

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

## POLARIS CONSULTING & SERVICES LIMITED (Group)

(Formerly known as Polaris Financial Technology Limited)

**CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2014 PREPARED AS PER INDIAN GAAP**

Rs. in Lakhs

PARTICULARS	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	September 30, 2014 (UNAUDITED)	June 30, 2014 (UNAUDITED) (Refer Note (h) (iii))	September 30, 2013 (UNAUDITED)	September 30, 2014 (UNAUDITED)	September 30, 2013 (UNAUDITED)	March 31, 2014 (AUDITED)
	<b>Income</b>					
Gross Income from Operations	476,74.48	473,71.40	643,37.31	950,45.88	1,210,17.46	2,528,09.54
Forex impact on Hedge accounting	15.31	96.18	(33,29.40)	1,11.49	(49,14.25)	(104,39.89)
<b>Net Income from Operations</b>	<b>476,89.79</b>	<b>474,67.58</b>	<b>610,07.91</b>	<b>951,57.37</b>	<b>1,161,03.21</b>	<b>2,423,69.65</b>
<b>Expenditure</b>						
Employee cost	361,77.30	365,39.76	455,17.43	727,17.06	878,26.25	1,842,76.32
Depreciation	6,90.46	7,63.94	13,55.40	14,54.40	26,53.09	54,44.03
Other Expenditure	54,55.28	50,48.00	93,98.89	103,40.82	163,52.71	339,47.41
<b>Total</b>	<b>423,23.04</b>	<b>423,51.70</b>	<b>562,71.72</b>	<b>845,12.28</b>	<b>1,068,32.05</b>	<b>2,236,67.76</b>
<b>Profit from Operations before Other Income, Interest &amp; Tax</b>	<b>53,66.75</b>	<b>51,15.88</b>	<b>47,36.19</b>	<b>106,45.09</b>	<b>92,71.16</b>	<b>187,01.89</b>
Other Income	20,47.40	4,57.41	8,05.63	23,42.35	19,93.75	32,35.24
<b>Profit before Interest and Tax</b>	<b>74,14.15</b>	<b>55,73.29</b>	<b>55,41.82</b>	<b>129,87.44</b>	<b>112,64.91</b>	<b>219,37.13</b>
Finance cost	-	-	41.69	-	80.36	1,97.72
<b>Profit after finance cost but before exceptional items</b>	<b>74,14.15</b>	<b>55,73.29</b>	<b>55,00.13</b>	<b>129,87.44</b>	<b>111,84.55</b>	<b>217,39.41</b>
<b>Exceptional items</b>						
Profit/(Loss) on divestment of discontinuing operations- refer note (h)(i)	-	-	14,25.75	-	14,07.71	24,38.14
Restructuring & Demerger expenses	(6,89.25)	-	-	(6,89.25)	-	(3,01.12)
<b>Profit before tax expense</b>	<b>67,24.90</b>	<b>55,73.29</b>	<b>69,25.88</b>	<b>122,98.19</b>	<b>125,92.26</b>	<b>238,76.43</b>
Tax expenses	18,09.67	13,95.90	8,85.69	32,05.57	21,51.47	39,68.78
<b>Net Profit after tax</b>	<b>49,15.23</b>	<b>41,77.39</b>	<b>60,40.19</b>	<b>90,92.62</b>	<b>104,40.79</b>	<b>199,07.65</b>
Minority interest - (Share of Loss)	-	-	-	-	-	-
Share of profit/(loss) of Associate companies	-	-	(58.80)	-	(1,38.99)	11.55
<b>Net Profit for the period</b>	<b>49,15.23</b>	<b>41,77.39</b>	<b>59,81.39</b>	<b>90,92.62</b>	<b>103,01.80</b>	<b>199,19.20</b>
<b>Earning Per Share (EPS) of Rs.5 each (Rs.)</b>						
Basic	4.93	4.19	6.01	9.12	10.35	20.01
Diluted	4.85	4.15	6.00	8.98	10.34	19.97

## POLARIS CONSULTING & SERVICES LIMITED

(Formerly known as Polaris Financial Technology Limited)

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**STANDALONE FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2014 PREPARED AS PER INDIAN GAAP**

