

Financial results for the quarter and year ended December 31, 2009

(Rs. in Lakhs)

Sl. No.	Particulars	3 months ended 31/12/09	Corresponding 3 months ended 31/12/2008 in the previous year	Year to date figures for Twelve months ended 31/12/2009	Nine months ended 31/12/2008
		Unaudited	Unaudited	Audited	Audited
1.	(a) Net Sales/ Income from Operations	6,141	7,317	25,272	21,356
	(b) Other Operating Income	0	0	0	0
	Total Operating income(a+b)	6,141	7,317	25,272	21,356
2.	Total Expenditure				
	a) Employee Costs	2,221	2,442	9,186	7,637
	b) Project Work Expenses	1,203	2,195	5,734	5,882
	c) Depreciation and Amortisation	434	359	1,427	1,064
	d) Other Expenditure	1,768	2,382	5,783	4,432
	Total	5,626	7,378	22,130	19,015
3.	Profit from Operations before Other income, Finance cost and Exceptional items (1-2)	514	-61	3,142	2,341
4.	Other Income	168	192	690	365
5.	Profit before Finance cost and Exceptional items (3+4)	682	131	3,832	2,706
6.	Finance Cost	406	303	1,474	740
7.	Profit after Finance cost but before Exceptional Items (5-6)	276	-172	2,358	1,966
8.	Exceptional Items (refer note 6)	296	702	296	702
9.	Profit(+) / Loss(-) from ordinary activities before tax (7+8)	-20	-874	2,062	1,264
10.	Tax Expense (refer note 5)	-464	-198	-10	97
11.	Net Profit(+) / Loss(-) from ordinary activities after tax (9-10)	444	-676	2,072	1,167
12.	Extraordinary items (net of tax expenses)	0	0	0	0
13.	Net Profit(+) / Loss(-) for the period (11-12)	444	-676	2,072	1,167
14.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,138	11,137	11,138	11,137
15.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year	15,920	13,840	15,920	13,840
16.	Earnings Per Share (EPS) (Rs.)				
(a)	Basic and diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year.				
	- Basic	0.40	-0.61	1.86	1.05
	- Diluted	0.40	-0.61	1.86	1.05
(b)	Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (not annualised).				
	- Basic	0.40	-0.61	1.86	1.05
	- Diluted	0.40	-0.61	1.86	1.05
17.	Public shareholding				
	- Number of Shares	26,682,988	55,585,051	26,682,988	55,585,051
	- Percentage of shareholding	23.96%	49.91%	23.96%	49.91%
18.	Promoters and promoter group Shareholding				
a.	Pledged / Encumbered				
	-Number of Shares	0	54,832,813	0	54,832,813
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0%	98.30%	0%	98.30%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	0%	49.24%	0%	49.24%
b.	Non Encumbered				
	-Number of Shares	84,699,061	947,519	84,699,061	947,519
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	1.70%	100%	1.70%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	76.04%	0.85%	76.04%	0.85%

Segment-wise Revenue, Results and Capital Employed

(Rs in Lakhs)

Segment Reporting	Particulars	3 months ended 31/12/09	Corresponding 3 months ended 31/12/2008 in the previous year	Year to date figures for Twelve months ended 31/12/2009	Nine months ended 31/12/2008
		Unaudited	Unaudited	Audited	Audited
Segment Revenue					
IT		2,835	4,320	13,241	13,484
BPO		3,319	3,011	12,084	7,960
Total		6,154	7,331	25,325	21,444
Less: Inter-segment revenue		13	14	53	88
Net Income from Operations		6,141	7,317	25,272	21,356
Segment Results Profit(+) / Loss(-) before Exceptional, Prior period, Tax and finance cost from each segment					
IT		-491	-925	-404	211
BPO		1,006	864	3,546	2,130
Total		515	-61	3,142	2,341
Less: Inter-segment profit		0	0	0	0
Net segment results		515	-61	3,142	2,341
Exceptional and prior period items					
IT		189	702	189	702
BPO		107	0	107	0
Total		296	702	296	702
Segment Results Profit(+) / Loss(-) before Tax and finance cost from each segment					
IT		-681	-1,627	-593	-491
BPO		899	864	3,439	2,130
Total		218	-763	2,846	1,639
Less: Inter-segment profit		0	0	0	0
Net segment results		218	-763	2,846	1,639
Less: Unallocable					
Finance Cost		406	303	1,474	740
Other Income		-168	-192	-690	-365
Total Profit Before Tax		-20	-874	2,062	1,264
Capital Employed (Segment Assets-Segment Liabilities)					
(a) IT		-386	10,696	-386	10,696
(b) BPO		7,008	3,093	7,008	3,093
Total		6,622	13,789	6,622	13,789

