



September 30, 2014

To
The Manager- Compliance Department
National Stock Exchange of India Limited
'Exchange Plaza', Bandra Kurla Complex,
Bandra (East), Mumbai-400 051

NSE Symbol: HOVS

To
The Manager- Compliance Department
Bombay Stock Exchange Limited
Floor 25, P. J. Tower, Dalal Street,
Mumbai -400 001

BSE Scrip Code: 532761

Subject: Outcome of Board Meeting held on September 30, 2014

Dear Sir/Madam,

This is to inform that the Board of Directors of the Company in the meeting held on September 30, 2014 have considered and approved the following:-

- i) Sale of Company's entire investment in SourceHOV through its US based wholly owned subsidiary HOVS LLC **to Promoters, affiliate/related parties;**
- ii) Sale of Company's entire investment in SourceHOV through its US based wholly owned subsidiary HOVS LLC **to other potential buyers;**
- iii) Merger of **SourceHOV and BancTec;** and
- iv) Notice of Postal ballot for the purpose of seeking shareholders' approval for the above.

The details for above matters are enclosed herewith in **Annexure I.**

Further, it is hereby informed that the Trading Window for dealing in the securities of the Company by its Directors, Officers and Designated Persons and/or their dependents will remain closed from October 1, 2014 until declaration of results of postal ballot not earlier than 30 days from the date of dispatch of Notice to Shareholder, which will be submitted to Exchanges simultaneously on the date of dispatch.

Kindly take the above on record.

Thanking you,
Yours faithfully,

For **HOV Services Limited**


Sriram Iyengar
Chief Financial Officer

Encls, as above

HOV Services Limited CIN : L72200PN1989PLC014448

Office : 3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi Pune - 411 037, Maharashtra, INDIA
Tel: 91-20 24221460, Fax: 91-20 24221470, www.hovsltd.com



Annexure I

Information for point No. i) to iii) aforesaid:

1. HOV Services Limited ("**Company**") holds an investment of 26.1% of the shareholding ("**Investment**") through its wholly owned direct subsidiary HOVS LLC, ("**HOVS LLC**") a Nevada (USA) based limited liability company in SourceHOV Holdings Inc. ("**SourceHOV**"), a Delaware (USA) based corporation.
2. HOVS LLC, which is a wholly-owned 'material' subsidiary of the Company, is proposing to sell its entire Investment to the potential buyers. Since the value of the shares proposed to be sold to the potential Buyers by HOVS LLC accounts for more than 20% of HOV Services Limited assets, the Proposed Sale of Shares requires approval from the shareholders of the Company *inter alia* under applicable provisions of the Companies Act (if any) and Clause 49(V)(G) read with Clause 49(V)(E) of the Listing Agreement entered with the Stock Exchanges.
3. The Company has received an offer for purchase of its entire investment of its wholly owned subsidiary in SourceHOV from a US-based company HandsOn Fund 4 LLC ("**HOF4**"), where the ultimate beneficial owners are from among persons who are promoters of the Company ("**Proposed Sale Transaction**").
4. Apart from and post the Proposed Sale Transaction, BancTec Group LLC., a Delaware (USA) based corporation has entered into an agreement to merge its wholly owned subsidiary, BancTec Group Corporation, with Source HOV, a Delaware (USA) based company, headquartered in Texas, wholly owned subsidiary of SourceHOV Holdings Inc., ("**Merger**")
5. The Company has obtained a valuation report from M/s PKF Sridhar & Santhanam, Chartered Accountants for BancTec Group and has also obtained a fairness opinion from Keynote Corporate Services Ltd., a Category I merchant banker to evaluate the merger consideration and the related exchange ratios. The exchange of one share of BancTec for 1.0967 shares of SourceHOV in this Merger, is fair.
6. In the event of the Proposed Sale Transaction getting consummated, the Board of Directors of the Company will monitor the use of sale proceeds, including considering dividend and new investments to grow the current business.
7. The Proposed Sale Transaction for purchase of entire Investment for US\$ 95 million by HOF4, will be contracted and consummated at the same valuation as provided to other major shareholder.
8. The Proposed Sale Transaction is a 'material related party transaction' requiring approval from the shareholders of the Company *inter alia* under applicable provisions of the Companies Act and Clause 49(VII)(E) read with Clause 49(VII)(A),(B),(C) of the Listing Agreement. In terms of the Explanation (ii) to Clause 49(VII) all the promoters/promoter group entities of the Company would abstain from voting in relation to the Proposed Resolution No. 1.

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9. The shareholders' approval is sought for the sale of entire Investment to other potential buyers at a minimum price of US\$ 95 million (as mentioned in para 7 of this explanatory statement) and on similar/ better terms ("**Proposed Sale of Shares**").
10. SourceHOV, has entered into a merger agreement with BancTec Group LLC, a Delaware limited liability company ("BancTec"). Both SourceHOV and BancTec are headquartered in Dallas, Texas. In the transaction, stockholders of BancTec will receive stock in SourceHOV, according to para 4 & 5 of the explanatory statement. SourceHOV will use a new credit facility to refinance existing indebtedness, redeem certain existing SourceHOV equity holders and provide additional working capital.
11. Closing of the transaction is subject to customary conditions, including regulatory approvals, and is expected to occur this year.

For HOV Services Limited

Sriram Iyengar
Chief Financial Officer

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