

BOARD OF DIRECTORS

Ms. Renu S. Karnad
Chairperson

Directors

Mr. Joseph Conrad D'Souza
Mr. Satish G. Mehta
Mr. L. K. Narayan
Mr. Sanjay K. Asher
Mr. Susir Kumar M.

Company Secretary & Compliance Officer

Amit Gupta

Auditors

Price Waterhouse
Chartered Accountants

Bankers

HDFC Bank Ltd.
Hong Kong and Shanghai Banking Corporation Limited
ICICI Bank Limited
Citibank N. A.
Bank of India

Registered Office

Intelenet Towers,
Plot CST No.1406-A/28,
Mindspace, Malad (West),
Mumbai 400 064
Tel: (91-22) 6677 6000
Fax: (91-22) 6677 8210

Website: www.sparshindia.com

Forward-Looking Statements

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing Company's objectives, plans, projections, estimates and expectations may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

DIRECTORS' REPORT

To the Members,

Your directors are pleased to present the Third Annual Report of your Company with the audited accounts for the year ended March 31, 2008.

Financial Results for the year ended

[Rs. in Millions (except per share data)]

Particulars	March 31, 2008	March 31, 2007
Operating Income	1610.22	874.44
Other Income	2.19	0.56
Total Income	1612.41	875
Operating Expenditure	1350.44	752.57
Earning Before Interest Depreciation Tax & Amortization (EBITDA)	261.97	122.43
Interest & Financial Charges	82.01	34.79
Depreciation & Amortization	160.04	82.82
Profit before Tax	19.93	4.82
Provision for Tax	17	(3.91)
Profit after Tax	2.93	8.73
Earning Per Share (EPS)		
– Basic	0.18	0.72
– Diluted	0.18	0.72

Operations

On April 1, 2007, Sparsh had delivery centres across 6 locations in India (Mumbai, Pune, Gurgaon, Kolkata, Bangalore and Chennai) with a capacity of about 6300 seats offering multilingual (9 Indian languages) services to clients.

The Company now has about 7200 seats and work pool of about 9300 dedicated resources offering services in 11 Indian languages to clients. The Company has over 32 clients and about 80 processes. The Company manages processes across several verticals including Banking, Financial Services, Insurance, Telecom, Travel, Retail, Media, Consumer Durables, etc.

The Company's operations for the period from year ended March 31, 2008 resulted in a net profit after tax of Rs. 2.93 Million on Total Income of Rs. 1612.41 Million.

Dividend

In view of inadequate distributable profits, your directors do not recommend any dividend for the year ended March 31, 2008.

The Company has not declared any dividend since its incorporation hence there are no unclaimed dividends.

Deposits

The Company has not accepted any deposits from the Public since its incorporation.

Open Offer

In terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, SKR BPO Services Private Limited (the 'Acquirer'), had on June 18, 2007 made a public announcement to the shareholders of the Company to acquire from them up to 3,229,500 equity shares of the Company representing up to 20% of the voting capital of the Company at a price of Rs. 200/- per equity share ("Open Offer"). The draft Letter of Offer is currently under review by the Securities and Exchange Board of India (SEBI) and the Acquirer is awaiting observations on the draft Letter of Offer.

Human Resource Management

At Sparsh, human resource management is considered vital for effective implementation of business plans. Constant endeavours are made to offer professional growth opportunities and recognitions apart from imparting training to employees.

The Company's staff strength as at March 31, 2008 has increased to upwards of 9300, as against around 7500 as at March 31, 2007.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Expenditure

Since the Company does not own any manufacturing facility particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable to the Company.

The Company had the following foreign exchange earnings and expenditure.

	For the Year ended 31.03.2008	For the year ended 31.03.2007
Earnings in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency		
– Interest on Foreign Currency loan (Includes capitalised Rs. 5,561,397, PY Rs. 5,353,895)	Rs. 26,454,440	Rs. 16,610,576.00

Particulars of Employees

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees in receipt of remuneration of Rs. 24 lacs or more per annum are set out in the annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all shareholders of the Company excluding the annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

Directors

Mr. Kapil Puri and Mr. Paul Riley resigned as directors effective October 8, 2007 and January 22, 2008, respectively. The Board wishes to place on record its deep appreciation of their contributions to the growth of the Company.

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. L. K. Narayan and Mr. Satish Mehta directors of the Company, retire by rotation at the ensuing annual general meeting and are eligible for re-appointment. Your directors recommend their re-appointment,

necessary resolutions for the re-appointment of the aforesaid directors have been included in the Notice convening the annual general meeting.

None of the directors of the Company are disqualified for being appointed as directors as specified in Section 274 of the Companies Act, 1956.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 and based on the information provided by the management, your directors state that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed.
2. Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the profit of the Company for the year ended on that date.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The annual accounts of the Company have been prepared on a going concern basis.

Auditors

M/s. Price Waterhouse, Chartered Accountants, statutory auditors of the Company retire at the ensuing annual general meeting, and being eligible, offer themselves for re-appointment as the statutory auditor of the Company pursuant to Section 224 of the Companies Act, 1956.

Review by the Audit Committee

The Financials of the Company were reviewed by the Audit Committee before being placed before the Board on their meeting held on April 29, 2008.

Management Discussion and Analysis Report

In accordance with the listing agreements, the Management Discussion and Analysis Report forms a part of this report.

Acknowledgements

Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company. The employees have worked based on principles of honesty, integrity and fair play and this has helped the Company in maintaining its growth.

The directors also wish to place on record their appreciation to shareholders, its Customers, Department of Telecom and Banks for their continued support.

On behalf of the Board of Directors

**Mumbai
April 29, 2008**

**Renu S. Karnad
Chairperson**

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Sparsh believes that corporate governance, transparency and fairness are the true values of a company ensuring shareholders' value and protecting the interest of all other stakeholders. The Company remains firmly committed to this central value and shall continue to comply with the requirements of Corporate Governance not merely as a regulatory requirement but in its spirit.

The Company has complied with the provisions of Clause 49 and listed below is the status with respect to the same.

Board of Directors

Composition

The Board of Directors comprises six members, all of whom are non-executive directors. Of the six non-executive directors, currently five are independent directors i.e. independent of management and free from any business or other relationship, which could materially interfere with the exercise of their judgment. Ms. Renu S. Karnad and Mr. Joseph Conrad D'Souza can be considered Independent Directors effective 20th September, 2007. The said independent directors have confirmed that they satisfy the 'criteria of independence' as stipulated in the amended Clause 49 of the listing agreement.

The Board does not have any nominee director representing any institution.

The directors bring to the Board a wide range of experience and skills. Brief profiles of the directors are set out elsewhere in the annual report. The composition of the Board is in conformity with the listing agreement.

Details of the Board of Directors in terms of their directorships/memberships in committees of other public companies (excluding Sparsh) are as under: (As on 31st March, 2008)

Sr. No.	Name	Designation	No. of other Directorships*	No. of Committees	
				Member	Chairperson
1	Ms. Renu S. Karnad	Chairperson	13	2	3
2	Mr. Susir Kumar M.	Director	Nil	Nil	Nil
3	Mr. Joseph Conrad D'Souza	Director	4	2	2
4	Mr. Satish G. Mehta	Director	Nil	Nil	Nil
5	Mr. L. K. Narayan	Director	Nil	Nil	Nil
6	Mr. Sanjay K. Asher	Director	15	6	3

All except Mr. Susir Kumar M. being the CEO & Managing Director of Intelenet Global Services Private Limited, are independent directors.

* *Alternate directorships, directorships in private limited companies, foreign companies, and membership in governing councils and other bodies not considered.*

Tenure

All the non-executive directors of the Company are liable to retire by rotation. One-third of the said directors are liable to retire every year and if eligible, offer themselves for re-appointment.

Responsibilities

The Board of Directors represents the interests of the Company's shareholders, in optimising long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The

board's mandate is to oversee the Company's strategic direction, review corporate performance, authorise and monitor strategic investments, ensure regulatory compliance and safeguard interests of all stakeholders.

Role of Independent Directors

Independent directors play a key role in the decision-making process of the Board as they approve the overall strategy of the Company and oversee the performance of management. The independent directors bring to the Company a wide range of experience, knowledge and judgment as they draw on their varied proficiencies in finance, management, accountancy, law, and corporate strategy which will guide the management to create value for all stakeholders.

Board Meetings

The meetings of the Board of Directors are normally held at Mumbai. Meetings are generally scheduled well in advance and the notice of each Board meeting is given in writing to each director. The Board meets at least once a quarter to review the quarterly performance and the financial results of the Company.

The Company Secretary and in his absence the Financial Controller in consultation with the Chairperson prepares a detailed agenda for the meetings. The Board papers, agenda and other explanatory notes are circulated to the directors in advance. The members of the Board have complete access to all information of the Company. The members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the Board meetings so as to provide additional inputs to the items being discussed by the board. The minutes of each Board/committee meeting are recorded and draft minutes circulated to all directors for their confirmation before being recorded in the Minute Books.

During the year under review, the Board met 4 times. The meetings were held on 18th April, 2007, 25th July, 2007, 25th October, 2007 and 22nd January, 2008.

The attendance of directors at the Board meetings and the last Annual General Meeting, along with the sitting fees paid to them are listed below:

Sr. No.	Name	Designation	Board Meetings		Attendance at the last Annual General Meeting
			Number of Board Meetings Attended	Sitting Fees Paid Rs.	
1	Ms. Renu S. Karnad	Chairperson	2	20,000	Yes
2	Mr. Susir Kumar M.	Director	4	40,000	Yes
3	Mr. Joseph Conrad D'Souza	Director	4	40,000	Yes
4	Mr. Paul Riley* [^]	Director	3	–	Yes
5	Mr. Kapil Puri **	Director	2	20,000	Yes
6	Mr. Satish G. Mehta	Director	3	30,000	Yes
7	Mr. L. K. Narayan [^]	Director	2	–	Yes
8	Mr. Sanjay K. Asher	Director	4	40,000	Yes

* Resigned effective 22nd January, 2008

** Resigned effective 8th October, 2007

[^] Mr. Paul Riley and Mr. L. K. Narayan declined to accept any Sitting Fees which the Board has noted with appreciation.

