assets		
Plan assets at year beginning, at fair value	1,584.61	1,450.98
Expected return on plan assets	125.29	131.29
Actuarial gain	121.18	(126.77)
Contributions	562.75	388.12
Benefits paid	(390.02)	(259.01)
Plan assets at the end of the period, at fair value	2,003.81	1,584.61

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

24. GRATUITY (contd...)

Particulars	March 31, 2016	March 31, 2015
Fair value of plan assets at the end of the period	2,003.81	1,584.61
Present value of defined benefit obligations at the end of the period	(2,247.70)	(2,020.04)
Liability recognized in the balance sheet	(243.89)	(435.43)
Gratuity cost for the year		
Current service cost	474.03	325.52
Interest cost	137.24	126.49
Expected return on plan assets	(125.29)	(131.29)
Actuarial (gain) / losses	(114.76)	191.10
Net gratuity cost	371.22	511.82
Experience adjustments on plan liabilities	6.41	64.33
Experience adjustments on plan assets	121.18	(126.77)
Actual return on plan assets	246.47	4.52
Assumptions:		
Discount rate	7.52%	7.74%
Estimated return on plan assets	7.52%	8.00%
Employee turnover	19.08%	19.08%

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
The present value of defined benefit obligation	(2,247.70)	(2,020.04)	(2,691.17)	(2,551.60)	(2,153.09)
Fair value of plan assets	2,003.81	1,584.61	2,192.10	1,426.65	618.48
Deficit	(243.89)	(435.43)	(499.07)	(1,124.95)	(1,534.61)
The experience adjustment on plan assets	121.18	(126.77)	50.72	4.59	6.18
The experience adjustment on plan liabilities.	6.41	64.33	(3.70)	(4.57)	(4.60)

The amount expected to be contributed to the gratuity fund in the next financial year is Rs. 243.89 lakhs and hence classified as short term provisions.

The funds are invested in the form of a prescribed insurance policy with ICICI prudential and Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

25. LEASE PAYMENTS

The Company has taken certain offices and residential premises for the employees under operating leases, which expires at various dates in future years. There are no significant restrictions imposed by the lease arrangements. The minimum lease rental payments to be made in respect of these leases are as follows.

Particulars	March 31, 2016	March 31, 2015
Lease payments for the period	1,619.25	1,456.66
Minimum Lease Payments :		
Not later than one year	960.56	1,031.81
Later than one year and not later than five years	1,688.38	2,011.30
Later than five years	1,541.54	844.29
Total	4,190.48	3,887.40

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

26. SEGMENT REPORTING

The company's operations predominantly relates to IT services only and accordingly this is the only primary reportable segment as per AS-17

Secondary segmental information is based on geographical location of the customers.

Secondary segment information (by Geographical segment)

Customer relationships are driven based on the location of the respective client. The geographical segments comprise:

- United States of America;
- Europe;
- Asia Pacific; and
- India & Rest of World (RoW)

Year ended March 31, 2016	India & RoW	Asia Pacific	Europe	United States	Total
Revenue	23,176.43	22,583.76	40,044.25	96,766.40	182,570.84
Other segment information					
Total assets	94,352.46	166.32	-	8,181.70	102,700.48
Capital expenditure:					
Tangible fixed assets & intangible assets	3,270.74	-	-	49.36	3,320.10
Year ended March 31, 2015	India & RoW	Asia Pacific	Europe	United States	Total
Revenue	18,704.23	21,474.86	34,806.43	92,835.02	167,820.54
Other segment information					
Total assets	95,224.75	136.45	12.81	12,347.82	107,721.83
Capital expenditure:					
Tangible fixed assets & intangible assets	4,011.25	-	-	435.40	4,446.65

27. VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	March 31, 2016	March 31, 2015
Capital goods	782.15	499.31
Total	782.15	499.31

Expenditure in foreign currency (accrual basis)

Particulars	March 31, 2016	March 31, 2015
Employee benefit expense	112,973.09	101,825.78
Travelling expense	2,815.80	2,823.65
Communication expense	282.99	237.87
Professional and legal charges	908.48	522.55
Business promotion	603.62	985.21
Rent	666.42	408.54
Others	636.92	726.64
Total	118,887.32	107,530.24

includes the expenses of foreign branch operations

Earning in foreign currency (accrual basis)

Particulars	March 31, 2016	March 31, 2015
Income from software development services and products	157,174.93	147,694.41
Total	157,174.93	147,694.41

includes the earnings of foreign branch operations

28. SCHEME OF ARRANGEMENT (DE-MERGER) BETWEEN THE COMPANY AND INTELLECT DESIGN ARENA LIMITED

The Company (Demerged Company) had entered into a Scheme of Arrangement ('the Scheme') with Intellect Design Arena Limited ('Resulting Company', 'Intellect') to demerge the Product Business Undertaking into Intellect. In consideration for the vesting of the Product business undertaking to Intellect as per the terms of the Scheme, each member of the demerged company shall receive one equity share of Rs 5/- each in the resulting company for every one equity share of Rs 5/- each held in the demerged company.

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

28. SCHEME OF ARRANGEMENT (DE-MERGER) BETWEEN THE COMPANY AND INTELLECT DESIGN ARENA LIMITED (contd...)

The Scheme was approved by the Honourable High Court of Madras on September 15, 2014. The Company has filed the order approved by the High Court with the Registrar of the Companies, Chennai (ROC) on September 24, 2014. The ROC had approved the said demerger on September 25, 2014. The Scheme has accordingly been given effect to in these financial statements with retrospective effect from April 1, 2014.

The following assets and liabilities have been divested into the Resulting Company from Polaris Consulting & Services Limited with effect from April 1, 2014 pursuant to the Scheme.

Particulars	April 1, 2014
LIABILITIES	
Non-Current Liabilities	
Deferred tax liabilities (Net)	1,336.09
Current Liabilities	
Trade payables	6,290.74
Other current liabilities	2,761.65
Short-term provisions	730.65
Total liabilities (A)	11,119.13
ASSETS	
Non-Current Assets	
Fixed assets	
- Tangible assets	10,661.11
- Intangible assets	164.63
- Capital work-in-progress	3,479.01
	14,304.75
Non-current investments	13,372.66
Long-term loans and advances	424.08
Other non-current assets	1,802.00
Current Assets	
Trade receivables	7,539.45
Cash and bank balance	24,191.83
Short-term loans and advances	3,038.31
Other current assets	5,127.72
Total assets (B)	69,800.80
Net assets (B-A)	58,681.67

The Net Assets relating to the Product Business undertaking amounting to Rs 58,681.67 lakhs divested into the Resulting Company as at April 1, 2014, pursuant to the scheme of arrangement has been adjusted as per the terms of the Scheme against the Reserves of the Company as under;

(i) Securities Premium Account	19,147.69
(ii) General Reserve	17,255.30
(iii) Surplus from the Statement of the profit & loss	22,278.68
	58,681.67

29. EXCEPTIONAL ITEMS

Particulars	March 31, 2016	March 31, 2015
(a) De-merger expenses*	-	(689.25)
(b) Transaction expenses #	(1,517.55)	-
(c) Loss on BPO business assets held for sale **	(666.03)	-
Total	(2,183.58)	(689.25)

* During the previous year, the Company restructured the organization in terms of structure, people, processes and systems to orient around the customer with specific focus towards the services segments of its business. Due to the significance of the amount and its non-routine nature, the same has disclosed separately as an exceptional item.

On March 3, 2016, Virtusa Consulting Services Private Limited ("Virtusa India"), a subsidiary of Virtusa Corporation ("Virtusa"), completed the acquisition of 52.9% of the outstanding share capital of Polaris Consulting & Services Limited ("Polaris") from certain shareholders of the Company for approximately Rs. 1,13,642.83 lakhs (\$174 million) in cash (the "Polaris SPA Transaction"). 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

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

29. EXCEPTIONAL ITEMS (contd...)

public shareholders of the Company to purchase up to an additional 26.0% of the outstanding shares of the Company. Virtusa India accepted the purchase of 26,719,942 shares of Polaris common stock for Rs. 220.73 per share (\$3.25 per share) for an aggregate purchase price of Rs. 589.8 Crore (\$86.8 million). The mandatory open offer began on March 11, 2016 and closed on March 28, 2016 and was fully subscribed. As a result, Virtusa India now holds approximately 79% of the total outstanding share capital of Polaris. In connection with this transaction, Polaris incurred a costs of Rs.1,517.55 lakhs for the year ended March 31, 2016 and the same is disclosed under exceptional items-others, being significant and non-recurring.

** The Company entered into a Business Transfer Agreement with M/s Gamma Process Hub India Limited on February 25, 2016 to transfer all its legal and beneficial ownership in the BPO business as a going concern for a consideration of Rs 200 Lakhs. The Company has recognised an impairment loss of Rs 666 Lakhs during the quarter ended March 31, 2016, which included a commitment to infuse working capital in cash prior to transfer amounting to Rs. 400 Lakhs pursuant to the terms of the Business Transfer Agreement.

30. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

As at March 31, 2016, the Company had no outstanding dues to Micro and Small enterprises (for March 31, 2015: Rs Nil). The list of Micro and Small enterprises was determined by the Company on the basis of information available with the Company. The Company also had no outstanding dues that require to be furnished under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

31. SALE OF STAKE IN INTELLECT POLARIS DESIGN LLC

On December 31, 2015, the Company divested 45% of its membership interest in Intellect Polaris Design LLC for a consideration of Rs. 1,380.15 lakhs to Intellect Design Arena Limited. After the divestment, Intellect Design Arena Limited and Polaris Software Lab Inc. ("PSL") (a wholly owned subsidiary of Intellect Design Arena Limited, which already owns 5% of the membership interest in Intellect Polaris Design LLC) together holds 50% of the membership interest in Intellect Polaris Design LLC and the Company holds the remaining 50%. On December 31, 2015, a principal shareholder of the Company was also a principal owner of Intellect Design Arena Limited. For a period of twelve months commencing on March 3, 2016, PSL has an option to purchase all, but not less than all, of the membership interest in Intellect Polaris Design LLC held by the Company for consideration equal to the product of USD 5,000,000 and the percentage interest held by the Company. If the option is not exercised, for the next twelve months, the Company has the option to purchase all, but not less than all, of the membership interest in Intellect Polaris Design LLC held by PSL for consideration equal to the product of USD 5,000,000 and the percentage interest held by the Company. As the Company held 95% shareholding in Intellect Polaris Design LLC till December 31, 2015, the same has been treated as a subsidiary till December 31, 2015 and with effect from January 01, 2016, the same been treated as a joint venture and accounted under proportionate consolidation method.

32. EARNINGS PER SHARE ("EPS")

Reconciliation of basic and diluted shares used in computing EPS:

Particulars	March 31, 2016	March 31, 2015
(i) Weighted average number of equity shares outstanding during the year - For basic EPS	100,235,574	99,760,484
Add: Effect of dilutive shares - Stock options granted under ASOP.	1,604,533	2,304,428
(ii) Weighted average number of equity shares outstanding during the year - For diluted EPS	101,840,107	102,064,912
(iii) The net profit for the period attributable to equity shareholders - For basic and diluted EPS	8,975.85	13,071.75
Earnings per Share (in Rs.)		
Basic earnings per share (iii)/(i)	8.95	13.10
Diluted earnings per share (iii)/(ii)	8.81	12.81

33. PREVIOUS PERIOD COMPARATIVES

Previous year figures have been regrouped/reclassified, wherever material and necessary to conform to current year presentation.

As per our attached report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Chennai
May 12, 2016

For and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

Hari Raju Mahadevu
Director

Vaidyanathan N. M
Chief Financial Officer
Chennai
May 12, 2016

Jitin Goyal
Executive Director

Christina Pauline Beulah
Company Secretary

Independent Auditor's Report

To the Members of
Polaris Consulting & Services Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Polaris Consulting & Services Limited (hereinafter referred to as "the Holding Company"), its subsidiaries, (together referred to as "the Group"), and a joint controlled entity comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and the joint controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required

to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and the joint controlled entity, as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that :

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which

to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated balance sheet, consolidated statement of profit and loss, and consolidated cash flow statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and the joint controlled entity – Refer Note 21 to the consolidated financial statements;
 - ii. The Group and the joint controlled entity did not have any material foreseeable losses in long-term contracts including

derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Based on the report of the other auditor in respect of the subsidiary incorporated in India, we report that there were no amounts which were required to be transferred to the Investor Education and Protection Fund of the subsidiary;

Other Matter

- (a) The accompanying consolidated financial statements include total assets of Rs 23,393.15 lakhs as at March 31, 2016, and total revenues and net cash outflows of Rs 21,144.12 lakhs and Rs 8,551.49 lakhs for the year ended on that date, in respect of fourteen subsidiaries, and one jointly controlled entity, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and the jointly controlled entity, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Place of Signature: Chennai

Partner

Date: May 12, 2016

Membership Number: 210934

Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Polaris Consulting & Services Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of
Polaris Consulting & Services Limited

In conjunction with our audit of the consolidated financial statements of Polaris Consulting & Services Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Polaris Consulting & Services Limited (hereinafter referred to as the "Holding Company") and a subsidiary incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and the subsidiary incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated

effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and the subsidiary incorporated in India, have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Group companies considering the essential components of internal control stated in the

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to the subsidiary incorporated in India, and audited by other auditors, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Partner

Place of Signature: Chennai

Date: May 12, 2016

Membership Number: 210934

Consolidated Balance Sheet as at March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Notes	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	4	5,068.34	4,995.73
Reserves and surplus	5	91,179.26	80,086.74
		96,247.60	85,082.47
Minority Interest (refer note-31)		-	148.23
Non-Current Liabilities			
Deferred tax liabilities (net)	6	148.39	250.63
Current Liabilities			
Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		21,185.07	18,026.95
Other current liabilities	8	7,440.37	11,494.35
Short-term provisions	9	3,879.11	14,527.70
TOTAL		128,900.54	129,530.33
ASSETS			
Non-Current Assets			
Fixed assets	10		
- Tangible assets		22,582.54	22,954.64
- Intangible assets		275.66	513.12
		22,858.20	23,467.76
Non-current investments	11	5,711.97	11,488.22
Deferred tax assets (net)	12	963.64	807.95
Long-term loans and advances	13	7,785.75	9,128.70
Other non-current assets	14	554.62	244.26
Current Assets			
Current investments	15	10,790.42	1,050.40
Trade receivables	16	25,587.16	23,821.16
Cash and bank balance	17	26,405.96	19,161.29
Short-term loans and advances	18	7,593.53	10,883.37
Other current assets	19	20,649.29	29,477.22
TOTAL		128,900.54	129,530.33
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per **Bharath N S**

