

B S R & Co. LLP

Chartered Accountants

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Limited Review Report to the Board of Directors of Polaris Consulting & Services Limited

We have reviewed the accompanying statement of unaudited standalone financial results (the "Statement") of Polaris Consulting & Services Limited ("the Company") for the quarter and nine months ended 31 December 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Attention is drawn to the fact that the figures for the corresponding quarter and nine months ended 31 December 2015 and for the year ended 31 March 2016 are based on previously issued financial results or annual financial statements that were audited by the predecessor auditors (vide their unmodified audit report dated 08 February 2016 and unmodified audit report dated 12 May 2016) as adjusted for differences in the accounting principles adopted by the Company on transition to Indian Accounting Standards ('Ind AS'), which have been reviewed by us. These adjustments reconcile the net profit for the corresponding quarter and nine months ended 31 December 2015 and the net profit for the period ended 31 March 2016 under the previously applicable Generally Accepted Accounting Principles with the total comprehensive income as reported in the standalone financial results under Ind AS.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results for the quarter and nine months period ended 31 December 2016 prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for B S R & Co. LLP

Chartered Accountants

ICAI Firm registration No. 101248W/W-100022

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: 08 February 2017

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

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Limited Review Report to the Board of Directors of Polaris Consulting & Services Limited

We have reviewed the accompanying statement of unaudited consolidated financial results (the "Statement") of Polaris Consulting & Services Limited ("the Company"), its subsidiaries and joint venture (collectively referred to as 'the Group') (Refer to note 'c' of the Statement) for the quarter and nine months ended 31 December 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Attention is drawn to the fact that the figures for the corresponding quarter and nine months ended 31 December 2015 and for the year ended 31 March 2016 are based on previously issued consolidated financial results or annual consolidated financial statements that were reviewed/audited by the predecessor auditors (vide their unmodified limited review report dated 08 February 2016 and unmodified audit report dated 12 May 2016) as adjusted for differences in the accounting principles adopted by the Company on transition to Indian Accounting Standards ('Ind AS'), which have been reviewed by us. These adjustments reconcile the net profit for the corresponding quarter and nine months ended 31 December 2015 and the net profit for the period ended 31 March 2016 under the previously applicable Generally Accepted Accounting Principles with the total comprehensive income as reported in the consolidated financial results under Ind AS.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We did not review the unaudited financial results of twelve subsidiaries and a joint venture included in the financial results of the Group. These subsidiaries account for Rs. 8,836 lakhs and Rs. 27,100 lakhs of revenues from operations for the quarter and nine months ended 31 December 2016 respectively. The financial results also include the Group's share of net loss of Rs. 3 lakhs and Rs. 35 Lakhs for the quarter and nine months ended 31 December 2016 respectively, in respect of such joint venture. The unaudited financial results of these subsidiaries and the joint venture have been reviewed by other auditors, whose reports have been furnished to us. Our opinion on the unaudited consolidated financial results, in so far as it relates to these subsidiaries and a joint venture, is based on the aforesaid review reports of the other auditors.

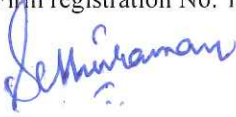
B S R & Co. LLP

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results for the quarter and nine months ended 31 December 2016 prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration No. 101248W/W-100022



S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: 08 February 2017

POLARIS CONSULTING & SERVICES LIMITED

CIN:L65993TN1993PLC024142

Regd Office : No.34, IT Highway, Navallur, Chennai - 600 130

Statement of Unaudited consolidated financial results for the quarter and nine months ended 31 December 2016

(Rs. In Lakhs, except per equity share data)