Board Committees

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to committees of the board set up for the purpose. These committees prepare the groundwork for

decision-making and report at the subsequent Board meeting. These committees function within defined terms of reference as approved by the Board of Directors.

Audit Committee

As at 31st March, 2008, the Audit Committee consists of three directors, all of which are independent directors. The members of the committee are Mr. Sanjay K. Asher (Chairman), Mr. Satish G. Mehta and Mr. Joseph Conrad D'Souza. All the members of the committee are financially literate and have accounting and financial management expertise. The quorum for the meeting of the committee is two members. The company secretary is the secretary to the committee.

The terms of reference of the Audit Committee *inter alia* includes:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. To invite such of the executives, as the Committee considers appropriate (and particularly the head of finance function) to be present at the meetings of the committee, but on occasions it may also meet

without the presence of any executives of the company. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee;

12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Review with the CFO the following :
 - i. the deficiencies of design and or operation of internal controls
 - ii. significant changes in internal control during the year;
 - iii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iv. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.
15. Carrying out any other function as which may be included in the Terms of Reference by the Board from time to time.
16. To Review and take note of all the information / requirements of the Listing Agreement of the stock exchanges and any other listing requirements as may be applicable presently and in future,

During the year under review, the Audit Committee met 4 times. The meetings were held on 18th April, 2007, 25th July, 2007, 25th October, 2007 and 22nd January, 2008. The Audit Committee also met on 29th April, 2008 prior to finalization of accounts for the financial year ended 31st March, 2008.

The details of the attendance of the committee members and the sitting fees paid to them are given below:

Sr. No.	Name	Status	No. of Audit Committee Meetings attended	Sitting Fees paid
1	Mr. Sanjay K. Asher	Chairman	4	30,000
2	Mr. Satish G. Mehta	Member	3	22,500
3	Mr. Paul Riley*^	Member	3	–

* *Mr. Paul Riley resigned effective close of business 22 January, 2008 and Mr. Joseph Conrad D'Souza was appointed member of the Audit Committee in his place.*

^ *Mr. Paul Riley declined to accept any Sitting Fees which the Board has noted with appreciation.*

Remuneration Committee

As at 31st March, 2008, the Remuneration Committee consists of three directors, of which two are independent directors and one is non-executive director, the Chairman being an independent director. The members of the committee are Mr. L. K. Narayan, Ms. Renu S. Karnad and Mr. Susir Kumar M.

The terms of reference of the committee are to formulate the policy on specific remuneration packages for Executive Directors, senior management and formulation and administering of the employee stock option schemes, subject to the approval of the Board, shareholders or the law as the case may be to ensure that the compensation policy of the Company provides performance-oriented incentives for senior management.

During the year under review the Remuneration Committee met once on 22nd January, 2008 and the meeting of the committee was attended by Mr. L. K. Narayan and Mr. Susir Kumar M. Sitting Fee of Rs. 7,500 each was paid to both the directors for this meeting.

Shareholders/Investors' Grievance Committee

As at 31st March, 2008, the Investors' Grievance Committee comprises Mr. Susir Kumar M. (Chairman) and Mr. Joseph Conrad D'Souza (Independent Director).

Company Secretary and in his absence the Financial Controller has been appointed as the 'compliance officer' who shall be responsible for expediting the share transfer formalities.

The committee oversees share transfers and looks specially into the redressal of shareholder complaints e.g. transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc. and reviews the processes, standard operating procedures and initiatives taken by the Company relating to investor services.

During the year, under review the Shareholders/Investors' Grievance Committee met 3 times. The meetings were held on 25th July, 2007, 25th October, 2007 and 22nd January, 2008.

The details of the attendance of the committee members and the sitting fees paid to them are given below:

Sr. No.	Name	Status	No. of Shareholders/ Investors' Grievance Committee Meetings attended	Sitting Fees paid
1	Susir Kumar M.	Chairman	3	22,500
2	Joseph Conrad D'Souza	Member	3	22,500

During the year, the Company received 25 complaints, from shareholders, through stock exchanges, the Securities and Exchange Board of India (SEBI) and the depositories and the same was resolved within the Company's adopted service standards.

All these complaints were resolved and there were no pending complaints as at the end of the financial year.

No penalties or strictures have been imposed on the Company by any of the stock exchanges, SEBI or any statutory authority on any matter relating to capital markets, since its incorporation.

Employees Stock Option Scheme

The Company presently does not have an Employees Stock Option Scheme.

Code of Conduct

The Company has framed and adopted a Code of Conduct, which is approved by the Board of Directors. The code is applicable to all directors and senior management of the Company. This code has been posted on the Company's website, www.sparshindia.com. For the year under review, all directors and senior management have confirmed their adherence to the provisions of the said code.

Share Dealing Code

The Company has in place a share dealing code, which has been framed in accordance with the Model Code prescribed under SEBI (Prohibition of Insider Trading) Regulations, 1992. The code is applicable to all directors and Senior Management of the Company. By its terms, all Directors and Senior Management employees are restricted from dealing in the shares of the Company during the 'restricted periods' notified by the Company, from time to time. In compliance with the provisions of the said code, all designated

employees of the Company have disclosed their dealings in the shares of the Company and obtained prior approval before dealing in shares in excess of prescribed limits under the said code. This includes disclosures regarding changes in their shareholdings during the financial year and position as at the end of the financial year.

Disclosures

Transactions with Non-Executive Directors

The non-executive directors of the Company do not have any material pecuniary relationships or transactions with the Company or its directors, its senior management, its subsidiary or associate companies, other than in the normal course of business. The non-executive directors do not hold any shares in the Company.

Related Party Transactions

There were no materially significant related party transactions with the directors, the management, subsidiaries or relatives of the directors that have a potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit Committee. Details of related party transactions are included in the Notes to the Accounts.

Accounting Standards

The Company has complied with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India from time to time.

Risk Management

The Company has laid down procedures to apprise the Board of Directors regarding key risk assessment and risk mitigation mechanisms.

Proceeds from Issues

During the year under review, the Company has not made an issue of any Equity Shares or non-convertible debentures and foreign currency convertible bonds.

Remuneration of Directors

At its Board Meeting held on 23rd January, 2007, the Board of Directors of the Company resolved to pay Sitting Fees to each Director at the rate of Rs. 10,000 for each meeting of the Board of Directors of the Company and Rs. 7,500 for each meeting of the Committee thereof. Mr. Paul Riley and Mr. L. K. Narayan declined to accept any Sitting Fees which the Board noted with appreciation.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors' Report.

Communication and Relationships with Shareholders

The Company has over 10,000 shareholders. Since the listing of the Company on the Bombay Stock Exchange Limited (BSE), the quarterly and annual results are sent to the BSE and also published in the Business Standard / Free Press Journal / Financial Express and Navshakti. The financial results have been displayed on the Company's website, www.sparshindia.com. The Directors' Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report, and Shareholders' Information forms a part of the Annual Report.

Annual General Meetings (AGM)

The AGM is the principal forum for interaction with shareholders.

The Company has held only two Annual General Meeting since its inception:

Financial Year	Date	Time	Venue
First Annual General Meeting, 2005-2006	August 03, 2006	3.00 P.M.	Intelenet Towers, Plot CST No.1406-A/28, Mindspace, Malad (West), Mumbai - 400 064
Second Annual General Meeting, 2006-2007	September 14, 2007	11.30 A.M.	Walchand Hirachand Hall, 4th Floor, Indian Merchant Chamber Building, IMC Marg, Churchgate, Mumbai - 400020

The following Special Resolutions were passed at the AGMs:

First Annual General Meeting

Approving alteration of Articles of Association consequent to the Increase in Authorised Capital from Rs. 10 Crores to Rs. 25 Crores.

Second Annual General Meeting

Approving alteration of Articles of Association as suggested by the Bombay Stock Exchange Ltd.

No special resolutions have been passed through postal ballot. No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

Mandatory Requirements

The Company has complied with the mandatory requirements as stipulated in Clause 49 of the listing agreements with the stock exchanges.

Compliance

The Company has complied with the mandatory requirements of the code of corporate governance as stipulated under Clause 49 of the listing agreements with the stock exchanges. The Company has submitted the quarterly compliance reports in the prescribed format to the stock exchanges.

Certificate from a Practicing Company Secretary that the Company, during the year under review, has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the stock exchanges is annexed to the Directors' Report and will be forwarded to the stock exchanges and the Registrar of Companies, Maharashtra along with the Annual Report.

Going Concern

The directors are satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing financial statements.

