

Fact Sheet – Consolidated Financial Information, Fiscal and Fourth Quarter 2009-2010

Highlights of Business Performance, Key Accomplishments and Noteworthy Items in the Fiscal Year and 4th Fiscal Quarter

Material Transaction

The Company's wholly owned subsidiary, HOV Services, LLC sold certain assets: 100% interest in Bay Area Credit Services, LLC, 100% interest in HOV AR Management Services Private Limited, and its 30 % minority interests in TRAC Holdings, LLC and SAM Holdings, LLC for \$12 million USD in cash (approximately Rs. 56 Cr), which resulted in an exceptional loss of 132.8 Cr.

Below are the proforma results for the year ended March 31, 2010 and the Fourth Quarter and year to date excluding the ARM business for the related period:

Particulars <i>Rs In Million's</i>	Year ended March 31,	Year ended March 31,	% Change	Quarter ended March 31,	Quarter ended December 31,	% Change
	2009-10	2008-09		2009-10	2009-10	
	EXCLUDING ARM	EXCLUDING ARM			EXCLUDING ARM	
TOTAL INCOME	7,353.04	7,288.57	0.9%	1,843.52	1,815.20	1.6%
EBITDA	1,349.26	1,193.08	13.1%	342.41	329.70	3.9%
EBITDA %	18.3%	16.4%		18.6%	18.2%	
PAT	762.29	641.44	18.8%	197.50	191.50	3.1%
PAT %	10.4%	8.8%		10.7%	10.5%	
Excluding ARM Impact						
Basic and Diluted EPS	61.02	51.27		15.81	15.31	

Consolidated Financial Proforma Performance for the Fiscal Year ended March 31, 2010, excluding the Material Transaction

- Consolidated total Income for the FY2010 increased by 0.9% to Rs 7,353.0 million from Rs 7,288.6 million for the fiscal year 2008-09.
- EBITDA increased by 13.1% for the FY2010 to Rs 1,349.3 million from Rs 1,193.1 million over the last fiscal year 2008-09 and EBITDA margins increased from 16.4% to 18.3%.
- Net Profit increased by 18.8% for the FY2010 to Rs 762.3 million from Rs 641.4 million over the fiscal year 2008-09.
- Basic and diluted Earnings per Share (EPS) is Rs 61.02 for the fiscal year.
- Pro forma diluted EPS is Rs 33.19 after giving effect to all shares that would be issued.

Consolidated Financial Proforma Performance for the Fourth Quarter ended March 31, 2010, excluding the Material Transaction

- Total Income for the fourth quarter increased 1.6% to Rs 1,843.5 million from Rs 1,815.0 million over the third quarter FY2010.
- EBITDA increased by 3.9% for the fourth quarter to Rs 342.4 million from Rs 329.7 million over the third quarter FY 2009-10 and EBITDA margins increased from 18.2% to 18.6%.
- Net Profit increased by 3.1% to Rs 197.5 million from Rs 191.5 million over the third quarter FY 2009-10.
- The basic and diluted EPS for this three month period is Rs 15.81 per share.

Significant Developments during the Fourth Quarter Fiscal Year 2009-10 and noteworthy items

- Added over US \$9.9 million in customer contracts in the fourth Fiscal Quarter 2009-10, and \$68.8 million for the Fiscal Year ended March 31, 2010.
- Developed and launched four new hosted services to expand our presence in Healthcare, e-learning and F&A services.
- Top 100 clients represent over 79% of total revenues with the largest customer representing only 17% of total revenues.
- International Association of Outsourcing Professionals (IAOP) ranked us:
 - Best 20 Leaders by Industry Focus: Health Care;
 - Best 10 Companies by Service Offered: Document Management;
 - Best 10 Leaders by Service Offered: Financial Management;
 - Best 20 Leaders by Region Served: India;
 - Best 20 Leaders by Region Served: Canada;
- Company maintained strong liquidity position with DSO of 53 days, Debt to Equity Ratio of 1.4:1 and Net Bank Debt of US \$102.8 million at March 31, 2010, down \$16.3 million from March 31, 2009.

Final Dividend

The Board of Directors at the meeting held on May 24, 2010 recommended a final dividend of Rs. 2/- per fully paid up equity share of Rs. 10/- each (face value) for the financial year 2009-10 subject to the approval of the shareholders.

Earlier the Board of Directors in their meeting held on January 28, 2010 had declared an interim Dividend of Rs. 2/- per share of Rs. 10/- each (face value) for the year ended March 31, 2010 and it was paid to the shareholders on February 18, 2010.

