

Unaudited Financial results for the quarter and nine months ended September 30, 2009

(Rs in Lakhs)

Sl. No.	Particulars	3 months ended 30/9/2009	Corresponding 3 months ended 30/9/2008 in the previous year	Year to date figures for nine months ended 30/9/2009	Year to date figures for nine months ended 30/9/2008	Nine months ended 31/12/2008
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	(a) Net Sales/ Income from Operations	6,159	7,309	19,132	18,842	21,356
	(b) Other Operating Income	0	0	0	0	0
	Total Operating income(a+b)	6,159	7,309	19,132	18,842	21,356
2.	Total Expenditure					
	a) Employee Costs	2,270	2,686	6,989	6,637	7,637
	b) Project Work Expenses	1,325	1,870	4,577	5,793	5,882
	c) Bad Debts / Provision for Bad and Doubtful Debts	6	7	69	-1,482	543
	d) Depreciation and Amortisation	405	369	1,099	795	1,064
	e) Other Expenditure	1,376	994	3,771	2,869	3,889
	Total	5,382	5,926	16,505	14,612	19,015
3.	Profit from Operations before Other income, Finance cost and Exceptional items (1-2)	777	1,383	2,627	4,230	2,341
4.	Other Income	200	93	521	192	365
5.	Profit before Finance cost and Exceptional items (3+4)	977	1,476	3,148	4,422	2,706
6.	Finance Cost	327	233	1,068	523	740
7.	Profit after Finance cost but before Exceptional Items (5-6)	650	1,243	2,080	3,899	1,966
8.	Exceptional Items (refer note 6)	0	0	0	0	702
9.	Profit(+) / Loss(-) from ordinary activities before tax (7+8)	650	1,243	2,080	3,899	1,264
10.	Tax Expense (refer note 5)	80	147	454	338	96
11.	Net Profit(+) / Loss(-) from ordinary activities after tax (9-10)	570	1,096	1,626	3,561	1,168
12.	Extraordinary items (net of tax expenses)	0	0	0	0	0
13.	Net Profit(+) / Loss(-) for the period (11-12)	570	1,096	1,626	3,561	1,168
14.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,137	11,137	11,137	11,137	11,137
15.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year	0	0	0	0	13,840
16.	Earning Per Share (Rs.)					
	(a) Basic and diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year (not annualised).					
	- Basic	0.51	0.98	1.46	3.20	1.05
	- Diluted	0.51	0.98	1.46	3.20	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	0.51	0.98	1.46	3.20	1.05
	- Diluted	0.51	0.98	1.46	3.20	1.05
17.	Public shareholding					
	- Number of Shares	26,666,322	43,057,826	26,666,322	43,057,826	55,585,051
	- Percentage of shareholding	23.94%	38.66%	23.94%	38.65%	49.91%
18.	Promoters and promoter group Shareholding					
	a. Pledged / Encumbered					
	-Number of Shares	0	N.A.	0	N.A.	54,832,813
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	0%	N.A.	0%	N.A.	98.30%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	0%	N.A.	0%	N.A.	49.25%
	b. Non Encumbered					
	-Number of Shares	84,699,061	N.A.	84,699,061	N.A.	947,519
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	100%	N.A.	100%	N.A.	1.70%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	76.06%	N.A.	76.06%	N.A.	0.85%

Segment-wise Revenue, Results and Capital Employed

Segment Reporting		Segment-wise Revenue, Results and Capital Employed				(Rs in Lakhs)
Particulars		3 months ended 30/9/2009	Corresponding 3 months ended 30/9/2008 in the previous year	Year to date figures for nine months ended 30/9/2009	Year to date figures for nine months ended 30/9/2008	Nine months ended 31/12/2008
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue						
(a)IT		3,070	4,737	10,406	13,967	13,484
(b)BPO		3,103	2,597	8,766	4,948	7,960
Total		6,173	7,334	19,172	18,915	21,444
Less: Inter-segment revenue		14	25	40	73	88
Net Income from operations		6,159	7,309	19,132	18,842	21,356
Segment Results Profit(+) / Loss(-) before Exceptional, Prior period, Tax and interest						
IT		-200	739	87	2,964	211
BPO		977	644	2,540	1,266	2,130
Total		777	1,383	2,627	4,230	2,341
Less: Inter-segment profit		0	0	0	0	0
Net segment results		777	1,383	2,627	4,230	2,341
Exceptional and prior period items						
IT		0	0	0	0	702
BPO		0	0	0	0	0
Total		0	0	0	0	702
Segment Results Profit(+) / Loss(-) before Tax and interest from each segment						
IT		-200	739	87	2,964	-491
BPO		977	644	2,540	1,266	2,130
Total		777	1,383	2,627	4,230	1,639
Less: Inter-segment profit		0	0	0	0	0
Net segment results		777	1,383	2,627	4,230	1,639
Less: Unallocable						
Interest Expense		327	233	1,068	523	740
Other Income		-200	-93	-521	-192	-365
Total Profit Before Tax		650	1,243	2,080	3,899	1,264
Capital Employed (Segment Assets-Segment Liabilities)						
(a)IT		8,072	10,950	8,072	10,950	10,696
(b)BPO		5,989	2,558	5,989	2,558	3,093
Total		14,061	13,508	14,061	13,508	13,789