Mumbai
April 29, 2008

Renu S. Karnad
Chairperson

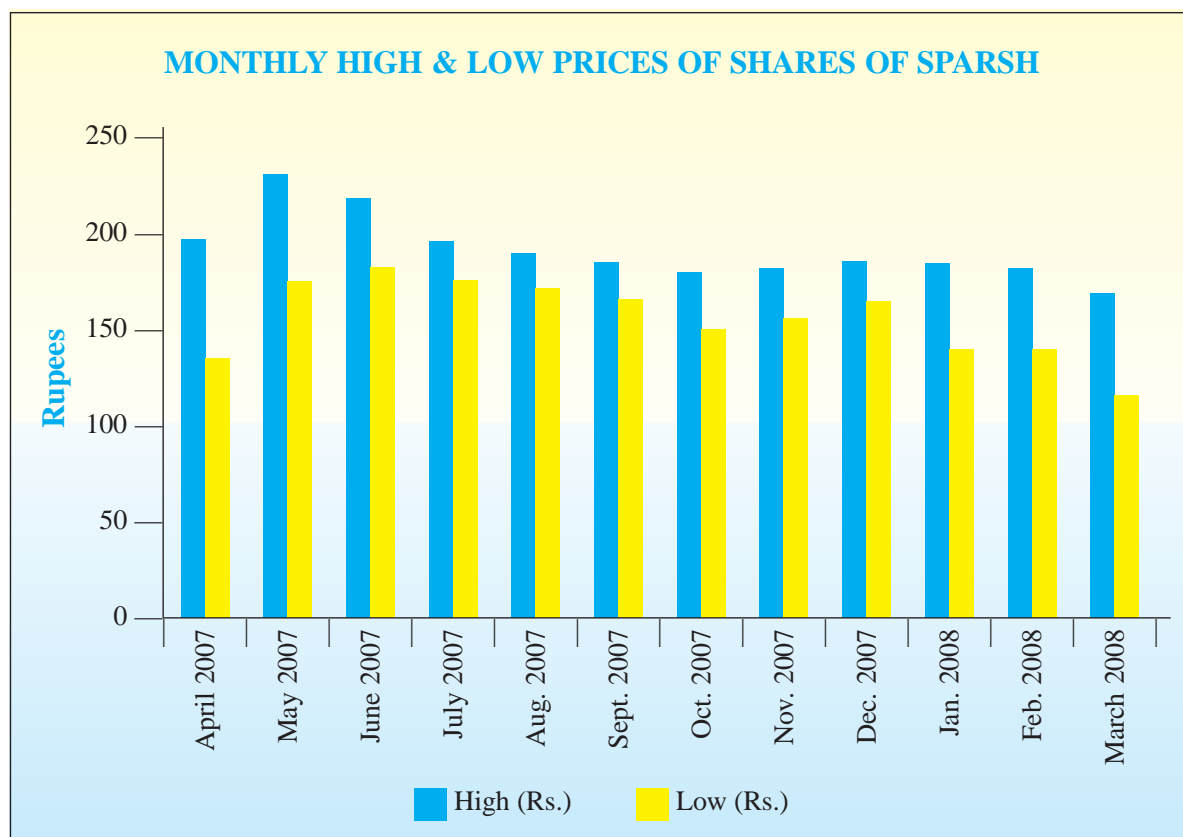
SHAREHOLDER INFORMATION

Annual General Meeting	
Date & Time :	30th September, 2008 at 10.00 a.m.
Venue :	Hotel Grand Sarovar Premiere, Senate 1, 1st Floor, A. K. Plaza, Veer Savarkar Flyover, S.V.Road, Goregaon (W), Mumbai-400 062
Financial Calendar	The Company follows April to March as its financial year. The results for every quarter beginning from April will be declared within the time prescribed under the Listing Agreement.
Date of Book Closure	24th September, 2008 to 30th September, 2008 (both days inclusive)
Dividend Payment Date	No Dividend has been declared during the year ended 31st March, 2008
Listing on Stock Exchanges & payment of listing fees	The Bombay Stock Exchange Limited, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid the annual listing fees for the year 2007-2008 to the aforesaid Stock Exchanges within the stipulated time.
Stock Code / Symbol	532833 SPARSHBPO
Demat -ISIN Number for NSDL & CDSL	INE847H01011
Monthly high and low quotation of shares on the BSE during the financial year 2007-2008	Please see ANNEXURE - 'A'
Stock Performance in comparison to BSE Sensex	Please see ANNEXURE - 'B'
Registrar and Transfer Agents	Bigshare Services Private Limited Unit: Sparsh BPO Services Limited E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400 072 Tel. No. 022 - 2847 0652/53 Fax No. 022 - 2847 5207 E-mail: bigshare@sify.com
Share Transfer System	All the transfers are effected through the Registrar and Transfer Agents and approved by the Share Transfer Committee of the Company. There are no pending share transfer requests as on 31st March, 2008.
Distribution of Shareholding as on 31st March, 2008	Please see ANNEXURE - 'C'
Dematerialization of Shares	As at 31st March, 2008, 48.97% of the equity share capital, representing 79,07,107 shares was held in dematerialized form.

Plant locations	The Company has no plant. The Registered Office, Corporate Office and Branch office locations are as given below :																		
	<table border="1"> <tr> <td>Registered Office</td> <td>Intelnet Tower, Plot CST No. 1406-A/28, Malad (West), Mumbai 400 064</td> </tr> <tr> <td>Corporate Office</td> <td>325, Lakme Building, B. S. Deoshi Marg, Deonar, Mumbai 400 088</td> </tr> <tr> <td>Branch Office (1)</td> <td>Sparsh Tower I, 94/95, Udyog Vihar, Phase IV, Gurgaon, Haryana 122 016</td> </tr> <tr> <td>Branch Office (2)</td> <td>Sparsh Tower II, 409 Udyog Vihar, Phase III, Gurgaon, Haryana 122 016</td> </tr> <tr> <td>Branch Office (3)</td> <td>3rd Floor, Prince Info Park, 81B, 2nd Main Road, Ambattur Industrial Estate, Chennai 600 058</td> </tr> <tr> <td>Branch Office (4)</td> <td>The Excellency, P. H. Pappanna Street, Off St. Marks Road, Bangalore 560 001</td> </tr> <tr> <td>Branch Office (5)</td> <td>5th Floor, Alpha II, Giga Space IT Park, Viman Nagar, Pune 411 014</td> </tr> <tr> <td>Branch Office (6)</td> <td>5th Floor J1-14, Block EP, Sector V, Salt Lake City, Kolkata 700 091</td> </tr> <tr> <td>Branch Office (7)</td> <td>Nesco Compound, Gate # 3 Hall # 4, Opp. Mahananda Dairy, Western Express Highway, Goregaon (East), Mumbai 400 063</td> </tr> </table>	Registered Office	Intelnet Tower, Plot CST No. 1406-A/28, Malad (West), Mumbai 400 064	Corporate Office	325, Lakme Building, B. S. Deoshi Marg, Deonar, Mumbai 400 088	Branch Office (1)	Sparsh Tower I, 94/95, Udyog Vihar, Phase IV, Gurgaon, Haryana 122 016	Branch Office (2)	Sparsh Tower II, 409 Udyog Vihar, Phase III, Gurgaon, Haryana 122 016	Branch Office (3)	3rd Floor, Prince Info Park, 81B, 2nd Main Road, Ambattur Industrial Estate, Chennai 600 058	Branch Office (4)	The Excellency, P. H. Pappanna Street, Off St. Marks Road, Bangalore 560 001	Branch Office (5)	5th Floor, Alpha II, Giga Space IT Park, Viman Nagar, Pune 411 014	Branch Office (6)	5th Floor J1-14, Block EP, Sector V, Salt Lake City, Kolkata 700 091	Branch Office (7)	Nesco Compound, Gate # 3 Hall # 4, Opp. Mahananda Dairy, Western Express Highway, Goregaon (East), Mumbai 400 063
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Branch Office (6)	5th Floor J1-14, Block EP, Sector V, Salt Lake City, Kolkata 700 091																		
Branch Office (7)	Nesco Compound, Gate # 3 Hall # 4, Opp. Mahananda Dairy, Western Express Highway, Goregaon (East), Mumbai 400 063																		
Address for Correspondence Shareholders'	<p>For any assistance regarding dematerialization of Shares, Share Transfers, transmissions, change of address, non receipt of dividend, if any, or any other query relating to shares please write to Big Share Services Private Limited at their addresses mentioned above.</p> <p>For general correspondence: Sparsh BPO Services Limited Intelnet Towers, Plot CST No. 1406-A/28, Mindspace, Malad (West), Mumbai - 400 064 Tel. No. +91 22 6677 6000 Fax No. +91 22 6677 8210 Web: www.sparshindia.com email: complianceofficer@sparshindia.com</p>																		

ANNEXURE - 'A'
Monthly high and low quotation of shares on the BSE during the financial year 2007-2008