Consolidated Financial results for the quarter and year ended December 31, 2009

(Rs in Lakhs)

Sl. No.	Particulars	3 months ended 31/12/09	Corresponding 3 months ended 31/12/2008 in the previous year	Year to date figures for Twelve months ended 31/12/2009	Nine months ended 31/12/2008
		Unaudited	Unaudited	Audited	Audited
1.	(a) Net Sales/ Income from Operations (refer note 3 and 4)	29,028	27,539	115,997	87,619
	(b) Other Operating Income	0	0	0	0
	Total Operating income(a+b)	29,028	27,539	115,997	87,619
2.	Total Expenditure				
	a) Employee Costs	17,135	19,879	70,075	56,033
	b) Project Work Expenses	3,369	4,332	14,601	11,410
	c) Depreciation and Amortisation	863	2,139	3,984	4,216
	e) Other Expenditure	7,402	8,463	25,420	21,056
	Total	28,769	34,813	114,080	92,715
3.	Profit from Operations before Other income, Finance cost and Exceptional items (1-2)	259	-7,274	1,917	-5,096
4.	Other Income	320	338	1,113	607
5.	Profit before Finance cost and Exceptional items (3+4)	579	-6,936	3,030	-4,489
6.	Finance Cost	958	1,179	3,888	2,700
7.	Profit after Finance cost but before Exceptional and Prior period Items (5-6)	-379	-8,115	-858	-7,189
8.	Exceptional Items (refer note 6)	(223)	6,646	33,477	6,646
9.	Prior period items (refer note 7)	951	0	1,894	0
10.	Profit(+) / Loss(-) from ordinary activities before tax (7-8-9)	-1,108	-14,761	-36,229	-13,836
11.	Tax Expense (refer note 5)	(367)	365	989	1,369
12.	Net Profit(+) / Loss(-) from ordinary activities after tax (10-11)	-741	-15,126	-37,218	-15,205
13.	Extraordinary items (net of tax expenses)	0	0	0	0
14.	Net Profit(+) / Loss(-) for the period (12-13)	-741	-15,126	-37,218	-15,205
15.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,138	11,137	11,138	11,137
16.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c)	-32,910	-328	-32,910	-328
17.	Earning Per Share (EPS) (Rs.)				
(a)	Basic and diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year.				
	- Basic	-0.67	-13.58	-33.42	-13.65
	- Diluted	-0.67	-13.58	-33.42	-13.65
(b)	Basic and diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (not annualised).				
	- Basic	-0.67	-13.58	-33.42	-13.65
	- Diluted	-0.67	-13.58	-33.42	-13.65
18.	Public Shareholding				
	- Number of Shares	26,682,988	55,585,051	26,682,988	55,585,051
	- Percentage of shareholding	23.96%	49.91%	23.96%	49.91%
19.	Promoters and promoter group Shareholding				
a.	Pledged / Encumbered				
	-Number of Shares	0	54,832,813	0	54,832,813
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0%	98.30%	0%	98.30%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	0%	49.24%	0%	49.24%
b.	Non Encumbered				
	-Number of Shares	84,699,061	947,519	84,699,061	947,519
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	1.70%	100.00%	1.70%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	76.04%	0.85%	76.04%	0.85%

Segment-wise Revenue, Results and Capital Employed

(Rs in Lakhs)

Segment Reporting (Consolidated) :