Unaudited Consolidated Financial results for the quarter and nine months ended September 30, 2009

(Rs in Lakhs)

Sl. No.	Particulars	3 months ended 30/9/2009	Corresponding 3 months ended 30/9/2008 in the previous year	Year to date figures for nine months ended 30/9/2009	Year to date figures for nine months ended 30/9/2008	Nine months ended 31/12/2008
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1.	(a) Net Sales/ Income from Operations (refer note 3 and 4)	28,498	28,674	86,662	90,283	87,458
	(b) Other Operating Income	0	0	0	0	0
	Total Operating income(a+b)	28,498	28,674	86,662	90,283	87,458
2.	Total Expenditure					
	a) Employee Costs	18,257	18,143	54,010	54,659	56,033
	b) Project Work Expenses	3,344	1,291	11,317	8,675	11,623
	c) Depreciation and Amortisation	826	1,050	3,121	2,847	4,701
	e) Other Expenditure	4,828	7,518	16,722	20,915	20,289
	Total	27,254	28,002	85,170	87,096	92,646
3.	Profit from Operations before Other income, Finance cost and Exceptional items (1-2)	1,243	672	1,492	3,187	-5,188
4.	Other Income	347	252	964	628	699
5.	Profit before Finance cost and Exceptional items (3+4)	1,590	924	2,456	3,815	-4,489
6.	Finance Cost	869	769	2,930	2,276	2,700
7.	Exceptional Items (including impairment loss recognised on discontinuing operations Rs	0	0	0	0	0
7.	Profit after Finance cost but before Exceptional and Prior period Items (5-6)	722	155	-474	1,539	-7,189
8.	Exceptional Items (refer note 6)	2,764	0	33,700	0	6,646
9.	Prior period items (refer note 7)	0	0	943	0	0
10.	Profit(+) / Loss(-) from ordinary activities before tax (7-8-9)	-2,042	155	-35,117	1,539	-13,835
11.	Tax Expense (refer note 5)	427	527	1,356	2,135	1,369
12.	Net Profit(+) / Loss(-) from ordinary activities after tax (10-11)	-2,469	-372	-36,473	-596	-15,204
13.	Extraordinary items (net of tax expenses)	0	0	0	0	0
14.	Net Profit(+) / Loss(-) for the period (12-13)	-2,469	-372	-36,473	-596	-15,204
15.	Paid up Equity Share Capital (Face Value per Share Rs 10/-)	11,137	11,137	11,137	11,134	11,137
16.	Shares Pending Allotment					
17.	Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year (includes debit balance of profit & loss a/c)	0	0	0	0	-328
18.	Earning Per Share (Rs.)					
(a)	Basic and diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year (not annualised).					
	- Basic	-2.22	-0.33	-32.75	-0.54	-13.65
	- Diluted	-2.22	-0.33	-32.75	-0.54	-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	-2.22	-0.33	-32.75	-0.54	-13.65
	- Diluted	-2.22	-0.33	-32.75	-0.54	-13.65
19.	Public Shareholding					
	- Number of Shares	26,666,322	43,057,826	26,666,322	43,057,826	55,585,051
	- Percentage of shareholding	23.94%	38.66%	23.94%	38.65%	49.91%
20.	Promoters and promoter group Shareholding					
	a. Pledged / Encumbered					
	-Number of Shares	0	N.A.	0	N.A.	54,832,813
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	0%	N.A.	0%	N.A.	98.30%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	0%	N.A.	0%	N.A.	49.24%
	b. Non Encumbered					
	-Number of Shares	84,699,061	N.A.	84,699,061	N.A.	947,519
	-Percentage of shares (as a % of the total shareholding of Promoter and promoter group)	100.00%	N.A.	100.00%	N.A.	1.70%
	-Percentage of shares (as a % of the total shareholding of the total share capital of the Company)	76.06%	N.A.	76.06%	N.A.	0.85%

