

Significant Developments during the 3rd quarter of FY 2007-2008 and Growth Prospects**(1) Highlights of Business Performance and Growth Prospects**

- Pace of Revenue Growth is expected to continue – in part due to success of end-to-end solution sales strategy and in part due to success of cross sell and upsell program across our top 350 customer;
- Added \$19.8 million in customer contracts in the 3rd Fiscal Quarter with \$10 million from existing customers; and \$60.2 million over the last 3 quarters;
- Average deal size increased during the 3rd Fiscal quarter to \$1.5 million from \$0.6 million in the 1st quarter with many deals in the pipeline that are larger than average for the 3rd Fiscal quarter;
- Our top 350 cross sell/up sell program yielded \$10.1 million in contract value in the 3rd quarter as compared to \$1.7 million 2nd quarter when the program was launched; and
- Strong ramp up and growth in Healthcare Payer/Provider services, ARM and Accounts Payable underway
- HOV Services expects strong growth momentum to continue in our last quarter of 2008 with Total Income estimates for FY 2007-2008 of \$222 to \$224 million including 4th quarter revenue between \$55 to \$57 million; EBITDA estimate for FY 2007-2008 is between \$32.4 to 33.4 million; this EBITDA estimate includes ramp-up cost of approximately \$1.4 million

(2) Key Accomplishments and Noteworthy Items in the quarter

- Accounts Receivable Management (“ARM”) business got a boost by acquisition of a portfolio of healthcare receivables for \$20.4 million by our subsidiary
- ARM business saw a decline in collections during the quarter due to economic environment and seasonality in the 3rd Fiscal quarter but decline was offset by growth in revenues due to acquisition of portfolio’s
- Rationalization strategy to leverage our core strengths and key service offerings across industry verticals resulted in divestiture of our Tax Services group

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

- Substantial savings from integration and rationalization of global operations in the 4th Fiscal quarter and beyond;
- Launch of new facility in China with capacity for approximately 1,400 associates of which 1,100 will be added in the 4th Fiscal quarter
- Productivity gains achieved due to LEAN, six sigma and technology initiatives are gaining momentum to improve quality, reduce cost and turnaround time and are expected to increase capacity
- Foreign Exchange management resulted in a gain of \$1.3 million in the 3rd Fiscal quarter

(3) Right Shore Delivery Model - 11,641 employees across over 40 delivery centers in India, China, Mexico, U.S. & Canada

- To meet customer ramp up requirements, we need to add 2,300 associates; out of which we have added 135 as of December 31, 2007 and we are in the process of adding additional 2,165 employees by March 31, 2008

(4) Established reputation for Reliable, High Quality and Secure services:

- Over 50% of the FORTUNE 100® companies are reference-able clients in our core Service offering;
- Long Standing Relationships: Top 30 clients have been with us for 5+ years;
- In a recent customer survey 98.1 % of respondents said they would “definitely recommend” HOV Services to others
- Diversified Client Base and low penetration among the major clients; top 100 clients represent over 73% of total revenues

In conclusion, HOVS made great strides to build upon our past successes and solidify its position as Top Tier Indian BPO Service Provider