About HOV Services Limited

HOV Services Limited one of the largest end-to-end BPO company headquartered in Chennai, India provides Finance and Accounting services in the BFSI, Healthcare, Government, Telco, Publishing, Retail, Commercial and Industrial Manufacturing industries. Its clients include over 50% of the FORTUNE 100® and are some of the largest companies in the industries served. RightShore delivery centers strategically located in India, North America, China and Mexico with over 8,954 associates working together to Exceed Expectations® of our clients.

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Profit Statement Fiscal Year ended March 31, 2010 vs. Prior Fiscal Year and Quarter ended March, 31 2010 vs. Quarter ended December 31, 2009

Particulars	Year ended March 31, 2009-10	Year ended March 31, 2008-09	% Change FY 2009-10 over FY 2008-09	Quarter ended March 31, 2009-10	Quarter ended December 31, 2009-10	% Change in Q4 FY 2009-10 over Q2 FY 2009-10
<i>Rs In Million's</i>						
	Unaudited	Unaudited		Unaudited	Unaudited	
INCOME						
Income from Services	8,483.94	8,970.72		1,843.52	2,288.99	
TOTAL INCOME	8,483.94	8,970.72	-5.4%	1,843.52	2,288.99	-19.5%
EXPENDITURE						
Employee expenses	4,474.60	4,518.83		902.96	1,119.51	
Operating costs	2,754.53	3,295.60		596.70	821.69	
Foreign exchange losses, net	50.95	30.24		1.44	42.31	
TOTAL	7,280.07	7,844.67		1,501.10	1,983.51	
EARNINGS BEFORE INTEREST, TAX, AND DEPRECIATION (EBITDA)	1,203.86	1,126.05	6.9%	342.41	305.48	12.1%
EBITDA %	14.2%	12.6%		18.6%	13.3%	
Depreciation	252.17	236.53		55.55	75.65	
EARNINGS BEFORE INTEREST, TAX, AND EXCEPTIONAL ITEM	951.70	889.52	7.0%	286.86	229.83	24.8%
EBIT %	11.2%	9.9%		15.6%	10.0%	
Other income	(14.74)	(21.72)		(2.11)	(10.90)	
Interest expense, net	336.25	444.78		65.35	90.51	
PROFIT (LOSS) BEFORE TAX	630.19	466.46	35.1%	223.62	150.22	48.9%
PBIT %	7.4%	5.2%		12.1%	6.6%	
Taxes	63.88	2.92		26.13	(34.62)	
PROFIT (LOSS) AFTER TAX BEFORE EXCEPTIONAL ITEM AND MINORITY INTEREST	566.31	463.53		197.50	184.84	
EXCEPTIONAL ITEM	1,327.64	-		1,327.64	-	
PROFIT (LOSS) AFTER EXCEPTIONAL ITEM	(761.32)	463.53	-264.2%	(1,130.14)	184.84	-711.4%
Minority interest	(2.92)	(0.34)		-	(8.01)	
PROFIT (LOSS) AFTER TAX AND MINORITY INTEREST (PAT)	(758.40)	463.87	-263.5%	(1,130.14)	192.85	-686.0%
PAT %	-8.9%	5.2%		-61.3%	8.4%	
EARNINGS PER SHARE:						
BEFORE EXCEPTIONAL ITEM						
Basic and Diluted EPS	45.57	36.96		15.81	15.37	
AFTER EXCEPTIONAL ITEM						
Basic and Diluted EPS	(90.48)	15.37		(90.48)	15.37	
Weighted average equity shares used in computing earnings per equity share for basic and diluted	12,491,022	12,511,022		12,491,022	12,511,022	

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Revenue - YoY Quarter over Quarter by Industry Vertical

Industry Vertical <i>In 000' US\$'s</i>	Q4 FY 2008 -09		Q4 FY 2009 -10		% Q over Q
	Revenue	%	Revenue	%	
Healthcare	17,049	44.4%	15,779	39.3%	-7.5%
BFSI	8,463	22.0%	9,788	24.4%	15.7%
Government	5,921	15.4%	6,447	16.1%	8.9%
Media & Publishing	2,584	6.7%	3,313	8.3%	28.2%
Manufacturing	3,012	7.8%	2,577	6.4%	-14.4%
Retail	1,355	3.5%	2,241	5.6%	65.4%
Total Revenue	38,382	100.0%	40,144	100.0%	4.6%

Revenue - Sequential Quarter over Quarter by Industry Vertical

Industry Vertical <i>In 000' US\$'s</i>	Q3 FY 2009 -10		Q4 FY 2009 -10		% Sequential Q's
	Revenue	%	Revenue	%	
Healthcare	16,183	41.2%	15,779	39.3%	-2.5%
BFSI	9,268	23.6%	9,788	24.4%	5.6%
Government	5,590	14.2%	6,447	16.1%	15.3%
Media & Publishing	3,429	8.7%	3,313	8.3%	-3.4%
Manufacturing	2,738	7.0%	2,577	6.4%	-5.9%
Retail	2,063	5.3%	2,241	5.6%	8.7%
Total Revenue	39,270	100.0%	40,144	100.0%	2.2%