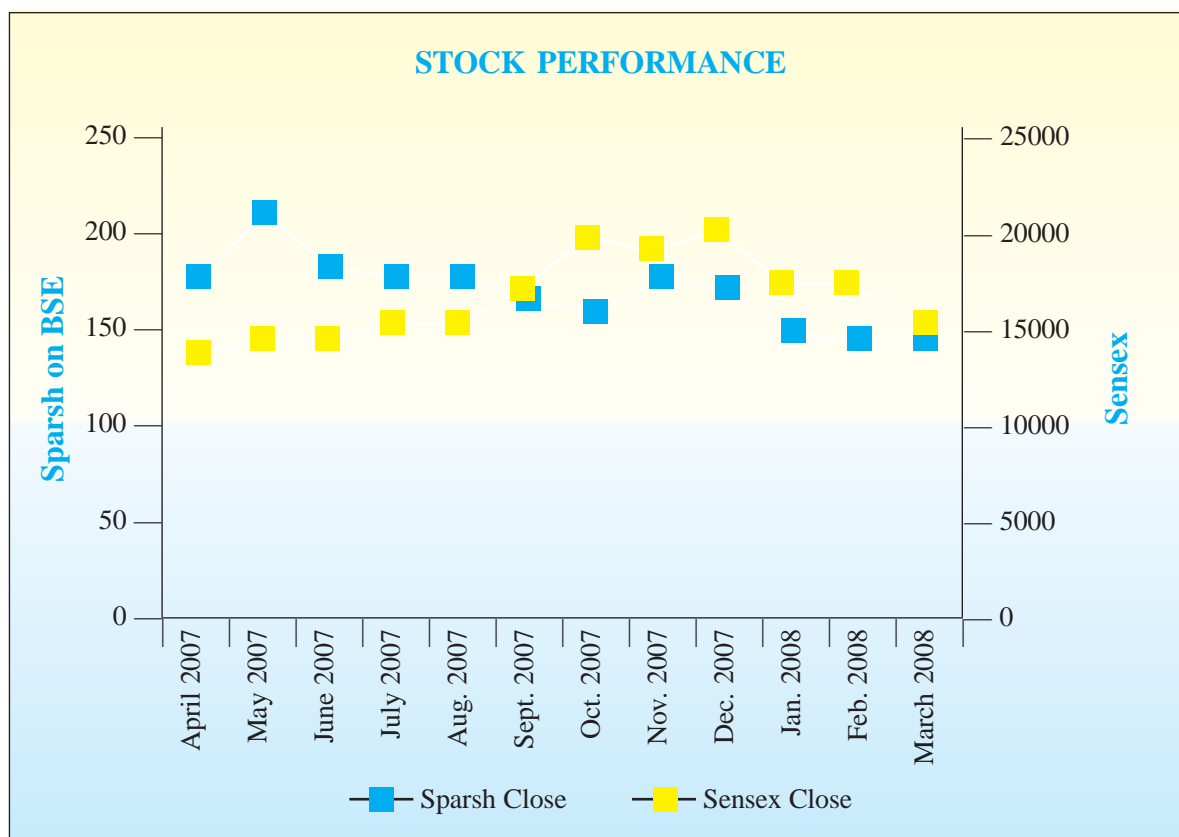
Month	High (Rs.)	Low (Rs.)
April 2007	197.00	135.05
May 2007	231.00	175.00
June 2007	218.15	182.55
July 2007	196.20	176.00
Aug. 2007	190.00	171.55
Sept. 2007	185.20	166.05
Oct. 2007	180.00	150.30
Nov. 2007	182.00	156.00
Dec. 2007	185.85	165.10
Jan. 2008	184.70	140.00
Feb. 2008	182.00	140.00
March 2008	168.90	115.75



ANNEXURE - 'B'

Stock Performance in comparison to BSE Sensex

Month	Sensex Close at the end of the Month	Sparsh Close at the end of the Month
April 2007	13872.37	179.05
May 2007	14544.46	213.40
June 2007	14650.51	184.40
July 2007	15550.99	180.60
Aug. 2007	15318.6	177.40
Sept. 2007	17291.1	166.80
Oct. 2007	19837.99	161.00
Nov. 2007	19363.19	179.95
Dec. 2007	20286.99	172.90
Jan. 2008	17648.71	151.55
Feb. 2008	17578.72	146.90
March 2008	15644.44	145.75

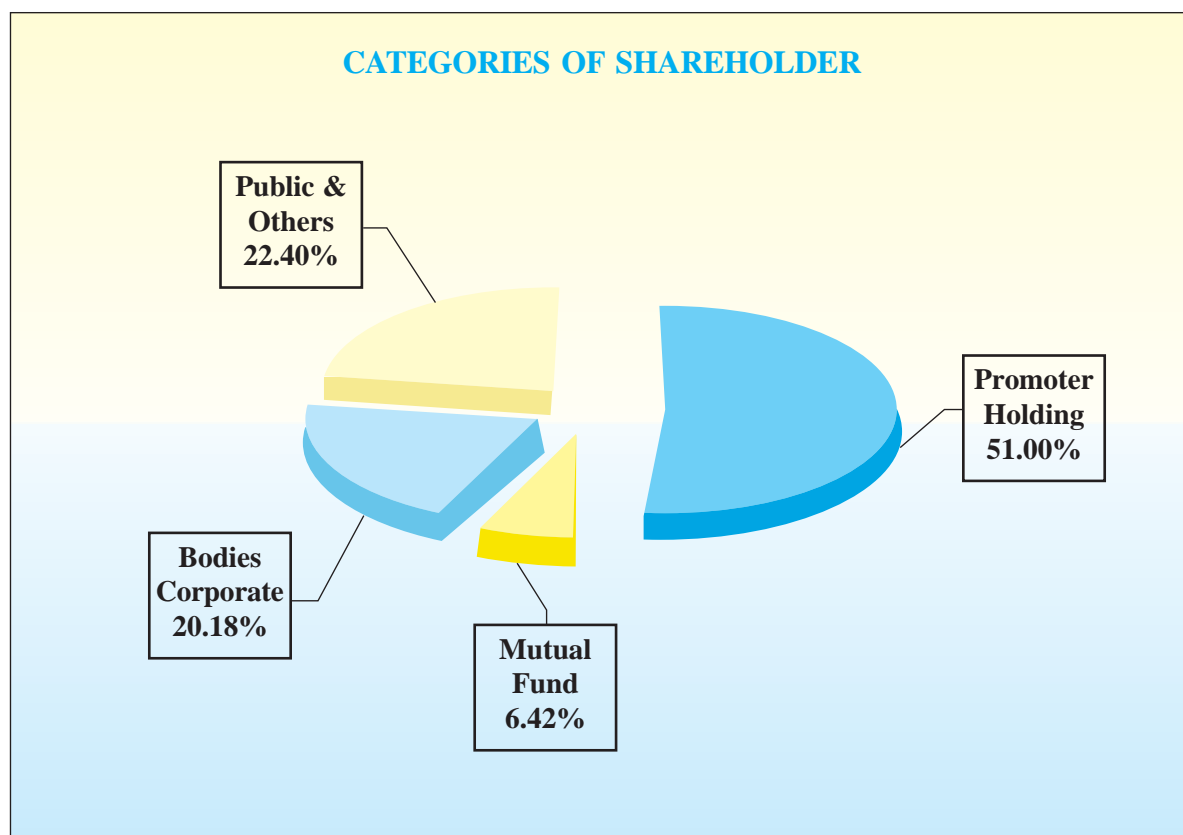


ANNEXURE - 'C'
Distribution of Shareholding as on 31st March, 2008

Number of Shares Held	Number of Shareholders	Number of Shares Held	% Holding
1 - 5000	5276	773894	98.47%
5001 - 10000	26	196290	0.49%
10001 - 20000	23	352197	0.43%
20001 - 30000	5	136444	0.09%
30001 - 40000	2	68819	0.04%
40001 - 50000	1	50000	0.02%
50001 - 100000	9	665478	0.17%
100001 and above	16	13904378	0.29%
TOTAL	5358	16147500	100.00%

Shareholding Pattern as on 31st March, 2008

Category	Number of Shareholders	Number of Shares Held	% Holding
Promoter Holding	7	8235225	51.00%
Mutual Funds, FII & Other Institutions	6	1037223	6.42%
Bodies Corporate	265	3257760	20.18%
Public and Others	5080	3617292	22.40%
	5358	16147500	100.00%



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A) Introduction

In the recent Data Quest Survey your Company has been ranked as No. 1 BPO Company.

With its customers spread across various segments like Banking & Financial Services, Insurance, Retail & Consumer Durables, and its work force of about 9300 employees spread over 6 cities, the Company is uniquely positioned to be a significant player in the domestic call centre business.

(B) Opportunities

The Company seeks to harness business opportunities on the following strengths, it possesses:

- Delivering through 8 centers across 6 cities in India
- Managing a wide array of processes across verticals including Banking, Financial Services, Insurance, Telecom, Travel, Retail, Media, Consumer Durables, etc.
- Providing customized outsourcing services and solutions to over 32 clients and about 80 distinct processes
- Current capacity of about 7200 seats
- Work pool of about 9300 dedicated resources
- Offering multilingual Indian languages including English, Hindi, Punjabi, Marathi, Kannada, Telugu, Malayalam, Tamil, Bengali, Assamese and Oriya services to customers.

(C) Risks & Concerns

The Company perceives the following risks and concerns

Internal:

- 1) A significant portion of Company's revenue is from a small number of clients. The loss of any of the major clients, a decrease in the volume of work they outsource or a decrease in the price which they are willing to pay for the services of the Company may adversely affect revenues and profitability.
- 2) The Company's growth depends on acquiring new customers for its services apart from increasing business from existing customers.
- 3) The Company's success depends largely upon its skilled and trained manpower both at the Customer Service Executive level, its senior management and key personnel as well as and its ability to attract and retain these personnel.
- 4) The Company operates in a highly competitive environment and this competitive pressure on the business is likely to continue.
- 5) The Company's client contracts can usually be terminated without cause and with little or no notice or penalty, which could negatively impact its revenues and profitability.
- 6) The Company currently has a high employee turnover ratio. However this is an industry wide phenomenon.

External:

- 1) Vulnerability to business cycles could affect the Company's capacity to sustain a growth in income, profits and shareholders value.
- 2) Terrorist attacks and other acts of violence or war, including those involving India could adversely affect operations of the Company resulting in a loss of business confidence.

(D) Segment-wise Or Product-wise Performance

The Company operates in a single product segment viz. domestic Call Centre Services, hence segment-wise or product-wise performance is not relevant.

(E) Outlook

With the maturing of the economy and increased emphasis on customer care, the trend for outsourcing domestic call centre activity has moved to virtually all types of business viz. entertainment, retailing, airlines, utilities to name a few. Further the clients have started showing a marked preference for companies which possess both skill and scale.

The Board expects that this will augur well for the Company.

(F) Internal Control Systems and their Adequacy

The Company has adequate internal control systems commensurate with its size and the nature of its business.

(G) Discussion on Financial Performance with Respect to Operational Performance

On April 1, 2007, Sparsh had 9 delivery centres across 6 locations in India (Mumbai, Pune, Gurgaon, Kolkata, Bangalore and Chennai) with a capacity of about 6300 seats offering multilingual (9 Indian languages) services to clients.

