

Clarification Note: With respect to the financial results for the quarter and nine months ended December 31, 2014 for Polaris Consulting & Services Ltd (formerly known as Polaris Financial Technology Ltd), 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)

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2014 PREPARED AS PER INDIAN GAAP

Rs. In Lakhs

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014 AUDITED
Income						
Gross Income from Operations	475,56.41	476,74.48	643,39.96	1,426,02.28	1,853,57.43	2,528,09.54
Forex impact on Hedge accounting	(80.80)	15.31	(29,15.84)	30.69	(78,30.09)	(104,39.89)
Net Income from Operations	474,75.61	476,89.79	614,24.12	1,426,32.97	1,775,27.34	2,423,69.65
Expenditure						
Employee cost	368,10.69	361,77.30	463,67.44	1,095,27.76	1,341,93.68	1,842,76.32
Depreciation / Amortisation	6,65.82	6,90.46	13,06.26	21,20.22	39,59.35	54,44.03
Other Expenditure	52,83.78	54,55.28	81,55.31	156,24.56	245,08.01	339,47.41
Total	427,60.29	423,23.04	558,29.01	1,272,72.54	1,626,61.04	2,236,67.76
Profit from Operations before Other Income, Interest & Tax	47,15.32	53,66.75	55,95.11	153,60.43	148,66.30	187,01.89
Other Income	8,97.12	20,47.40	9,55.28	32,39.47	29,49.03	32,35.24
Profit before Interest and Tax	56,12.44	74,14.15	65,50.39	185,99.90	178,15.33	219,37.13
Finance cost	-	-	27.96	-	1,08.32	1,97.72
Profit after finance cost but before exceptional items	56,12.44	74,14.15	65,22.43	185,99.90	177,07.01	217,39.41
Exceptional items						
Profit/(Loss) on divestment of discontinuing operations- refer note (g)(i)	-	-	-	-	14,07.71	24,38.14
Restructuring & Demerger expenses	-	(6,89.25)	-	(6,89.25)	-	(3,01.12)
Profit before tax expense	56,12.44	67,24.90	65,22.43	179,10.65	191,14.72	238,76.43
Tax expenses	16,86.58	18,09.67	14,22.09	48,92.16	35,73.56	39,68.78
Net Profit after tax	39,25.86	49,15.23	51,00.34	130,18.49	155,41.16	199,07.65
Minority interest - (Share of Loss)	-	-	-	-	-	-
Share of profit/(loss) of Associate companies	-	-	(24.83)	-	(1,63.82)	11.55
Net Profit for the period	39,25.86	49,15.23	50,75.51	130,18.49	153,77.34	199,19.20
Earning Per Share (EPS) of Rs.5 each (Rs.)						
Basic	3.93	4.93	5.10	13.05	15.45	20.01
Diluted	3.83	4.85	5.09	12.72	15.43	19.97

POLARIS CONSULTING & SERVICES LIMITED

(Formerly known as Polaris Financial Technology Limited)

Regd. Office : Carex Centre, 244 (Old No. 713) Anna Salai, Chennai-600 006

AUDITED STANDALONE FINANCIAL RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2014 PREPARED AS PER INDIAN GAAP

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014 (Audited)
Income						
Gross Income from Operations	424,70.66	417,05.59	535,87.16	1,248,79.50	1,564,99.63	2,109,65.15
Forex impact on Hedge accounting	(80.80)	15.31	(29,15.84)	30.69	(78,30.09)	(104,39.89)
Net Income from Operations	423,89.86	417,20.90	506,71.32	1,249,10.19	1,486,69.54	2,005,25.26
Expenditure						
Employee cost	343,40.32	322,98.47	403,88.85	991,77.87	1,179,93.65	1,606,80.22
Depreciation / Amortisation	6,28.28	6,65.47	11,83.61	20,32.33	36,11.04	47,97.99
Other Expenditure	41,02.20	39,15.12	62,53.06	117,81.09	185,89.72	245,74.78
Total	390,70.80	368,79.06	478,25.52	1,129,91.29	1,401,94.41	1,900,52.99
Profit from Operations before Other Income, Interest & Tax	33,19.06	48,41.84	28,45.80	119,18.90	84,75.13	104,72.27
Other Income	5,33.92	18,19.80	8,78.94	26,52.48	30,84.58	30,06.21
Profit before Interest & Tax	38,52.98	66,61.64	37,24.74	145,71.38	115,59.71	134,78.48
Finance Cost	-	-	21.20	-	96.57	1,04.10
Profit after finance cost but before exceptional items	38,52.98	66,61.64	37,03.54	145,71.38	114,63.14	133,74.38
Exceptional items						
Loss on divestment of discontinued business - Refer Note (g)(i)	-	-	-	-	(26,16.76)	(20,59.22)
Restructuring & Demerger expenses	-	(6,89.25)	-	(6,89.25)	-	(2,68.48)
Profit before Tax	38,52.98	59,72.39	37,03.54	138,82.13	88,46.38	110,46.68
Tax expenses	13,19.68	15,82.83	10,41.78	39,99.48	26,80.02	26,50.09
Net Profit after tax	25,33.30	43,89.56	26,61.76	98,82.65	61,66.36	83,96.59
Paid-up Equity share Capital						
Equity shares of Rs. 5 each	49,92.45	49,87.20	49,77.31	49,92.45	49,77.31	49,77.51
Reserves excluding revaluation reserves	668,43.65	636,48.99	1,095,46.23	668,43.65	1,095,46.23	1,125,82.81
Earning Per Share (EPS) of Rs. 5 each (Rs.)						
Basic	2.54	4.40	2.67	9.91	6.20	8.44
Diluted	2.47	4.33	2.67	9.66	6.19	8.42
Public Shareholding						
Number of shares	708,532,64	707,483,14	705,504,14	708,532,64	705,504,14	705,545,14
Percentage of shareholding	70.96%	70.93%	70.87%	70.96%	70.87%	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	289,957,60	289,957,60	289,957,60	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)	29.04%	29.07%	29.13%	29.04%	29.13%	29.13%

