

Highlights of Business Performance, Key Accomplishments and Noteworthy Items in the 3rd Fiscal Quarter

- Sales increased by 3.9% to Rs 2,358.6 Crores over the sequential quarter.
- EBITDA increased by 1.0% to Rs 316.0 Crores or 13.4 % of sales in the 3rd Quarter from Rs 2,269.9 Crores or 13.8% of sales in the sequential quarter.
- Added over \$6.9 million in customer contracts in the 3rd Fiscal Quarter with \$5.5 million from existing customers. And added for the 9 month period ended December 31, 2008 \$45.6 million in customer contracts and \$17.6 million from existing customers
- Substantial savings from integration and rationalization of global operations helped defray overall increases in costs in India – 11,686 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
- Diversified Client Base with low Customer Concentration with and minimal 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 73% of total revenues with the largest customer representing only 13% of total revenues Over 50% of leading FORTUNE 100® companies as reference-able clients in our core Service offerings
- Continue to rationalize our current customer based to drive recurring revenue and maximize earnings.
- Long Standing Relationships: Top 30 clients have been with the company for 5+ years
- Company maintained strong liquidity position with DSO of 50.8 days, Debt to Equity Ratio of 1.33 and Net Bank Debt of \$115.8 million at December 31, 2008
- 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
- The Board of Directors approved the buy-back of the Company's fully paid-up equity shares of Rs 10/- each from the existing owners of shares from the open market through Stock Exchanges at a price not exceeding Rs. 50/- per share payable in cash for an aggregate amount not exceeding Rs. 5 crore

Fact Sheet – Consolidated Financial Information, Third Quarter, 2008-2009

Profit Statement Three Months Ended December 31, 2008 vs. Sequential Quarter ended September 30, 2008 and vs. December 31, 2007

Particulars	Quarter ended December 31,	Quarter ended September 30,	% Change in Q3 FY 2008 over Q2 FY 2008	Quarter ended December 31,	% Change in Q3 FY 2008 over Q2 FY 2007
<i>Rs In Million's</i>	2008	2008		2007	
	Reviewed	Reviewed		Reviewed	
INCOME					
Income from Services	2,347.00	2,255.70		2,087.65	
Other Operating Income	11.62	14.20		52.12	
TOTAL INCOME	2,358.62	2,269.90	3.9%	2,139.77	10.2%
EXPENDITURE					
Operating costs	890.69	885.81		790.20	
Personal expenses	1,151.93	1,071.18		1,094.80	
TOTAL	2,042.62	1,956.99		1,885.00	
EARNINGS BEFORE INTEREST, TAX, AND DEPRECIATION (EBITDA)	316.00	312.91	1.0%	254.77	24.0%
EBITDA %	13.4%	13.8%		11.9%	
Depreciation	51.82	47.17		39.56	
EARNINGS BEFORE INTEREST AND TAX	264.18	265.74	-0.6%	215.21	22.8%
EBIT %	11.2%	11.7%		10.1%	
Other Income	1.04	-		1.70	
Interest expense, net	133.58	111.61		135.28	
PROFIT (LOSS) BEFORE TAX	131.64	154.13	-14.6%	81.63	61.3%
PBIT %	5.6%	6.8%		3.8%	
Taxes	13.61	12.15		5.24	
PROFIT (LOSS) AFTER TAX BEFORE MINORITY INTEREST	118.03	141.98		76.39	
Minority interest	(1.05)	3.34		(16.48)	
PROFIT (LOSS) AFTER TAX AND MINORITY INTEREST (PAT)	119.08	138.64	-14.1%	92.87	28.2%
PAT %	5.0%	6.1%		4.3%	
Basic and Diluted EPS (Not Annualized)	9.49	11.04		7.40	
Weighted average equity shares used in computing earnings per equity share for basic and diluted	12,595,635	12,595,635		5,606,114	

*Effective April 1, 2008, the operations of foreign subsidiaries is accounted for as non-integral under AS 11. As such the quarter ended December 31, 2007 includes foreign exchange gain of Rs.78.14 million Rs. in Other Income.

Fact Sheet – Consolidated Financial Information, Third Quarter, 2008-2009

Revenue - YoY Quarter over Quarter by Industry Vertical

Industry Vertical In 000' US\$'s	Q3 FY 2007-08		Q3 FY 2008-09		% Q over Q
	Revenue	%	Revenue	%	
BFSI	16,594	31.4%	11,451	23.6%	-31.0%
Healthcare	20,785	39.3%	19,620	40.4%	-5.6%
Telecom	2,556	4.8%	3,818	7.9%	49.4%
Media & Publishing	2,732	5.2%	2,864	5.9%	4.8%
Manufacturing	3,603	6.8%	3,121	6.4%	-13.4%
Retail	1,188	0.0%	1,465	3.0%	23.3%
Government	5,440	10.3%	6,262	12.9%	15.1%
Total Revenue	52,897	97.8%	48,601	100.0%	-8.1%