PARTICULARS	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	September 30, 2014 (AUDITED)	June 30, 2014 (Refer Note (h) (iii))	September 30, 2013 (AUDITED)	September 30, 2014 (AUDITED)	September 30, 2013 (AUDITED)	March 31, 2014 (AUDITED)
	<b>Income</b>					
Gross Income from Operations	417,05.59	407,03.24	540,33.34	824,08.83	1,029,12.48	2,109,65.15
Forex impact on Hedge accounting	15.31	96.18	(33,29.40)	111.49	(49,14.25)	(104,39.89)
<b>Net Income from Operations</b>	<b>417,20.90</b>	<b>407,99.42</b>	<b>507,03.94</b>	<b>825,20.32</b>	<b>979,98.23</b>	<b>2,005,25.26</b>
<b>Expenditure</b>						
Employee cost	322,98.47	325,39.07	400,50.18	648,37.54	776,04.80	1,606,80.22
Depreciation / Amortisation	6,65.47	7,38.57	12,36.70	14,04.04	24,27.42	47,97.99
Other Expenditure	39,15.12	38,65.99	67,93.44	76,78.88	123,36.66	245,74.78
<b>Total</b>	<b>368,79.06</b>	<b>371,43.63</b>	<b>480,80.32</b>	<b>739,20.46</b>	<b>923,68.88</b>	<b>1,900,52.99</b>
<b>Profit from Operations before Other Income, Interest &amp; Tax</b>	<b>48,41.84</b>	<b>36,55.79</b>	<b>26,23.62</b>	<b>85,99.86</b>	<b>56,29.35</b>	<b>104,72.27</b>
Other Income	18,19.80	4,00.97	7,67.12	21,18.54	22,05.63	30,06.21
<b>Profit before Interest &amp; Tax</b>	<b>66,61.64</b>	<b>40,56.76</b>	<b>33,90.74</b>	<b>107,18.40</b>	<b>78,34.98</b>	<b>134,78.48</b>
Finance Cost	-	-	36.88	-	75.37	1,04.10
<b>Profit after finance cost but before exceptional items</b>	<b>66,61.64</b>	<b>40,56.76</b>	<b>33,53.86</b>	<b>107,18.40</b>	<b>77,59.61</b>	<b>133,74.38</b>
<b>Exceptional items</b>						
Loss on divestment of discontinued business - Refer Note (h)(i)	-	-	(26,16.76)	-	(26,16.76)	(20,59.22)
Restructuring & Demerger expenses	(6,89.25)	-	-	(6,89.25)	-	(2,68.48)
<b>Profit before Tax</b>	<b>59,72.39</b>	<b>40,56.76</b>	<b>7,37.10</b>	<b>100,29.15</b>	<b>51,42.85</b>	<b>110,46.68</b>
Tax expenses	15,82.83	10,96.96	4,26.81	26,79.79	16,38.25	26,50.09
<b>Net Profit after tax</b>	<b>43,89.56</b>	<b>29,59.80</b>	<b>3,10.29</b>	<b>73,49.36</b>	<b>35,04.60</b>	<b>83,96.59</b>
<b>Paid-up Equity share Capital</b>						
Equity shares of Rs. 5 each	49,87.20	49,83.47	49,75.50	49,87.20	49,75.50	49,77.51
Reserves excluding revaluation reserves	636,48.99	589,51.22	1,015,59.63	636,48.99	1,015,59.63	1,125,82.81
<b>Earning Per Share (EPS) of Rs. 5 each (Rs.)</b>						
Basic	4.40	2.97	0.31	7.37	3.52	8.44
Diluted	4.33	2.94	0.31	7.26	3.52	8.42

Public Shareholding						
Number of shares	707,483,14	706,736,14	705,166,14	707,483,14	705,166,14	705,545,14
Percentage of shareholding	70.93%	70.91%	70.86%	70.93%	70.86%	70.87%
Promoters and Promoter group shareholding						
a) Pledged / encumbered						
- Number of shares	Nil	Nil	Nil	Nil	Nil	Nil
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
- Percentage of shares (as a % of the total share capital of the company )	Nil	Nil	Nil	Nil	Nil	Nil
b) Non - encumbered						
- Number of shares	289,957,60	289,957,60	289,933,60	289,957,60	289,933,60	289,957,60
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	29.07%	29.09%	29.14%	29.07%	29.14%	29.13%