SEGMENT INFORMATION – STANDALONE	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014 (Audited)
A) Segment revenue (Gross Income from Operations)						
Product licenses and related revenues	-	-	110,20.61	-	300,69.23	401,75.42
Software development, Support & BPO services	424,70.66	417,05.59	425,66.55	1,248,79.50	1,264,30.40	1,707,89.73
Total Revenues	424,70.66	417,05.59	535,87.16	1,248,79.50	1,564,99.63	2,109,65.15
B) Segment profit before interest and tax						
Product licenses and related revenues	-	-	1,79.28	-	(9,11.64)	(18,29.91)
Software development, Support & BPO services	38,52.98	66,61.64	55,82.35	145,71.38	172,16.88	227,42.09
Total	38,52.98	66,61.64	57,61.63	145,71.38	163,05.24	209,12.18
Finance Charges	-	-	(21.20)	-	(96.57)	(1,04.10)
Other unallocable expenditure net of unallocable income including Forex impact on Hedge accounting & excluding exceptional items	-	-	(20,36.89)	-	(47,45.53)	(97,61.40)
Profit before tax before exceptional items	38,52.98	66,61.64	37,03.54	145,71.38	114,63.14	110,46.68
C) Capital employed*						
	-	-	1,145,23.54	-	1,145,23.54	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.

NOTES:

- The above results were reviewed by the Audit committee and approved by the Board of Directors at its meeting held on January 22, 2015.
- The Stand-alone financial results of the Company for the quarter and nine months period ended December 31, 2014 were audited by the Statutory Auditors of the Company.
- Tax expenses include 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 104,950 shares under Associate Stock Option Plan 2003 & 2011 of the Company during the Quarter ended December 31, 2014.
- 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 –
(i) 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.
(ii) 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 15th 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 nine months and quarter ended December 31, 2014 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 711,71 lakhs (contained in the Consolidated financial results) and Rs 586,81 lakhs (contained 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 (in share premium account, general reserve and the Surplus in profit and loss account) of the Company.
- In view of the scheme of demerger as mentioned above, coming effective from 1st April 2014, the figures for the current period (comprising nine months and quarter ended December 31, 2014) are not comparable with the corresponding figures disclosed for quarter and nine months ended December 31, 2013.
- Figures of the earlier periods, wherever necessary, have been regrouped to conform with those of the current period.

k) Function wise classification of statement of Profit and Loss for the Group (Unaudited)

Particulars	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014**
INCOME						
Income from software services, products and Business Process Management	475,56.41	476,74.48	643,39.96	1,426,02.28	1,853,57.43	2,499,06.65
EXPENDITURE						
Software development expenses	351,35.67	351,03.42	406,02.30	1,052,73.18	1,173,26.90	1,590,88.85
Selling and marketing & General and administrative expenses	69,58.80	65,29.15	117,14.05	198,79.14	3,49,33.90	471,42.13
Total Expenditure	420,94.47	416,32.57	523,16.35	1,251,52.32	1,522,60.80	2,062,30.98
Profit before interest, depreciation & amortisation	54,61.94	60,41.91	120,23.61	174,49.96	330,96.63	436,75.67
Research & development expenses	-	-	22,06.40	-	64,40.89	87,02.70
Depreciation/Amortisation	6,65.82	6,90.46	13,06.26	21,20.22	39,59.35	52,92.18
Finance Charges	-	-	27.96	-	1,08.32	1,23.85
Profit after interest, depreciation & amortisation	47,96.12	53,51.45	84,82.99	153,29.74	225,88.07	295,56.94
Forex impact on Hedge accounting	(80.80)	15.31	(29,15.84)	30.69	(78,30.09)	(104,39.89)
Other Income including exceptional items	8,97.12	13,58.14	9,55.28	25,50.22	43,56.74	47,59.38
Minority Interest / Share of profit/(loss) of Associate Companies	-	-	(24.83)	-	(1,63.82)	11.55
Profit before tax	56,12.44	67,24.90	64,97.60	179,10.65	189,50.90	238,87.98
Provision for taxation	16,86.58	18,09.67	14,22.09	48,92.16	35,73.56	39,68.78
Profit after tax	39,25.86	49,15.23	50,75.51	130,18.49	153,77.34	199,19.20

In view of the scheme of demerger, the functionwise classification results for the current period (comprising nine months and quarter ended December 31, 2014) are not comparable with the corresponding figures disclosed for quarter and nine months ended December 31, 2013.

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

For Polaris Consulting & Services Limited

Place : Chennai

Date : January 22, 2015

Titin Goyal
Executive Director

Arun Jain
Chairman