The Company now has consolidated into 8 delivery centres across 6 locations in India (Mumbai, Pune, Gurgaon, Kolkata, Bangalore and Chennai) with about 7200 seats and work pool of about 9300 dedicated resources offering services in 11 Indian languages to clients. The Company has over 32 clients and about 80 processes. The Company manages processes across several verticals including Banking, Financial Services, Insurance, Telecom, Travel, Retail, Media, Consumer Durables, etc.

The Company's operations for the period from year ended March 31, 2008 resulted in a net profit after tax of Rs. 2.93 Million on total income of Rs. 1612.41 Million.

(H) Human Resources and Employee Relations

The relations between the Company and the employees are cordial.

Information as required under Clause 49 IV (G) (i) of the Listing Agreement in respect of Directors retiring by rotation / retiring at the Annual General Meeting and being proposed for re-appointment

Mr. L. K. Narayan is a Chartered Accountant by qualification with a degree in Law. Presently the Chief Financial Officer of Infrastructure Development Finance Company Limited (IDFC), he has been with IDFC since 1997. Prior to joining IDFC, he was Head of Debt Capital Markets and Fixed Income Business at DSP Merrill Lynch Limited (DSPML). He was with DSPML between 1994 to 1997. Prior to this he was with The Credit Rating Information Services of India Limited (CRISIL) as General Manager and was a member of CRISIL's Internal Committee for Ratings for all debt obligations. He was with CRISIL between 1987 to 1994.

Mr. Satish G. Mehta is a Fellow Member of the Institute of Chartered Accountants of India and holds Bachelor of Science Degree (B.Sc.) (Statistics & Economics) from Mumbai University. Having joined Housing Development Finance Corporation Limited in 1979 as Junior Officer (Credit) he rose to various positions and was General Manager - Business Development in 2001 when he moved on to his next assignment. From 2001 to 2005 he was the Managing Director of Credit Information Bureau (India) Limited (CIBIL) and between 2005 to 2006 President - Financial Infrastructure & Credit Bureaus at Dun & Bradstreet SAME Ltd., Dubai. From January to September 2007, he was the Chief Executive Officer and Managing Director of High Mark Credit Information Services Pvt. Ltd.

Note: Alternate directorships, directorships in private limited companies, foreign companies, and membership in governing councils and other bodies not considered in directorships mentioned above.

On behalf of the Board of Directors

**Mumbai
April 29, 2008**

**Renu S. Karnad
Chairperson**

CEO/CFO CERTIFICATION

We Susir Kumar M, Director, and Dipesh R. Singhania, Financial Controller of Sparsh BPO Services Limited, there being no designated CEO or CFO in the Company, hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement of Sparsh BPO Services Limited for the year ended 31st March, 2008 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
 - (i) Significant changes in internal control over reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Sparsh BPO Services Limited

Mumbai
April 29, 2008

Susir Kumar M.
Director

Dipesh R. Singhania
Financial Controller

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of Sparsh BPO Services Limited

I have examined all the relevant records of Sparsh BPO Services Limited ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Bombay Stock Exchange for the financial year ended March 31, 2008. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This certificate is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Mumbai

Date: April 29, 2008

(Rajkumar R. Tiwari)

Practising Company Secretary

C.P. No.: 2400 FCS: 4227

AUDITOR'S REPORT TO THE MEMBERS OF SPARSH BPO SERVICES LIMITED

1. We have audited the attached Balance Sheet of **Sparsh BPO Services Limited** ('the Company'), as at March 31, 2008, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (all together referred to as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended from time to time ['the said Order'] issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. on the basis of written representations received from the directors, and to be taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Price Waterhouse**
Chartered Accountants

Vilas Y. Rane
Partner
Membership No.: F-33220

Mumbai: April 29, 2008

ANNEXURE TO THE AUDITOR'S REPORT OF SPARSH BPO SERVICES LIMITED

[Referred to in paragraph 3 of our report of even date]

1. a. The Company has maintained records showing particulars, including quantitative details and situation of fixed assets, which records are being updated.
- b. As informed and represented to us, all fixed assets have not been physically verified by the management during the year. However, the Company has a policy in this regard to carry-out physical verification of its entire fixed assets over the period of 3 years in a phased manner. With respect to the physical verification of fixed assets conducted during the year, as informed to us, the Company is in process of reconciling the same with fixed asset records.
- c. In our opinion and according to the information and explanations given to us, the Company during the year has not disposed off substantial part of its fixed assets thereby affecting the going concern.
2. The main activity of the Company is to carry on the business of call center and business process outsourcing services, and accordingly, the matters specified in paragraphs 4 (ii)(a), 4 (ii)(b) and 4 (ii)(c) of the said Order are not applicable.
3. In our opinion and according to the information and explanations given to us, the Company has not granted/taken loans, secured or unsecured, from/to companies, firms, or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and accordingly the matters specified in paragraph 4(iii)(b), 4(iii)(c), 4(iii)(d), 4(iii)(f) and 4(iii)(g) of the said Order are not applicable.
4. In our opinion, and according to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of fixed assets and sale of services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system in these areas.
5. According to the information and explanations given to us, the Company has not entered into any contracts or arrangements that need to be entered into by the Company in the register to be maintained under Section 301 of the Companies Act, 1956. Accordingly the matters specified in paragraph 4(v)(b) of the said Order are not applicable.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are applicable.
7. In our opinion, the Company has an internal audit system which is commensurate with the size of the Company and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the activities of the Company. Accordingly, provisions of paragraph 4 (viii) of the said Order are not applicable to the Company.
9. a. The Company is generally regular in depositing with appropriate authorities applicable undisputed statutory dues including provident fund, income tax and other material statutory dues applicable to it.

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues, were outstanding as at March 31, 2008 for a period of more than six months from the date they became payable.
 - c. According to the records of the Company, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has been registered for a period of less than five years; accordingly the provisions of paragraph 4(x) of the said Order relating to accumulated losses at the end of financial year in excess of fifty per cent of its net worth and incurring of cash losses during the year are not applicable to the Company.
11. On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions and banks. The Company has not obtained any borrowings by way of debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore paragraph 4(xii) of the said Order relating to maintenance of documents and records is not applicable.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the matters specified in paragraph 4(xiii) of the said Order relating to compliance with the provisions of special statute relevant to chit fund and nidhi/mutual benefit/societies are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the matters specified in paragraph 4(xiv) of the said Order relating to maintenance of proper records, timely entries and holding investments in own name are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has applied term loans for the purpose for which they were raised.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that, no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
20. According to the information and explanations given to us, the Company has not raised monies by public issues during the year and accordingly, paragraph 4(xx) of the said Order relating to end use of money raised is not applicable.

21. During the course of our examination of the books of accounts, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For **Price Waterhouse**
Chartered Accountants

Vilas Y. Rane
Partner
Membership No.: F-33220

Mumbai: April 29, 2008

SPARSH BPO SERVICES LIMITED
Balance Sheet as at March 31, 2008

	<u>Schedule</u>	<u>As at 31.03.2008 (Rupees)</u>	<u>As at 31.03.2007 (Rupees)</u>
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	161,475,000	161,475,000
Reserves and Surplus	2	–	–
Loan Funds			
Secured Loan	3	722,695,629	700,161,846
Unsecured Loans	4	737,045,000	286,391,459
Deferred Tax Liability (Net) (refer note 12 of Schedule 16)		13,004,483	–
TOTAL		<u>1,634,220,112</u>	<u>1,148,028,305</u>
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		1,346,514,726	770,688,234
Less: Depreciation		250,218,715	92,617,149
Net Block		1,096,296,011	678,071,085
Capital Work-in-Progress		61,249,581	281,046,922
		<u>1,157,545,592</u>	<u>959,118,007</u>
Deferred Tax Asset (Net) (refer note 12 of Schedule 16)		–	2,706,932
Current Assets, Loans and Advances			
Sundry Debtors	6	389,468,581	270,085,948
Cash and Bank Balances	7	69,125,625	56,747,375
Loans and Advances	8	313,944,098	161,333,480
		<u>772,538,304</u>	<u>488,166,803</u>
Less: Current Liabilities and Provisions			
Current Liabilities	9	299,546,108	310,975,250
Provisions	10	5,881,140	3,479,380
		<u>305,427,248</u>	<u>314,454,630</u>
Net Current Assets		467,111,056	173,712,173
Profit & Loss Account		9,563,464	12,491,193
TOTAL		<u>1,634,220,112</u>	<u>1,148,028,305</u>
Notes to Account	16		

As per our Report of even date

For **Price Waterhouse**
Chartered Accountants

Vilas Y. Rane
Partner
Membership No. F-33220

Mumbai
Date: April 29, 2008

For and on behalf of the Board of Directors

Renu S. Karnad
Chairperson

Dipesh R. Singhania
Financial Controller

Amit Gupta
Company Secretary

Mumbai
Date: April 29, 2008

Directors
Joseph Conrad D'Souza
Satish G. Mehta
L. K. Narayan
Sanjay K. Asher
Susir Kumar M.