Partner

Membership No. 210934

Chennai

May 12, 2016

For and on behalf of the Board of Directors of

Polaris Consulting & Services Limited**Hari Raju Mahadevu**

Director

Vaidyanathan N. M

Chief Financial Officer

Chennai

May 12, 2016

Jitin Goyal

Executive Director

Christina Pauline Beulah

Company Secretary

Consolidated Statement of profit and loss for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Notes	Year ended March 31, 2016	Year ended March 31, 2015
REVENUE			
Income from operations		203,714.97	189,334.54
Other income	23	1,544.73	4,114.30
Total Revenue		205,259.70	193,448.84
EXPENSES			
Employee benefit expenses	24	156,765.93	146,129.33
Depreciation and amortisation expenses	10	2,655.40	2,790.87
Other expenses	25	21,691.06	20,696.44
Total Expenses		181,112.39	169,616.64
Profit before exceptional items and tax		24,147.31	23,832.20
Exceptional Items	30	(2,183.59)	(689.25)
Profit before tax		21,963.72	23,142.95
TAX EXPENSES			
Income taxes - Current tax		7,681.71	6,718.25
- Provision for taxes relating to earlier years		1,832.45	(167.00)
- Deferred tax		(252.54)	(128.97)
Profit after tax before share of results of associates and minority interests		12,702.10	16,720.67
Add: Share of profit from Associate Company		-	1.19
Add: Minority Interest		5.32	5.12
Profit for the year		12,707.42	16,726.98
Earnings per share (In Rs.) - (equity shares par value Rs 5 each)	32		
Basic		12.68	16.77
Diluted		12.48	16.39
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
 Chartered Accountants
 ICAI Firm Registration number: 101049W/E300004

per **Bharath N S**
 Partner
 Membership No. 210934

Chennai
 May 12, 2016

For and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

Hari Raju Mahadevu
 Director

Vaidyanathan N. M
 Chief Financial Officer

Chennai
 May 12, 2016

Jitin Goyal
 Executive Director

Christina Pauline Beulah
 Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	March 31, 2016	March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	21,963.72	23,142.95
Adjustments for:		
Depreciation and amortisation	2,655.40	2,790.87
Interest income	(406.86)	(694.70)
Dividend income	(261.05)	(1,514.67)
Gain on deconsolidation of subsidiary (refer note. 31)	(119.79)	-
Unrealised exchange (gain) / loss	399.25	(554.53)
Exchange difference on translation of foreign operations	1,803.37	(2,690.45)
Profit on sale of fixed assets (net)	(5.17)	(13.82)
Profit on sale of Investments (net)	(473.24)	(483.36)
Provision for doubtful debts	185.51	165.00
Bad debts written off	-	2.20
Operating profit before working capital changes	25,741.14	20,149.49
Changes in assets and liabilities		
Increase in trade receivables	(2,115.22)	(911.98)
Decrease/ (Increase) in loans and advances and other assets	7,052.88	(22,947.86)
Increase / (Decrease) in liabilities and provisions	5,257.81	14,490.48
Cash generated from operations	35,936.61	10,780.13
Taxes paid	(8,261.79)	(5,210.65)
Net cash from operating activities	27,674.82	5,569.48
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets, changes in capital work in progress and capital advance	(3,266.70)	(7,366.21)
Proceeds from sale of fixed assets	77.38	97.08
Purchase of non-current investments	7,362.73	(2,500.00)
Redemption / (Purchase) of current investments	(9,462.66)	9,752.14
Interest received	460.79	756.83
Dividend received	261.05	1,514.67
Net cash flow from/ (used in) investing activities	(4,567.41)	2,254.51

Consolidated Cash Flow Statement (contd...) for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	March 31, 2016	March 31, 2015
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from share capital issued on exercise of stock options	72.61	18.22
Proceeds from share premium on exercise of stock options	1,405.08	428.74
Dividends paid during the year	(14,976.44)	(6,219.89)
Dividend tax paid during the year	(2,037.20)	(1,701.14)
Net cash flow used in financing activities	(15,535.95)	(7,474.07)
Net increase in cash and cash equivalents during the year	7,571.46	349.92
Exchange differences on translation of cash and cash equivalents in foreign currency	(201.42)	288.79
Cash and cash equivalents at the beginning of the year	19,161.29	23,132.93
Impact on cash and cash equivalents on divestment of subsidiary (Refer note 31)	(125.37)	-
Cash and cash equivalents transferred on Demerger pursuant to Scheme of arrangement (Refer note 29)	-	(4,610.35)
Cash and cash equivalents at the end of the year	26,405.96	19,161.29
Components of cash and cash equivalents		
(Refer Note-17 cash and bank balance)		
Cash on hand	7.38	2.71
Balance with banks		
- On current account	24,727.77	9,182.74
- On deposit account	1,542.44	4,881.84
- On unpaid dividend account *	128.37	5,094.00
	26,405.96	19,161.29

* The balance with banks include Rs.128.37 lakhs (March 31, 2015: Rs.5,094 lakhs), which are not available for use by the Company as they represent unpaid dividend liabilities Rs.128.37 lakhs (March 31, 2015: Rs 98.27 lakhs) and dividend payable Rs.Nil (March 31, 2015 interim dividend payable: Rs 4,995.73).

As per our attached report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Chennai
May 12, 2016

For and on behalf of the Board of Directors of
Polaris Consulting & Services Limited

Hari Raju Mahadevu
Director

Vaidyanathan N. M
Chief Financial Officer

Chennai
May 12, 2016

Jitin Goyal
Executive Director

Christina Pauline Beulah
Company Secretary

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

1 DESCRIPTION OF THE GROUP

Polaris Consulting and Services Limited (formerly known as Polaris Financial Technology Limited) ("Polaris" or "the Company"), its subsidiaries and its associates (collectively referred to as "the Polaris Group" or "the Group") are primarily engaged in the business of IT services and IT-enabled services delivering customized software solutions and products in the domain of contemporary services which include banking and financial services.

Polaris is the flagship Company of the Group and is listed on the principal stock exchanges of India.

The list of subsidiaries with percentage holding is given below.

S. No	Subsidiaries	Country of incorporation	Proportion of ownership interest within the group	
			March 31, 2016	March 31, 2015
1	Polaris Consulting & Services Pty Ltd (Formerly known as Polaris Software Pty Ltd)	Australia	100.00%	100.00%
2	Polaris Consulting and Services GmbH (Formerly known as Polaris Software Lab GmbH)	Germany	100.00%	100.00%
3	Polaris Consulting and Services Japan K.K (Formerly known as Polaris Software Lab Japan KK)	Japan	100.00%	100.00%
4	Polaris Consulting & Services Ireland Limited (Formerly known as Polaris Software Lab Ireland Ltd)	Ireland	100.00%	100.00%
5	Polaris Consulting & Services Inc (Formerly known as Polaris Software Lab Canada Inc)	Canada	100.00%	100.00%
6	Polaris Software (shanghai) company Limited **	China	100.00%	100.00%
7	Polaris Consulting and Services B.V * (Formerly known as Polaris Software Lab B.V)	Netherlands	100.00%	100.00%
8	Optimus Global Services Limited	India	100.00%	100.00%
9	Polaris Software Consulting & Services Sdn Bhd ** (Formerly known as Polaris Software Lab Sdn Bhd)	Malaysia	100.00%	100.00%
10	Polaris Consulting & Services Pte Ltd (Incorporated on June 25, 2014)	Singapore	100.00%	100.00%
11	Polaris Consulting & Services Limited (Incorporated on June 30, 2014)	United Kingdom	100.00%	100.00%
12	Polaris Consulting & Services kft. * (Incorporated on July 03, 2014)	Hungary	100.00%	100.00%
13	Polaris Consulting and Services FZ- LLC (Incorporated on August 26, 2015)	UAE	100.00%	Nil
14	Polaris Consulting & Services SA (Incorporated on March 29, 2016)	Switzerland	100.00%	Nil

* Subsidiaries of Polaris Consulting & Services Limited, United Kingdom.

** Subsidiaries of Polaris Consulting & Services Pte Ltd, Singapore.

Joint venture with percentage of holding given below:

S. No	Joint Venture	Country of incorporation	Proportion of ownership interest within the group	
			March 31, 2016	March 31, 2015
1	Intellect Polaris Design LLC (Incorporated on July 23, 2014)	USA	50.00%	95.00%

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy for depreciation on tangible fixed assets. Refer note 3C.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, "Consolidated Financial Statements". The financial statements of the Company and its subsidiaries are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. Associates are entities over which the group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting as laid down under Accounting standard (AS) 23, "Accounting for Investment in Associate in Consolidated Financial Statements". Minority interest in the net income (profit after tax) for the reporting period is identified and adjusted against the group income to arrive at the net income of the Group; likewise the minority interest in the net assets of the consolidated subsidiaries is identified and presented separately on the liabilities side in the Consolidated Balance Sheet. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. All material inter-Company transactions and balances are eliminated on consolidation.

2B SCHEME OF ARRANGEMENT (DEMERGER)

The Board of Directors of the Company at its meeting held on March 18, 2014 had approved a Scheme of Arrangement between Polaris Consulting & Services Limited and Intellect Design Arena Limited (formerly known as Fintech Grid Limited) a wholly owned subsidiary of Polaris Consulting & Services Limited, and their respective shareholders which inter alia envisaged demerger of the Product business undertaking along with related assets and liabilities into Intellect Design Arena Limited with effect from April 1, 2014 in accordance with the provisions of the Companies Act, 1956. The above scheme has received the approval of the Madras High court on September 15, 2014. Consequently, the assets and liabilities which vest with Intellect Design Arena Limited have been excluded from the balance sheet of the Company.

The Company has accounted for the demerger as per the High Court order as more fully disclosed in Note 29.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Tangible fixed assets and capital work in progress

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises cost of tangible fixed assets not ready for intended use as at the balance sheet date.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c) Depreciation on tangible fixed assets

Depreciation on fixed assets is provided using the straight line method based on rates specified in Schedule II of the Companies Act 2013.

The estimated useful lives considered for depreciation of fixed assets are as follows:

Assets Category	Estimated useful life (years)
Buildings	29
Plant and machinery	15
Computer equipment	3
Servers and computer accessories	6
Electrical fittings, furniture and fixtures	10
Office equipment	5
Vehicles*	4-8
Leasehold improvements	Over the lease period or 10 years whichever is lower
Leasehold land	Over the lease period (99 years)

*Vehicles provided to the employees are depreciated over the period for which the loan is taken to purchase the vehicles. This policy is consistently followed by the Company.

The component accounting becomes effective from 1st April 2015 as per the requirements of Companies Act, 2013, however there is no impact on account of such application, as the Company's existing classification of fixed assets for depreciation purposes is in compliance with the requirement.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

d) Intangible assets

Intangible assets acquired are stated at cost, less accumulated amortization and impairment losses if any.

Research and development costs

Software product and intellectual property development costs are expensed as incurred until technological feasibility is established. Software development costs incurred subsequent to the achievement of technological feasibility are capitalized and amortised over estimated useful life of the products. This capitalisation is done only if the Company has the intention and ability to complete the product, the product is likely to generate future economic benefits, adequate resources to complete the product are available to the Company and the Company is able to accurately measure such expense.

Such software development costs comprise expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to the development of the product and intellectual property rights.

Amortisation

The amortisation of software development and intellectual property costs is allocated on a straight-line basis over the best estimate of its useful life after the product is ready for use. The factors considered for identifying the basis include obsolescence, product life cycle and actions of competitors. The amortization period and the method are reviewed at each year end. The expected useful life is reassessed at each year end and the amortization period is changed accordingly. The estimated useful life of company's intangible assets are stated below:

Assets category	Estimated useful life (years)
Computer software	3
Customer contracts acquired on business purchase agreements	3
Intellectual property rights	3-5

e) Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fairvalue of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term.

f) Impairment of tangible and intangible fixed assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax discount rate reflecting current market assessment of time value of money and risks specific to asset.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Investments

Investments are classified as long-term investments and current investments. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at the lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Software development and support services

Revenue from software development and support services comprises income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue from fixed-price

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

contracts is recognized in accordance with the proportionate completion method. Provision for estimated losses on incomplete contract is recorded in the year in which such losses become probable based on the current contract estimates.

Product licenses and related revenues

Revenues from product licenses and related services comprise income under multiple element arrangements recognized as follows:

- License fees and fees for customization/implementation services are recognized using proportionate completion method. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.
- Product maintenance revenues are recognized over the period of the maintenance contract.

Revenue from sale of licenses which are not in the nature of multiple element arrangements are recognized upon delivery of these licenses which constitute transfer of all risks and rewards and has no further obligations under those arrangements.

Revenue in excess of billing represents earnings on ongoing fixed price and time and material contracts over amounts invoiced to customers. Billing in excess of revenue represents amounts billed in case of ongoing fixed price and time and material contracts wherein amounts have been billed in accordance with the billing cycle and efforts would be incurred subsequent to the balance sheet date.

Business Process Outsourcing

Revenue from call centre services comprises income from time and material contracts. Revenue is recognized in accordance with the terms of the contract with the customer, as related services are performed.

Other Income

Interest is recognized using the time-proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend income is recognized when the Group's right to receive dividend is established.

i) Foreign currency transactions and translations

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement/reporting of monetary items, at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Translation of integral and non-integral foreign operations

The company classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

j) Forward contracts entered into to hedge foreign currency risk

The Company uses foreign exchange contracts to hedge its exposure to movements in foreign currency rates. The use of these foreign exchange forward contracts is aimed to reduce the risk/cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculative purposes.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

The Company designates these hedging instruments as Cash flow hedges applying the recognition and measurement principles set out in Accounting standard 30 - Financial Instruments - Recognition and measurement.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds (hedge fluctuation reserve) and the ineffective portion is recognised immediately in the statement of profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds (hedge fluctuation reserve) is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the profit and loss.

k) Retirement and other employee benefits

Provident Fund

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions. The contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and there are no other obligations other than the contribution payable.

Gratuity

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

Superannuation

The Company contributes a specified percentage of the eligible employees' basic salary towards superannuation (the Plan) to a fund. A trust has been created and approved by the Income-tax authorities for this purpose. This Plan provides for various options for payment of pension at retirement or termination of employment as per the trust rules. The Company has no further obligations under the Plan beyond its annual contribution.

Leave Benefits

Provision for long-term compensated absences is accrued and provided for on the basis of actuarial valuation made at the end of each financial period. The actuarial valuation is done as per projected unit credit method. Short-term encashment of accumulated leave balances are accounted for in the year in which the leave balances are credited to employees on actual basis.

The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

l) Income and Deferred Taxes

Tax expense comprises of current, deferred tax. The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Group. The current tax provision and advance income tax as at balance sheet date have been arrived at after setting off advance tax and current tax provision where the Group has legally enforceable right to set off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the year that includes the enactment date. Deferred tax assets and deferred tax liabilities across various countries of

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

operation are not set off against each other as the Group does not have legal right to do so.