Segment-wise Revenue, Results and Capital Employed

Segment Reporting (Consolidated) :		(Rs in Lakhs)				
Particulars	3 months ended 30/9/2009	Corresponding 3 months ended 30/9/2008 in the previous year	Year to date figures for nine months ended 30/9/2009	Year to date figures for nine months ended 30/9/2008	Nine months ended 31/12/2008	
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
Segment Revenue						
(a)IT	6,079	8,453	20,497	25,550	24,868	
(b)BPO	22,527	20,501	66,587	65,576	63,377	
Total	28,606	28,954	87,084	91,126	88,245	
Less: Inter-segment revenue	108	280	422	844	787	
Net Income from operations	28,498	28,674	86,662	90,282	87,458	
Segment Results Profit(+) / Loss(-) before Exceptional, Prior period, Tax and interest from each segment						
IT	-405	1,186	-745	2,071	-214	
BPO	1,648	-370	2,285	1,482	-4,618	
Total	1,243	816	1,540	3,553	-4,832	
Less: Inter-segment profit	0	-144	-48	-366	-356	
Net segment results	1,243	672	1,492	3,187	-5,188	
Exceptional and prior period items						
IT	0	0	410	0	702	
BPO	2,764	0	34,233	0	5,944	
Total	2,764	0	34,642	0	6,646	
Segment Results Profit(+) / Loss(-) before Tax and interest from each segment						
IT	-405	1,186	-1,155	2,071	-916	
BPO	-1,115	-370	-31,948	1,482	-10,562	
Total	-1,520	816	-33,103	3,553	-11,478	
Less: Inter-segment profit	0	-144	-48	-366	-356	
Net segment results	-1,520	672	-33,151	3,187	-11,834	
Less: Unallocable						
Interest Expense	869	769	2,930	2,276	2,700	
Other Income	-347	-252	-964	-628	-699	
Total Profit Before Tax	-2,042	155	-35,117	1,539	-13,835	
Capital Employed (Segment Assets-Segment Liabilities)						
(a)IT	17,576	26,352	17,576	26,352	21,338	
(b)BPO	-2,812	30,084	-2,812	30,084	17,424	
Total	14,764	56,436	14,764	56,436	38,762	

Notes to above results :

1. The above unaudited financial results have been reviewed and recommended by the Audit Committee, and approved by the Board of Directors on October 22, 2009, and a limited review has been carried out 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 and exceptional 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 September 30, 2009 is higher by Rs.307 lakhs and for the period nine months ending September 30, 2009 is higher by Rs.734 lakhs with corresponding impact on the losses.
5. The income tax expense for the nine months period ending September 30, 2009 includes Rs.139 lakhs and Rs.258 lakhs for standalone results and consolidated results respectively relating to provisions pertaining to earlier years.
6. During the quarter ending September 30, 2009, the Company has recorded Rs.2,764 lakhs relating to various exceptional items in the consolidated results of the Group, which aggregates the year to date exceptional charge to Rs.33,700 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 during 2009 and therefore were able to identify specific leases, which would not be reoccupied 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 period 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, restructuring costs of Rs.1,762 lakhs have been incurred during the quarter, which aggregates the year to date charge to Rs.11,009 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 September 30, 2009, the Company has recorded an additional provision of Rs.1,002 lakhs towards litigation related matters, which aggregates the year to date charge to Rs. 2,506 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 an additional 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 previous quarter, 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 BIGEREALSTATE 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. During the quarter ending June 30, 2009, 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.5,431 lakhs with respect to its intangible assets.
7. During the quarter ending June 30, 2009, the Company had recorded a prior period adjustment in the consolidated results relating to provision for compensated absences amounting to Rs.425 lakhs, which represent impact of actuarial valuation on long service leave and sick leave pertaining to employees of the Australia subsidiaries and Scandent Group Inc, USA (SG Inc), all wholly owned subsidiaries of the Company. Further, prior period items also includes under accrual of expenses, under provisioning of doubtful receivables and reconciliation related adjustments relating to earlier periods aggregating to Rs. 518 lakhs.
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 September 30, 2009 of Rs. 975 lakhs and losses for the nine months ended September 30, 2009 to be lower by Rs.290 lakhs.
9. As at September 30, 2009, the standalone results has net receivables (after eliminating payables) from SG Inc of Rs.18,550 lakhs (net of payables of Rs.3,756 lakhs). Based on an evaluation, the Company has made a provision of Rs.7,413 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 September 30, 2009 is as following: Opening balance: Nil; New: Nil; Disposal: Nil; Closing balance: Nil.

By Order of Board

Place : Gurgaon, India.
Date : October 22, 2009

Darren Fisher
Executive Director &
Chief Financial Officer