



HOV Services, Ltd Reports FY 2009-10 Results

Chennai, May 24, 2010: HOV Services, Ltd. (BSE:532761,NSE: HOVS), India's top tier BPO/KPO Company announced its results for the fiscal year and quarter ended March 31, 2010.

Financial Highlights for Fiscal Year and Quarter ended March 31, 2010

Material Transaction

The Company's wholly owned subsidiary, HOV Services, LLC sold 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 and SAM Holdings, LLC for \$12 million USD in cash (approximately Rs. 56 Cr), which resulted in an exceptional loss of 132.8 Cr.

Below are the proforma results for the year ended March 31, 2010 and the Fourth Quarter and year to date excluding the ARM business for the related period:

Particulars	Year ended	Year ended	% Change	Quarter ended	Quarter ended	% Change
	March 31,	March 31,		March 31,	December 31,	
	2009-10	2008-09		2009-10	2009-10	
<i>Rs In Million's</i>						
		EXCLUDING ARM			EXCLUDING ARM	
TOTAL INCOME	7,353.04	7,288.57	0.9%	1,843.52	1,815.20	1.6%
EBITDA	1,349.26	1,193.08	13.1%	342.41	329.70	3.9%
EBITDA %	18.3%	16.4%		18.6%	18.2%	
PAT	762.29	641.44	18.8%	197.50	191.50	3.1%
PAT %	10.4%	8.8%		10.7%	10.5%	
Excluding ARM Impact						
Basic and Diluted EPS	61.02	51.27		15.81	15.31	

Consolidated Financial Proforma Performance for the Fiscal Year ended March 31, 2010, excluding the Material Transaction

- Consolidated total Income for the FY2010 increased by 0.9% to Rs 7,353.0 million from Rs 7,288.6 million for the fiscal year 2008-09.
- EBITDA increased by 13.1% for the FY2010 to Rs 1,349.3 million from Rs 1,193.1 million over the last fiscal year 2008-09 and EBITDA margins increased from 16.4% to 18.3%.
- Net Profit increased by 18.8% for the FY2010 to Rs 762.3 million from Rs 641.4 million over the fiscal year 2008-09.
- Basic and diluted Earnings per Share (EPS) is Rs 61.02 for the fiscal year.
- Pro forma diluted EPS is Rs 33.19 after giving effect to all shares that would be issued.

Consolidated Financial Proforma Performance for the Fourth Quarter ended March 31, 2010, excluding the Material Transaction

- Total Income for the fourth quarter increased 1.6% to Rs 1,843.5 million from Rs 1,815.0 million over the third quarter FY2010.
- EBITDA increased by 3.9% for the fourth quarter to Rs 342.4 million from Rs 329.7 million over the third quarter FY 2009-10 and EBITDA margins increased from 18.2% to 18.6%.

- Net Profit increased by 3.1% to Rs197.5 million from Rs 191.5.7 million over the third quarter FY 2009-10.
- The basic and diluted EPS for this three month period is Rs 15.81 per share.

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

- Added over US \$9.9 million in customer contracts in the fourth Fiscal Quarter 2009-10, and \$68.8 million for the Fiscal Year ended March 31, 2010.
- Developed and launched four new hosted services to expand our presence in Healthcare, e-learning and F&A services.
- Top 100 clients represent over 79% of total revenues with the largest customer representing only 17% of total revenues.
- International Association of Outsourcing Professionals (IAOP) ranked us:
 1. Best 20 Leaders by Industry Focus: Health Care;
 2. Best 10 Companies by Service Offered: Document Management;
 3. Best 10 Leaders by Service Offered: Financial Management;
 4. Best 20 Leaders by Region Served: India;
 5. Best 20 Leaders by Region Served: Canada;
- Company maintained strong liquidity position with DSO of 53 days, Debt to Equity Ratio of 1.4:1 and Net Bank Debt of US \$102.8 million at March 31, 2010, down \$16.3 million from March 31, 2009.

Final Dividend

The Board of Directors at the meeting held on May 24, 2010 recommended a final dividend of Rs. 2/- per fully paid up equity share of Rs. 10/- each (face value) for the financial year 2009-10 subject to the approval of the shareholders.

Earlier the Board of Directors in their meeting held on January 28, 2010 had declared an interim Dividend of Rs. 2/- per share of Rs. 10/- each (face value) for the year ended March 31, 2010 and it was paid to the shareholders on February 18, 2010.

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 8,954 associates working together to Exceed Expectations® of our clients.

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