Deferred tax assets are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reassessed for the appropriateness of their respective carrying values at each balance sheet date. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realized.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

The Company enjoys tax holiday under Sec 10AA of the Income tax Act on some of its units set up in the Special Economic Zones (SEZ)

m) Stock based Compensation

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

n) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Provisions and contingent liabilities

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

p) Segment reporting

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

q) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of change in value.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL

Particulars	March 31, 2016	March 31, 2015
Authorised		
120,000,000 equity shares of Rs 5 each. (March 31, 2015: 120,000,000 equity shares of Rs 5 each)	6,000.00	6,000.00
10,000,000 11 % preference shares of Rs 5 each. (March 31, 2015: 10,000,000 11% preference shares of Rs 5 each)	500.00	500.00
	6,500.00	6,500.00
Issued, Subscribed and Paid up		
101,366,874 equity shares of Rs 5 each (March 31, 2015: 99,914,624 equity shares of Rs 5 each) fully paid up	5,068.34	4,995.73
Total Issued, Subscribed and Paid up Capital	5,068.34	4,995.73

Of the total authorised capital of the company referred above, the Company has issued only one class of equity shares having a face value of Rs.5 per share. Each holder of such equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding as at March 31, 2016

Particulars	In Numbers	
	March 31, 2016	March 31, 2015
At the beginning of the year	99,914,624	99,550,274
Add: Shares issued under ESOP	1,452,250	364,350
Shares outstanding at the end of the year	101,366,874	99,914,624

Details of Shareholders holding more than 5 percent shares in the Company (based on legal ownership)

Particulars	March 31, 2016		March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Polaris Banyan Holding Private Limited	-	-	20,020,938	20.04%
Virtusa Consulting Services Limited	53,133,703	52.42%	-	-
Citibank N.A	7,279,096	7.18%	-	-
Orbitech Limited	-	-	15,379,606	15.39%
Franklin Mutual Series Funds - Mutual Beacon Fund	-	-	6,103,048	6.11%

Stock option plans

The Company has five stock option plans that provide for the granting of stock options to employees including directors of the Company (not being promoter directors and not holding more than 10% of the equity shares of the Company). The objectives of these plans include attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares.

The option plans are summarized below:

Associate Stock Option Plan 2003

The Shareholders of the Company at the EGM held on March 12, 2004 approved an Associate Stock Option Plan (the 2003 Plan). The 2003 Plan provides for issuance of 3,895,500 options, convertible to equivalent number of equity shares of Rs 5 each, to the employees including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

No compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. A summary of the status of the options granted under 2003 plan at March 31, 2016 is presented below.

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	946,100	133.89	1,627,500	122.27
Granted during the year	-	-	-	-
Exercised during the year	(213,600)	113.67	(258,100)	94.19
Forfeited during the year	(12,200)	129.40	(64,000)	127.71
Expired during the year	(428,000)	150.77	(359,300)	110.87
Outstanding at the end of the year	292,300	124.13	946,100	133.89
Exercisable at the end of the year	292,300	124.12	838,800	134.45

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Range of exercise price (Rs.)	24.73-150.30	24.73-163.73
Weighted average remaining contractual life (in years)	2.92	2.74
Weighted average market price of shares on the date of exercise (Rs.)	187.15	223.96

Associate Stock Option Plan 2004

The Shareholders of the Company in the AGM held on July 22, 2005 approved an Associate Stock Option Plan (the 2004 plan). The 2004 plan provides for issuance of 1,084,745 options, convertible to equivalent number of equity shares of Rs 5 each, to the associates including Directors. The options are granted at the market price on the date of the grant. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 36 months from the last vesting date.

No compensation cost has been recorded as the scheme terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. A summary of the status of the options granted under 2004 plan at March 31, 2016 is presented as below

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	373,700	148.53	412,300	144.03
Granted during the year	-	-	-	-
Exercised during the year	(65,400)	128.63	(17,800)	133.00
Forfeited during the year	(6,800)	131.44	(4,200)	111.70
Expired during the year	(219,400)	161.79	(16,600)	62.74
Outstanding at the end of the year	82,100	130.35	373,700	148.53
Exercisable at the end of the year	82,100	130.37	360,500	149.76

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Range of exercise price (Rs.)	92.52-133.88	125.17-133.88
Weighted average remaining contractual life (in years)	3.09	1.94
Weighted average market price of shares on the date of exercise (Rs.)	200.07	259.81

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

Associate Stock Option Plan 2011

The Shareholders of the Company in the Extraordinary General Meeting held on October 28, 2011 approved an Associate Stock Option Plan (the 2011 plan). The 2011 plan provides for issuance of 4,960,000 options convertible into equivalent number of equity shares of Rs 5 each. The plan shall be administered under 4 different schemes based on the following terms:

Particulars	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Eligible employees	Senior and Key executives excluding non-executive directors	Members of Business leadership team or equivalent thereof excluding non-executive directors	Associates in the grade of Executive Vice president and above, excluding non executive directors	Non – Executive directors
Maximum number of options grantable	3,720,000 Less: Number of Option granted under Swarnam 21	1,736,000	1,240,000 Less: Number of Option granted under Swarnam 41	200,000
Grant price				
A. Market price upto Rs. 175	Market price	Market price	Market price	Market price
B. Market price between Rs. 175 – Rs. 500	15% discount on market price. (Subject to being Not lower than Rs 175)	30% discount on market price. (Subject to being Not lower than Rs 175)	50% discount on market price. (Subject to being Not lower than Rs 175)	Market price
C. Market price greater than Rs. 500	10% discount on market price	20% discount on market price	50% discount on market price	Market price

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the intrinsic value model.

The option vests over a period of 5 years from the date of grant in a graded manner, subject to fulfillment of vesting conditions as follows:

Vesting schedule	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
Service conditions				
At the end of year 1	10%	0%	0%	20%
At the end of year 2	15%	0%	0%	20%
At the end of year 3	20%	33%	33%	20%
At the end of year 4	25%	33%	33%	20%
At the end of year 5	30%	34%	34%	20%
Performance conditions				
Performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating	20% of the options granted for each year shall be subject to meeting of minimum specified annual performance rating
Companies target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	Accelerated vesting of 5%/10% each year, based on Company achieving specified target EPS growth	NA	NA

The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

During the current year the Company has granted options under Swarnam 11, 21 & 31 scheme. As the market price on the date of the grant was more than Rs 175, option discount has been provided as per the scheme terms and the options are issued at the discounted price. Accordingly compensation cost has been recorded. A summary of the status of the options granted under 2011 plan at March 31, 2016 is presented below

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	4,174,650	103.79	4,012,900	98.47
Granted during the year	-	-	650,000	128.04
Exercised during the year	(1,226,950)	99.42	(106,250)	91.83
Forfeited during the year	(412,450)	106.38	(331,300)	92.18
Expired during the year	(17,550)	95.39	(50,700)	94.64
Outstanding at the end of the year	2,517,700	105.55	4,174,650	103.79
Exercisable at the end of the year	646,660	104.16	414,350	94.54

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Range of exercise price (Rs.)	78.48-175.00	78.58-108.54
Weighted average remaining contractual life (in years)	6.27	4.68
Weighted average fair value of options granted (Rs.)	-	82.58
Weighted average market price of shares on the date of exercise (Rs.)	204.70	194.67

Associate Stock Option Plan 2015

The Shareholders of the Company in the Extraordinary General Meeting held on March 19, 2015 approved an Associate Stock Option Plan (the 2015 plan). The 2015 plan provides for issuance of 50,00,000 options convertible into equivalent number of equity shares of Rs 5 each. The plan shall be administered under 5 different schemes based on the following terms:

Particulars	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401	Swarnam 501
Grant price					
Market price upto Rs. 126	Market price	Market price	Market price	Market price	Market price
Market price between Rs. 126 – Rs. 360	15% discount on market price. (Subject to being Not lower than Rs 126)	30% discount on market price. (Subject to being Not lower than Rs 126)	50% discount on market price. (Subject to being Not lower than Rs 126)	25% discount on market price. (Subject to being Not lower than Rs 126)	up to 50% discount on market price. (Subject to being Not lower than Rs 126)
Market price greater than Rs. 360	10% discount on market price	20% discount on market price	50% discount on market price	25% discount on market price	Up to 50% discount on market price

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The options shall be valued using the intrinsic value model.

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number of Shares	Weighted Average Exercise Price (Rs.)	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,303,000	143.52	-	-
Exercised during the year	(11,700)	131.20	-	-
Forfeited during the year	(228,400)	127.62	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,062,900	147.08	-	-
Exercisable at the end of the year	234,150	144.23	-	-

Particulars	Year ended March March 31, 2016	Year ended March March 31, 2015
Range of exercise price (Rs.)	130.22-168.56	-
Weighted average remaining contractual life (in years)	7.53	-
Weighted average fair value of options granted (Rs.)	167	-
Weighted average market price of shares on the date of exercise (Rs.)	212.59	-

Associate Stock Option Plan (Trust) 2011

The Shareholders of the Company in the Extraordinary General Meeting held on October 28, 2011 approved an Associate Stock Option Plan (TRUST) 2011 [the 2011(Trust) plan]. The 2011(Trust) plan provides for issuance of 1,984,000 options, convertible to equivalent number of equity shares of Rs 5 each. The options shall be granted at the market price if the market price is below Rs. 175 or at discount of 10% on market price if the market price is Rs. 175 or above. The market price, in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended from time to time, shall be the latest available closing price prior to the date of the meeting of the Board of Directors in which options are granted, on the stock exchange on which the shares of the Company are listed. If the Shares are listed on more than one stock exchange then the stock exchange where there is highest trading volume on the said date shall be considered. The option vests over a period of 5 years from the date of grant in a graded manner, with 20% of the options vesting each year. The exercise period shall commence from the date of vesting and expires within 60 calendar months from the relevant vesting date. The Company has not granted any options under the plans as on March 31, 2016

The Company had formulated an Associate stock option plan Trust-2011, for the purpose of administering the above scheme. The Trust had purchased 1,536,000 shares of the Company from the secondary market during the year ended March 31, 2013. In accordance with the Stock Exchange Board of India (SEBI) circular dated January 17, 2013, listed companies have been prohibited from purchase of their own securities in the secondary market through such trusts. The trust has disposed off such holding in the quarter ended June 30, 2014 to be in compliance with SEBI Regulations.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

4. SHARE CAPITAL (contd...)

Pro forma Disclosure:

The Company follows the intrinsic value model for valuation of its options under the various plans. In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for associate stock option plans been recognized based on the fair value at the date of grant in accordance with Black-Scholes model, the pro forma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	March 31, 2016	March 31, 2015
Profit after tax		
- As reported	12,707.42	16,726.98
- pro forma profit	12,855.40	16,253.61
Earnings Per Share (in Rs.)		
Basic		
- As reported	12.68	16.77
- Pro forma	12.83	16.29
Diluted		
- As reported	12.48	16.39
- Pro forma	12.62	15.92

The fair value of options was estimated at the date of grant using the Black Scholes Model with the following assumptions:

Particulars	March 31, 2016				
	ASOP 2015	ASOP 2015	ASOP 2015	ASOP 2015	ASOP 2015
Scheme	Swarnam 101	Swarnam 101	Swarnam 101	Swarnam 101	Swarnam 101
Grant date	30-Apr-15	8-May-15	6-Aug-15	29-Oct-15	16-Feb-16
Risk-free interest rate	7.83%	7.97%	7.85%	7.60%	7.74%
Expected life (Years)	6	6	6	6	6
Expected volatility	52.79%	52.92%	50.93%	50.85%	49.25%
Expected dividend yield	7.34%	7.12%	4.72%	5.04%	4.76%

Particulars	March 31, 2015			
	ASOP 2011	ASOP 2011	ASOP 2011	ASOP 2011
Scheme	Swarnam-21	Swarnam-31	Swarnam-11	Swarnam-11
Grant date	30-Apr-14	30-Apr-14	7-Nov-14	22-Jan-15
Risk-free interest rate	8.90%	8.90%	8.22%	7.75%
Expected life (Years)	6.5	6.5	5	5
Expected volatility	58.62%	58.62%	51.49%	51.33%
Expected dividend yield	2.41%	2.41%	3.08%	6.74%

The expected life of stock is based on historical data and current expectation and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

5. RESERVES AND SURPLUS

Particulars	March 31, 2016	March 31, 2015
Securities premium account		
Opening balance	428.74	19,156.40
Less: Adjustment of reserves on account of demerger of Product business undertaking from the Company (Refer Note 29)	-	(19,156.40)
Add: Premium received on issue of shares under ASOP plans to employees & Others	1,405.08	428.74
Closing balance	1,833.82	428.74
General reserve account		
Opening balance	-	17,065.13
Less: Adjustment of reserves on account of demerger of Product business undertaking from the Company (Refer Note 29)	-	(17,065.13)
Add : Transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	-	-
Foreign currency translation reserve account		
Opening balance	1,449.04	7,575.64
Less: Adjustment of reserves on account of demerger of Product business undertaking from the Company (Refer Note 29)	-	(3,850.44)
Add : Adjustment for the year	1,707.59	(2,276.16)
Closing balance	3,156.63	1,449.04
Hedging reserve account		
Opening balance	5,772.81	1,406.26
Less: Adjustment for the year	(4,704.21)	4,366.55
Closing balance	1,068.60	5,772.81
Surplus in the statement of profit and loss		
Opening balance	72,436.15	104,560.15
Less: Adjustment of reserves on account of demerger of Product business undertaking from the Company (Refer Note 29)	-	(31,099.06)
Net Profit for the current year	12,707.40	16,726.98
Amount available for appropriation	85,143.55	90,188.07
Appropriations		
Dividend		
- Interim	-	4,995.73
- Final	-	9,998.96
Tax on dividend	-	2,676.95
Residual dividend	23.34	-
Adjustment on account of aligning the useful life of fixed assets	-	123.03
Tax impact on above (aligning the useful life of fixed assets)	-	(42.75)
Closing balance of surplus in the statement of profit and loss	85,120.21	72,436.15
Total reserve and surplus	91,179.26	80,086.74

6. DEFERRED TAX LIABILITIES (NET)

Particulars	March 31, 2016	March 31, 2015
Deferred tax liability		
Fixed assets	148.39	240.74
Others	-	9.89
Total Deferred tax liabilities	148.39	250.63

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

7. TRADE PAYABLES

Particulars	March 31, 2016	March 31, 2015
Creditors for expenses and goods	2,237.56	3,783.65
Provision for expenses	5,959.95	5,338.49
Accrued salaries and benefits	9,267.20	7,561.12
Others	3,720.36	1,343.69
Total Trade payables	21,185.07	18,026.95