SPARSH BPO SERVICES LIMITED

Profit and Loss Account for the Year Ended March 31, 2008

	Schedule	For Year ended 31.03.2008 (Rupees)	For Year ended 31.03.2007 (Rupees)
INCOME			
Sales		1,610,222,422	874,439,465
Other Income	11	2,188,882	563,522
		<u>1,612,411,304</u>	<u>875,002,987</u>
EXPENDITURE			
Staff Expenses	12	957,858,075	538,841,400
Establishment Expense	13	303,099,549	178,696,540
Other Operating Expenses	14	89,478,950	35,031,465
Depreciation / Amortisation	5	160,040,851	82,823,942
Interest and Finance Charges	15	82,005,995	34,789,404
		<u>1,592,483,420</u>	<u>870,182,751</u>
Profit before tax		19,927,884	4,820,236
Provision for tax			
Current Tax - Minimum Alternate Tax		1,549,063	–
Less: Minimum Alternate Tax entitlement		(1,549,063)	–
Deferred Tax		15,711,415	(4,891,899)
Fringe Benefit Tax		1,288,740	979,567
		<u>17,000,155</u>	<u>(3,912,332)</u>
Profit after tax		2,927,729	8,732,568
Loss after tax from "Sparsh" for the period January 1, 2006 to March 31, 2006		–	(8,344,669)
Balance brought forward from previous year		(12,491,193)	(12,879,092)
Balance carried to Balance Sheet		(9,563,464)	(12,491,193)
Earning Per Share (Face Value Rs. 10) (refer note 11 of Schedule 16)			
– Basic and Diluted		0.18	0.72
Notes to Account	16		

As per our Report of even date

For **Price Waterhouse**
Chartered Accountants**Vilas Y. Rane**
Partner
Membership No. F-33220Mumbai
Date: April 29, 2008

For and on behalf of the Board of Directors

Renu S. Karnad
Chairperson

Dipesh R. Singhanian
Financial Controller

Amit Gupta
Company SecretaryMumbai
Date: April 29, 2008Directors
Joseph Conrad D'Souza
Satish G. Mehta
L. K. Narayan
Sanjay K. Asher
Susir Kumar M.

SPARSH BPO SERVICES LIMITED
Cash Flow Statement for the Year Ended March 31, 2008

	For Year ended 31.03.2008 (Rupees)	For Year ended 31.03.2007 (Rupees)
Cash Flow from Operating Activities		
Profit Before Taxation	19,927,884	4,820,236
Adjustments for:		
Depreciation /Amortisation	160,040,851	82,823,942
Interest and Finance Charges	82,005,995	34,789,404
Interest Income	(399,355)	(195,627)
Unrealised Loss from Foreign Exchange	27,671,554	-
Loss on Sale / Disposal of Fixed Assets	1,477,640	-
Provision for Doubtful debts	19,302,322	1,087,998
Provision for Leave Encashment	360,129	1,812,195
Provision for Gratuity	492,568	(690,053)
Operating profit before working capital changes	310,879,588	124,448,095
Decrease / (Increase) in Sundry Debtors	(154,905,828)	(115,565,591)
Decrease / (Increase) in Loans and Advances	(5,875,369)	(77,158,462)
(Decrease) / Increase in Current Liabilities & Provisions	(14,308,763)	44,216,206
Cash generated from Operations	135,789,628	(24,059,752)
Fringe benefit tax paid	(1,288,740)	(2,803,464)
Income taxes paid	(128,730,563)	(34,612,292)
Net Cash from Operating Activities	5,770,325	(61,475,508)
Cash Flow from Investing Activities		
Purchase / Capitalisation of Fixed Assets	(585,368,486)	(493,886,260)
Proceeds from Sale of Fixed Assets / Insurance Claim	5,625,067	-
Interest Received	164,605	195,627
(Increase) / Decrease in Capital Work-In-Progress	219,797,341	45,829,236
Net Cash used in Investing Activities	(359,781,473)	(447,861,397)
Cash Flow from Financing Activities		
Proceeds / (Repayment) of Term Loans (Net)	469,407,229	564,667,785
Interest paid	(103,017,831)	(10,933,927)
Net Cash from Financing Activities	366,389,398	553,733,858
Net Increase in Cash and Cash Equivalents	12,378,250	44,396,953
Cash and Cash equivalents at April 1	56,747,375	686,048
Cash and Cash equivalents on acquisition of Sparsh division	-	11,664,374
Cash and Cash equivalents at March 31	69,125,625	56,747,375
Reconciliation of Cash and Cash Equivalents		
As per Balance Sheet - Schedule No. 7	69,125,625	56,747,375
As per Cash Flow Statement (Above)	69,125,625	56,747,375
Notes :		
1 Cash and Cash Equivalents include Cash, Bank Balances in Current Account and Bank Fixed Deposits.		
2 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statements.		

As per our Report of even date

For and on behalf of the Board of Directors

For **Price Waterhouse**
Chartered Accountants

Renu S. Karnad
Chairperson

Directors
Joseph Conrad D'Souza

Vilas Y. Rane
Partner
Membership No. F-33220

Dipesh R. Singhania
Financial Controller

Satish G. Mehta
L. K. Narayan

Mumbai

Date: April 29, 2008

Amit Gupta
Company Secretary

Sanjay K. Asher
Susir Kumar M.

Mumbai

Date: April 29, 2008

SPARSH BPO SERVICES LIMITED

Schedules forming part of Balance Sheet

	As at 31.03.2008 (Rupees)	As at 31.03.2007 (Rupees)
Schedule 1 - Share Capital		
<u>Authorised</u>		
25,000,000 (PY - 25,000,000) equity shares of Rs. 10/- each	250,000,000	250,000,000
<u>Issued and Subscribed</u>		
16,147,500 (PY - 16,147,500) equity shares of Rs. 10/- each fully paid-up. The above includes	161,475,000	161,475,000
(a) 8,235,225 (PY - 8,235,225) equity shares held by Intelenet Global Services Private Limited, the holding Company		
(b) 7,912,275 (PY - 7,912,275) equity shares allotted in pursuance of Scheme of Arrangement, without payment being received in cash		
	161,475,000	161,475,000
Schedule 2 - Reserves and Surplus		
<u>Securities Premium Account</u>		
As on April 1	-	67,647,750
Less: Used for issue of shares in pursuance of scheme of arrangement	-	(67,647,750)
Closing Balance	-	-
Schedule 3 - Secured Loans		
<u>From Banks</u>		
[refer note 5 of Schedule 16]		
Term loan (foreign currency denominated) [repayable within one year - Rs. 159,223,938 (PY - Rs. Nil)]	477,671,815	450,000,261
Working capital loans (Rupee denominated)	65,000,000	100,000,000
<u>Others</u>		
Term loans from finance companies [repayable within one year - Rs. 84,212,709 (PY - Rs. 50,000,000)]	180,023,814	150,000,000
Vehicle loan from finance company	-	161,585
	722,695,629	700,161,846
Schedule 4 - Unsecured Loans		
- From the holding company	357,045,000	262,500,000
- From a fellow subsidiary company	345,000,000	-
- From banks	35,000,000	-
- Interest accrued and due on loan from holding company	-	23,891,459
	737,045,000	286,391,459

SPARSH BPO SERVICES LIMITED

Schedule forming part of Balance Sheet

Schedule 5 - Fixed Assets

(Amount in Rupees)

Asset Description	Gross block			Depreciation			Net block		
	As at April 1, 2007	Additions	Deletions / Sales	As at March 31, 2008	Up to March 31, 2007	For the Year	On deletions / Sales	As at March 31, 2008	As at March 31, 2007
Leasehold Improvements	51,531,471	44,154,469	405,334	95,280,606	3,785,260	7,821,817	91,062	83,764,591	47,746,211
Plant and Machinery	136,823,464	183,812,161	212,340	320,423,285	11,727,329	20,089,864	27,727	288,633,819	125,096,135
Computers	369,407,908	217,082,961	7,632,050	578,858,819	59,037,444	96,301,284	2,036,655	425,556,746	310,370,464
Furniture and Fixtures	150,420,767	72,695,403	793,512	222,322,658	10,905,791	18,904,927	72,469	192,584,409	139,514,976
Office Equipment	34,013,590	16,768,231	49,462	50,732,359	4,191,306	6,812,755	10,482	39,738,780	29,822,284
Motor Vehicles	842,464		449,296	393,168	210,039	167,507	200,890	216,512	632,425
Intangible assets									
Software	15,792,466	50,855,261		66,647,727	1,574,370	8,757,087	-	56,316,270	14,218,096
Goodwill	11,856,104	-	-	11,856,104	1,185,610	1,185,610	-	9,484,884	10,670,494
Total	770,688,234	585,368,486	9,541,994	1,346,514,726	92,617,149	160,040,851	2,439,285	1,096,296,011	678,071,085
Previous Year - Total	263,063,078	507,625,156	-	770,688,234	9,793,207	82,823,942	-		
Capital Work-In-Progress at cost and advance payments against capital expenditure								61,249,581	281,046,922
Total Fixed Assets (Including Capital Work-In-Progress)								1,157,545,592	959,118,007

SPARSH BPO SERVICES LIMITED

Schedules forming part of Balance Sheet

	As at 31.03.2008 (Rupees)	As at 31.03.2007 (Rupees)
Schedule 6 - Sundry Debtors		
[Unsecured]		
Over six months – considered good	67,483,619	38,248,429
– considered doubtful	20,390,320	1,087,998
	<u>87,873,939</u>	<u>39,336,427</u>
Less: Provision for doubtful debts	20,390,320	1,087,998
	<u>67,483,619</u>	<u>38,248,429</u>
Other debts – considered good	321,984,962	215,616,646
	<u>389,468,581</u>	<u>253,865,075</u>
Schedule 7 - Cash and Bank Balances		
Cash on hand	–	4,303
<u>Balances with Scheduled Banks</u>		
Current account	67,804,165	46,401,072
Fixed deposits (under lien)	1,321,460	10,342,000
	<u>69,125,625</u>	<u>56,747,375</u>
Schedule 8 - Loans and Advances and Other Current Assets		
[Unsecured and considered good]		
Advances recoverable in cash or in kind or for value to be received	6,169,150	64,731,009
Security deposits	62,442,146	56,020,926
Interest accrued on bank deposits	268,976	34,226
Unbilled Revenue	72,687,818	16,220,873
Fringe benefit tax recoverable	1,385,897	1,385,897
Taxes paid	169,441,048	39,161,422
Minimum Alternate Tax entitlement (refer note 19 of Schedule 16)	1,549,063	–
	<u>313,944,098</u>	<u>177,554,353</u>
Schedule 9 - Current Liabilities		
Sundry Creditors (refer note 18 of Schedule 16)	29,021,773	148,221,988
Other liabilities	265,816,277	160,924,825
Interest accrued but not due	4,708,058	1,828,437
	<u>299,546,108</u>	<u>310,975,250</u>
Schedule 10 - Provisions		
Provision for gratuity	515,449	22,881
Provision for privilege leave	3,816,628	3,456,499
Provision for tax	1,549,063	–
	<u>5,881,140</u>	<u>3,479,380</u>