Revenue – Q4 FY 2009-2010 by Service Type in the Industries served

Service Type <i>(In 000's US\$'s)</i>	Industries Served					
	Healthcare	BFSI	Government	Media & Publishing	Manufacturing	Retail
A/P Services	0.4%	1.9%	0.2%	0.0%	0.8%	3.2%
Construction Services	0.5%	1.3%	2.3%	0.0%	0.0%	0.0%
Content Transformation	0.0%	0.0%	0.3%	8.1%	0.0%	0.0%
Document Lifecycle Services	4.4%	11.1%	12.4%	0.0%	3.2%	2.2%
Presentment Services	1.1%	9.3%	0.9%	0.2%	2.5%	0.2%
Healthcare Payor/Provider Services	32.6%	0.3%	0.0%	0.0%	0.0%	0.0%
Risk management & Employee Verification Services	0.2%	0.5%	0.1%	0.0%	0.0%	0.0%
Total Revenue	39.3%	24.4%	16.1%	8.3%	6.4%	5.6%

Revenue Q4 FY 2009-2010 by Service Type in the Industry Served

Service Type <i>(In 000's US\$'s)</i>	Growth by Industries Served Q4 FY 2009-10 over Q4 FY 2008-09						
	3 Mth Period 3/31/2009	Healthcare	BFSI	Government	Media & Publishing	Manufacturing	3 Month Period 3/31/2010
A/P and A/R Services	2,310	72	134	0	-	(80)	2,583
Construction Services	1,223	151	(200)	446	-	-	1,616
Content Transformation	2,762	-	5	36	724	(173)	3,353
Document Lifecycle Services	11,441	(358)	1,599	177	(9)	(180)	13,392
Presentment Services	6,036	7	(273)	(133)	14	(1)	5,670
Healthcare Payor/Provider Services	14,348	(1,134)	(12)	-	-	-	13,202
Risk management & Employee Verification Services	263	(8)	73	0	-	-	327
Total Revenue	38,382	(1,270)	1,325	526	729	(435)	40,144

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Additional New Business Won in the Fourth Quarter FY 2009-2010 and Fiscal Year 2010

Industry Vertical <i>In 000' US\$'s</i>	<u>New Client Major Wins Q4</u>		<u>New Client Major Wins YTD</u>	
	New Clients	Contract Value	New Clients	Contract Value
BFSI	3	5,222	11	33,995
Government	3	3,213	9	5,617
Manufacturing	-	-	7	7,756
Media & Publishing	-	-	11	8,440
Retail	-	-	3	900
Healthcare	1	1,515	13	12,225
Total Revenue	7	9,949	54	68,932

TOP 350 by Industry and Service Type Q4 FY2009-10

Service Type <i>(In 000's US\$'s)</i>	Healthcare	BFSI	Government	Media & Publishing	Manufacturing	Retail	Total
A/P and A/R Services	172	711	67	-	309	1,276	2,535
Construction Services	192	491	910	-	-	-	1,592
Content Transformation	-	-	100	3,190	-	-	3,290
Document Lifecycle Services	1,537	3,985	4,247	-	1,142	860	11,771
Presentment Services	423	3,441	315	66	959	38	5,242
Healthcare Payor/Provider Services	13,112	103	-	-	-	-	13,215
Risk management & Employee Verification Services	85	200	24	-	-	-	309
Total Revenue	15,522	8,931	5,664	3,257	2,409	2,174	37,957

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	17%	-1%
Banking	4 out of the top 10	Top 5 Clients	33%	-1%
Healthcare	10 out of top 20	Top 10 Clients	44%	-2%
Insurance	9 out of the top 20	Top 20 Clients	55%	-2%
Automotive	2 out of the top 5	Top 50 Clients	69%	0%
Retailers	8 out of the top 20	Top 100 Clients	79%	-1%
Publishing	5 out of the top 20	Top 200 Clients	89%	0%
		Top 350 Clients	94%	-1%

Global Infrastructure and Resources as of March 31, 2010

Category	North America	India	China -Xi'an	Mexico	Total
Finance/Accounting	35	24	1	5	65
Administration	47	51	3	14	115
Management	89	160	10	1	260
Sales & Marketing	36	6	-	-	42
Technology	31	267	1	11	310
Operations	1,306	6,060	569	227	8,162
Total	1,544	6,568	584	258	8,954