Refer Note- 20 Related party transactions

8. OTHER CURRENT LIABILITIES

Particulars	March 31, 2016	March 31, 2015
Unclaimed dividends	128.37	98.27
Interim dividend payable	-	4,995.73
Other payable		
Superannuation payable	732.79	663.14
Customer and other advance received	13.45	0.06
Billing in excess of revenue	3,881.59	3,504.69
Capital creditors	30.76	46.84
Payable to related parties	-	218.59
Payable to others	397.77	106.81
Statutory payable	2,255.64	1,860.22
Total Other current liabilities	7,440.37	11,494.35

9. SHORT-TERM PROVISIONS

Particulars	March 31, 2016	March 31, 2015
Provision for employee benefits		
- Provision for gratuity (Refer Note - 27)	317.33	435.60
- Provision for leave benefits	2,972.23	1,569.33
Others Provisions		
- Provision for taxation (net of Advance Income tax)	589.55	498.09
- Proposed dividend	-	9,991.46
- Provision for tax on proposed dividend	-	2,033.22
Total Short-term provisions	3,879.11	14,527.70

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

10. FIXED ASSETS

Sr. No.	Description	Cost					Depreciation and Amortisation					Net Book value					
		April 01, 2015	Additions	Deletions	Assets vested with Intellect ***	Others adjustments ##	Other adjustment-Exchange fluctuations *	March 31, 2016	April 01, 2015	For the year	Deletions	Depreciation on assets vested with Intellect ***	Others adjustments ##	Other adjustment-Exchange fluctuations *	Transition adjustment-Fixed assets **	As at March 31, 2016	As at March 31, 2015
A	TANGIBLE ASSETS																
1	Land	8,961.76	1,320.00	-	-	375.00	24.14	9,930.90	-	-	-	-	-	-	-	9,930.90	8,961.76
2	Buildings	11,326.58	-	-	-	949.17	79.19	10,456.60	2,613.93	390.19	-	13.51	(30.04)	-	2,960.57	7,496.03	8,712.65
3	Plant & Machinery (including Computer Equipment and accessories)	17,895.43	1,242.45	389.23	-	2,630.19	402.78	16,521.24	15,623.40	1,139.53	512.88	2,435.73	193.59	-	14,007.91	2,513.33	2,272.03
4	Electrical fittings	1,449.93	19.84	35.56	-	158.84	1.40	1,276.77	1,044.43	34.08	-	158.85	0.70	-	920.36	356.41	405.50
5	Furniture and fixtures	4,518.30	218.16	33.28	-	239.23	35.71	4,499.66	3,445.66	211.64	-	234.90	21.94	-	3,444.34	1,055.32	1,072.64
6	Office Equipments	3,197.14	199.21	83.44	-	74.11	31.09	3,269.89	2,347.38	338.61	7.22	71.67	20.56	-	2,627.66	642.23	849.76
7	Vehicles	1,338.36	254.48	253.12	-	20.36	-	1,319.36	782.13	237.66	202.34	14.42	-	-	803.03	516.33	556.23
	ASSETS UNDER LEASE																
1	Leasehold improvement	779.45	-	-	-	212.21	12.41	579.65	655.38	21.88	-	182.01	12.41	-	507.66	71.99	124.07
	Subtotal - A	49,466.95	3,254.14	794.63	-	4,659.11	586.72	47,854.07	26,512.31	2,373.59	722.44	3,111.09	219.16	-	25,271.53	22,582.54	22,954.64
B	INTANGIBLE ASSETS																
1	Computer Software	7,336.25	137.25	-	-	162.77	-	7,310.74	6,881.46	223.48	-	69.86	-	-	7,035.08	275.66	454.79
2	Customer Contracts#	350.00	-	-	-	-	-	350.00	291.67	58.33	-	-	-	-	350.00	-	58.33
	Subtotal - B	7,686.25	137.25	-	-	162.77	-	7,660.74	7,173.13	281.81	-	69.86	-	-	7,385.08	275.66	513.12
	Total (A + B)	57,153.20	3,391.39	794.63	-	4,821.88	586.72	55,514.81	33,685.44	2,655.40	722.44	3,180.95	219.16	-	32,656.61	22,858.20	23,467.76
	Previous years	84,349.19	7,312.13	781.78	33,633.87	-	(92.47)	57,153.20	50,943.00	2,790.87	698.51	19,422.59	(50.99)	123.03	33,685.44	23,467.76	-

* Other adjustment-Exchange fluctuations represents foreign exchange gain / loss on account of translation of foreign operations.

This represents the customer contracts acquired by the Company from Pyxis Systems Private Limited through business purchase agreement dated October 9, 2012.

*** Pursuant to the Scheme of Arrangement (Demerger), on April 1, 2014, Gross Assets and Accumulated Depreciation amounting to Rs.33,633.87 lakhs and Rs.19,422.59 lakhs respectively, has been vested with Intellect Design Arena Limited (Resulting Company).

#/# Other adjustments represents adjustments with respect to the loss on impairment provision created for Business Process Outsourcing division assets (Refer note 30) and the impact of conversion of Intellect Polaris Design LLC in to joint venture (Refer note 31).

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

11. NON-CURRENT INVESTMENTS

Particulars	Currency	Face Value *	As at March 31, 2016		As at March 31, 2015	
			Units*	Amount	Units*	Amount
Non- Trade Investments						
Investments in Equity Instruments (at cost)						
Equity Shares - (unquoted)						
Software Sidoun GmbH Germany	EURO	1	175,990	4.96	175,990	4.96
				4.96		4.96
Investments in Preference shares - Others (at cost)						
Tyfone Inc series B Preference shares	USD	1	481,232	250.61	481,232	250.61
15.95% Cumulative Non-convertible Redeemable preference shares-Infrastructure Leasing & Financial Services Ltd	INR	7,500	8,000	1,000.00	8,000	1,000.00
8.40% Cumulative Non-convertible Redeemable preference shares-L&T Finance Holdings Limited	INR	100	1,000,000	1,000.00	1,000,000	1,000.00
8.33% Cumulative Redeemable Non-participating preference shares-Tata Capital Limited	INR	1,000	50,000	500.00	50,000	500.00
				2,750.61		2,750.61
Investments in Associates						
10% Investment in Polaris Software lab Chile Limitada				-		0.49
Add: Share of Profit				-		1.19
				-		1.68
Investments in debentures or bonds (at cost)						
Bonds - (quoted)						
6.30% Indian Railway Finance Corporation Ltd	INR	100,000	500	500.00	500	500.00
8.22% Housing and Urban Development Corporation Limited	INR	1,000	20,000	200.00	20,000	200.00
8.25% National Highways Authority of India	INR	1,000	-	-	12,362	123.62
8.01% India Infrastructure Finance Company Limited	INR	1,000	-	-	150,000	1,500.00
8.18% Power Finance Corporation Limited	INR	1,000	-	-	32,389	323.89
8.14% National Thermal Power Corporation Limited	INR	1,000	-	-	9,499	94.99
8.14% Housing and Urban Development Corporation Limited	INR	1,000	-	-	100,000	1,000.00
8.14% National Housing Bank	INR	5,000	-	-	2,166	108.30
8.23% Indian Railway Finance Corporation Ltd	INR	1,000	-	-	50,000	500.00
8.27% National Highways Authority of India	INR	1,000	-	-	50,000	500.00

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

11. NON-CURRENT INVESTMENTS (contd...)

Particulars	Currency	Face Value *	As at March 31, 2016		As at March 31, 2015	
			Units*	Amount	Units*	Amount
Investments in debentures or bonds (at cost)						
Bonds - (quoted)						
8.35% National Highways Authority of India	INR	1,000,000	-	-	100	1,038.66
8.35% National Highways Authority of India	INR	1,000,000	-	-	50	525.19
8.51% Housing and Urban Development Corporation Limited	INR	1,000	100,000	1,141.40	100,000	1,161.68
8.30% National Highways Authority of India	INR	1,000	50,000	551.00	50,000	585.56
8.46% National Housing Bank	INR	1,000,000	50	564.00	50	569.08
Total Non -Trade Investments				2,956.40		8,730.97
Total Non-Current Investments				5,711.97		11,488.22
Aggregate amount of unquoted investments				255.57		257.25
Aggregate amount of quoted investments				5,456.40		11,230.97
Market value of quoted investments				5,162.02		11,889.06

* Units & face value are in absolute numbers

11. I. Investments in subsidiaries

During the year ended March 31, 2012, pursuant to the Approved Scheme of Arrangement with Optimus Global Services Limited ("Optimus"), a subsidiary of the Company (with 99.94% holding), the Company had merged the BPO division of Optimus into the Company with effect from October 1, 2011. Consequent to the scheme, as at March 31, 2016, the company holds 8,50,000 equity shares and 14,92,030 preference shares in the reorganised capital structure of the subsidiary. Further, the Company had taken over net assets aggregating to Rs. 1,652.33 lakhs and accumulated losses of Rs. 3,033.72 lakhs and credited the same to the Company's investment in equity and preference shares of Optimus, resulting in the carrying value of the respective investments in Optimus to be Nil.

12. DEFERRED TAX ASSETS (NET)

Particulars	March 31, 2016	March 31, 2015
Fixed assets	259.24	238.57
Provision for doubtful debts	179.02	119.03
Others	525.38	450.35
Total Deferred tax assets	963.64	807.95

13. LONG TERM LOANS AND ADVANCES

Particulars	March 31, 2016	March 31, 2015
Unsecured, considered good		
Capital Advances	93.25	149.71
Security Deposits	1,045.30	1,065.66
Loans and advances to related parties (Refer Note - 20 for related parties transactions)	239.64	411.64
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	75.61	8.77
Loans to employees	234.88	234.94
Advance income tax (Net of provision for tax)	6,097.07	7,257.98
Total Long term loans and advance	7,785.75	9,128.70

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

14. OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
Forward cover receivable, Net*	554.62	244.26
Total Other non current assets	554.62	244.26

*As per the accounting policy specified in note 3(j), the outstanding forward cover receivables/payables as on March 31, 2016 has been segregated in to current and non-current as per the Schedule III of the Companies Act, 2013. Consequent to this, the current portion of Rs.513.99 lakhs (March 31,2015 - Rs.5,528.56 lakhs) has been recorded as forward cover receivable under other current assets and non-current portion of Rs.554.62 lakhs has been recorded as forward cover receivable under other non current assets (March 31, 2015- Rs.244.26 lakhs).

15. CURRENT INVESTMENTS

Particulars	Face Value *	As at March 31, 2016		As at March 31, 2015	
		Units*	Amount	Units*	Amount
Non- Trade Investments (Unquoted)					
Investments in Mutual Funds					
(At Cost or Market price whichever is Lower)					
Dividend Schemes					
IDFC SSI Medium-term Reg-DD	10	-	-	2,994,732	301.94
Growth Schemes					
Axis Banking Debt-G	1,000	-	-	39,645	500.00
BSCCL Cash Plus Fund	100	808,919	2,132.88	-	-
Reliance Liquid Fund	1,000	67,736	2,488.99	-	-
HDFC Liquid Fund	1,000	105,293	3,135.43	-	-
ICICI Prudential Liquid Fund	100	1,249,429	2,788.61	-	-
Sony ADR		18,415	244.51	18,415	248.46
Total			10,790.42		1,050.40

* Units & face value are in absolute numbers

16. TRADE RECEIVABLES

Particulars	March 31, 2016	March 31, 2015
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured considered good	74.66	373.85
- Doubtful	590.90	405.39
Less: Allowance for bad and doubtful debts	(590.90)	(405.39)
	74.66	373.85
Other debts		
- Unsecured considered good	25,512.50	23,447.31
Total Trade receivables	25,587.16	23,821.16

Refer Note- 20 Related party transactions

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

17. CASH AND BANK BALANCE

Particulars	March 31, 2016	March 31, 2015
Cash and cash equivalents		
Cash on hand	7.38	2.71
Balance with banks		
- On current accounts	24,727.77	9,182.74
- On deposit accounts	1,542.44	4,881.84
- On unpaid dividend accounts	128.37	5,094.00
Total Cash and bank balance	26,405.96	19,161.29

18. SHORT TERM LOANS AND ADVANCES

Particulars	March 31, 2016	March 31, 2015
Unsecured, considered good		
Loans and advances to related parties (Refer Note – 20. Related parties transactions)	-	7,388.05
Loans and advances to others	422.85	-
Other loans and advances		
Advances recoverable in cash or in kind or for value to be received	5,735.29	2,610.49
Loans to employees	532.80	477.85
Salary advance	243.89	195.83
Input tax credit receivable	658.70	186.15
Security Deposits	-	25.00
Total Short term loans and advances	7,593.53	10,883.37

19. OTHER CURRENT ASSETS

Particulars	March 31, 2016	March 31, 2015
Revenues accrued and not billed	20,034.98	23,794.43
Other receivable	100.31	154.23
Forward cover receivable, Net *	514.00	5,528.56
Total Other current assets	20,649.29	29,477.22

* Refer Note 14

20. RELATED PARTY TRANSACTIONS

List of related parties

Ultimate Holding Company

Virtusa Corporation, US w.e.f March 03 2016

Holding Company

Virtusa Consulting Services Private Limited, India w.e.f March 03 2016

Others

(a) Venturer in respect of which the Polaris Consulting & Services Limited is a Joint Venture.

1. Intellect Polaris Design LLC, USA, ('IPDLLC USA') - from January 01, 2016, (Up to December 31, 2015 it is subsidiary) (refer note-31)

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

20. RELATED PARTY TRANSACTIONS (contd...)

(b) Enterprises that directly, or indirectly through one or more intermediaries, over which Key Management Personnel is able to exercise significant influence, "Others" up to 02 March 2016.