SPARSH BPO SERVICES LIMITED
Schedules forming part of Profit and Loss Account

	For the Year ended 31.03.2008 (Rupees)	For the Year ended 31.03.2007 (Rupees)
Schedule 11 - Other Income		
Interest	399,355	367,895
Others	1,789,527	195,627
	2,188,882	563,522
Schedule 12 - Staff Expenses		
Salaries, allowances and incentives	840,884,162	467,078,769
Contribution to provident and other funds	53,184,862	37,467,317
Staff welfare expenses	19,612,047	13,722,983
Recruitment expenses	10,722,472	5,868,073
Transportation expenses	33,454,532	14,704,258
	957,858,075	538,841,400
Schedule 13 - Establishment Expenses		
Rent, rates & taxes	136,203,655	85,944,565
Electricity charges	86,423,443	62,543,562
Communication charges (net of discounts and reimbursements)	10,939,481	43,682
Repairs and maintenance others	13,514,475	7,052,630
Facility maintenance expenses	56,018,495	23,112,101
	303,099,549	178,696,540
Schedule 14 - Other Operating Expenses		
Auditors remuneration (refer note 16 of Schedule 16)	1,207,173	763,169
Sales and business promotion	655,471	570,828
Travelling and conveyance	15,054,821	9,417,829
Legal and professional fees	4,444,124	6,480,812
Directors' sitting fees	302,500	55,000
Insurance	2,119,597	946,765
Printing and stationery expense	12,251,919	6,196,442
Advertisement expenses	317,633	497,744
Registration & filing fees	1,279,362	4,065,092
Foreign exchange loss (refer note 13 of Schedule 16)	27,671,554	2,365,309
Provision for doubtful debts	19,302,322	1,087,998
Loss on sale / disposal of fixed assets	1,477,640	-
Miscellaneous expenses	3,394,834	2,584,477
	89,478,950	35,031,465
Schedule 15 - Interest and Finance Charges		
Interest on term loans	40,445,943	13,972,897
Interest on loans from holding company	24,951,151	14,741,779
Interest on loans from fellow subsidiary company	4,129,315	-
Interest on working capital loans from banks	11,297,642	5,480,969
Bank and finance charges	1,181,944	593,759
	82,005,995	34,789,404

SPARSH BPO SERVICES LIMITED

Schedules forming part of the Accounts

Schedule 16 - Notes to Account

1. Background

Sparsh BPO Services Limited (the Company) was incorporated on November 10, 2005 as Intelenet BPO Services Limited. The Company has been issued a Fresh Certificate of Incorporation dated October 10, 2006 pursuant to Change of Name to "Sparsh BPO Services Limited" by the Registrar of Companies, Mumbai, Maharashtra. The Company was formed to carry on the business of information technology enabled services including activities in areas of call centre, transaction processing, back office activities and such other activities.

Acquisition of Sparsh Division:

Pursuant to the Scheme of Arrangement under Sections 391 to 393 of the Companies Act, 1956 (the said "Scheme") as approved by the Honourable High Court of Mumbai vide its order dated August 4, 2006, the Domestic Call Centre Division ("Sparsh") was demerged from Spanco Telesystems and Solutions Limited ("Spanco") and merged into the Company on a going concern basis. The certified true copy of the said order was filed with the Registrar of Companies, Maharashtra, Mumbai on August 29, 2006 i.e. effective date of the Scheme. Consequent to the demerger of Sparsh into the Company, following assets and liabilities of Sparsh were transferred at written down value as on January 1, 2006, i.e. the appointed date of the said Scheme.

Particulars	Amount (Rs.)
Fixed Assets	
Gross block	327,914,347
Depreciation	68,034,235
Sundry Debtors	110,905,547
Cash and Bank Balances	124,526
Loan and Advances	36,595,977
Total Assets	407,506,162
Less: Liabilities	
Secured Loans	230,067,365
Unsecured Loans	50,000,000
Current Liabilities	126,041,783
Provisions	1,778,118
Total Liabilities	407,887,266
Recognized as Goodwill	(381,104)

As per the said scheme of arrangement, for every 3 (three) equity shares of the face value Rs.10/- each fully paid-up held by the equity shareholders of Spanco, 1 (one) equity share of the face value of Rs. 10 each fully paid-up of the Company were issued on September 30, 2006. Accordingly goodwill arising on issue of 7,912,275 equity shares was adjusted against Securities Premium Account to the extent available and balance was recognised as Goodwill, as provided by the said scheme.

In accordance with the said Scheme, the aforesaid Goodwill arising on account of merger of Sparsh with the Company along with the goodwill arising on account of issue of shares by the Company to shareholders of Spanco was adjusted against the Securities Premium account. The balance goodwill was recognised as fixed assets.

2. Significant Accounting Policies

a. Basis of Accounting

The financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India, accounting standards notified under sub-section (3c) of Section 211 of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

b. Fixed Assets

Fixed assets are stated at their original cost of acquisition/installation less accumulated depreciation. Subsequent expenditure, which substantially enhances the previously assessed standard of performance of the assets, is added to the carrying value. Costs also include all identifiable expenditure incurred to bring the assets to its present condition and location. Fixed assets held for disposal are stated at lower of carrying value or their estimated net realisable value.

c. Depreciation / Amortisation

Depreciation is provided on fixed assets on straight line method over their estimated useful life at the rates which are given below:

Asset Category	Rate of Depreciation (%)
Tangible	
Leasehold Improvements	10.00
Computers	20.00
Office equipments	16.67
Furniture and fixtures	10.00
Plant and machinery	10.00
Motor cars	20.00
Intangible	
Computer- software	20.00

Goodwill, after adjusting against the Securities Premium Account as provided by the Scheme of Arrangement, is amortised over a period of ten years.

d. Impairment Loss

Impairment Loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

e. Accounting of Income

Revenue from services rendered is recognised when the service are performed and are recorded net of rebates and taxes.

f. Foreign Currency Transactions

- i. Transactions in foreign currency are recorded at the rates prevailing on the date of the transaction.
- ii. Foreign currency denominated assets and liabilities are translated in to rupees are reported using the closing exchange rates prevailing on the Balance Sheet date.

iii. All exchange differences are recognised in the profit and loss account.

g. Employee Benefits

- i. Gratuity liability as at the balance sheet date are provided based on actuarial valuation done as per the Revised Accounting Standard 15. Gratuity liability is funded through group gratuity insurance scheme of Life Insurance Corporation of India ("LIC").
- ii. Liability for Leave Encashment as at the Balance Sheet date is calculated arithmetically based on the Company's leave encashment policy.
- iii. Company's contributions to defined contribution scheme such as Provident Fund are charged to the Profit and Loss Account on accrual basis.

h. Borrowing Costs

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to profit and loss account revenue.

i. Lease Rental

All Lease rentals are accounted for on accrual basis over the term of the lease and charged to profit and loss account under the straight line method.

j. Accounting for taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of the prudence in respect of the deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

3. Contingent Liabilities

(Amount in Rupees)

Sr. No.	Particulars	As at 31.03.2008	As at 31.03.2007
1	Guarantees (including performance Bank guarantee) given by banks on behalf of the Company	22,145,013	1,513,525

4. Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 114,340,791 (as at March 31, 2007 - Rs. 51,008,373).

5. Particulars of security provided against secured and unsecured loans:

- a. Term Loans from finance companies are secured against charge on the fixed assets and corporate guarantee from the holding company.
- b. Term Loan from bank is secured by negative lien on the assets of the Company and corporate guarantee from the holding company.
- c. Unsecured working capital loans from Banks are secured by corporate guarantee from the holding company.

6. Interest on Borrowings aggregating to Rs. 8,443,581 (PY Rs. 19,012,120) has been capitalised for the year ended March 31, 2008.

7. Defined Benefit Plan

Valuation in respect of gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on following assumptions:

	For Year ended March 31, 2008
Discount Rate per annum	8.00%
Rate of Return on Plan Assets	8.00%
Attrition Rate	95.00%
Rate of increase in compensation levels	2.00%
	Rupees
I. Change in present Value of Obligation :	
Present value of the obligation the beginning of the year	861,208
Interest cost	99,182
Current service cost	378,572
Past service cost	NIL
Benefits paid	NIL
Actuarial (gain)/loss on obligations	23,328
Present value of the obligation at the end of the year	1,362,290
II. Changes in the Fair Value of Plan Assets :	
Present Value of Plan Assets at the beginning of the year	780,499
Expected Return on Plan Assets	62,440
Actuarial (gain)/loss on Plan Assets	3,902
Contributions	NIL
Benefits paid	NIL
Fair Value of Plan Assets at the end of the year	846,841
III. Amount Recognized in the Balance Sheet :	
Present value of the obligation at the end of the year	1,362,290
Fair Value of Plan Assets at the end of the year	846,841
Liability Recognized in the Balance Sheet	(515,449)
IV. Expenses Recognized in the Profit and Loss Account:	
Current Service Cost	378,572
Interest Cost	99,182
Expected Return on Plan Assets	(62,440)
Net Actuarial Gain/(Loss) Recognized in the year	19,426
Total Expense Recognized in the profit and loss account	434,740

The Liability for leave encashment and compensated absences as at year end is Rs. 3,816,628.

