

Press Release



HOV Services First Quarter, FY 2007-2008 Consolidated Operating Income Up 186% First Quarter Consolidated Total Income Up 307%

Mumbai, 19 July, 2007: HOV Services Ltd. (NSE: HOVS), among India's top 3 BPO companies, reported its consolidated financial results for the First Quarter ended June 30, 2007.

Financial Highlights

Strong performance for the First Quarter ended June 30, 2007

- 186% increase in consolidated Operating Income for the quarter to Rs 223.0 million from Rs 78.0 million for the corresponding period last Fiscal Year
- Consolidated Total Income for the quarter climbed 307% to Rs 2,144.2 million from Rs 526.7 million for the corresponding period last Fiscal Year
- The basic and diluted Earnings Per Share is Rs 3.29 for the First Quarter
- Closed contracts and commitments from existing clients totaling Rs 816 million over 3 years
- 18 new clients were added with contract value of Rs 829 million over 3 years
- 52,000 sq ft of operational space was added in India; approximately 1,800 associates over 2 shifts are planned to be added to use the new facilities
- 500 associates were added globally of which 490 were added in India

Performance on a standalone basis

- Net Profit for the First Quarter came in at Rs 4.3 million
- Total Income for the reporting quarter came in at Rs 17.9 million

Significant Developments during the First Quarter

- Completed acquisition of 30% interest in SAM Holdings, LLC effective April 1, 2007
- Attrition rate was kept in check at approximately 25%
- Launched programs to leverage cross sell and up sell opportunities among the Top 350 with the initial phase targeting the Top 75 customers; initial wins are estimated to be in Fourth Quarter of FY 2007-2008
- Launched programs to drive synergies and savings from the combined business with positive contribution starting Third Quarter of FY 2007-2008.

As we look to the Future

- Strong growth momentum to continue in 2007-2008 with over 300% top line growth
- With successful strategies, revenue opportunities of Rs 3,928 exist with our Top 75 customers with both up sell and cross sell services deployed over multiple years
- Scalable infrastructure facilitating strong ramp up to support growth in Healthcare and BFSI industries; 2,500 associates are anticipated to be added in the current fiscal year with the potential for additional 1,500 associates
- Anticipated synergies and cost efficiencies will likely further improve margins over the next few years

About HOV Services Limited

HOV Services Limited, among India's top 3 BPO companies, headquartered in Pune, India provides Finance and Accounting services to the BFSI, Healthcare, Government, Manufacturing, Publishing and Telco industries. Its clients include over 50% of the FORTUNE 100® and are some of the largest companies in the healthcare, telecommunications, banking, finance, and insurance industries. RightShore delivery centers strategically located in India, North America, China and Mexico with over 11,949 associates working together to Exceed Expectations® of our clients.

For More Information, Please Contact:

David Franklin
93221 96698 (M)
2207 6321 (O)

Company Contact
Jim Reynolds, Global CFO
R Vijayakumar, CFO India
+91 44 42858062 (O)