1. Intellect Design Arena Pte Ltd, Singapore ('Intellect Singapore') (Formerly known as Polaris Software Lab Pte Limited)
2. Intellect Design Arena Limited, UK ('Intellect UK') (Formerly known as Polaris Software Lab Ltd)
3. Intellect Design Arena Limited SA, Switzerland ('Intellect Switzerland') (Formerly known as Polaris Software Lab SA)
4. Intellect Design Arena Limited FZ-LLC ('Intellect Dubai') (Formerly known as Polaris Software Lab FZ- LLC)
5. Polaris Enterprise Solutions Limited, India ('PESL')
6. Polaris Software lab Chile Limitada , Chile ('Intellect Chile')
7. Intellect Design Arena Inc. ('Intellect US') (Formerly known as Polaris Software Lab Inc.)
8. SEEC Technologies Asia Private Limited ('Seec Asia')
9. Laser Soft Infosystems Limited, India ('Laser Soft')
10. Indigo TX Software Pvt Ltd India ('Indigo TX')
11. Intellect Design Arena Co. Ltd, Vietnam ('Intellect Vietnam') (Formerly known as Polaris Software Lab Vietnam Co. Ltd)
12. SFL Properties Private Ltd, India ('SFL Properties')
13. Intellect Design Arena Philippines, Inc ('Intellect Philippines')
14. Sonali Polaris FT Limited, Bangladesh ('Sonali Polaris FT')
15. FT Grid Pte Ltd, Singapore
16. Intellect Design Arena Limited, India (Intellect India) (Formerly known as Fin Tech Grid Limited)
17. Intellect Design Arena,PT Indonesia
18. Polaris Banyan Holding Private Ltd
19. Orbitech Limited

(c) Enterprises that directly, or indirectly through one or more intermediaries, over which Key Management Personnel is able to exercise significant influence, "Others"

1. Orbitech Employees Welfare trust
2. Associate Stock Option Plan (Trust) 2011 ('ASOP Trust 2011')

(d) Fellow subsidiaries with effect from March 03, 2016

1. Virtusa UK Limited
2. Virtusa International BV, the Netherlands

Key Management Personnel

1. Arun Jain, Chairman (till March 02, 2016)
2. Rama Sivaraman, Executive Director (effective from March 04, 2016)
3. Jitin Goyal, Executive Director (effective from November 07, 2014)
4. Vaidyanathan N.M, Chief Financial Officer (effective from March 04, 2015)
5. Christina Pauline Beulah, Company Secretary (effective from November 07, 2014)

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

20. RELATED PARTY TRANSACTIONS (contd...)

Particulars	Others		Key management personnel	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
BALANCE DUE FROM RELATED PARTIES				
Trade receivables				
Intellect India	-	1,592.08	-	-
Intellect Singapore	-	1,161.94	-	-
Intellect Philippines	-	42.94	-	-
Intellect UK	-	129.52	-	-
Intellect US	-	505.20	-	-
	-	3,431.68	-	-
Long term loans and advances				
Loans to employee welfare trusts				
Orbitech Employee Welfare Trust	239.64	411.64	-	-
	239.64	411.64	-	-
Short term loans and advances				
Intellect India	-	632.98	-	-
Intellect Singapore	-	3,617.22	-	-
Intellect Chile	-	92.97	-	-
Intellect Dubai	-	20.09	-	-
Intellect UK	-	1,187.33	-	-
Intellect US	-	1,833.28	-	-
Indigo TX	-	0.03	-	-
LaserSoft	-	4.14	-	-
	-	7,388.05	-	-
Other current assets				
Virtusa India (Holding Company)	674.00	-	-	-
	674.00	-	-	-
BALANCE DUE TO RELATED PARTIES				
Trade payables				
Intellect India	-	856.49	-	-
Intellect Singapore	-	79.16	-	-
Intellect Switzerland	-	774.40	-	-
Intellect Philippines	-	6.27	-	-
Intellect Chile	-	60.79	-	-
Intellect Dubai	-	902.00	-	-
Intellect UK	-	44.65	-	-
	-	2,723.76	-	-
Other current liabilities				
PESL	-	6.22	-	-
Intellect Switzerland	-	212.37	-	-
	-	218.59	-	-

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

20. RELATED PARTY TRANSACTIONS (contd...)

Particulars	Others		Key management personnel	
	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15
TRANSACTIONS DURING THE PERIOD				
Advances/Loan given				
Intellect Chile	-	89.58	-	-
Intellect Dubai	26.94	-	-	-
Intellect Switzerland	7.21	-	-	-
Intellect UK	1.18	142.51	-	-
	35.33	232.09	-	-
Software development service income				
Intellect India	2,543.88	(5.65)	-	-
Intellect Chile	114.84	104.00	-	-
Intellect Canada	2.96	-	-	-
Intellect Singapore	17.25	933.64	-	-
Intellect UK	(106.73)	135.69	-	-
Intellect Philippines	1,272.57	31.96	-	-
Intellect Dubai	257.94	164.48	-	-
Intellect Japan	7.62	-	-	-
Intellect Malaysia	0.01	-	-	-
Intellect Switzerland	-	291.80	-	-
Intellect US	-	782.77	-	-
Virtusa India (Holding Company)	674.00	-	-	-
	4,784.34	2,438.69	-	-
Software development expenses				
Intellect India	2,591.44	(1,245.34)	-	-
Intellect Canada	(0.06)	-	-	-
Intellect Malaysia	(0.19)	-	-	-
Intellect Japan	(218.06)	-	-	-
Intellect Singapore	719.73	(152.00)	-	-
Intellect UK	213.72	(21.01)	-	-
Intellect Philippines	-	6.27	-	-
Intellect Chile	179.72	160.11	-	-
Intellect Dubai	1,412.55	1,019.71	-	-
Intellect Switzerland	2,092.07	1,017.07	-	-
Intellect US	137.33	304.45	-	-
	7,128.25	1,089.26	-	-

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

20. RELATED PARTY TRANSACTIONS (contd...)

Particulars	Associates		Key management personnel	
	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15	01-Apr-15 to 31-Mar-16	01-Apr-14 to 31-Mar-15
Remuneration to key managerial personnel				
Remuneration & other benefits	-	-	1,171.28	526.70
	-	-	1,171.28	526.70
Reimbursement of expenses to the Company				
Indigo TX	-	1.66	-	-
LaserSoft	-	41.66	-	-
PESL	-	16.66	-	-
Intellect Dubai	46.29	63.60	-	-
Intellect Singapore	-	173.93	-	-
Intellect India	591.77	996.07	-	-
Intellect UK	2,740.24	314.10	-	-
Intellect US	-	1,898.85	-	-
Intellect Switzerland	167.37	-	-	-
Seec Asia	-	1.26	-	-
	3,545.67	3,507.79	-	-
Reimbursement of expenses by the Company				
Indigo TX	0.03	-	-	-
PESL	3.29	-	-	-
LaserSoft	1.41	16.15	-	-
Intellect India	282.56	618.43	-	-
Intellect US	315.88	329.73	-	-
Seec Asia	6.31	2.93	-	-
Intellect Dubai	1,284.67	31.65	-	-
Intellect Singapore	26.20	97.04	-	-
Intellect UK	984.96	1.73	-	-
Intellect Switzerland	-	32.59	-	-
	2,905.31	1,130.25	-	-
Rental Income				
Intellect India	239.39	95.31	-	-
	239.39	95.31	-	-
Dividend Income				
Intellect Singapore	-	1,300.07	-	-
	-	1,300.07	-	-
Rental Expenses				
Intellect India	314.75	192.20	-	-
IPDLLC USA	25.31	-	-	-
Seec Asia	25.03	25.60	-	-
	365.09	217.80	-	-

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

21. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

- (i) The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at March 31, 2016 is Rs 236 Lakhs (March 31, 2015 : Rs 678 Lakhs).
- (ii) Claims against the Group, not acknowledged as debts includes:
1. Demand from Indian income tax authorities as at March 31, 2016 is Rs 10,957.34 Lakhs (March 31, 2015: Rs. 6,895.50 Lakhs).
 2. Sales Tax demand from Commercial Tax Officer Chennai as at March 31, 2016 is Rs.520 Lakhs (March 31, 2015: Rs.520 Lakhs).
 3. Sales Tax demand from Commercial Tax Officer, Hyderabad as at March 31, 2016 is Rs.42.4 Lakhs (March 31, 2015: Rs 107 Lakhs). Against the said liability the Company has made a deposit of Rs.21.20 lakhs (March 31, 2015 : Rs 27.91 lakhs)
 4. Service tax demand from Commissioner of Central Excise, Chennai as at March 31, 2016 is Rs.95.24 Lakhs (March 31, 2015: Rs. 201 Lakhs). Against the said liability the Company has made a deposit of Rs.5.02 lakhs (March 31, 2015 Rs 68.28 lakhs)

"The Company is contesting the demands raised by the respective tax authorities, and the management, including its tax advisers, believes that its position will likely be upheld in the appellate process and ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

The Company has received draft assessment order for Assessment Year 2012-13 and since the order is in the draft stage, the same has not been disclosed as contingent liability.

- (iii) There is a claim for damages by the vendor for an amount of Rs 90 lakhs towards alleged breach of intellectual property rights which the Company has not accepted and is defending itself appropriately.
- (iv) The Company is also involved in a law suit with and claims including suits filed by former employees, which arise in the ordinary course of business. However there are no such matters pending that the Company expects to be material in relation to its business.

22. DERIVATIVE INSTRUMENTS:

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted revenue receivable transactions. The Group does not use forward contracts for speculative purposes.

The following are the outstanding Forward Exchange Contracts entered into by the Group.

Particulars (USD and INR in Lakhs)	As at March 31, 2016	As at March 31, 2015
Number of contracts	48	93
US \$ Equivalent	1,320	1,800
INR Equivalent	93,364	126,176

23. OTHER INCOME

Particulars	March 31, 2016	March 31, 2015
<i>Interest income</i>		
Interest received on deposits with banks	36.19	76.95
Interest on others	370.67	617.75
<i>Dividend Income</i>		
Dividends received from investments	261.05	1,514.67
<i>Net gain/(loss) from sale of investments</i>		
Profit on sale of current investments, net	473.24	460.98
Adjustments to the carrying amount of current investments;	-	22.38
<i>Other non-operating Income</i>		
Miscellaneous Income, Net	397.70	224.95
Profit on sale of fixed assets, net	5.17	13.82
Net Gain on foreign currency transaction and translation (other than considered as finance cost)	0.71	1,182.80
Total other income	1,544.73	4,114.30

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

24. EMPLOYEE BENEFIT EXPENSES

Particulars	March 31, 2016	March 31, 2015
Salaries and incentive		
Salaries and bonus	126,308.08	117,917.84
Cost of technical sub-contractors	17,577.74	16,754.87
Contribution to		
Provident fund	2,104.16	2,028.79
Superannuation scheme	719.28	662.71
Other funds	3,115.53	2,989.29
Gratuity contribution scheme	509.74	511.88
Social security and other benefit plans for overseas employees	354.92	211.43
Staff welfare expenses	6,076.48	5,052.52
Total Employee benefits expenses	156,765.93	146,129.33

25. OTHER EXPENSES

Particulars	March 31, 2016	March 31, 2015
Cost of software packages, consumable and maintenance	97.44	400.37
Travelling expenses	7,295.72	7,176.28
Communication expenses	1,833.19	1,682.98
Professional and Legal charges	3,664.40	3,063.70
Power and fuel	1,314.10	1,363.89
Rent	2,029.52	1,986.80
Repairs - Plant and machinery	846.05	729.22
Repairs - Building	62.70	61.74
Repairs - Others	630.91	554.97
Business promotion	1,031.50	825.85
Office maintenance	842.87	811.07
Provision for doubtful debts	185.51	165.00
Bad debts / advances written off	-	2.20
Insurance	327.13	294.14
Printing and stationery	112.48	117.89
Rates and taxes excluding Taxes on Income	286.51	248.16
Donations	304.36	334.28
Payment to the auditors		
- auditor	51.00	44.00
- for other services	216.83	24.75
- for reimbursement of expenses	4.18	2.86
Directors' sitting fees	17.72	8.62
Bank charges & commission	71.41	55.05
Miscellaneous expenses	465.53	742.62
Total Other expenses	21,691.06	20,696.44

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

26. SEGMENT REPORTING

The company's operations predominantly relates to IT services only and accordingly this is the only primary reportable segment as per AS-17

Customer relationships are driven based on the location of the respective client. The geographical segments comprise:

- United States of America
- Europe
- Asia Pacific
- India and Rest of World (RoW)

Secondary Segment Information

Year ended March 31, 2016	India & RoW	Asia Pacific	Europe	United States	Total
Revenue	23,199.30	32,699.08	41,240.68	106,575.91	203,714.97
Other segment information					
Total assets	87,278.10	18,073.09	12,035.29	11,514.06	128,900.54
Capital expenditure:					
Tangible fixed assets & intangible assets	3,303.11	5.85	28.74	53.69	3,391.39

Year ended March 31, 2015	India & RoW	Asia Pacific	Europe	United States	Total
Revenue	18,839.03	32,168.73	35,731.02	102,595.76	189,334.54
Other segment information					
Total assets	86,122.14	16,249.83	10,619.50	16,538.86	129,530.33
Capital expenditure:					
Tangible fixed assets & intangible assets	4,020.85	10.19	10.63	3,280.05	7,321.72

27. GRATUITY

The certain entities in the Group has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. A trust by name "Polaris Software Lab group gratuity trust" has been constituted to administer the gratuity fund.

The following tables summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Particulars	March 31, 2016	March 31, 2015
Obligations at the beginning of the year	2,020.21	1,764.91
Obligations at the beginning of the year for the subsidiary acquired during the year		
Current service cost	392.46	325.57
Interest cost	137.25	126.50
Actuarial losses	87.98	64.34
Benefits paid	(390.02)	(261.10)
Obligations at the year end	2,247.88	2,020.21
Change in plan assets		
Plan assets at year beginning, at fair value	1,584.61	1,450.98
Expected Return on plan assets	125.29	131.29
Actuarial gain / (loss)	121.18	(126.77)
Contributions	562.75	388.12
Benefits paid	(390.02)	(259.01)
Plan assets at year end, at fair value	2,003.81	1,584.61

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

27. GRATUITY (contd...)

Particulars	March 31, 2016	March 31, 2015
Fair Value of plan assets at the end of the year	2,003.81	1,584.61
Present value of defined benefit obligations at the end of the year	(2,247.88)	(2,020.21)
Liability recognized in the balance sheet	(244.07)	(435.60)
Gratuity cost for the year		
Current service cost	392.46	325.57
Interest cost	137.25	126.50
Expected return on plan assets	(125.29)	(131.29)
Actuarial (gain) / losses	(33.20)	191.10
Net gratuity cost	371.22	511.88
Experience adjustments on plan liabilities	87.98	64.34
Experience adjustments on plan assets	121.18	(126.77)
Actual return on plan assets	246.47	4.52
Assumptions:		
Discount rate	7.52%	7.95%
Estimated return on plan assets	7.52%	16.00%
Employee turnover	19.08%	19.08%

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
The present value of defined benefit obligation	(2,247.88)	(2,020.21)	(2,971.83)	(2,835.85)	(2,446.67)
Fair value of plan assets	2,003.81	1,584.61	2,316.09	1,560.68	796.38
Deficit	(244.07)	(435.60)	(655.74)	(1,275.17)	(1,650.29)
The experience adjustment on plan assets	121.18	(126.77)	50.70	0.58	4.41
The experience adjustment on plan liabilities	87.98	64.34	(27.54)	(15.93)	(23.16)

The amount expected to be contributed to the gratuity fund in the next financial year is Rs. 244.07 lakhs and hence classified as short term provisions.

The funds are invested in the form of a prescribed insurance policy with ICICI Prudential and Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, taken on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

28. LEASES

The Group has taken certain offices and residential premises for the employees under operating leases, which expires at various dates in future years and renewable for further periods at the option of the Group. There are no restrictions imposed by the lease arrangements. The minimum lease rental payments to be made in respect of these leases are as follows.