Revenue - Sequential Quarter over Quarter by Industry Vertical

Industry Vertical In 000' US\$'s	Q2 FY 2008-09		Q3 FY 2008-09		% Sequential Q's
	Revenue	%	Revenue	%	
BFSI	13,805	28.2%	11,451	23.6%	-17.0%
Healthcare	19,987	42.7%	19,620	40.4%	-1.8%
Telecom	2,896	4.7%	3,818	7.9%	31.9%
Media & Publishing	3,117	4.4%	2,864	5.9%	-8.1%
Manufacturing	3,131	6.5%	3,121	6.4%	-0.3%
Retail	1,794	2.6%	1,465	3.0%	-18.4%
Government	6,833	10.9%	6,262	12.9%	-8.3%
Total Revenue	51,562	100.0%	48,601	100.0%	-5.7%

Revenue – Q3 FY 2008-2009 by Service Type in the Industries served

Service Type (In 000's US\$'s)	Industries Served						
	BFSI	Healthcare	Telecom	Media & Publishing	Manufacturing	Retail	Government
A/P Services	2.2%	0.3%	0.1%	0.0%	0.9%	2.2%	0.1%
ARM/ A/R Cycle Management	3.7%	7.0%	7.4%	0.0%	0.0%	0.4%	0.0%
Healthcare Payor/Provider Services	0.1%	27.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk management & Employee Verification Services	0.7%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Construction Services	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%
Document Lifecycle Services	7.9%	4.1%	0.3%	0.0%	3.3%	0.3%	10.6%
Presentment Services	7.5%	1.2%	0.1%	0.1%	2.1%	0.1%	1.2%
Content Transformation	0.1%	0.0%	0.0%	5.8%	0.2%	0.0%	0.0%
Total Revenue	23.6%	40.4%	7.9%	5.9%	6.4%	3.0%	12.9%

Revenue Q3 FY 2008-2009 by Service Type in the Industry Served

Service Type (In 000's US\$'s)	Growth by Industries Served Q2 FY 2008-09 over Q2 FY 2007-08							
	3 Mth Period 12/30/2007	BFSI	Healthcare	Telecom	Media & Publishing	Manufacturing	Retail	Government
A/P and A/R Services	3,117	(144)	(152)	(15)	-	(204)	173	61
ARM/ A/R Cycle Management	10,055	(1,295)	(1,309)	1,350	-	(15)	184	0
Healthcare Payor/Provider Services	12,790	(51)	737	-	-	-	-	-
Risk management & Employee Verification Services	652	(307)	85	-	-	-	-	-
Construction Services	1,698	(943)	(77)	-	-	-	-	441
Document Lifecycle Services	15,026	(1,868)	(772)	(85)	(224)	775	(53)	107
Presentment Services	6,631	(179)	324	12	8	(1,018)	(28)	189
Content Transformation	2,930	(356)	-	-	347	(21)	-	24
Total Revenue	52,897	(5,142)	(1,165)	1,262	131	(482)	276	823

Fact Sheet – Consolidated Financial Information, Third Quarter, 2008-2009

TOP 350 by Industry and Service Type Q3 FY2008-09

Service Type (In 000's US\$'s)	BFSI	Healthcare	Telecom	Media & Publishing	Manufacturing	Retail	Government	Total
A/P and A/R Services	1,030	157	51	-	413	1,060	61	2,773
ARM/ A/R Cycle Management	1,788	3,383	3,580	-	-	184	-	8,936
Healthcare Payor/Provider Services	47	13,394	-	-	-	-	-	13,441
Risk management & Employee Verification Services	307	85	-	-	-	-	-	392
Construction Services	642	-	-	-	-	-	430	1,072
Document Lifecycle Services	3,241	1,669	121	-	1,373	120	4,363	10,887
Presentment Services	3,256	556	45	56	976	16	465	5,370
Content Transformation	18	-	-	2,774	75	-	24	2,891
Total Revenue	10,328	19,245	3,797	2,830	2,836	1,381	5,343	45,760

Additional New Business Won in the Third Quarter FY 2008-2009 and Fiscal Year 2009

Industry Vertical In 000' US\$'s	New Client Major Wins Q3		New Client Major Wins YTD	
	New Clients	Contract Value	New Clients	Contract Value
BFSI	4	2,708	7	5,230
Healthcare	2	942	12	18,550
Telecom	-	-	1	1,600
Media & Publishing	-	-	4	2,682
Manufacturing	2	3,270	5	6,521
Retail	-	-	5	6,458
Government	-	-	2	4,575
Total Revenue	8	6,920	36	45,616

Customer Concentration and Industry Highlights

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

Top Clients	% of Total Revenue	Q over Q Change
Top 1 Client	13%	-1%
Top 5 Clients	34%	1%
Top 10 Clients	43%	1%
Top 20 Clients	53%	-1%
Top 50 Clients	64%	-4%
Top 100 Clients	73%	-5%
Top 200 Clients	83%	-5%
Top 350 Clients	89%	-5%

Global Infrastructure and Resources — as of December 31, 2008

Category	North America	India	China -Xi'an	Mexico	Total
Accounting	39	36	1	5	81
Administration	49	60	3	14	126
Management	119	160	10	1	290
Sales & Marketing	38	7	0	0	45
Technology	121	267	1	11	400
Operations	1,405	8,347	764	228	10,744
Total	1,771	8,877	779	259	11,686