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

| Particulars <i>Rs In Million's</i> | Quarter ended December 31, | | Growth % in Q3 FY 2008 over FY 2007 | Quarter ended September 30, 2007 | % Change in Q3 FY 2008 over Q2 FY 2008 |
|---|-------------------------------|------------------|---|--|--|
| | 2007 Reviewed | 2006 Reviewed | | | |
| INCOME | | | | | |
| Income from Services | 2,087.65 | 416.58 | | 2,132.98 | |
| Other Income * | 53.77 | 4.44 | | 335.65 | |
| TOTAL INCOME | 2,141.42 | 421.03 | 408.6% | 2,468.63 | -13.3% |
| EXPENDITURE | | | | | |
| Operating costs | 1,094.80 | 142.57 | | 1,027.07 | |
| Personal expenses | 790.15 | 213.08 | | 887.22 | |
| TOTAL | 1,884.95 | 355.65 | | 1,914.29 | |
| EARNINGS BEFORE INTEREST, TAX, AND DEPRECIATION (EBITDA) | 256.47 | 65.38 | 292.3% | 554.34 | -53.7% |
| EBITDA % | 12.0% | 15.5% | | 22.5% | |
| Depreciation | 39.56 | 8.94 | | 43.94 | |
| EARNINGS BEFORE INTEREST AND TAX | 216.91 | 56.44 | 284.3% | 510.40 | -57.5% |
| EBIT % | 10.1% | 13.4% | | 20.7% | |
| Interest expense, net | 135.28 | 6.26 | | 124.18 | |
| PROFIT (LOSS) BEFORE TAX | 81.63 | 50.18 | 62.7% | 386.22 | -78.9% |
| PBIT % | 3.8% | 11.9% | | 15.6% | |
| Taxes | 5.24 | 7.34 | | 6.89 | |
| PROFIT (LOSS) AFTER TAX BEFORE MINORITY INTEREST | 76.39 | 42.84 | | 379.33 | |
| Minority interest | (16.48) | - | | (15.85) | |
| PROFIT (LOSS) AFTER TAX AND MINORITY INTEREST (PAT) | 92.87 | 42.84 | | 395.18 | -76.5% |
| PAT % | 4.3% | 10.2% | | 16.0% | |
| Basic and Diluted EPS (Not Annualized) | 7.40 | 3.41 | | 31.48 | |
| Weighted average equity shares used in computing earnings per equity share for basic and diluted | | 5,606,114 | | | |

* Decrease in total income attributable to large foreign exchange gain in Q2 of Rs. 336.58 vs Rs. 52.12 million Q3

HOV Services, Ltd
BALANCE SHEET AS OF 31 December 2007
R's 000
ASSETS
Current assets:

| | |
|---|-----------|
| Cash and cash equivalents | 203,323 |
| Inventory | 62,393 |
| Accounts receivable | 1,778,660 |
| Prepaid expenses & other current assets | 1,479,813 |
| Other Current Assets | 12,537 |

Total current assets 3,536,726

Net property and equipment 758,398

Other non current assets
Goodwill 7,339,474

TOTAL ASSETS 11,634,599

LIABILITIES AND STOCKHOLDERS' EQUITY
Current Liabilities:
Total current liabilities 1,631,781

Due to HOVS affiliates 4,381

Long term debt (incl lease payable) 5,338,224

Minority Interest (70%) 368,982

Total liabilities 7,343,368

Total stockholders' equity 4,291,230

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY 11,634,599

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

Revenue - YoY Quarter over Quarter by Industry Vertical

| Industry Vertical <i>In 000' US\$'s</i> | Q3 FY 2007 | | Q3 FY2008 | | Growth % Q over Q |
|--|--------------|---------------|---------------|---------------|----------------------|
| | Revenue | % | Revenue | % | |
| BFSI | 4,599 | 47.7% | 16,594 | 31.4% | 260.8% |
| Healthcare | 1,693 | 17.6% | 20,785 | 39.3% | 1127.6% |
| Telecom | 3,143 | 32.6% | 2,556 | 4.8% | -18.7% |
| Media & Publishing | - | 0.0% | 2,732 | 5.2% | 100.0% |
| Manufacturing | - | 0.0% | 3,603 | 6.8% | 100.0% |
| Retail | - | 0.0% | 1,188 | 2.2% | 100.0% |
| Government | 211 | 2.2% | 5,440 | 10.3% | 2482.4% |
| Total Revenue | 9,646 | 100.0% | 52,897 | 100.0% | 448.4% |