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Lease payments for the period	2,200.58	1,976.30
Minimum Lease Payments :		
Not later than one year	1,399.28	1,462.38
Later than one year and not later than five years	2,049.43	2,665.50
Later than five years	1,541.54	844.29
Total	4,990.25	4,972.17

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

29. SCHEME OF ARRANGEMENT (DE-MERGER) BETWEEN THE COMPANY AND INTELLECT DESIGN ARENA LIMITED

The Company (Demerged Company) had entered into a Scheme of Arrangement ('the Scheme') with Intellect Design Arena Limited ('Resulting Company', 'Intellect') to demerge the Product Business Undertaking into Intellect. In consideration for the vesting of the Product business undertaking to Intellect as per the terms of the Scheme, each member of the demerged company shall receive one equity share of Rs 5/- each in the resulting company for every one equity share of Rs 5/- each held in the demerged company.

The Scheme was approved by the Honourable High Court of Madras on September 15, 2014. The Company has filed the order approved by the High Court with the Registrar of the Companies, Chennai (ROC) on September 24, 2014. The ROC had approved the said demerger on September 25, 2014. The Scheme has accordingly been given effect to in these financial statements with retrospective effect from April 1, 2014.

The following assets and liabilities have been divested into the Resulting Company from Polaris Consulting & Services Limited with effect from April 1, 2014 pursuant to the Scheme.

Particulars	April 1, 2014
LIABILITIES	
MINORITY INTEREST	0.49
Non-Current Liabilities	
Deferred tax liabilities (Net)	1,363.27
Current Liabilities	
Short -term borrowings	403.15
Trade payables	6,992.60
Other current liabilities	7,363.37
Short-term provisions	1,623.53
Total liabilities (A)	17,746.41
ASSETS	
Non-Current Assets	
Fixed assets	
-Tangible assets	13,890.39
- Intangible assets	320.89
- Capital work-in-progress	3,483.90
- Intangible assets under development	973.93
	18,669.11
Goodwill on consolidation	7,530.02
Non-current investments	2,504.44
Deferred tax assets (net)	560.91
Long-term loans and advances	3,052.80
Other non-current assets	1,802.00
Current Assets	
Trade receivables	13,445.76
Cash and bank balance	28,702.36
Short-term loans and advances	3,506.41
Other current assets	9,143.63
Total assets (B)	88,917.44
Net assets (B-A)	71,171.03

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

29. SCHEME OF ARRANGEMENT (DE-MERGER) BETWEEN THE COMPANY AND INTELLECT DESIGN ARENA LIMITED (contd...)

The Net Assets relating to the Product Business undertaking amounting to Rs 71,171.03 lakhs divested into the Resulting Company as at April 1, 2014, pursuant to the scheme of arrangement has been adjusted as per the terms of the Scheme against the Reserves of the Company as under;

Particulars	April 1, 2014
(i) Securities Premium Account	19,156.40
(ii) General Reserve	17,065.13
(iii) Foreign currency translation reserve account	3,850.44
(iv) Surplus from the Statement of the profit & loss	31,099.06
Total	71,171.03

30. EXCEPTIONAL ITEMS

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
(a) De-merger expenses*	-	(689.25)
(b) Transaction expenses #	(1,517.55)	-
(c) Loss on impairment of BPO business assets **	(666.03)	-
Total	(2,183.58)	(689.25)

*During the previous year, the Company restructured the organization in terms of structure, people, processes and systems to orient around the customer with specific focus towards the services segments of its business. Due to the significance of the amount and its non-routine nature, the same has disclosed separately as an exceptional item.

On March 3, 2016, Virtusa Consulting Services Private Limited ("Virtusa India"), a subsidiary of Virtusa Corporation ("Virtusa"), completed the acquisition of 52.9% of the outstanding share capital of Polaris Consulting & Services Limited ("Polaris") from certain shareholders of the Company for approximately Rs. 113,642.83 lakhs (USD 174 million) in cash (the "Polaris SPA Transaction"). 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 26.0% of the outstanding shares of the Company. Virtusa India accepted the purchase of 26,719,942 shares of Polaris common stock for Rs. 220.73 per share (USD 3.25 per share) for an aggregate purchase price of Rs. 589.8 Crore (USD 86.8 million). The mandatory open offer began on March 11, 2016 and closed on March 28, 2016 and was fully subscribed. As a result, Virtusa India now holds approximately 79% of the total outstanding share capital of Polaris. In connection with this transaction, Polaris incurred a cost of Rs.1,517.55 lakhs for the year ended March 31, 2016 and the same is disclosed under exceptional items-others, being significant and non-recurring.

** The Company entered into a Business Transfer Agreement with M/s Gamma Process Hub India Limited on February 25, 2016 to transfer all its legal and beneficial ownership in the Business Process Outsourcing business ("BPO") as a going concern for a consideration of Rs 200 Lakhs. The Company has recognised an impairment loss of Rs 666 lakhs during the quarter ended March 31, 2016, which included a commitment to infuse working capital in cash prior to transfer amounting to Rs. 400 Lakhs pursuant to the terms of the Business Transfer Agreement.

31. SALE OF STAKE IN INTELLECT POLARIS DESIGN LLC

On December 31, 2015, the Company divested 45% of its membership interest in Intellect Polaris Design LLC for a consideration of Rs. 1380.15 lakhs to Intellect Design Arena Limited. After the divestment, Intellect Design Arena Limited and Polaris Software Lab Inc. ("PSL") (a wholly owned subsidiary of Intellect Design Arena Limited, which already owns 5% of the membership interest in Intellect Polaris Design LLC) together holds 50% of the membership interest in Intellect Polaris Design LLC and the Company holds the remaining 50%. On December 31, 2015, a principal shareholder of the Company was also a principal owner of Intellect Design Arena Limited. For a period of twelve months commencing on March 3, 2016, PSL has an option to purchase all, but not less than all, of the membership interest in Intellect Polaris Design LLC held by the Company for consideration equal to the product of USD 5,000,000 and the percentage interest held by the Company. If the option is not exercised, for the next twelve months, the Company has the option to purchase all, but not less than all, of the membership interest in Intellect Polaris Design LLC held by PSL for consideration equal to the product of USD 5,000,000 and the percentage interest held by the Company. As the Company held 95% shareholding in Intellect Polaris Design LLC till December 31, 2015, the same has been treated as a subsidiary till December 31, 2015 and with effect from January 01, 2016, the same been treated as a joint venture and accounted under proportionate consolidation method. The gain on such deconsolidation of subsidiary is Rs.119.79 lakhs.

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

31. SALE OF STAKE IN INTELLECT POLARIS DESIGN LLC (contd...)

The company holds 50% interest in Intellect Poalris Design LLC , a joint controlled entity. The company's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended March 31,2016 are as follows:

Particulars	As at March 31, 2016
Current assets	137.83
Non-current assets	1,419.16
Current liabilities	(21.24)
Non-current liabilities	-
Equity	1,535.75

Particulars	January 01, 2016 to March 31, 2016
Revenue	-
Other income	25.31
Cost of material consumed	-
Depreciation of plant and machinery	(12.12)
Employee benefit expense	(24.37)
Other expense	-
Profit before tax	(11.18)
Income-tax expense	-
Profit after tax	(11.18)

32. EARNINGS PER SHARE ("EPS")

Reconciliation of basic and diluted shares used in computing EPS:

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
(i) Weighted average number of equity shares outstanding during the year - For basic EPS	100,235,574	99,760,484
Add: Effect of dilutive shares - Stock options granted under ASOP.	1,604,533	2,304,428
(ii) Weighted average number of equity shares outstanding during the year - For diluted EPS	101,840,107	102,064,912
(iii) The net profit for the period attributable to equity shareholders - For basic and diluted EPS	12,707.42	16,726.98
Earnings per Share (in Rs.)		
Basic earnings per share (iii)/(i)	12.68	16.77
Diluted earnings per share (iii)/(ii)	12.48	16.39

Notes to consolidated financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees in lakhs unless otherwise stated)

33. ADDITIONAL DISCLOSURE REQUIREMENT UNDER SECTION 129 OF THE COMPANIES ACT, 2013

Name of the entity	Net Assets		Share in Profit or Loss	
	As a % of the Consolidated net assets	Amount (Rs in Lakhs)	As a % of the consolidated profit or loss	Amount (Rs in Lakhs)
Parent				
Polaris Consultancy & Services Limited	65.6%	65,395.89	65.7%	8,975.85
Subsidiaries				
<i>Indian</i>				
Optimus Global Services Limited	-0.1%	(80.38)	0.0%	2.05
<i>Foreign</i>				
Polaris Consulting and Services GmbH ,Germany	1.1%	1,054.83	0.0%	6.20
Polaris Consulting & Services Pty Ltd ,Australia	3.7%	3,720.17	4.3%	586.94
Polaris Consulting & Services Ireland Limited	2.8%	2,832.58	1.0%	138.68
Polaris Consulting and Services Japan K.K	2.0%	2,035.33	1.4%	186.89
Polaris Consulting & Services Inc, Canada	3.6%	3,564.32	5.6%	769.62
Polaris Consulting & Services Pte Ltd, Singapore	8.1%	8,093.53	1.5%	204.85
Polaris Software Lab (Shanghai) Limited, China	0.1%	85.71	3.1%	423.62
Polaris Software Consulting & Services Sdn Bhd, Malaysia	1.9%	1,902.88	4.7%	638.42
Polaris Consulting & Services Limited ,UK	8.1%	8,106.79	9.3%	1,272.95
Polaris Consulting & Services B.V, Netherlands	0.1%	92.11	0.3%	39.43
Polaris Consulting & Services kft, Hungary	0.1%	57.13	0.2%	33.29
Polaris Consulting and Services FZ- LLC, Dubai	0.6%	622.45	2.7%	368.21
Polaris Consulting & Services SA, Switzerland	0.7%	689.80	0.0%	-
Joint Ventures				
<i>Foreign</i>				
Intellect Polaris Design LLC, USA	1.5%	1,535.75	0.0%	2.25
Minority Interest in all Subsidiaries	0.0%	-	0.0%	5.32

34. PREVIOUS PERIOD COMPARATIVES

Previous year figures have been regrouped/reclassified, wherever material and necessary to conform to current year presentation.

As per our attached report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per **Bharath N S**

Partner

Membership No. 210934

Chennai

May 12, 2016

For and on behalf of the Board of Directors of

Polaris Consulting & Services Limited

Hari Raju Mahadevu

Director

Vaidyanathan N. M

Chief Financial Officer

Chennai

May 12, 2016

Jitin Goyal

Executive Director

Christina Pauline Beulah

Company Secretary

Management Discussion & Analysis

SECTION A

Overview

Polaris is a niche global leader in the financial technology space. Our major customers include Citibank, Bank of Montreal, JPMC, Lloyds, M&T Bank, RBS, Morgan Stanley and Credit Suisse. Polaris has been consistently awarded CMMI Level 5 certification from 2001 onwards. We enable clients in more than 30 countries to stay ahead of emerging business trends and their respective market spaces through breakthrough solutions combining strategic insights and execution excellence.

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 culture of continuous innovation.

Digital OUT: This focuses on customer experience transformation and brand value creation across customer touch points - organization channel, LOB, brands / product and services – leading to a Unified Digital Channel Experience .

Digital IN: This balances operational efficiency and technology adoption leading to a superior customer experience.

Connected Ecosystem: This key technology area seamlessly connects a business and operations .

Enabling Ecosystem: This catalyses rapid transformation through continuous innovation, ready-to-use technology accelerators and agile program governance with development operations

The Company is domiciled in India with its registered office at No.244 Anna Salai, Chennai-600 006.Tamil Nadu. India. The Company has primary listings on National Stock Exchange Limited and BSE Limited in India. Virtusa Consulting Services Private Limited ("Virtusa") acquired a 52.42% stake in the Company effective March 2, 2016. Further in April 2016, pursuant to an open offer, Virtusa acquired 26% stake, which has resulted in increase in their total stake to 78.72% of the outstanding share capital.

These financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by the Securities Exchange Board of India (SEBI). Accounting policies have been consistently applied.

Global economy

There have been major macroeconomic changes that affected the global economy in 2015-16. These changes comprised the following:

- Slowdown in China
- A decline in commodity prices, especially oil, leading to a substantial wealth redistribution across sectors and countries
- Relative cross-border investment and trade de-acceleration
- Decline in capital flows to developed and emerging markets.

These factors staggered global economic growth during the second half of 2015.

Global trade volumes rebounded in the latter half of 2015 after declining sharply in the first half of the year. Industrial production was subdued through the year. In the advanced and emerging economies, growth projections suggest a pick-up in 2016.

The 2016 projection for global growth is a modest 3.2%, majorly on the same lines as in the previous year. The global growth recovery is projected 2017 onwards, primarily due to improved prospects in emerging markets and developing economies, as stressed economies begin to normalize.

The sustained slowness in the global economy increased uncertainty about growth scenarios and enhanced the urgency in broad policy reform.

U.S economy

The economy expanded by 2.4% during 2015, emulating its 2014 performance. Throughout the last year, the country encountered weak exports on account of declining commodity prices and a global demand weakening as emerging market economies continued to lose steam. The stock markets, which had rallied for six continuous years, faltered in 2015. Consumer demand, the principal driver of the US economy, reported a nominal improvement, which possibly inspired by improved consumer sentiment and an improved labour market.

Going forward, the US economy is likely to report improved numbers attributable to a growing US manufacturing sector, unemployment rate decline and controlled inflation . Besides, consumer confidence is set to build on the last year's platform.

Economy in 2016: The US economy expanded 0.5% in the first three months of 2016. This was 1.4% lower than the fourth quarter of FY15 for several reasons : weak exports, weak domestic demand, and non-residential investment decline. However, labor market indicators continued to improve, employment growth being particularly strong and the unemployment rate continuing to decline (4.5% in March 2016).

Indian economy

India's growth story remained credible during the year under review, despite a general global slowdown . The country registered robust growth GDP of 7.6% (estimated) in 2015-16 despite a sluggish monsoon. The improvement was attributed to macro-economic parameters like inflation, fiscal deficit and current account balance. The manufacturing sector was an important growth contributor .

This optimism is to continue on the back of increasing reforms and growth initiatives by the government, strong support from the services sector and a developing manufacturing sector.

The 2016 Union Budget introduced a number of measures to catalyse the rural economy and business sentiment . Strong private consumption is expected to drive robust growth, going forward.

The GDP growth has been projected at 7-7.75% for 2016-17.

(Source: Trading Economics, IMF, ET, Crisil)

The global IT sector

Information technology can bring about a dramatic improvement in people’s lives cutting across decades of inequity. . The result is unparalleled digital intervention leading societal progress.

Information technology are integral to virtually every major global industry and hence, economic growth.

This makes the industry one of the fastest-growing marked by growing IT spending worldwide.