Particulars	3 months ended 31/12/09	Corresponding 3 months ended 31/12/2008 in the previous year	Year to date figures for Twelve months ended 31/12/2009	Nine months ended 31/12/2008
	Unaudited	Unaudited	Audited	Audited
Segment Revenue				
IT	5,702	7,973	26,199	24,869
BPO	23,403	19,741	90,297	63,537
Total	29,105	27,714	116,496	88,406
Less: Inter-segment revenue	77	175	499	787
Net Income from Operations	29,028	27,539	115,997	87,619
Segment Results Profit(+) / Loss(-) before Exceptional, Prior period, Tax and Finance cost from each segment				
IT	-1,016	-1,122	-774	249
BPO	1,275	-6,068	2,699	-4,990
Total	259	-7,190	1,925	-4,741
Less: Inter-segment profit	0	-83	-8	-356
Net segment results	259	-7,273	1,917	-5,097
Exceptional and prior period items				
IT	189	1,165	1,572	1,165
BPO	540	5,482	33,799	5,481
Total	729	6,647	35,371	6,646
Segment Results (Profit(+) / Loss(-) before Tax and finance cost from each segment				
IT	-1,205	(2,287)	-2,346	-916
BPO	735	(11,550)	-31,101	-10,471
Total	-470	-13,837	-33,447	-11,387
Less: Inter-segment profit	0	-83	-8	-356
Net segment results	-470	-13,920	-33,455	-11,743
Less: Unallocable				
Finance Cost	958	1,179	3,888	2,700
Other Income	-320	-338	-1,113	-607
Total Profit Before Tax	-1,108	-14,761	-36,230	-13,836
Capital Employed				
(Segment Assets-Segment Liabilities)				
(a) IT	16,262	21,338	16,262	21,338
(b) BPO	2,442	17,424	2,442	17,424
Total	18,704	38,762	18,704	38,762

Notes to above results :