Revenue - Sequential Quarter over Quarter by Industry Vertical

| Industry Vertical <i>In 000' US\$'s</i> | Q2 FY2008 | | Q3 FY2008 | | Growth % Sequential Q's |
|--|---------------|---------------|---------------|---------------|----------------------------|
| | Revenue | % | Revenue | % | |
| BFSI | 19,595 | 37.2% | 16,594 | 31.4% | -15.3% |
| Healthcare | 18,557 | 35.3% | 20,785 | 39.3% | 12.0% |
| Telecom | 2,424 | 4.6% | 2,556 | 4.8% | 5.4% |
| Media & Publishing | 2,183 | 4.1% | 2,732 | 5.2% | 25.2% |
| Manufacturing | 3,343 | 6.4% | 3,603 | 6.8% | 7.8% |
| Retail | 877 | 1.7% | 1,188 | 2.2% | 35.5% |
| Government | 5,654 | 10.7% | 5,440 | 10.3% | -3.8% |
| Total Revenue | 52,633 | 100.0% | 52,897 | 100.0% | 0.5% |

Revenue - Q3 FY 2007-2008 by Service Type in the Industries served

| Service Type <i>(In 000's US\$'s)</i> | Industries Served | | | | | | |
|--|-------------------|--------------|-------------|--------------------|---------------|-------------|--------------|
| | BFSI | Healthcare | Telecom | Media & Publishing | Manufacturing | Retail | Government |
| A/P Services | 1.9% | 0.6% | 0.1% | 0.0% | 1.2% | 1.7% | 0.0% |
| ARM/ A/R Cycle Management | 5.9% | 8.9% | 4.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Loan processing | 0.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Healthcare Payor/Provider Services | 0.2% | 24.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Risk management & Employee Verification Services | 1.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Construction Services | 3.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Document Lifecycle Services | 10.8% | 5.2% | 0.4% | 0.4% | 1.6% | 0.4% | 9.5% |
| Presentment Services | 7.2% | 0.5% | 0.1% | 0.1% | 3.8% | 0.1% | 0.7% |
| Content Transformation | 0.7% | 0.0% | 0.0% | 4.6% | 0.2% | 0.0% | 0.0% |
| Total Revenue | 31.4% | 39.3% | 4.8% | 5.2% | 6.8% | 2.2% | 10.3% |

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

Revenue Q3 FY 2007-2008 by Service Type in the Industry Served

| Service Type (In 000's US\$'s) | Growth by Industries Served Q3 FY 2008 over Q3 FY 2007 | | | | | | | | 3 Month Period 12/31/2007 |
|--|--|---------------|---------------|--------------|-----------------------|---------------|--------------|--------------|------------------------------|
| | 3 Mth Period 12/31/2006 | BFSI | Healthcare | Telecom | Media & Publishing | Manufacturing | Retail | Government | |
| A/P Services | - | 1,000 | 310 | 77 | - | 635 | 893 | - | 2,915 |
| ARM/ A/R Cycle Management | 5,033 | 2,129 | 3,792 | (914) | - | 15 | - | - | 10,055 |
| Loan processing | - | 201 | - | - | - | 1 | - | - | 202 |
| Healthcare Payor/Provider Services | - | 107 | 12,682 | - | - | - | - | - | 12,790 |
| Risk management & Employee Verification Services | 506 | 146 | - | - | - | - | - | - | 652 |
| Construction Services | 3,293 | (1,437) | 52 | - | - | - | - | (210) | 1,698 |
| Tax processing* | 814 | (57) | (757) | - | - | - | - | - | - |
| Document Lifecycle Services | - | 5,703 | 2,768 | 217 | 236 | 836 | 223 | 5,045 | 15,026 |
| Presentment Services | - | 3,817 | 245 | 33 | 48 | 2,021 | 72 | 395 | 6,631 |
| Content Transformation | - | 385 | - | - | 2,449 | 96 | - | - | 2,930 |
| Total Revenue | 9,646 | 11,994 | 19,092 | (588) | 2,732 | 3,603 | 1,188 | 5,229 | 52,897 |

*On October 1, 2007 the Company divested of it's tax processing services to the former business owners in order to focus on scalable services offerings

