

Profit and Loss Summary

- Three Months Ended June 30, 2007 vs. June 30, 2006; and
- vs. Sequential Quarter ended March 31, 2007

(Rs in Millions)

Particulars	Quarter ended June 30,	Quarter ended June 30,	Growth (%)	Year ended March 31,	Growth (%)
	2007	2006	QoQ	2007	Sequential
	Unaudited	Unaudited		Audited	
Net Sales/Income from Operations	2,144.2	526.7		1,113.2	
Total Income	2,144.2	526.7	307.1	1,113.2	92.6
Expenditure					
Staff cost	1,000.4	209.1	378.4	536.6	86.5
GROSS PROFIT	1,143.8	317.6	260.1	576.6	98.4
Selling, General & Admin expenses	920.8	239.6	284.3	414.8	122.0
OPERATING PROFIT BEFORE INTEREST, DEPRECIATION AND MINORITY INTEREST	223.0	78.0	185.9	161.9	37.8
Interest	118.9	6.8	1,648.2	49.4	140.9
Depreciation	43.0	9.4	358.8	19.3	122.4
OPERATING PROFIT BEFORE TAX AND MINORITY INTEREST	61.2	61.8	(1.1)	93.2	(34.4)
Provision for taxation	11.7	8.5	38.0	13.0	(9.5)
NET PROFIT AFTER TAX AND BEFORE MINORITY INTEREST	49.4	53.3	(7.3)	80.2	(38.4)
MINORITY INTEREST	8.1	-		12.5	
NET PROFIT AFTER TAX AND MINORITY INTEREST	41.4	53.3	(22.5)	67.7	(38.9)
Basic and Diluted EPS (Not annualized)	3.3	6.3	(47.5)	5.4	(38.9)
Weighted average equity shares used in computing earnings per equity share					
Basic and Diluted	12,554,045	8,504,045		5,606,114	

(Rs in millions)
HOV SERVICES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 30 JUNE, 2007

	<u>Consolidated</u> <u>June 30, 2007</u>
SOURCES OF FUNDS	
1. Shareholders' Funds :	
(a) Share Capital	125,540
(b) Class A Preferred Units	2,568,393
(c) Reserves and Surplus	930,228
Minority Interest	199,083
2. Loan Funds :	
(a) Secured Loans	4,050,250
(b) Unsecured Loans	
3. Deferred Tax Liability - Net	1,804
Total	<u><u>7,875,300</u></u>
APPLICATION OF FUNDS	
Goodwill arising out of consolidation	6,700,909
1. Fixed Assets :	
(c) Net Block	489,752
(d) Capital Work-in-Progress	12,432
	<u>502,185</u>
2. Current Assets, Loans and Advances :	
(a) Inventories	65,620
(b) Sundry Debtors	1,593,723
(c) Cash and Bank Balances	243,683
(d) Loans and Advances	14,587
(e) Other Current Assets	710,530
(f) Due From Affiliates	313,085
	<u>2,941,230</u>
Less: Current Liabilities and Provisions:	
(a) Liabilities	2,210,213
(b) Provisions	58,810
	<u>2,269,023</u>
Net Current Assets	<u>672,206</u>
3. Miscellaneous Expenditure (to the extent not written off or adjusted)	
Total	<u><u>7,875,300</u></u>

Fact Sheet – Consolidated Financial Information, First Quarter, 2007-2008

Revenue - YoY Quarter over Quarter by Industry Vertical (US\$)

Industry Vertical	Q1 FY 2007		Q1 FY2008		Growth % Q over Q
	Revenue	%	Revenue	%	
BFSI	5,914.9	51.3%	28,557.2	54.8%	383%
Healthcare	3,506.2	30.4%	14,925.9	28.6%	326%
Telecom	1,954.4	17.0%	3,454.7	6.6%	77%
Publishing	-	0.0%	1,739.0	3.3%	100%
Manufacturing	-	0.0%	1,829.4	3.5%	100%
Government	147.2	1.3%	1,592.3	3.1%	982%
Total	11,522.7	100%	52,098.5	100%	352%