S. No	Particulars	THREE MONTHS ENDED			NINE MONTHS ENDED			YEAR ENDED		
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2015	31 March 2016	31 March 2016	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
1.	Income from Operations	51,544.79	50,672.11	51,690.31	151,767.18	155,221.29	205,135.16			
2.	Expenses									
	(a) Employee benefits expenses	40,075.06	39,476.32	40,134.27	117,925.24	118,098.46	160,992.30			
	(b) Depreciation and amortisation expense	685.88	578.93	645.70	1,839.78	2,007.79	2,643.32			
	(c) Other expenses	5,665.49	5,050.87	5,249.02	16,021.23	15,965.51	20,698.76			
	Total Expenses	46,426.43	45,106.12	46,028.99	135,786.25	136,071.76	184,334.38			
3.	Profit from operations before other income and exceptional items (1-2)	5,118.36	5,565.99	5,661.32	15,980.93	19,149.53	20,800.78			
4.	Other Income	1,707.14	586.65	277.20	3,042.03	965.83	1,916.31			
5.	Profit from ordinary activities before exceptional items (3+4)	6,825.50	6,152.64	5,938.52	19,022.96	20,115.36	22,717.09			
6.	Exceptional items (refer note f)	-	-	(1,060.00)	-	(1,060.00)	(2,183.58)			
7.	Profit from ordinary activities before tax (5+6)	6,825.50	6,152.64	4,878.52	19,022.96	19,055.36	20,533.51			
8.	Tax expenses	2,057.85	2,023.24	2,198.66	6,136.57	7,001.85	10,235.70			
9.	Net Profit for the period (7-8)	4,767.65	4,129.40	2,679.86	12,886.39	12,053.51	10,297.81			
10.	(a) Non - Controlling Interest	-	-	2.10	(34.58)	5.32	5.32			
	(b) Share of loss of Joint Venture	(2.78)	(14.91)	-	(34.58)	-	(8.19)			
11.	Net Profit for the period after taxes, non-controlling interest and share of loss of Joint Venture (9+10)	4,764.87	4,114.49	2,681.96	12,851.81	12,058.83	10,294.94			
12.	Other Comprehensive Income (net of taxes)	(1,418.87)	613.37	(1,672.33)	(1,015.75)	(3,491.72)	(3,005.63)			
13.	Total Comprehensive Income (11+12)	3,346.00	4,727.86	1,009.63	11,836.06	8,567.11	7,289.31			
14.	Paid-up Equity share Capital (Face value of Rs. 5 each)	5,079.62	5,079.03	5,013.33	5,079.62	5,013.33	5,068.34			
15.	Reserves i.e. Other equity						88,211.81			
16.	Earning Per Share (EPS) of Rs. 5 each (Rs.)									
	(a) Basic	4.69	4.05	2.68	12.66	12.04	10.27			
	(b) Diluted	4.66	4.02	2.63	12.54	11.86	10.15			
	See accompanying notes to the financial results									
<p>POLARIS CONSULTING & SERVICES LIMITED Regd Office : No.34, IT Highway, Navallur, Chennai - 600 130 Statement of Unaudited Standalone financial results for the quarter and nine months ended 31 December 2016 (Rs. In Lakhs, except per equity share data)</p>										
S. No	Particulars	THREE MONTHS ENDED			NINE MONTHS ENDED			YEAR ENDED		
		31 December 2016	30 September 2016	31 December 2015	31 December 2016	31 December 2015	31 March 2016	31 March 2016	31 March 2016	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
1.	Income from Operations	36,710.25	36,184.41	39,245.56	108,657.25	118,311.88	153,421.32			
2.	Expenses									
	(a) Employee benefits expenses	27,750.64	27,908.08	30,023.62	83,196.36	89,335.28	120,464.07			
	(b) Depreciation and amortisation expense	634.26	559.21	604.72	1,748.06	1,875.45	2,493.72			
	(c) Other expenses	4,571.38	3,888.83	3,981.38	12,711.41	12,171.07	15,860.57			
	Total Expenses	32,956.28	32,356.12	34,609.72	97,655.83	103,381.80	138,818.36			
3.	Profit from operations before other income and exceptional items (1-2)	3,753.97	3,828.29	4,635.84	11,001.42	14,930.08	14,602.96			
4.	Other Income	963.61	518.50	306.67	2,350.79	971.77	3,176.89			
5.	Profit from ordinary activities before exceptional items (3+4)	4,717.58	4,346.79	4,942.51	13,352.21	15,901.85	17,779.85			
6.	Exceptional items (refer note f)	-	-	(1,060.00)	-	(1,060.00)	(2,183.58)			
7.	Profit from ordinary activities before tax (5+6)	4,717.58	4,346.79	3,882.51	13,352.21	14,841.85	15,596.27			
8.	Tax expenses	1,689.74	1,504.81	2,035.43	4,796.64	5,991.76	8,878.06			
9.	Net Profit for the period (7-8)	3,027.84	2,841.98	1,847.08	8,555.57	8,850.09	6,718.21			
10.	Other Comprehensive Income (net of taxes)	276.86	927.80	(1,900.95)	1,224.44	(3,832.51)	(4,372.11)			
11.	Total Comprehensive Income (9+10)	3,304.70	3,769.78	(53.87)	9,780.01	5,017.58	2,346.10			
12.	Paid-up Equity share Capital (Face value of Rs. 5 each)	5,079.62	5,079.03	5,013.33	5,079.62	5,013.33	5,068.34			
13.	Reserves i.e. Other equity						58,425.97			
14.	Earning Per Share (EPS) of Rs. 5 each (Rs.)									
	(a) Basic	2.98	2.80	1.84	8.43	8.84	6.70			
	(b) Diluted	2.96	2.78	1.81	8.35	8.70	6.62			
	See accompanying notes to the financial results									