SEGMENT INFORMATION - STANDALONE	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
	<b>A) Segment revenue (Gross Income from Operations)</b>					
Product licenses and related revenues	-	-	103,31.52	-	190,48.62	401,75.42
Software development, Support & BPO services	417,05.59	407,03.24	437,01.82	824,08.83	838,63.86	1,707,89.73
<b>Total Revenues</b>	<b>417,05.59</b>	<b>407,03.24</b>	<b>540,33.34</b>	<b>824,08.83</b>	<b>1,029,12.48</b>	<b>2,109,65.15</b>
<b>B) Segment profit before interest and tax</b>						
Product licenses and related revenues	-	-	(3,45.80)	-	(10,90.92)	(18,29.91)
Software development, Support & BPO services	66,61.64	40,56.76	62,98.81	107,18.40	116,34.53	227,42.09
<b>Total</b>	<b>66,61.64</b>	<b>40,56.76</b>	<b>59,53.01</b>	<b>107,18.40</b>	<b>105,43.61</b>	<b>209,12.18</b>
Finance Charges	-	-	(36.88)	-	(75.37)	(1,04.10)
Other unallocable expenditure net of unallocable income (including Forex impact on Hedge accounting & excluding exceptional items)	-	-	(25,62.27)	-	(27,08.63)	(97,61.40)
<b>Profit before tax</b>	<b>66,61.64</b>	<b>40,56.76</b>	<b>33,53.86</b>	<b>107,18.40</b>	<b>77,59.61</b>	<b>110,46.68</b>
<b>C) Capital employed: *</b>						
	-	-	1,065,35.13	-	1,065,35.13	1,175,60.32

\* The assets & liabilities of the Company cannot be classified under any specific segment as they are used / contracted interchangeably, hence segment wise capital employed is not disclosed.

The segmentation between Product business and Services business are based on internal management reports and includes estimates / allocation as considered appropriate and certified / approved by the Company.

### STATEMENT OF ASSETS AND LIABILITIES

	CONSOLIDATED (UNAUDITED)		STANDALONE (AUDITED)	
	September 30, 2014	March 31, 2014	September 30, 2014	March 31, 2014
	<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	49,87.20	49,77.51	49,87.20	49,77.51
Reserves and surplus	895,98.82	1,497,63.58	636,48.99	1,125,82.81
<b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b>	<b>945,86.02</b>	<b>1,547,41.09</b>	<b>686,36.19</b>	<b>1,175,60.32</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	1,57.26	-	1,57.26	-
Deferred tax liabilities (Net)	-	-	-	-
Long-term provisions	80.67	10,70.99	80.67	10,43.80
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	-	4,03.15	-	-
Trade payables	169,47.74	242,08.47	130,21.42	213,05.04
Other current liabilities	115,68.05	140,42.22	111,55.74	148,30.86
Short-term provisions	19,70.40	121,81.66	13,88.53	109,04.18
<b>TOTAL</b>	<b>1,256,33.79</b>	<b>2,071,91.82</b>	<b>947,63.46</b>	<b>1,660,47.82</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
<b>Fixed assets</b>				
- Tangible assets	201,93.33	325,80.17	197,93.79	289,17.51
- Intangible assets	5,70.23	8,25.39	5,70.23	6,69.11
- Capital work-in-progress	2.28	34,93.50	2.28	34,88.61
- Intangible assets under development	-	9,73.93	-	-
	<b>207,65.83</b>	<b>378,72.99</b>	<b>203,66.30</b>	<b>330,75.23</b>
Goodwill	-	75,30.02	-	-
Non-current investments	97,74.18	87,99.72	94,98.68	187,70.94
Deferred tax assets (net)	6,26.05	6,49.45	5,36.19	-
Long-term loans and advances	91,32.07	152,15.48	89,31.64	123,76.86
Other non-current assets	18,54.79	47,29.71	18,54.79	47,29.71
<b>CURRENT ASSETS</b>				
Current investments	-	371,02.45	-	365,41.98
Trade receivables	249,70.98	362,20.67	196,43.58	227,84.03
Cash and bank balance	243,30.46	231,32.93	114,71.89	104,27.72
Short-term loans and advances	97,16.83	43,74.33	42,90.35	59,12.63
Other current assets	244,62.59	315,64.07	181,70.04	214,28.72
<b>TOTAL</b>	<b>1,256,33.79</b>	<b>2,071,91.82</b>	<b>947,63.46</b>	<b>1,660,47.82</b>

