



## **HOV Services, Ltd**

### **Reports Second Quarter FY 2008-09 Results**

**Mumbai, 30 October, 2008:** HOV Services, Ltd. (NSE: HOVS), among India's top tier BPO companies, reported its consolidated financial results for the second fiscal quarter ended September 30, 2008.

#### **Financial Highlights for Second Quarter ended September 30, 2008**

##### **Consolidated Financial Performance for the Second quarter ended September 30, 2008**

- Total Income for the Second quarter has increased 7.2% to Rs 2,269.9 million from Rs 2,108.8 million over the first quarter FY 2008-09
- EBITDA increased by 63.1% for the Second quarter to Rs 312.9 million from Rs 193.3 million over the first quarter FY 2008-09
- Net Profit increased by 1066.7% to Rs138.6 million from Rs 11.9 million over the first quarter FY 2008-09
- The basic and diluted Earnings Per Share for this three month period is Rs 11.04 per share

##### **Consolidated Financial Performance for the Six Months ended September 30, 2008**

- Total Income for the six months has decreased 5.1% to Rs 4,374.9 million from the corresponding period last fiscal year
- Net Profit decreased by 62.5% to Rs151.9 million from Rs 436.5 million from the corresponding period last fiscal year
- The basic and diluted Earnings Per Share for this period is Rs 12.10 per share
- Total Income and Net Profit for the six 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 Second Quarter Fiscal Year 2008-09 and noteworthy items**

- Added over \$12.8 million in customer contracts in the 2nd Fiscal Quarter with \$6.8 million from existing customers. And added for the 6 month period ended September 30, 2008 \$38.8 million in customer contracts and \$12.1million from existing customers
- Substantial savings from integration and rationalization of global operations helped defray overall increases in costs in India – 11,734 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
- Our two new facilities in Xian, China and Chico, USA are fully operational
- Diversified Client Base with low Customer Concentration and with no 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 78% of total revenues with the largest customer representing only 14% of total revenues Over 50% of leading FORTUNE 100® companies as reference-able clients in our core Service offerings

- Long Standing Relationships: Top 30 clients have been with the company for 5+ years
- Foreign exchange hedging strategy positively impacted the Company by \$0.5 million in the Quarter
- Company maintained strong liquidity position with DSO of 48.5 days, Debt to Equity Ratio of 1.37 and Net Bank Debt of \$113.3 million at September 30, 2008 with total reduction in borrowings of \$2.3 million during the quarter
- 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
- Future Outlook - looking forward revenues are expected to grow based on market conditions based on current trend revenues for full FY 2008-2009 will be in the range of Rs1,000 Crores to Rs 1,050 Crores with approximately similar EBITDA margins in the next 2 future quarters due to productivity gains by rapid deployment of technology and process improvements. Management is focused on improving people and the global infrastructure utilization with continued strong focus on quality and security.

#### 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.

#### For More Information, Please Contact:

Investor Relations:  
 Concept Communications:  
 David Franklin  
 +91 93 221 96698 (M)

Company Contact:  
 Jim Reynolds, Global CFO  
 +91 98 2390 4286 (M)  
 R Vijayakumar, CFO India  
 +91 44 42858062 (O)