



HOV Services, Limited Announces a Interim Dividend, Reports Third Quarter FY 2009-10 Results, and Announces a Material Transaction

Mumbai, January 28, 2010: HOV Services Limited, India's top tier BPO/KPO Company announced a Interim Dividend, its third quarter results ended December 31, 2009 and a material transaction.

Interim Dividend

The Board of Directors at the above meeting has declared interim dividend of Rs. 2/- per fully paid up equity share of Rs. 10/- each for the financial year 2009-10 and record date for that purpose is February 3, 2010.

Financial Highlights for Third Quarter ended December 31, 2009

Consolidated Financial Performance for the Third Quarter ended December 31, 2009

- Total Income for the Third quarter decreased 1.8% to Rs 2,182.9 million from Rs 2,223.4 million over the second quarter FY 2009-10
EBITDA decreased by 4.6% for the Third quarter to Rs 268.4 million from Rs 281.2 million over the Second quarter FY 2009-10
- Net Profit decreased by 7.8% to Rs 119.4 million from Rs 129.6 million over the Second quarter FY 2009-10
- The basic and diluted Earnings Per Share for this three month period is Rs 9.56 per share

Consolidated Financial Performance for the Nine Months ended December 31, 2009

- Total Income for the nine months decreased 1.4% to Rs 6,640.4 million from Rs 6,732.3 million over the corresponding period last fiscal year
- EBITDA increased by 3.0% for the nine months 2009-10 to Rs 836.6 million from Rs 817.9 million over the corresponding period last fiscal year
- Net Profit increased by 37.2% to Rs 371.7 million from Rs 271.0 million from the corresponding period last fiscal year
- The basic and diluted Earnings Per Share for the nine months ended is Rs 29.76 per share

Significant Developments during the Third Quarter Fiscal Year 2009-10 and noteworthy items

- Added over US \$7.5 million in customer contracts in the 3rd Fiscal Quarter 2009-10, and \$59.0 million for the nine months ended December 31, 2009.
- Developed and launched two new hosted services leveraging domain expertise and technology platforms in the Healthcare and HR services.
- Top 100 clients represent over 82% of total revenues with the largest customer representing only 15% of total revenues.
 - Over 50% of leading FORTUNE 100® companies as reference-able clients in our core Service offerings
- International Association of Outsourcing Professionals (IAOP) ranked us:
 - Best 20 Leaders by Industry Focus: Health Care;
 - Best 10 Companies by Service Offered: Document Management;



- Best 10 Leaders by Service Offered: Financial Management;
- Best 20 Leaders by Region Served: India;
- Best 20 Leaders by Region Served: Canada;
- Company maintained strong liquidity position with DSO of 51.9 days, Debt to Equity Ratio of 1.2 and Net Bank Debt of US \$109.3 million at December 31, 2009.

Material Transaction

The Board of Directors of the Company approved actions of its wholly owned subsidiary, HOV Services, LLC entering into a Material Transaction in order to focus on end-to-end high growth and margin services, improve operational efficiency and streamline decision making process by selling certain assets: 100% interest in Bay Area Credit Services, LLC, 100% interest in HOV AR Management Services Private Limited and its 30 % minority interests in TRAC Holdings, LLC (TRAC) and SAM Holdings, LLC (SAM), to Rustic Canyon, LLC, an Associate, (which already has 70% ownership interest in TRAC & SAM) for \$12 million USD in cash (approximately Rs. 5,563 Lakhs). This Material Transaction is expected to close in the fourth quarter of fiscal year 2009-10 and the potential loss will be recorded as an exceptional item.

Below are the pro forma results for the nine months ended December 31, 2009 and the Third Quarter and year to date excluding the ARM business vs. reported results:

Particulars	Nine Months ended	Nine Months ended	% Change	Quarter ended	Quarter ended	% Change
	December 31, 2009-10	December 31, 2009-10		December 31, 2009-10	December 31, 2009-10	
<i>Rs In Million's</i>	Excluding ARM	Reported		Excluding ARM	Reported	
TOTAL INCOME	5,509.5	6,640.4	-17.0%	1,815.2	2,182.9	-16.8%
EBITDA	982.0	836.6	17.4%	329.7	268.4	22.9%
EBITDA %	17.8%	12.6%		18.2%	12.3%	
PROFIT AFTER TAX	570.6	371.7	53.5%	191.5	119.4	60.3%
PAT %	10.4%	5.6%		10.5%	5.5%	
Basic and Diluted EPS (Not Annualized)	45.68	29.76		15.83	9.56	

About HOV Services Limited

HOV Services Limited one of the largest end-to-end BPO company headquartered in Chennai, India provides Finance and Accounting services in the BFSI, Healthcare, Government, Telco, Publishing, Retail, Commercial and Industrial Manufacturing industries. Its clients include over 50% of the FORTUNE 100® and are some of the largest companies in the industries served. RightShore delivery centers strategically located in India, North America, China and Mexico with over 10,628 associates working together to Exceed Expectations® of our clients.

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