(Billions of U.S dollars)

	2015 Spending	2015 Growth (%)	2016 Spending	2016 Growth (%)
Data Center Systems	170	1.8	175	3.0
Software	310	-1.4	326	5.3
Devices	653	-5.8	641	-1.9
IT Services	912	-4.5	940	3.1
Communications Services	1,472	-8.3	1,454	-1.2
Overall IT	3,517	-5.8	3,536	0.6

Source: Gartner (January 2016)

Spending in the IT services market is expected to return to robust growth in 2016, following a decline of 4.5% in 2015. IT services spending is projected to reach \$ 940 billion in 2016, up 3.1% from 2015, following accelerating Cloud infrastructure adoption .

A few IT trends that we believe will emerge stronger in FY17 comprise:

The device mesh: This refers to expanding endpoints people use to access applications and information or interact with people, social communities, governments and businesses. The device mesh comprises mobile devices, wearables, consumer and home electronic devices, automotive devices and environmental devices like sensors in the Internet of Things (IoT).

Ambient user experience: The device mesh represents the foundation for a new continuous and ambient user experience. Immersive environments delivering augmented and virtual reality hold significant potential but represent only one aspect of the experience. The ambient user experience preserves continuity across the boundaries of device mesh, time and space.

3D printing materials: Technology advances have already facilitated 3D printing to cover a range of materials, including advanced nickel alloys, carbon fiber, glass, conductive ink, electronics, pharmaceuticals and biological materials. These innovations are driving user demand, as the practical applications for 3D printers cover more sectors, including aerospace, medical, automotive, energy and the military.

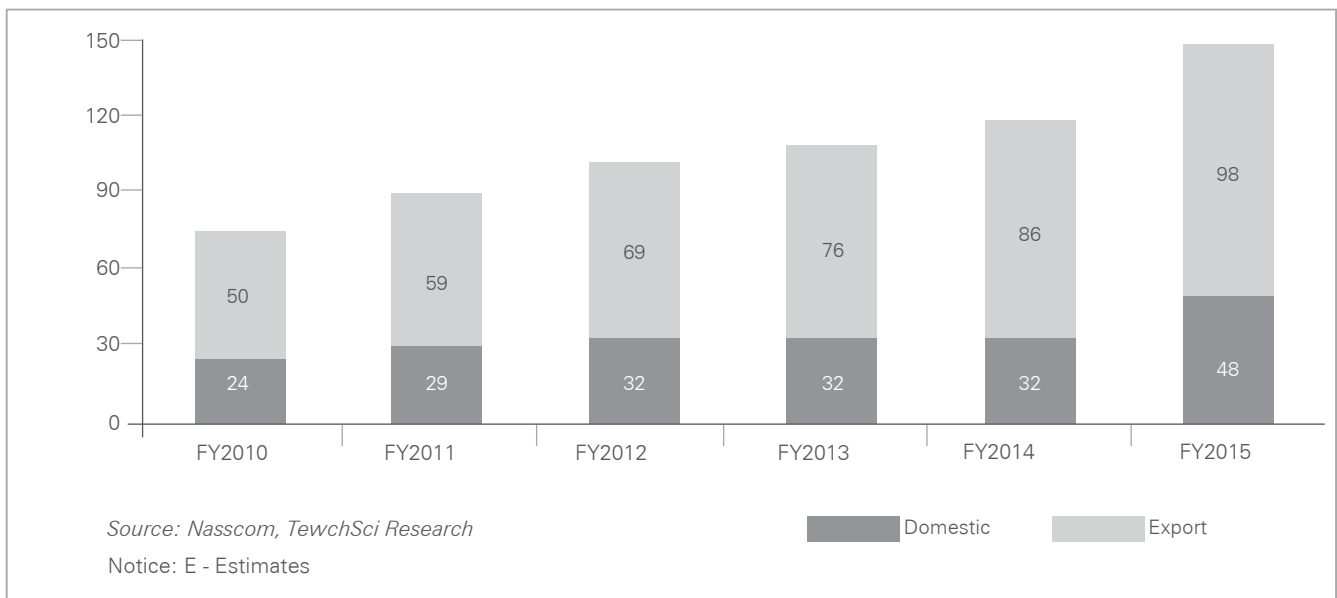
Information of everything: Everything in the digital mesh produces, uses and transmits information. This information extends beyond textual, audio and video information to sensory and contextual information as well. Information of everything addresses this through strategies and technologies that link data from these different data sources.

Outlook

THE INDIAN IT SECTOR

India’s IT sector has leveraged the abundant availability of an English-speaking workforce to emerge as a global services outsourcing hub. From 2008 until 2015, the Indian talent pool grew at a CAGR of about 9.4%; this growing pool possesses the potential to drive sectoral R&D and innovation .

India is the world’s largest IT services outsourcing destination , accounting for approximately 67 % of the US\$ 124-130 billion market. The industry employs about 10 million people.The industry has led the country’s economic transformation and altered national perception in the global economy.



The Indian IT and ITES sector is divided into the following major markets:

- IT services
- Business Process Management (BPM)
- Software products and engineering services
- Hardware

This market is expected to treble its current annual revenues to US\$ 350 billion by FY 2025, as per National Association of Software and Services Companies (NASSCOM).

India’s core strengths have attracted significant investments from a number of large countries, making India a leading global offshoring destination .

SECTION B

Financial position

The consolidated financial results for the year ended March 31, 2016 included profit of Rs.127 Cr (net of tax amounting to Rs.93 Cr).

Highlights

- FY16 revenues stood at Rs.2,037 Cr as against the FY15 revenue of Rs.1,893 Cr
- Earnings per share stood at Rs.12.68
- The book value per share increased to Rs.95.63 in FY16 from Rs.85.31 in FY15.
- Market capitalization was Rs.1,916 Cr as on March 31, 2016 (Rs.1,653 Cr as of March 31, 2015) (based on the equity share price of the Company on the National Stock Exchange)

Sources of Funds

1. Share Capital

As at March 31, 2016:

The Authorized share capital of the company was Rs. 65 Cr comprising equity shares of Rs.60 Cr. (120,000,000 equity shares of Rs.5 each) and 11% Preference shares of Rs.5 Cr. (10,000,000 Preference shares of Rs.5 each).

The issued, subscribed and paid-up capital was Rs. 50.68 Cr (101,366,874) equity shares of Rs 5 each). The Company allotted 1,452,250 equity shares to Associates and Directors under Associate Stock Option Plans. The Company has four stock option plans that provide for the granting of stock options to employees including directors of the Company (not being promoter directors and not holding more than 10% of the equity shares of the Company).

(The details of the options granted, outstanding and vested are provided in the notes to the consolidated financial statements in this Annual Report).

2. Reserves and Surplus

Reserves & Surplus stood at Rs. 911.79 Cr in FY16 (Rs.800.87 Cr in FY15). In FY15 consequent to the demerger, reserves of Rs.711.71 Cr were transferred as per the Scheme of Arrangement approved by the High Court of Madras (effective date April 1, 2014) to the resulting company.

Securities Premium account

As of March 31, 2016 Securities Premium account stood at Rs.18.34 Cr (Rs.4.29 Cr in FY15); the increase was due to the share premium received following the issue of shares under ESOP to employees.

Hedge Fluctuation Reserve

Hedge Fluctuation Reserve stood at Rs.10.69 Cr. Reserves are recognized when the changes in the fair value of the forward contracts designated and effective as hedges of future cash flows. The decrease in reserve was due to decrease in the fair value & quantum of the open forward contracts as at March 31, 2016.

Foreign Currency Translation Reserve: The balance of Foreign Currency Translation Reserve increased to Rs.31.56 Cr as on March 31, 2016 from Rs.14.49 Cr as on March 31, 2015.

Profit and Loss account: As of March 31, 2016, the balance retained in the Profit and Loss account was Rs.851.20 Cr. (Rs.724.36 Cr in FY15). This increase was due to the reinvestment of the operating surplus into the business.

Shareholder funds: As of March 31, 2016, shareholder funds stood at Rs.962.48 Cr (Rs.850.82 Cr in FY15). The book value per share stood at Rs.95.63 (Rs.85.31 in FY15)

3. Secured Loans

There were no secured loans outstanding as at March 31, 2016

Application of Funds

4. Fixed assets

Capital expenditure: The capital expenditure for FY16 is Rs.32.67 Cr (Rs.73.66 Cr in FY15). The addition of Rs. 33.91 Cr to our gross block comprised the following:

- Rs.13.20 Cr for land and buildings
- Rs.16.80 Cr for plant, machinery, office equipment, furniture & electrical fittings
- Rs.1.37 Cr for intangible assets
- Rs. 2.54 Cr for vehicles

5. Strategic business acquisition

Inorganic growth strategy

Growth is accelerated through innovation, making it possible to compete and align with those companies developing innovative technologies or with access to a wider customer base. The Company intends to grow inorganically through the identification of the right M&A candidates that could potentially help the Company build depth, breadth and scale.

6. Sundry Debtors

Sundry debtors amounted to Rs. 255.87 Cr (net of provision for doubtful debts amounting to Rs. 5.91 Cr) against Rs. 238.21 Cr in FY15 (net of provision for doubtful debts Rs. 4.05 Cr). At the end of FY16, the days of sales outstanding were 78 days against 88 days in FY15.

7. Cash and Cash Equivalents

Cash and Cash equivalents included bank balances, rupee and foreign currency accounts, as well as mutual fund investments. Cash and cash equivalents stood at Rs. 426.53 Cr as at March 31, 2016. The treasury policy indicated investments in highly rated mutual fund debt instruments and banks. The company earned interest / dividend income of Rs.11.05 Cr in FY16 from the investments.

8. Liquidity and Capital

The company continued to utilize the cash generated from operations to address growth, normal capital expenditure, product portfolio investments and funding needs of Group companies. Based on the cash reserves and future operating income, the company does not foresee a need for financial support / borrowing from external institutions.

9. Loans & Advances

As on March 31, 2016, Loans and Advances were Rs.153.79 Cr (Rs.200.12 Cr in FY15), which mainly included Advance Tax (net of provisions), employee loans, security deposits and advances.

10. Current Liabilities

Current Liabilities stood at Rs.286.25 Cr (Rs.295.21 Cr FY15). Other Current Liabilities of Rs.74.40 Cr included mainly an unclaimed interim dividend of Rs.1.28 Cr, billing in excess of revenue Rs.38.82 Cr and Statutory liabilities Rs.22.56 Cr. Trade payables Rs.211.85 Cr comprises of Sundry Creditors for services / goods of Rs.22.38 Cr, accrued salaries and benefits of Rs.92.67 Cr and other payables of Rs. 96.80 Cr.

11. Provisions

Provisions at the year-end were Rs.38.79 Cr comprising of Gratuity and Leave Salary Provisions of Rs.32.89 Cr, Provision for Taxation (net of advance tax) Rs.5.90 Cr.

12. Net Current Assets

As at March 31, 2016, Net Current Assets were Rs.585.21 Cr. (Rs.403.44 Cr FY15); Current Ratio was 2.80 (1.92 in FY15).

13. Deferred Tax Assets / Liability

As on March 31, 2016, the company recorded net Deferred Tax Asset aggregating Rs.8.15 Cr net of Deferred Tax Liability (Rs. 5.57 Cr in FY15). Deferred tax assets/ liabilities represented timing differences between the financial and tax books arising out of depreciation on assets, carry forward losses and provisions for sundry debtors. The Company assessed the likelihood based on continuous growth and improved profitability that the deferred tax asset would be adjusted from prospective taxable incomes.

14. Cash Flow Analysis

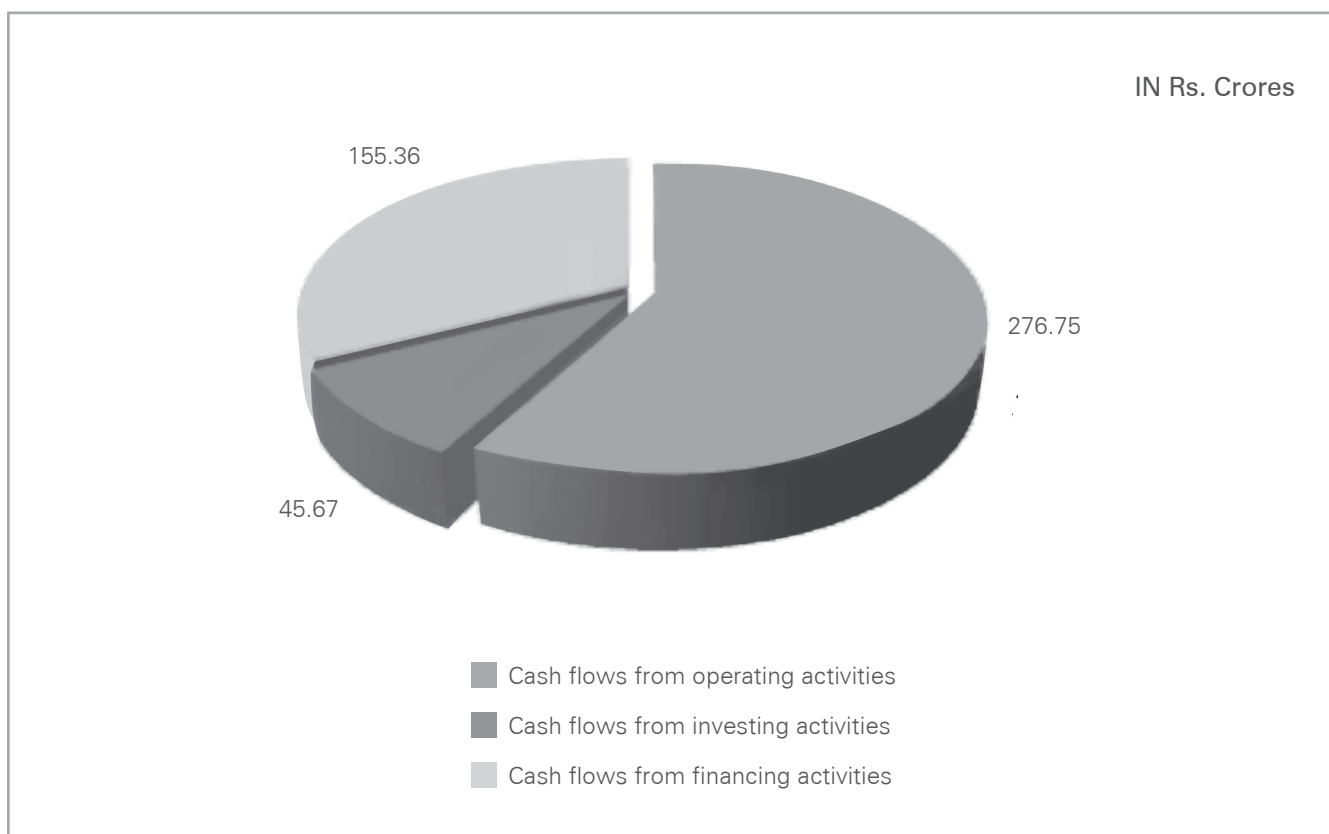
Cash flows are reported by adjusting net profit before tax for effect of non-cash transactions, changes in working capital, income taxes paid, cash transactions of capital nature and cash transactions relating to investing and financing activities. Cash flows from operating, investing and financing activities were identified and reported separately.