Revenue - Sequential Quarter over Quarter by Industry Vertical (US\$)

Industry Vertical	Q4 FY 2007A		Q1 FY2008A		% Growth Sequential Q's
	Revenue	%	Revenue	%	
BFSI	13,627.4	54.5%	28,557.2	54.8%	110%
Healthcare	6,451.1	25.8%	14,925.9	28.6%	131%
Telecom	2,592.1	10.4%	3,454.7	6.6%	33%
Publishing	464.8	1.9%	1,739.0	3.3%	274%
Manufacturing	599.4	2.4%	1,829.4	3.5%	205%
Government	1,258.8	5.0%	1,592.3	3.1%	27%
Total Revenue	24,993.6	100%	52,098.5	100%	108%

Revenue – First Quarter, FY 2007-2008 by Service Type in the Industries served (US\$)

Service Type	Industries Served					
	BFSI	Healthcare	Telecom	Publishing	Manufacturi	Government
A/P Services	2.5%	0.0%	0.1%	0.0%	0.1%	0.0%
ARM/ A/R Cycle Management	10.7%	2.3%	2.8%	0.0%	0.0%	0.0%
Loan processing (Credit Card, Auto and Mortgages)	0.6%	0.0%	0.0%	0.0%	0.5%	0.0%
Healthcare Payor/Provider Services	0.0%	22.6%	0.0%	0.0%	0.0%	0.0%
Risk management & Employee Verification Services	1.5%	0.2%	0.0%	0.0%	0.0%	0.0%
Claims Management/Construction Consulting/Litigation Support	4.5%	0.2%	0.0%	0.0%	0.0%	0.0%
Business Intelligence and Smart Dial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax processing	0.8%	1.4%	0.0%	0.0%	0.0%	0.0%
Document Lifecycle Services	34.0%	2.0%	0.4%	0.0%	2.9%	6.6%
Content Transformation	0.2%	0.0%	0.0%	3.1%	0.0%	0.0%
Total Revenue	54.8%	28.6%	3.3%	3.1%	3.5%	6.6%

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Additional New Business Won in the First Quarter, 2007-2008
Additional Business won in First Quarter, FY 2007-2008

<u>Industry Vertical</u>	<u>New Client Wins</u>	
	<u># of New Clients</u>	<u>Contract Value</u>
BFSI	8	18,388,600
Healthcare	6	1,255,000
Telecom	-	
Publishing	-	
Manufacturing		
Government	4	479,126
Total	18	20,122,726

Revenue Growth across all of the companies Service offerings and across the Target Industries in Q1 FY2008 over Q1 FY 2007

Service Type	3 Month Period Ended June 30, 2007	<u>Growth by Industries Served Q1 FY 2008 over Q1 FY 2007</u>						3 Month Period Ended June 30, 2008
		BFSI	Healthcare	Telecom	Publishing	Manufacturing	Government	
A/P Services	-	1,315,115	-	73,474	-	75,519	-	1,464,109
ARM/ A/R Cycle Management	4,461,057	4,038,135	52,949	(336,531)	-	-	-	8,215,610
Loan processing (Credit Card, Auto and Mortgages)	-	299,686	-	-	-	242,012	-	541,698
Healthcare Payor/Provider Services	-	-	11,783,743	-	-	-	-	11,783,743
Risk management & Employee Verification Services	1,221,997	712,496	(1,092,888)	-	-	-	-	841,605
Claims Management/Construction Consulting/Litigation	4,732,638	(1,970,538)	498	(168,918)	-	-	(121,340)	2,472,340
Business Intelligence and Smart Dial	-	-	-	-	-	-	-	-
Tax processing	1,107,030	413,349	(371,995)	-	-	-	-	1,148,384
Document Lifecycle Services	-	17,726,002	1,047,382	216,606	-	1,511,860	3,428,795	23,930,645
Content Transformation	-	107,988	-	-	1,592,337	-	-	1,700,325
Total Revenue	11,522,722	22,642,234	11,419,689	(215,369)	1,592,337	1,829,391	3,307,455	52,098,459