Devi

Ramesh Srinivasan

NOTES :

a The unaudited standalone financial results and unaudited consolidated financial results for the three months and nine months ended 31 December 2016 in respect of Polaris Consulting & Services Limited (the Company) have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 8 February 2017. The above results have been subjected to limited review by the statutory auditors of the Company. The reports of the statutory auditors are unqualified.

b Beginning 1 April 2016, the Company has for the first time adopted Indian Accounting Standards ('Ind AS') with a transition date of 1 April 2015. These financial results have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and SEBI Circular dated 5 July 2016.

The Company has prepared a reconciliation of the net profit for the corresponding period under the previously applicable Generally Accepted Accounting Principles ('previous GAAP') with the total comprehensive income as reported in these financial results under Ind AS. The net profit reconciliations for the quarter and nine months ended 31 December 2015 for standalone and consolidated financial results are presented below:

Net Profit Reconciliation	Three months ended 31 December 2015		Nine months ended 31 December 2015		Year ended 31 March 2016	
	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
Net Profit attributable to the Shareholders of the Company as per previous GAAP	3,654.07	2,389.55	12,197.06	8,761.98	12,707.40	8,975.84
Difference on account of revenue recognition	292.22	485.02	3,116.39	2,774.70	2,786.42	2,232.31
Mark to market adjustments on Investments	(46.14)	(46.14)	(19.37)	(27.04)	190.18	180.62
Actuarial gain on employee defined benefit plans recognised in OCI	12.50	12.50	(1.45)	(1.45)	(33.13)	(33.13)
Increase in compensation cost due to fair value accounting of share based payments	(880.57)	(483.24)	(1,230.05)	(671.95)	(1,379.19)	(709.54)
Effect of consolidation of employee welfare trusts	(381.32)	(381.32)	(1,101.91)	(1,101.91)	(3,159.37)	(3,159.37)
Others	116.05	(84.85)	116.05	(884.24)	136.01	(768.52)
Income tax impact on above adjustments	(84.85)	(129.29)	(1,017.89)	(884.24)	(953.38)	(768.52)
Net profit for the period as per Ind AS (A)	2,681.96	1,847.08	12,058.83	8,850.09	10,294.94	6,718.21
<i>Other Comprehensive Income (OCI):</i>						
Re-measurement gains on defined benefit plans	(12.50)	(12.50)	1.45	1.45	33.13	33.13
Exchange differences on translation of foreign operations	222.96	(5.66)	975.95	635.16	1,707.59	341.10
Net movement on cash flow hedges	(412.07)	(412.07)	(4,293.80)	(4,293.80)	(4,704.21)	(4,704.21)
Mark to market adjustments on investments	(1,625.14)	(1,625.14)	(1,860.88)	(1,860.88)	(1,858.55)	(1,858.55)
Income tax impact on above adjustments	154.42	154.42	1,685.56	1,685.56	1,816.41	1,816.41
Sub-total (B)	(1,672.33)	(1,900.95)	(3,491.72)	(3,832.51)	(3,005.63)	(4,372.11)
Total Comprehensive Income as reported under Ind AS (A + B)	1,009.63	(53.87)	8,567.11	5,017.58	7,289.31	2,346.10

