

Profit and Loss Summary

Three Months Ended September 30, 2007 vs. September 30, 2006; and vs. Sequential Quarter ended June 30, 2007

Particulars <i>Rs In Million's</i>	Quarter ended September 30,		Growth % in Q2 FY 2008 over FY 2007	Quarter ended Ended June 30,	Growth % in Q2 FY 2008 over Q1 FY 2008
	2007	2006		2007	
	Reviewed	Reviewed		Reviewed	
INCOME					
Income from Services	2,132.98	444.60		2,139.63	
Other Income	335.65	0.46		4.57	
TOTAL INCOME	2,468.63	445.06	454.7%	2,144.20	15.1%
EXPENDITURE					
Operating costs	1,027.07	179.26		1,000.42	
Personal expenses	887.22	195.23		920.76	
TOTAL	1,914.29	374.49		1,921.18	
EARNINGS BEFORE INTEREST, TAX, AND DEPRECIATION (EBITDA)	554.34	70.57	685.5%	223.02	148.6%
EBITDA %	22.5%	15.9%		10.4%	
Depreciation/amortization	43.94	9.62		43.00	
EARNINGS BEFORE INTEREST AND TAX	510.40	60.95	737.4%	180.02	183.5%
EBIT %	20.7%	13.7%		8.4%	
Interest expense, net	124.18	7.97		118.88	
PROFIT (LOSS) BEFORE TAX	386.22	52.98	628.9%	61.14	531.7%
PBIT %	15.6%	11.9%		2.9%	
Taxes	6.89	9.22		11.73	
PROFIT (LOSS) AFTER TAX BEFORE MINORITY INTEREST	379.33	43.76		49.41	
Minority interest	(15.85)	-		8.07	
PROFIT (LOSS) AFTER TAX AND MINORITY INTEREST (PAT)	395.18	43.76		41.34	855.9%
PAT %	16.0%	9.8%		1.9%	
Basic and Diluted EPS (Not Annualized)	31.48	3.49		3.30	
Weighted average equity shares used in computing earnings per equity share for basic and diluted		5,606,114		12,554,045	

HOV Services, Ltd
BALANCE SHEET AS OF 30 SEPTEMBER, 2007

<u>ASSETS</u>	<u>Rs. 000's</u>
Current assets:	
Cash and cash equivalents	334,178
Inventory	60,558
Accounts receivable	1,811,798
Prepaid expenses & other current assets	380,903
Total current assets	2,587,437
Net property and equipment	743,732
Due from HOV affiliates	
Other non current assets	1,123,633
Goodwill	7,364,938
TOTAL ASSETS	11,819,740
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	
Current Liabilities:	
Short term loans	138,268
Accounts payable & accrued liabilities	1,600,408
Other Current Liabilities	289,800
Total current liabilities	2,028,476
Due to HOV affiliates	83,156
Long term debt	5,127,925
Minority Interest	385,462
Total liabilities	7,625,020
Total stockholders' equity	4,194,720
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	11,819,740

Revenue - YoY Quarter over Quarter by Industry Vertical

<u>Industry Vertical</u> <i>In 000' US\$'s</i>	<u>Q2 FY 2007</u>		<u>Q2 FY2008</u>		<u>Growth %</u> Q over Q
	Revenue	%	Revenue	%	
BFSI	4,582	47.3%	19,595	37.2%	328%
Healthcare	1,652	17.1%	18,557	35.3%	1024%
Telecom	3,110	32.1%	2,423	4.6%	-22%
Publishing	-	0.0%	2,183	4.1%	100%
Manufacturing	157	1.6%	4,220	8.0%	100%
Government	183	1.9%	5,654	10.7%	2983%
Total Revenue	9,683	100%	52,633	100%	444%

Revenue - Sequential Quarter over Quarter by Industry Vertical

<u>Industry Vertical</u> <i>In 000' US\$'s</i>	<u>Q1 FY 2008</u>		<u>Q2 FY2008</u>		<u>Growth %</u> Sequential
	Revenue	%	Revenue	%	
BFSI	19,637	37.69%	19,595	37.23%	-0.2%
Healthcare	16,460	31.59%	18,557	35.26%	12.7%
Telecom	3,455	6.63%	2,423	4.60%	-29.9%
Publishing	1,739	3.34%	2,183	4.15%	25.6%
Manufacturing	3,897	7.48%	4,220	8.02%	8.3%
Government	6,910	13.26%	5,654	10.74%	-18.2%
Total Revenue	52,099	100%	52,633	100%	1.0%

Revenue – Q2 FY 2007-2008 by Service Type in the Industries served

<u>Service Type</u> <i>(In 000's US\$'s)</i>	<u>Industries Served</u>					
	BFSI	Healthcare	Telecom	Publishing	Manufacturing	Government
A/P Services	1.2%	0.2%	0.2%	0.0%	1.3%	0.0%
ARM/ A/R Cycle Management	10.6%	4.4%	3.9%	0.0%	0.0%	0.0%
Loan processing (Credit Card, Auto and Mortgages)	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Healthcare Payor/Provider Services	0.2%	23.4%	0.0%	0.0%	0.0%	0.0%
Risk management & Employee Verification Services	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Claims Management/Construction Consulting & Litigation Support	4.1%	0.2%	0.0%	0.0%	0.0%	0.0%
Business Intelligence	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax processing	0.5%	1.9%	0.1%	0.0%	0.0%	0.0%
Document Lifecycle Services	18.7%	5.2%	0.4%	0.3%	6.4%	10.7%
Content Transformation	0.5%	0.0%	0.0%	3.9%	0.3%	0.0%
Total Revenue	37.2%	35.3%	4.6%	4.1%	8.0%	10.7%