TOP 350 by Industry and Service Type Q3 FY2008

| Service Type (In 000's US\$'s) | BFSI | Healthcare | Telecom | Media & Publishing | Manufacturing | Retail | Government | Total |
|--|---------------|---------------|--------------|-----------------------|---------------|--------------|--------------|---------------|
| A/P Services | 502 | 115 | 60 | - | 528 | 668 | - | 1,874 |
| ARM/ A/R Cycle Management | 3,046 | 4,703 | 1,901 | - | - | - | - | 9,651 |
| Loan processing | 201 | - | - | - | - | - | - | 201 |
| Healthcare Payor/Provider Services | - | 12,763 | - | - | - | - | - | 12,763 |
| Risk management & Employee Verification Services | 642 | - | - | - | - | - | - | 642 |
| Construction Services | 1,564 | 77 | - | - | - | - | - | 1,641 |
| Document Lifecycle Services | 5,745 | 2,675 | 226 | 241 | 1,427 | 367 | 3,951 | 14,632 |
| Presentment Services | 2,094 | 144 | - | 28 | 1,179 | 20 | 161 | 3,627 |
| Content Transformation | 361 | - | - | 2,391 | 84 | - | - | 2,837 |
| Total Revenue | 14,156 | 20,478 | 2,188 | 2,661 | 3,219 | 1,055 | 4,111 | 47,867 |

Additional New Business Won in the Third Quarter FY 2007-2008 and Fiscal Year 2008

| Industry Vertical In 000' US\$'s | New Client Major Wins Q3 | | New Client Major Wins YTD | |
|-------------------------------------|--------------------------|----------------|---------------------------|---------------|
| | New Clients | Contract Value | New Clients | Contract |
| BFSI | - | - | 7 | 10,889 |
| Healthcare | 6 | 14,450 | 14 | 30,205 |
| Telecom | - | - | - | - |
| Media & Publishing | 1 | 175 | 2 | 705 |
| Manufacturing | 1 | 2,250 | 4 | 3,913 |
| Retail | 2 | 2,800 | 4 | 11,320 |
| Government | 1 | 175 | 9 | 3,185 |
| Total Revenue | 11 | 19,850 | 40 | 60,217 |

Cross Sell in the Third Quarter FY 2007-2008 and Second Quarter FY 2007-2008

| Industry Vertical In 000' US\$'s | New Client Major Wins Q3 | | New Client Major Wins Q2 | |
|-------------------------------------|--------------------------|----------------|--------------------------|--------------|
| | New Clients | Contract Value | New Clients | Contract |
| Number Cross Sell/Up Sell | 7 | 7,375 | 3 | 1,700 |
| New Solution Up Sell | 2 | 2,800 | - | - |
| Total Revenue | 9 | 10,175 | 3 | 1,700 |

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

Customer Concentration and Industry Highlights

| Customer and Industry Highlights | | Top Clients | % of Total Revenue | Q over Q Change |
|----------------------------------|-------------------------|-----------------|--------------------|-----------------|
| <u>Industry Served</u> | <u>Customer Ranking</u> | Top 1 Client | 14% | 1% |
| Banking | 4 out of the top 10 | Top 5 Clients | 34% | 8% |
| Healthcare | 3 out of top 10 | Top 10 Clients | 41% | 7% |
| Insurance | 9 out of the top 20 | Top 20 Clients | 49% | 4% |
| Mortgage Services | 5 out of top 10 | Top 50 Clients | 63% | 2% |
| Retailers | 8 out of the top 20 | Top 100 Clients | 73% | 2% |
| Student Loans | 1 out of the top 2 | Top 200 Clients | 84% | 1% |
| Telecom | 2 out of the top 5 | Top 350 Clients | 90% | 0% |

Global Infrastructure and Resources — as of December 31, 2007

HOVS-Personnel Count as of 12/31/07

| Category | North America | India | China | Mexico | Total |
|-------------------|---------------|--------------|------------|------------|---------------|
| Accounting | 33 | 47 | 3 | 5 | 88 |
| Administration | 42 | 56 | 4 | 2 | 104 |
| Management | 130 | 150 | 20 | 3 | 303 |
| Sales & Marketing | 38 | 7 | - | - | 45 |
| Technology | 123 | 213 | 7 | 8 | 351 |
| Operations | 1,528 | 8,127 | 760 | 335 | 10,750 |
| Total | 1,894 | 8,600 | 794 | 353 | 11,641 |