8. Segment information:

The Company operates in a single business segment viz. Business Process Outsourcing in India. Accordingly, there are no reportable businesses or geographical segments as prescribed under Accounting Standard 17 "Segment Reporting".

9. Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures" is given below.

a. List of the Related Parties:

	Name of the Related Party	Nature of relationship
i.	Blackstone GPV Capital Partners Mauritius V- B Limited #	Enterprise where control exists
ii.	SKR BPO Services Private Limited #	Enterprise where control exists
iii.	Intelenet Global Services Private Limited	Holding Company
iv.	Tecnovate eSolutions Private Limited	Fellow Subsidiary Company

no transactions during the year.

b. The following transactions were carried out with the related parties in the ordinary course of business.

i. Details relating to Holding Company

(Amount in Rupees)

Nature of transactions	For year ended March 31, 2008	For year ended March 31, 2007
Loan taken	381,545,000	700,000,000
Loan repaid	287,000,000	595,000,000
Interest Expense on Loans taken (capitalised Rs. 2,882,184, PY Rs. 13,658,224)	27,833,333	28,400,000
Deposit for premises	6,000,000	6,000,000
Reimbursement of expenses & Services provided		
– Expense on our behalf	43,568,593	50,222,910
– Expense incurred by us	34,746,750	33,186,499
– Services provided by us	33,823,113	NIL

(Amount in Rupees)

Balance outstanding	As at March 31, 2008	As at March 31, 2007
Payable for expenses (net)	NIL	17,036,411
Receivable against Service Fee & expenses (net)	28,253,000	NIL
Deposit for premises	6,000,000	6,000,000
Loan payable	357,045,000	262,500,000
Interest payable on loan (net of tax deducted at source)	NIL	23,891,459

ii. Details relating to Fellow Subsidiary Company

(Amount in Rupees)

Nature of transactions	For year ended March 31, 2008	For year ended March 31, 2007
Loan taken	345,000,000	NIL
Loan repaid	NIL	NIL
Interest Expense On Loans taken	4,129,315	NIL

(Amount in Rupees)

Balance outstanding	As at March 31, 2008	As at March 31, 2007
Loan payable	345,000,000	NIL

10. Particulars of assets acquired / given under lease
Finance Leases
(Amount in Rupees)

Particulars	For year ended March 31, 2008	For year ended March 31, 2007
Minimum lease payments	161,585	168,631
Less: Unamortised finance charges	NIL	7,046
Present value	NIL	
Total of future minimum of lease payments payable by the Company	NIL	161,585
– not later than 1 year	NIL	128,455
– later than 1 year but not later than 5 years	NIL	40,176
– later than 5 years	NIL	NIL
Total of future minimum lease payments under finance lease	NIL	168,631

The following is the general description of significant clause of above finance leasing arrangement by the Company:

- a. During the period of lease the Company cannot create without prior written consent of the lender any other debt nor any mortgage, pledge, hypothecation, charge, lien or encumbrance upon or in respect of hypothecated assets or any part thereof in any manner whatsoever in favour of any person, firm, company or bank.
- b. The assets would belong to the Company solely and absolutely and would be free from any and all charges and encumbrances save and except that created in favour of the lender.
- c. The aggregate carrying amount of assets acquired under lease [class of asset-vehicles] is Rs. 216,512 as at March 31, 2008 (PY Rs. 632,425).

Operating Leases*(Amount in Rupees)*

Particulars	For year ended March 31, 2008	For year ended March 31, 2007
Operating Lease payments recognised in the statement of profit and loss during the year as per accounting policy referred in Note 2(i) above.		
– Minimum lease payments	138,703,701	111,468,187
Total future minimum lease payments payable:		
– Not later than 1 year	131,362,613	113,402,244
– Later than 1 year but not later than 5 years	241,976,662	379,806,187
– Later than 5 years	58,333,333	58,400,000
Total of future minimum lease payments under operating lease	431,672,608	551,608,431

11. Earnings per share*(Amount in Rupees)*

Particulars	For year ended March 31, 2008	For year ended March 31, 2007
Numerator used for calculating basic and diluted per share		
– Profit / (Loss) for the year after taxation	2,927,729	8,732,568
Weighted average number of equity share	16,147,500	12,202,201
Nominal value per share	10	10
Earnings per share - Basic and diluted	0.18	0.72

12. Deferred tax balances*(Amount in Rupees)*

Particulars	As at March 31, 2008	As at March 31, 2007
Deferred Tax Liability		
Depreciation	90,342,652	49,849,820
Sub Total (A)	90,342,652	49,849,820
Deferred Tax Asset		
Provision for doubtful debts	(6,930,670)	–
C/forward business losses and unabsorbed depreciation	(54,612,665)	(43,280,583)
Expenses allowable for tax when paid	(14,297,126)	(8,067,523)
Provision for Leave encashment	(1,297,272)	(1,163,458)
Provision for Gratuity	(175,201)	(7,702)
Preliminary Expenses	(25,236)	(37,486)
Sub Total (B)	(77,338,170)	(52,556,752)
Net Deferred Tax Liability / (Asset) (A + B)	13,004,483	(2,706,932)

13. Details of foreign currency - Hedged
(Amount in Rupees)

Particulars	Currency (for Hedge)	As at March 31, 2008	As at March 31, 2007
Foreign currency Term Loan from HSBC	JPY	477,671,815	450,000,261

The Foreign currency term loan is reported using the closing exchange rate on the Balance Sheet date. The exchange loss ascertained at Rs. 27,671,554 is recognised in the profit and loss account in accordance with Accounting Standard (AS) 11 (Revised 2003) - "The Effects of Changes in Foreign Exchange Rates".

The said loan is hedged by a derivative structure. The Mark-to-Market ("MTM") for the derivative structure as on March 31, 2008 is a gain of Rs. 9,148,504. Pursuant to the announcement on "Accounting for Derivatives" issued by Institute of Chartered Accountants of India in March 2008, the Company has not recognised the MTM gain of Rs. 9,148,504 in the books of account.

14. Expenditure in foreign currency
(Amount in Rupees)

Particulars	For year ended March 31, 2008	For year ended March 31, 2007
Interest on foreign currency loan	26,454,440	16,610,576
Includes amount capitalised	5,561,397	5,353,895

15. There are no dues, which needs to be credited as at year-end to the Investor Education and Protection Fund.

16. Auditor's Remuneration (net of service tax)
(Amount in Rupees)

Particulars	For year ended March 31, 2008	For year ended March 31, 2007
Statutory audit fees	1,100,000	600,000
Tax Audit	1,00,000	75,000
Certification and other matters	NIL	85,000
Out of Pocket reimbursement	7173	3,169
TOTAL	1,207,173	763,169

17. In the previous financial year a sum of Rs. 643,448 was realised against disposal of 4,393 fractional shares. This amount was disbursed through dispatch of warrants to the concerned shareholders, of which a sum of Rs. 89,536 remains unclaimed as at March 31, 2008.

18. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

19. Pursuant to the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carried forward and set off against the future tax liabilities. Accordingly, a sum of Rs. 1,549,063 was carried forward and shown under "Loans and Advances and Other Current Assets" in the balance sheet as of March 31, 2008.
20. In the opinion of the Board, current assets, loans and advances have a value of at least equal to the amounts shown in the balance sheet, if realised in the ordinary course of the business. The provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary.
21. The figures of the previous period have been regrouped, rearranged and reclassified wherever necessary to confirm to current period's classification.

Signature to Schedule 1 to 16

As per our Report of even date

For **Price Waterhouse**
Chartered Accountants

Vilas Y. Rane
Partner
Membership No. F-33220

Mumbai
Date: April 29, 2008

For and on behalf of the Board of Directors

Renu S. Karnad
Chairperson

Dipesh R. Singhania
Financial Controller

Amit Gupta
Company Secretary

Mumbai
Date: April 29, 2008

Directors
Joseph Conrad D'Souza
Satish G. Mehta
L. K. Narayan
Sanjay K. Asher
Susir Kumar M.

SPARSH BPO SERVICES LIMITED

Additional Information pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:

Registration No.	157255
State Code	11
Balance Sheet Date	31.03.2008

II. Capital raised during the Year [Amount in Rs. Thousands]

Public Issue	–	Bonus Issue	–
Rights Issue	–	Private Placement	–

III. Position of Mobilisation and Deployment of funds [Amount in Rs. Thousands]

Total Liabilities	1,939,647	Total Assets	1,939,647
Sources of funds		Application of funds	
Paid-up capital	161,475	Net Fixed Assets	1,157,546
Reserves and surplus	–	Deferred Tax Asset (net)	–
Secured loans	722,696	Investments	–
Unsecured loans	737,045	Net Current Assets	467,111
Deferred Tax Liability (net)	13,004	Miscellaneous Expenditure	–
		Accumulated Losses	9,563

IV. Performance of the Company [Amount in Rs. Thousands]

Turnover [including Other Income]	1,612,411
Total Expenditure	1,592,483
Profit before Tax	19,928
Profit after Tax	2,928
Earnings per Share (in Rs.)	0.18
Dividend rate %	Nil

V. Generic Names of Three Principal Products / Services of the Company

[as per monetary terms]:

Item code no. (ITC code)	N. A.
Product Description	Information Technology Enabled Services

For and on behalf of the Board of Directors

Renu S. Karnad Chairperson	Directors Joseph Conrad D'Souza Satish G. Mehta
Dipesh R. Singhania Financial Controller	L. K. Narayan Sanjay K. Asher
Amit Gupta Company Secretary	Susir Kumar M.

Mumbai
Date: April 29, 2008

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