Additional New Business Won in the Second Quarter, 2007-2008

<u>Industry Vertical</u> <i>In 000' US\$'s</i>	<u>New Client Wins</u>	
	New Clients	Contract
BFSI	-	-
Healthcare	2	14,500
Telecom	-	-
Publishing	1	530
Manufacturing	4	2,683
Government	4	2,531
Total Revenue	11	20,244

Revenue Growth across all the offerings and across the Target Industries in Q2 FY2008 over Q2 FY2007

Service Type (In 000's US\$'s)	Growth by Industries Served Q2 FY 2008 over Q2 FY 2007							3 Month Period
	3 Mth Period 06	BFSI	Healthcare	Telecom	Publishing	Manufacturing	Government	Ended Sep 30, 07
A/P Services	-	648	92	80	-	696	-	1,516
ARM/ A/R Cycle Management	3,949	5,202	2,106	(1,343)	-	-	-	9,914
Loan processing (Credit Card, Auto and Mortgages)	-	199	-	-	0	-	-	199
Healthcare Payor/Provider Services	-	105	12,327	-	-	-	-	12,432
Risk management & Employee Verification Services	567	331	(181)	-	-	(106)	(39)	572
Claims Management/Construction Consulting & Litigation Support	3,754	(1,333)	(50)	-	-	-	(144)	2,227
Business Intelligence and Smart Dial	-	-	-	-	-	-	-	-
Tax processing	1,414	75	(141)	46	-	(50)	-	1,344
Document Lifecycle Services	-	9,831	2,753	222	148	3,392	5,653	21,999
Content Transformation	-	262	-	-	2,086	132	1	2,430
Total Revenue	9,683	15,320	16,906	(995)	2,183	4,063	5,471	52,633

TOP 350 by Industry and Service Type Q2 FY2008

Service Type (In 000's US\$'s)	BFSI	Healthcar	Telecom	Publishin	Manufacturi	Government	Total
A/P Services	632	76	67	-	659	-	1,432
ARM/ A/R Cycle Management	5,517	2,294	2,030	-	-	-	9,841
Loan processing (Credit Card, Auto and Mortgages)	191	-	-	-	-	-	191
Healthcare Payor/Provider Services	105	12,346	-	-	-	-	12,451
Risk management & Employee Verification Services	563	-	-	-	-	-	563
Claims Management/Construction Consulting & Litigation	2,096	95	-	-	-	-	2,191
Business Intelligence	-	-	-	-	-	-	-
Tax processing	216	982	77	-	-	-	1,275
Document Lifecycle Services	8,281	2,274	206	106	2,852	3,821	17,539
Content Transformation	237	-	-	1,976	126	-	2,338
Total Revenue	17,837	18,066	2,380	2,082	3,636	3,821	47,821

Customer Concentration and Industry Highlights

Customer and Industry Highlights		Top Clients	% of Total Revenue
<u>Industry Served</u>	<u>Customer Ranking</u>		
Banking	4 out of the top 10	Top 1 Client	13%
Healthcare	3 out of the top 10	Top 5 Clients	26%
Insurance	9 out of the top 20	Top 10 Clients	34%
Mortgage Services	5 out of the top 10	Top 20 Clients	45%
Retailers	8 out of the top 20	Top 50 Clients	60%
Student Loans	1 out of the top 2	Top 100 Clients	72%
Telecom	2 out of the top 5	Top 200 Clients	83%
		Top 350 Clients	91%

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

- ✓ *Right Shore with the right skills*
- ✓ *Continue to maintain and/ or lower already low Attrition Rate of 27%*
- ✓ *Provide Training and Career Path and be part of the local communicates*
- ✓ *Meet and “Exceed Expectations” for our clients and our employees*

Global Resources

Category	North America	India	China	Mexico	Total
Accounting	35	48	0	5	88
Administration	40	56	0	3	99
Management	145	148	0	6	299
Sales & Marketing	39	6	0	0	45
Techonology	107	235	0	0	342
Operations	1,578	8,050	952	169	10,749
Total	1,944	8,543	952	183	11,622

SUMMARY

- (1) Top Tier Indian BPO Service Provider**
- (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 72% of total revenues**
- (4) Right Shore Delivery Model: 11,622 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
 - 455% Total Income Growth YoY for Second Quarter, FY2007-2008 over First Quarter, FY2006-2007 and 15% Sequential Growth
 - Established a hedging facility and recognized \$8.2 million of Income due to Rupee appreciation
 - Scalable Infrastructure with mature processes, benefits of operating leverage and amortization of fixed costs over larger and growing revenues
 - Added new business of over USD21.3 million (USD1.7 of cross sell and up sell services) backed by a solid pipeline; also added 11 New Clients in the Second Quarter, FY 2007- 2008 to an already diversified client base total new business