

Press Release:

HOV Services, Ltd

Announces Second Quarter and Half Year Fiscal 2010-11 Results

Mumbai, October 28, 2010: HOV Services Ltd (BSE: 532761, NSE: HOVS), India's top tier BPO / KPO company today announced consolidated result for the Second quarter and Half Year ended September 30, 2010.

Financial Highlights for Second quarter and Half yearly result ended September 2010

The table below summarizes condensed consolidated result for the second quarter and half yearly result for FY 2010-11 verses second quarter and half yearly results of the same period last year:

(Rs in Million's)	Un-audited Result, Quarter Ended September 30,		Q vs. PY Q	Un-audited Result, Half Year Ended September 30,		HY vs. PHY	Un-audited Result, Quarter Ended June 30,	
	Reported			Reported			Reported	
	2010-11	2009-10*		2010-11	2009-10*		2010-11	Q vs. Q
Total Income	1,876.23	2,223.43	-15.6%	3,710.86	4,457.49	-16.8%	1,834.60	2.3%
EBIDTA	325.73	285.80	14.0%	640.48	575.60	11.3%	314.80	3.5%
Margin	17.4%	12.9%		17.3%	12.9%		17.2%	
PAT	186.89	129.60	44.2%	363.37	252.30	44.0%	176.50	5.9%
Margin	10.0%	5.8%		9.8%	5.7%		9.6%	
Basic and Diluted EPS	14.96	10.40		29.09	20.19		14.13	

*Numbers include figures from ARM Segment.

The proforma prior year results excluded the ARM business activities that were sold in Q4 FY 2009-10:

(Rs in Million's)	Un-audited Result, Quarter Ended September 30,		Q vs. PY Q	Un-audited Result, Half Year Ended September 30,		HY vs. PHY
	Reported	Proforma		Reported	Proforma	
	2010-11	2009-10*		2010-11	2009-10*	
Total Income	1,876.23	1,890.88	-0.8%	3,710.86	3,739.24	-0.8
EBIDTA	325.73	333.64	-2.4%	640.48	657.13	-2.5
Margin	17.4%	17.6%		17.3%	17.6%	
PAT	186.89	195.70	-4.5%	363.37	379.14	-4.2
Margin	10.0%	10.3%		9.8%	10.1%	
Basic and Diluted EPS	14.96	15.67		29.09	30.35	

*Numbers excludes the results from ARM Segment.

Consolidated Proforma Financial Performance:

Second Quarter FY 2010-11 versus Proforma Second Quarter FY 2009-10

- Total Income for the second quarter FY 2010-11 decreased 0.8% to Rs 1,876.23 million from Rs 1,890.88 million over the second quarter FY 2009-10.
- EBITDA decreased by 2.4% for the second quarter FY 2010-11 to Rs 325.73 million from Rs 333.64 million over the second quarter FY 2009-10.
- Net Profit decreased by 4.5 % to Rs 186.89 million from Rs 195.70 million over the second quarter FY 2009-10.
- The Basic and Diluted Earnings per share (EPS) were Rs 14.96 for the quarter ended September 30, 2010, and Proforma Diluted Earnings per share (EPS) were Rs 8.14.
- The results for the Second Quarter of FY 2010-11 were negatively impacted by approximately 4% due to Rupee appreciation.

Second Quarter versus First Quarter of FY 2010-11

- Total Income for the second quarter increased 2.3% to Rs 1,876.23 million from Rs 1,834.60 million over the first quarter of FY 2010-11.
- EBITDA increased by 3.5% for the Second quarter to Rs 325.73 million from Rs 314.80 million over the first quarter FY 2010-11.
- Net Profit increased by 5.9% to Rs 186.89 million from Rs 176.50 million over the first quarter FY 2010-11.

First Half FY 2010-11 versus Proforma First Half FY 2009-10

- Total Income for the first half FY 2010-11 decreased by 0.8% to Rs 3,710.86 million from Rs 3,739.24 million over the first half FY 2009-10.
- EBITDA decreased by 2.5% for the first half FY 2010-11 to Rs 640.48 million from Rs 657.13 million over the first half FY 2009-10.
- Net Profit decreased by 4.2% to Rs 363.37 million from Rs 379.14 million over the first half FY 2009-10.
- The results for the first half FY 2010-11 were negatively impacted by approximately 5% due to Rupee appreciation.

Significant Developments during the Second Quarter Fiscal Year 2010-11 and noteworthy items

- Added over US\$ 7.7 million in customer contracts in the second quarter FY 2010-11.
- Top 100 clients represent over 79% of total revenues with the largest customer representing only 15% of total revenues.
- In October we open our second site in China that will house approximate 1000 people when fully ramped up, and are adding additional headcount in 10 sites in India and 1 site in Mexico.
- In October we purchased a new site in Chennai that will house 800 people.
- Company maintained strong liquidity position with –
DSO of 52 days; Debt to Equity Ratio of 1.3; and Net Bank Debt of US \$100.1 million at September 30, 2010, down US\$18.1 million from September 30, 2009.
- 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;
- Global Presence and experienced team with over 9,149 associates, strategically located across the globe; India 6,860; North America 1,489; China 473; Mexico 327.
- HOVS was recognized with the following awards during the year 2010:
 - Nasscom Annual Survey 2010 has ranked HOV Services amongst the “Top 15 BPO Exporters 2009 10” in India.
 - 2010 Global Services 100 (GS 100) Survey has awarded HOV Services as a Top BPO provider in three categories namely, “Industry Specific BPO Vendors”, “Top BPO Vendors” and “Top FAO Vendors” list.
 - Government of Maharashtra has honored HOV Services with “Maharashtra Information Technology Support Services- BPO /KPO award 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 9,149 associates working together to Exceed Expectations® of our clients.

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