#### NOTES:

- The above results were reviewed by the Audit committee and approved by the Board of Directors at its meeting held on November 07, 2014.
- The Stand-alone financial results of the Company for the quarter ended and six months period ended September 30, 2014 were audited by the Statutory Auditors of the Company.
- Tax expenses includes current tax, deferred tax and MAT, wherever applicable.
- No. of Complaints pending at the beginning of the quarter Nil  
No. of Complaints received during the quarter 9  
No. of Complaints disposed off during the quarter 9  
No. of Complaints lying unresolved at the end of the quarter Nil
- The Company has allotted 74,700 shares under Associate Stock Option Plan 2003 of the Company during the Quarter ended September 30, 2014 .
- The name of the company has been changed to Polaris Consulting & Services Limited from Polaris Financial Technology Limited with effect from 21st October 2014 and the necessary regulatory approval for the same have been obtained
- Madras Stock Exchange Limited vide its letter dt.14/10/2014 has approved the voluntary delisting of the securities of the Company, listed on the said exchange, effective 15th October 2014.
- Discontinuing operations -
  - The Company on April 27, 2011 made an investment aggregating Rs. 8,813 Lakhs comprising of a 85.30% stake in IdenTrust Inc a company engaged in the business of trusted Identity solutions and digital identity authentication services based in the United States. Pursuant to an order received from the Committee of Foreign Investment in the United States (CFIUS), the Board of Directors had made a decision to divest its investment in IdenTrust Inc and subsequently completed the transaction on September 13, 2013. As a consequence of the event, the Company has recorded a loss of Rs 2,059.22 Lakhs in its stand alone financial results for the year ended March 31, 2014 which has been disclosed as an exceptional item. The impact of the divestment on the consolidated financial results for the year ended March 31, 2014 aggregates to a profit of Rs 2,438.14 Lakhs which excludes that year's operational results of IdenTrust Inc till the date of divestment. During the year ended 31st March, 2014, the Company has accounted for an additional consideration of Rs.557.54 Lakhs with regards to its earlier divestment of IdenTrust Inc. which has been included as part of Exceptional items in the Standalone and Consolidated results of that period.
  - The Board of Directors of the Company at its meeting held on March 18, 2014 had approved a Scheme of Arrangement between Polaris Financial Technology Limited and Intellect Design Arena Limited ('Intellect') (formerly known as Fin Tech Grid Limited), a wholly owned subsidiary of the Company and their respective shareholders which inter alia envisaged demerger of the Product business undertaking along with related assets and liabilities into Intellect with effect from April 1, 2014 in accordance with the provisions of the Companies Act, 1956. The above scheme has received the approval from the Madras High court on 15 September 2014. Consequently, the assets and liabilities which vest with Intellect Design Arena Limited, have been excluded from the statement of assets and liabilities of the company, although the physical movement/transfer for the same is in the process of being completed. Similarly, the financial results for the six months and quarter ended September 30, 2014 and for the quarter ended 30 June 2014 (restated) does not include the results of the product business undertaking. The Consolidated financial results for the Year ended March 31, 2014 include an estimated loss of Rs.911 Lakhs (net of tax credit of Rs.67 Lakhs) and the Standalone financial results for the year ended 31 March 2014 includes an estimated loss Rs.4,293 Lakhs (net of tax credit of Rs.138 Lakhs) in relation to the product business.
- Net assets of Rs 71,171 Lakhs (in the Consolidated financial results) and Rs 58,681 Lakhs (in the Standalone financial results) relating to the product division as determined by management in accordance with the scheme of arrangement have been transferred into Intellect Design Arena Limited with effect from 1st April 2014 and the same has been adjusted in Reserves and surplus