

Press Release



HOV Services Q4 FY07 Consolidated Net Profit Up 73.7% Q4 Consolidated Total Income Up 146.3%

Mumbai, 28 May, 2007: HOV Services Ltd. (NSE: HOVS), among India's top 3 BPO companies, reported its consolidated financial results for the quarter and year ended March 31, 2007.

Financial Highlights

Strong performance for the quarter ended March 31, 2007

- 73.7% increase in its consolidated Net Profit for the quarter to Rs 67.7 million from Rs 39.0 million for the corresponding period last year
- Consolidated Total Income for the quarter climbed 146.3% to Rs 1,113.2 million from Rs 451.9 million
- The basic and diluted Earnings Per Share is Rs 5.39 for the quarter
- Proforma diluted EPS is Rs 4.26 after giving effect to all shares that would be issued

Strong performance for the twelve months ended March 31, 2007

- 78.8% increase in its consolidated Net Profit to Rs 207.3 million from Rs 115.9 million for the corresponding period last year
- Consolidated Total Income for the twelve months has increased 51.7% to Rs 2,503.3 million from Rs 1,650.7 million last year
- The basic and diluted Earnings Per Share for this period is Rs 19.47 per share
- Proforma diluted EPS is Rs 18.04 after giving effect to all shares that would be issued

Performance on a standalone basis

- Net Profit for the quarter came in at Rs 5.1 million
- Total Income for the fourth quarter came in at Rs 16.9 million
- Shares of the company were listed on the Bombay Stock Exchange and the National Stock Exchange on 27 September, 2006, after a successful IPO of 4.05 million equity shares at Rs 200 per share

Significant Developments during the reporting year

- Completed acquisition of 100% of Lason Inc. on February 28, 2007
- Acquired 30% interest in Trac Holdings, LLC effective January 1, 2007
- Acquired 30% interest in SAM Holdings, LLC effective April 1, 2007
- Global Delivery centers, strategically located on the RightShores - over 40 delivery centers located in India, US, China, Canada and Mexico
- Client Highlights - over 200 key clients comprising some of the leading players in BFSI, Healthcare, Government and Telco industries:
 - Over 50 percent of the FORTUNE 100®
 - Banking - 4 out of top 10
 - Healthcare - 3 out of top 10
 - Insurance - 9 out of top 20
 - Mortgage Services - 5 out of top 10
 - Top 30 clients contributed over 45% of consolidated proforma 2007 revenues

HOVS Team

- Over 11,400 associates and growing, strategically located across the globe
 - India 8,007; North America 1,985; China 1,200; Mexico 215
 - Annualized attrition rate is approximately 25%
- Effective HR Programs
 - HOVS Academy, Career Development Programs, soft skills development program, collaboration with leading educational institutions
 - Migration from A cities to B cities in India
 - Diversified in several key BPO destinations

As we look to the Future

- HOV Services expects strong growth momentum to continue in 2008 with top line growth over 15%**
- Significant opportunity to grow by increasing penetration and cross selling
- Strong ramp up - Growth in Healthcare and BFSI industries with visibility of additional 2,500 associates in the current year underway and another 1,500 associates planned
- Strong benefits also expected from synergies and cost efficiencies over the next few years

About HOV Services Limited

HOV Services Limited one of the largest end-to-end BPO company headquartered in Pune, India provides Finance and Accounting services in the BFSI, Healthcare, Government 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 11,400 associates working together to Exceed Expectations® of our clients.

** The 15% growth is over proforma Revenue for 2007 which was Rs 8,726 million

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