Cash Flow Chart

Cash Flow from operating activities: Net Cash generated from operating activities stood at Rs. 276.75 Cr in FY16 (Rs 55.69 Cr in FY15). Net cash provided by operating activities was following the utilization of cash for tax and working capital requirements, driven by business needs in the current year.

Cash Flow from investing activities: In FY16, the company used Rs. 45.67 Cr in investing activities. The net cash utilized in current & non-current investments during the year was Rs.21.00 Cr and for the purchase of fixed assets Rs.32.67 Cr.

Cash Flow from financing activities: In FY16, the Company used Rs. 155.36 Cr in financing activities. Cash equivalents of Rs. 426.53 Cr were reported after considering the cash flow from operating activities, financing activities and investing activities and short-term investment balances at the end of the year.



SECTION C

Results of operations

1. Revenue

Revenue from software services amounted to Rs.2,037.15 Cr in the current financial year growing from Rs.1,893.35 Cr in FY15. The total revenue for the year ended March 31, 2016 comprises of 87.53% derived from Exports and 12.47% coming from the domestic market.

2. Other Income

The Company's Other Income amounted to Rs. 15.45 Cr in FY16 against Rs 41.14 Cr in FY15, comprising the following:

- Rs. 4.07 Cr from interest on bank deposits and others
- Rs. 7.34 Cr dividend received from investments and profit on sale of investments.
- Rs.3.98 Cr through miscellaneous income
- Rs. 0.52 Cr from profit on sale of assets
- Rs. 0.01 Cr through net gain on foreign currency transactions and translations.

3. Expenditure

During the year under review, our Employee Benefit expenses were Rs. 1,567.66 Cr at 76.95% of revenue against Rs. 1,461.29 Cr at 77.18% of revenue in the previous year. These expenses comprised Salaries & Bonus, Software development expenses, Consultancy charges, Contribution to employee benefits, Expense on ESOP and ESPP as well as other Staff welfare expenses. Other expenses of Rs.216.91 Cr pertains to Operating, General & Other Administrative expenses.

4. Depreciation & Amortization

Depreciation on fixed assets was provided using the StraightLine Method based on rates specified in Schedule II of the Companies Act, 2013. Depreciation was provided for Rs. 26.55Cr in FY16 (Rs. 27.91 Cr in FY15), representing 1.30% (1.47% in FY15) of total revenues.

5. Research and Development

The Company incurred expenses on various Research and Development activities consisting primarily of salaries and related expenses for the R&D staff, outsourcing costs and allocated overheads. The Company continued to invest in research and development to add new features and services, develop new delivery methodologies and frameworks leading to delivery efficiencies. During the year under review, the Company's R&D spend was Rs. 4.07 Cr compared to Rs.10.53 Cr in the previous financial year.

6. Income Tax

Income Tax comprises Current Tax and Deferred Tax. Details of the same are given below:

The company calculated the tax liability after considering MAT in line with Section 115 JB of Income Tax Act, 1961.

Particulars	(Rs. in Cr)	
	March 31, 2016	March 31, 2015
Tax	92.62	64.22
Profit before tax (PBT)	219.64	231.43
% of tax on PBT	42.17%	27.75%

7. Profit after tax

The Net Profit after tax for 2015-16 stood at Rs. 127.07 Cr as against Rs. 167.27 Cr for 2014-15.

8. Capital Markets

The Capital Market Information relating to the company's shares such as stock exchanges in which they are listed/traded, trading volume, stock price movements etc., has been provided in the Report on Corporate Governance (under the heading 'General Shareholder Information') which forms a part of the Annual Report 2015-16.

10. Subsidiary Companies

For subsidiary details, refer the Report on Subsidiaries under Section 129 of the Companies Act, 2013, included as an Annexure to the Directors' report.

SECTION D

Strengths

Polaris has demonstrated focus, discipline and innovation in its customer engagements. The Company values its employees and has upgraded employee skills and knowledge through workshops and training programs. This has helped Polaris sustain deep domain knowledge and strengthen its sectorial competence.

Some of the Company's strengths comprise the following :

Parameter	Evaluation
Robust talent base	Employee strength was 7,262 (excluding BPO segment) across business units in FY16; average experience was 8.84 years.
World-wide presence	Company comprised 39 business units across 20 global locations, resulting in a global edge.
Liquidity	Company is liquid with substantial cash at its disposal.
Rewards and recognition	Company was ranked in the Global Top 100 Vendors in Fintech forward ranking by American Banker BAI.

Competition

Polaris is focused on four areas - Digital, Payments, Risk & Compliance and Data. Its High Performance Outsourcing model has strengthened its positioning in the competitive Banking, Financial Services (BFS) space.

With banks embracing digital transformation in the pursuit of a competitive advantage, Polaris expects to emerge as a leader through Digital IN and Digital OUT initiatives.

Polaris is a specialized player in the financial services outsourcing space. The company possesses service capabilities across Treasury & Capital market verticals. Strong customer engagement models empowered Polaris to differentiate through superior offerings, solutions and deliveries.

Polaris competes with global outsourcing vendors like IBM, Cap Gemini and Cognizant and Indian outsourcing vendors like TCS, Infosys, Wipro and HCL.

Weaknesses

Parameter	Evaluation
Dynamic environment	Innovation is demanding continuous change; there is a risk of projects not materializing on schedule.
Project delays	Projects expansion is common in BFSIs, which could stretch resources.
Apprehension to digital change	Technology adoption remains an issue; data security is a concern.

Threats

Parameter	Evaluation
Increasing costs	Cost is an important factor in a digitization budget. Higher technology implementation cost could be a deterrent.
Technological change	Technology change and obsolescence is a challenge for companies commissioned around digital services .
Regulation/Tax changes	Tax digitization regulation changes could be a challenge.

Risks & Concern

Business is about managing risks even as business risk profile evolves in line with altering dynamics.

The Company's Risk Management Committee was constituted by the Board of Directors in a meeting on 29th March 2016. The Board of Directors of the Company approved a Risk Management Policy in the meeting held on 26th April 2016 as per

Regulation 21(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Policy provides an integrated risk management approach covering various business aspects.

The Company's risk mitigation framework comprises a study of emerging trends, conservative targets, framing policies, structured reporting, systems and controls. This disciplined approach is expected to strengthen the Company's viability across verticals, products, geographies and market cycles.

The Company's risks are evaluated under four categories:

- Market risk
 - Vendor consolidation risk
 - Reduction in IT budget risk
- Cost increase
- Exchange risk
- Compliance risk

Risk	Impact	Mitigation
Market risk	Consolidation of IT vendors can put mid-sized companies like ours at risk Smaller budget for IT	Domain-led solutions space is not marked by vendor consolidation. Polaris focuses on domain-led solutions, which make it possible to win projects in the face of competition from larger players. Our improved productivity and offshore leverage makes it possible to deliver value to our customers.
Cost increase risk	High inflation in India can lead to high salaries, affecting competitiveness	We use productivity tools as well as superior program and project management techniques to enhance productivity.
Exchange risk	Fluctuation in exchange rate	Polaris has Board-approved hedging guidelines to protect from unfavourable currency movements which is reviewed periodically. Dedicated treasury team in place, which seeks, advises from professional firms for hedging decisions.
Compliance risk	IT security requirements of our customers Government regulations	We have a dedicated Information security team, which monitors the IT security requirements of our customers. We have a dedicated legal and compliance team which manages this activity. The statutory compliance of international subsidiaries is monitored through our on-site team as well as external consultants who support us in adhering to country-specific compliance requirements

Internal Control Systems and their Adequacy

The CEO and CFO certification provided in the CEO and CFO certification section of the annual report discusses the adequacy of our internal control systems and procedures.

In addition to the various internal controls, the company also had a strong Internal Quality team that worked on Delivery Quality Assurance, increasing operational efficiency, reducing delivery-related risk and optimizing processes.



Notice

Notice is hereby given that the 23rd Annual General Meeting of members of the Company will be held on Thursday, 7th July, 2016 at 03:00 pm at Rani Seethai Hall, 603, Anna Salai, 1st Floor, Gemini Fly over Near, Thousand Light, Chennai-6, Tamil Nadu, India to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt :

(i) the audited financial statements of the Company for the Financial year ended 31st March, 2016 and the reports of the Board of Directors and Auditors thereon.

(ii) the audited Consolidated Financial statements of the Company for the Financial Year ended 31st March, 2016

2. To appoint a Director in place of Mr.Jitin Goyal, (DIN 02851976) who retires by rotation and being eligible, has offered himself for re-appointment as a Executive Director, to the extent that he is required to retire by rotation.

3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion the 28th Annual General Meeting of the Company to be held in the financial year 2021 and to authorize the Board of Directors to fix their remuneration and to pass the following thereof as an Ordinary Resolution

To consider and if thought it fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions of the Companies Act, 2013, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s.BSR & Co., LLP Chartered Accountants (Registration No.101248 W/W-100022), be and are hereby appointed as the auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 28th Annual General Meeting of the Company to be held in the Financial Year 2021 at such remuneration as shall be fixed by the Board of Directors of the Company”

By Order of the Board
For **Polaris Consulting & Services Limited**
(Formerly known as Polaris Financial Technology Ltd.)
Christina Pauline Beulah
Company Secretary & Compliance Officer

Place: Chennai

Date: May 12, 2016

Notes

1. The statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote on this behalf in the meeting and such person can act as a proxy on behalf of members of the company not exceeding 50 (Fifty) and holding in aggregate not more than 10% (Ten percent) of the total shares. A member holding more than 10% (Ten percent) of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. The instrument appointing the Proxy, duly completed

must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.

4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the Company.

5. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of

- the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
 8. The certificate from the Auditors of the Company certifying that the Company's Associate Stock Option Plan(s) are being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and SEBI (Employee Share Based Benefits) Rules, 2014 as applicable and in accordance with the resolution of the Members in the General Meeting is available for inspection by the Members at the Annual General Meeting.
 9. The Register of Members and Share Transfer Books of the Company will remain closed from 28th June 2016 to 7th July, 2016 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013 and the applicable regulations of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.
 10. Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID number on all correspondences with the Company. The transfer deeds, communication for change of address, bank details, ECS details, mandates (if any), should be lodged with the Registrar & Share Transfer Agents (RTA) of the Company, M/s Karvy Computershare Private Limited, Hyderabad. Members whose shares are held in the electronic mode are requested to intimate the same to their respective Depository Participants.
 11. The Company is concerned about the environment and utilizing natural resources in a suitable way. We request you to update your email address with your Depository participant to enable us to send you the quarterly reports and other communications via email.
 12. Annual Report 2016 with Attendance Slip and Proxy form are being sent by electronic mode only to all the members whose email address are registered with the Company/Depository Participant (s) for communication purpose unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016 are being sent by the permitted code.
 13. Pursuant to the provisions of Section 123 of the Companies Act, 2013 dividends which remained unclaimed after the prescribed period of 7 years shall be transferred to the Investor Education Protection Fund (IEPF) of the Central Government. Members who have not encashed their dividend warrants are requested to correspond with RTA. It is requested to note that once unclaimed dividend is transferred to IEPF pursuant to Section 125 of the Companies Act, 2013, no further claim shall be entertained. Information in respect of such unclaimed dividend when due for transfer to IEPF of Government of India including the unclaimed amount since 2009, are given in Corporate Governance Report.
 14. Members may note that the Notice of the 23rd Annual General Meeting and the Annual Report 2016 will also be available on the Company's website www.polarisft.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at shareholder.query@polarisft.com or company.secretary@polarisft.com.
 15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
 16. The Company has provided e-voting facility to the shareholders to enable them to vote on the resolutions listed in the notice and e-voting platform will be open from 4th July 2016 to 6th July 2016. The Company shall be making arrangements for the members to cast their votes in respect to the businesses either through electronic voting system or through poll, for members attending the meeting who have not cast their vote by remote voting and voting by way of InstaPoll also will be provided at the venue of the Annual General Meeting in accordance with the Circular issued by MCA.
- Statement pursuant to Section 102 (1) of the Companies Act, 2013
- By Order of the Board
For Polaris Consulting & Services Limited
(Formerly known as Polaris Financial Technology Ltd.)
Christina Pauline Beulah
Company Secretary & Compliance Officer
- Place: Chennai
Date: May 12, 2016

POLARIS CONSULTING & SERVICES LIMITED

(Formerly known as Polaris Financial Technology Limited)

CIN: L65993TN1993PLC024142

Registered Office: No.244, Anna Salai, Chennai-600 006

Email id: shareholder.query@polarisft.com, Website: www.polarisft.com;

Tel No.:91-44-3987 4000 Fax: 91-44-2852 3280

23rd Annual General Meeting to be held on 7th July 2016 at 03:00 PM
"RANI SEETHAI HALL", NO. 603, FIRST FLOOR, ANNA SALAI, THOUSAND LIGHTS,
CHENNAI – 600 006

Registered Folio No :(or)

Demat Account No.D.P.ID.No.....

Name of Shareholder(s)

I/We certify that I am/we are the Member(s) / Proxy of the Member(s) of the Company holding _____ Shares.

.....
Signature of Member(s) / Proxy

- A member or his duly appointed Proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance of the meeting hall.
- Name of the Proxy in BLOCK letters
(in case a Proxy attends the meeting)
- Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.

**Form No. MGT-11
Proxy Form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

CIN: L65993TN1993PLC024142

Name of the Company: Polaris Consulting & Services Limited

Registered office: 244, Anna Salai, Chennai – 600 006

Name of the Member (s)

Registered Address

E-mail ID

Folio No./ Client Id & DP. ID

I/We being the Member(s) of _____ shares of the above named Company, hereby appoint

1. Name : _____

Address : _____

E-mail ID : _____

Signature : _____, or failing him _____

2. Name : _____
Address : _____
E-mail ID : _____
Signature : _____, or failing him _____

3. Name : _____
Address : _____
E-mail ID : _____
Signature : _____, or failing him _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on **Thursday, the 7th July 2016 at 03.00 p.m. at "Rani Seethai Hall", 603, First Floor, Anna Salai, Thousand Lights, Chennai-600 006** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos.

1. Adoption of Financial Statements.
2. To appoint a Director in place of Mr.Jitin Goyal, (DIN 02851976) who retires by rotation and being eligible, has offered himself for re-appointment
3. Appointment of Statutory Auditors

Signed this _____ day of _____ 2016.

Affix Revenue Stamp

Signature of shareholder(s)

Signature of Proxy holder(s)



Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.



POLARIS[®]
live your dream

Corporate Headquarters
Polaris Consulting & Services Ltd.

'Foundation' #34, IT Highway
Chennai – 603 103
India

T: 91.44.2743 5001
91.44.3987 3000

www.polarisft.com