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Top 350 by Industry by Service Type — Q1 FY 2008

Service Type	BFSI Revenue	Healthcare Revenue	Telecom Revenue	Publishing Revenue	Manufacturing Revenue	Government Revenue	Total
A/P Services	115.1	-	73.5	-	75.5	-	264.1
ARM/ A/R Cycle Management	266.8	1,183.9	1,448.9	-	-	-	2,899.7
Loan processing (Credit Card, Auto and Mortgages)	299.7	-	-	-	242.0	-	541.7
Healthcare Payor/Provider Services	-	11,783.7	-	-	-	-	11,783.7
Risk management & Employee Verification Services	-	82.1	-	-	-	-	82.1
Claims Management/Construction Consulting & Litigation Support	1,856.0	93.8	-	-	-	-	1,949.8
Business Intelligence and Smart Dial	-	-	-	-	-	-	-
Tax processing	-	735.0	-	-	-	-	735.0
Document Lifecycle Services	7,794.0	1,047.4	216.6	-	1,511.9	3,454.7	14,024.5
Content Transformation	108.0	-	-	1,592.3	-	-	1,700.3
Total	10,439.6	14,925.9	1,739.0	1,592.3	1,829.4	3,454.7	33,980.9

Client Concentration — Q1 FY 2007- 2008 and Industry Highlights with Client Rankings

Top Clients	% of Total Revenue
Top 1 Client	13%
Top 5 Clients	26%
Top 10 Clients	32%
Top 20 Clients	39%
Top 50 Clients	49%
Top 100 Clients	57%
Top 200 Clients	64%
Top 350 Clients	65%

Customer and Industry Highlights	
<u>Industry Served</u>	<u>Customer Ranking</u>
Banking	4 out of the top 10
Healthcare	3 out of top 10
Insurance	9 out of the top 20
Mortgage Services	5 out of top 10
Retailers	8 out of the top 20
Student Loans	1 out of the top 2
Telecom	2 out of the top 5

Global Infrastructure and Resources — as of June 30, 2007
Key Focus on Adding Associates:

- ✓ *Right Shore with the right skills*
- ✓ *Continue to maintain and/ or lower already low Attrition Rate of 25%*
- ✓ *Provide Training and Career Path and be part of the local communicates*
- ✓ *Expanding Infrastructure to manage – (1) Committed Growth and (2) Planned Growth*
- ✓ *Meet and “Exceed Expectations” for our clients and our employees*

Global Resources

Category	North America	India	China	Mexico	Total
Accounting	36	50	0	6	92
Administration	53	41	0	2	96
Management	145	150	0	5	300
Sales & Marketing	43	4	0		47
Techonology	140	243	0	10	393
Operations	1,508	8,110	1,177	226	11,021
Total	1,925	8,598	1,177	249	11,949

SUMMARY

- (1) Top 3 Indian BPO Service Provider by FY2007 pro-forma revenues**
- (2) Established reputation for Reliable, High Quality and Secure services:**
 - **High Quality Client Base: over 50% of the FORTUNE 100® companies**
 - **Long Standing Relationships: Top 30 clients have been with us for 5+ years**
- (3) Top 100 clients represent over 57% of total revenues**
- (4) Right Shore Delivery Model: 11,949 employees across over 40 delivery centers in India, China, Mexico, U.S. & Canada**
- (5) Strong Financial Performance and Growth Prospects**
 - **Predictable Recurring Revenue gives substantial visibility**
 - **307% Total Income Growth YoY for First Quarter, FY2007-2008 over First Quarter, FY2006-2007 and 93% Sequential Growth**
 - **EBITDA Margin expansion from 10.2% to over 16% over next 3 quarters**
 - **Scalable Infrastructure with mature processes, benefits of operating leverage and amortization of fixed costs over larger and growing revenues**
 - **Plan to add additional 2,500 associates in FY 2008 to meet current business with potential for additional 1,500 associates**
 - **Added new business of over \$40 million US backed by a solid pipeline; also 18 New Clients added in the First Quarter, FY 2007- 2008 to an already diversified client base**