1. The above financial results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors on February 26, 2010 and the 12 months audited numbers for period ending December 31, 2009, above have been extracted from the financials audited by the statutory auditors of the Company .
2. The primary segment reporting of the Company is on the basis of business segments. The Company is organised into two business segments, viz., Information Technology and related services ("IT") and Business Process Outsourcing ("BPO"). Segments have been identified and reported considering industry segments of customers, risks and returns, organisation structure and internal financial reporting systems.
3. The revenue and profit before finance cost, exceptional items and prior period items has been impacted in comparison to previous period by the deterioration in the economic environment . In addition, previous period year to date consolidated financial results included one time non recurring revenue benefits relating to license sale of Rs. 200 lakhs and earlier years claim service fees of Rs. 393 lakhs.
4. During the quarter ending June 30, 2009, the Company had revised the revenue recognition estimation method used to establish accruals for variable bonuses earned by its two wholly owned subsidiaries in Australia in execution of their workers' compensation insurance related contracts where they act as scheme agent to the State Governments of New South Wales and Victoria. Due to the change in the estimation method, the consolidated claim service fee revenue for the quarter ending December 31, 2009 is lower by Rs.312 lakhs and for the year ending December 31, 2009 is higher by Rs.422 lakhs with corresponding impact on the losses.
5. The income tax expense for the year ending December 31, 2009 includes Rs.139 lakhs and Rs.166 lakhs for standalone results and consolidated results respectively relating to provisions pertaining to earlier years.
6. During the quarter ending December 31, 2009, the Company has recorded a reversal of Rs.223 lakhs relating to various exceptional items in the consolidated results of the Group, which aggregates the year to date exceptional charge to Rs.33,477 lakhs. The nature of the significant exceptional charges are detailed below:
 - a. During the period ended December 31, 2008, the Company held leases for a significant amount of unutilised office space (primarily in the United States), which had become vacant due to a decline in business. The management has plans to consolidate the property estate and therefore were able to identify specific leases, which would not be re occupied by the business and has hence become onerous. Pursuant to such plans, the Group has recorded a provision of Rs.6,183 lakhs during the year ended December 31, 2008 towards onerous lease contracts and related assets impairment.
 - b. The Board formally approved a restructuring plan for the United States ('US') claims operations on March 27, 2009 whereby the number of processing centres would be reduced from forty-six to seven regional and six client dedicated locations. Pursuant to such plan, there is reversal of Rs.685 lakh during the quarter, which aggregates the year to date charge to Rs. 10,176 lakhs. Specifically, these costs represent onerous lease contracts, related assets impairment, employee severance and other costs directly relating to restructuring activities.
 - c. During the quarter ending December 31, 2009, the Company has recorded an additional provision of Rs.818 lakhs towards litigation related matters, which aggregates the year to date charge to Rs. 3,323 lakhs.
 - d. During the quarter ending June 30, 2009, the Company had re-evaluated loss making customer contracts relating to US claims business and recorded a provision of Rs.1,922 lakhs.
 - e. Pursuant to acquisition of Cambridge Integrated Services Group Inc, USA ('CISGI' or the US claims business), the wholly owned subsidiary of the Company, from AON Corporation, USA ('AON'), the Company acquired a contract named 'CIGA Fremont' for rendering field claims services ('FCS'), bill review ('BR') services and case management ('CM') services. During the initial contract period (i.e., 2003-04), AON had recognised the revenue relating to FCS on a cash receipt basis, irrespective of the related servicing costs, as the payments under the contract were spread over six years. CISGI and the Company continued the same revenue recognition policy. The last instalment of payment for FCS was received during April 2008. During the quarter ending June 30, 2009, the revenue previously recognised has been re-assessed in light of revised estimations of costs expected to be incurred to close all outstanding claims. As a result, the Company has concluded that the revenue relating to the said contract requires restatement based on a proportionate completion method. Accordingly, deferred income of Rs.11,859 lakhs has been restated as at June 30, 2009.
 - f. During the quarter ending June 30, 2009, the Company had assessed and concluded that an investment in BIGEREAL ESTATE Inc ('BigE'), a US based subsidiary of Cushman & Wakefield, held by SG Inc, a wholly owned subsidiary of the Company, does not require treatment of BigE as an 'associate' as there is no 'significant influence' in the operations of BigE by the Group, though the investment is 20.44% of the capital of BigE as at the quarter end. Further, based on an independent valuation of the carrying value of the investment, the Company has recorded an impairment provision of Rs.973 lakhs.
 - g. The Group evaluates the carrying value of intangible assets on a periodic basis. Based on such evaluation, the Group's core claims handling software assets, primarily Ovation, were found to be materially impaired. Accordingly, the Company has recorded an impairment provision of Rs.5,224 lakhs with respect to its intangible assets.
7. During the quarter ending December 31, 2009, the Company has recorded Rs.951 lakhs relating to prior period adjustment in the consolidated results of the Group, which aggregates the year to date prior period adjustment to Rs.1,894 lakhs. The nature of the prior period adjustment are detailed below:
 - a. During the quarter ending June 30, 2009, the Company had recorded a prior period adjustment for compensated absences amounting to Rs.425 lakhs, which represent the impact of an actuarial valuation of long service leave and sick leave liabilities pertaining to employees of the Australia subsidiaries and Scandent Group Inc, USA (SG Inc), all wholly owned subsidiaries of the Company.
 - b. During the quarter ending December 31, 2009, the Company had recorded a prior period adjustment for under accrual of expenses, under provisioning of doubtful receivables and reconciliation related adjustments of Rs. 418 lakhs, which aggregates the year to date charge to Rs 936 lakhs.
 - c. During the quarter ending December 31, 2009, the Company had recorded a prior period adjustment for Sales and Use Tax of Rs 731 lakhs relating to Cambridge Integrated Services Group Inc, USA (CISGI), wholly owned subsidiary of the Company.
 - d. During the quarter ending December 31, 2009, the Company had recorded a prior period adjustment amounting to Rs 198 lakhs for partial reversal of an onerous lease provision to reflect early termination options in a number of onerous lease contracts relating to Cambridge Integrated Services Group Inc, USA (CISGI), wholly owned subsidiary of the Company.
8. During the previous period, the Group re-evaluated the classification of SG Inc and considered it as a non-integral foreign operation with effect from July 1, 2008. The change in classification to non-integral foreign operation has resulted in foreign currency translation reserve as at December 31, 2009 of Rs. 644 lakhs and losses for the year ended December 31, 2009 to be lower by Rs.312 lakhs.
9. As at December 31, 2009, the standalone results has net receivables (after eliminating payables) from SG Inc of Rs.19,454 lakhs (net of payables of Rs.2,187 lakhs). Based on an evaluation, the Company has made a provision of Rs.7,664 lakhs against the net receivables in an earlier year. The Company, based on strategic funding plans, believes that the balance dues are good and will be recovered in the foreseeable future.
10. The amounts for the previous period/ year have been reclassified wherever necessary to conform to the current period's presentation.
11. Information on investors' complaints for the quarter ended December 31, 2009 is as following: Opening balance: Nil; New: Nil; Disposal: Nil; Closing balance: Nil.

By Order of Board

Place : London, United Kingdom
Date : February 26, 2010

David Andrews
Executive Chairman & Chief Executive Officer