c The consolidated financial results include the financial results of the parent company Polaris Consulting & Services Limited, and the financial results of the following entities:

- Optimus Global Services Limited
 - Polaris Consulting & Services Pte Ltd
 - Polaris Consulting and Services Japan K K
 - Polaris Consulting & Services SDN BHD.
 - Polaris Software (Shanghai) Company Limited
 - Polaris Consulting & Services Pty Ltd
 - Polaris Consulting & Services Ltd, UK
 - Polaris Consulting & Services Inc.
 - Polaris Consulting & Services GmbH
 - Polaris Consulting & Services Ireland Ltd
 - Polaris Consulting & Services B.V.
 - Polaris Consulting & Services Kft.
 - Polaris Consulting & Services SA
 - Polaris Consulting & Services FZ-LLC
 - Associate Stock Option Plan (ASOP) Trust
 - Orbitech Employee Welfare Trust (OEWT)
- Joint Venture:**
- Intellect Polaris Design LLC

d The Company has allotted 11,700 shares under its stock option plans during the quarter ended 31 December 2016 and 225,490 shares during the nine months ended 31 December 2016.

e On 3 March 2016, Virtusa Consulting Services Private Limited ("Virtusa India"), a subsidiary of Virtusa Corporation ("Virtusa US"), completed the acquisition of 52.94% of the outstanding share capital of Polaris Consulting & Services Limited from certain shareholders of the Company for approximately INR 117,281 Lakhs (USD 180 million) in cash. 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% of the outstanding shares of the Company. Virtusa India accepted the purchase of 26,719,942 shares of Polaris common stock for INR 220.73 per share (USD 3.25 per share) for an aggregate purchase price of INR 58,979 Lakhs (USD 86.8 million). The mandatory offer began on 11 March 2016 and closed on 28 March 2016 and was fully subscribed.

f Exceptional items for the year ended 31 March 2016 includes a sum of INR 1,517.55 lakhs incurred as transaction costs in connection with the acquisition of a majority stake in the Company by Virtusa India and a sum of INR 666.03 lakhs recognised as an impairment loss. In the then proposed sale of the BPO business of the Company pursuant to the Business Transfer Agreement with M/s. Gamma Process Hub India Limited to transfer all of its legal and beneficial ownership in the BPO business as a going concern for a consideration of INR 200 lakhs. Subsequently, the transaction was consummated and the BPO business was transferred for a net consideration of INR 145 lakhs pursuant to a revised Business Transfer Agreement.

g Segment Reporting in Consolidated financial results: Based on the "management approach" as defined in Ind AS 108-Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance as a single business segment namely Software and Consultancy Services.

h Prior period figures have been reclassified wherever required to conform to the classification of the current period.

Place : Chennai
Date : February 8, 2017

Rama Sivaraman
Rama Sivaraman
Director

Vaidyanathan N.M
Vaidyanathan N.M
Chief Financial Officer

For Polaris Consulting & Services Limited

