



HOV Services, Ltd Reports Third Quarter FY 2008-09 Results

Mumbai, 31 January, 2008: HOV Services, Ltd. (NSE: HOVS), among India's top tier BPO companies, reported its consolidated financial results for the second fiscal quarter ended December 31, 2008.

Financial Highlights for Third Quarter ended December 31, 2008

Consolidated Financial Performance for the Third Quarter ended December 31, 2008

- Total Income for the third quarter has increased 3.9% to Rs 2,358.6 million from Rs 2,269.9 million over the second quarter FY 2008-09
- EBITDA increased by 1.0% for the third quarter to Rs 316.0 million from Rs 312.9 million over the second quarter FY 2008-09
- Net Profit decreased by 14.1% to Rs119.1 million from Rs138.6 million over the second quarter FY 2008-09
- The basic and diluted Earnings Per Share for this three month period is Rs 9.49 per share

Consolidated Financial Performance for the Nine Months ended December 31, 2008

- Total Income for the nine months has decreased by less than 0.1% to Rs 6,733.6 million from Rs 6,747.9 the corresponding period last fiscal year
- Net Profit decreased by 48.8% to Rs 271.0 million from Rs 529.4 million from the corresponding period last fiscal year
- The basic and diluted Earnings Per Share for this period is Rs 21.59 per share
- Total Income and Net Profit for the nine months ended were less than the same period in FY 2007-08 related to foreign exchange gains, the divestiture of our tax processing services in the third quarter of FY 2007-08.

Significant Developments during the Third Quarter Fiscal Year 2008-09 and noteworthy items

- The Board of Directors approved the buy-back of the Company's fully paid-up equity shares of Rs 10/- each from the existing owners of shares from the open market through Stock Exchanges at a price not exceeding Rs. 50/- per share payable in cash for an aggregate amount not exceeding Rs. 5 crore
- Added over \$6.9 million in customer contracts in the 3rd Fiscal Quarter with \$5.5 million from existing customers. And added for the 9 month period ended December 31, 2008 \$45.6 million in customer contracts and \$17.6 million from existing customers
- Substantial savings from integration and rationalization of global operations helped defray overall increases in costs in India – 11,686 associates across over 40 delivery centers in India, China, Mexico, U.S. & Canada
- Productivity improvements being achieved in FY 2009 by deployment of technology, improved capacity utilization and process improvements are slowing down the rate of employee growth as compared with previous years
- Diversified Client Base with low Customer Concentration and minimal exposure to financial services companies, however the changes in the USA consumer behavior has led to lower collections in the Accounts Receivable Management space (approx. 17% of total revenue) which has impacted our revenue growth rate by a few percentage points over the past few

quarters- Top 100 clients represent over 73% of total revenues with the largest customer representing only 13% of total revenues Over 50% of leading FORTUNE 100® companies as reference-able clients in our core Service offerings

- Continue to rationalize our current customer based to drive recurring revenue and maximize earnings
- Long Standing Relationships: Top 30 clients have been with the company for 5+ years
- Company maintained strong liquidity position with DSO of 50.8 days, Debt to Equity Ratio of 1.33 and Net Bank Debt of \$115.8 million at December 31, 2008
- Successfully continue to leverage company's Top Tier BPO Service Provider with established reputation for Reliable, High Quality and Secure services
- Ranked 15 on the International Association of Outsourcing Professionals' (IAOP) Global Outsourcing 100 list for 2008, published in the May 5, 2008 issue of FORTUNE Magazine. This is the third consecutive ranking for HOV Services within the top 25, improvement of 9 positions from last year's ranking

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 11,700 associates working together to Exceed Expectations® of our clients.

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