

Software Development & Services
Education & Trainings
E-GOVERNANCE

24th **Annual Report** **2010 - 2011**

SQLSTAR

KNOWLEDGE TO KEEP YOU IN BUSINESS™



CONTENTS

Notice	1
Company Information	6
Chairman's Message	7
Directors' Report	9
Management Discussion & Analysis	15
Corporate Governance Report	24

Financial Statements - Indian Company (Standalone basis)

Auditor's Report	38
Balance Sheet	41
Profit & Loss Account	42
Schedules Forming Part of Accounts	43
Cash Flow Statement	60

Others

Balance Sheet Abstract	62
Statement of Information under Section-212	63

Consolidated Financial Statements

Auditor's Report	64
Balance Sheet	65
Profit & Loss Account	66
Schedules Forming Part of Accounts	67
Cash Flow Statement	86

Financial Statements of Subsidiaries

SQL Star International Inc., USA (Consolidated)	88
International SQL Star Pte. Ltd., Singapore	93
SQL Star International Pty. Ltd., Australia	109

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of **SQL STAR INTERNATIONAL LIMITED** will be held on Friday, the 30th day of September, 2011 at 10.25A.M. at Hotel NKM's Grand, 6-3-563/31/1, Erramanzil, Somajiguda, Hyderabad - 500082 to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Annual Accounts and Directors' Report for the financial year 2010-11

To consider and adopt the Balance Sheet as at 31st March 2011, the Profit & Loss Account for the year ended on 31st March 2011 along with the annexure and the reports of the Board of Directors and Auditors thereon.

2. Appointment of Director retiring by rotation

To appoint a director in place of Mr. Jai Narain Khandelwal who retires by rotation and being eligible, offers himself for re-appointment.

3. Re-appointment of Auditors

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Maharaj N. R. Suresh & Co., Chartered Accountants, Chennai, FRN No. 001931S, be and are hereby appointed as auditors of the Company for holding the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and remuneration payable for the audit and other service for the period 2011-12 be as under plus out of pocket expenses on actual basis:

- | | |
|---------------------------|---------------------------|
| 1. Statutory audit fee | Rs. 2,50,000/- |
| 2. Limited review | Rs. 12,500/- per quarter. |
| 3. Tax audit | Rs. 30,000/- |
| 4. Tax representation | Rs. 32,500/- |
| 5. Out of Pocket Expenses | Rs. Actual |

Certification of consolidated Financial Statements Rs 25,000/-.

TP Report & Certification are to be billed on mutually acceptable basis."

SPECIAL BUSINESS:

4. Appointment of Mr. Mahesh Solanki as Director of the Company

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"Resolved that Mr. Mahesh Solanki who was appointed as Additional Director of the Company by the Board with effect from 27th January 2011 and who hold office up to this Annual General Meeting as per Section 260 of the Companies Act 1956, and being eligible for appointment and in respect of whom the Company had received a notice from a member pursuant to Section 257 of the said Act in writing proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation"

5. Appointment of Mr. Mohinesh Jagwani as Director of the Company

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"Resolved that Mr. Mohinesh Jagwani who was appointed as Additional Director of the Company by the Board with effect from 27th January 2011 and who hold office up to this Annual General Meeting as per Section 260 of the

Companies Act 1956, and being eligible for appointment and in respect of whom the Company had received a notice from a member pursuant to Section 257 of the said Act in writing proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation"

By Order of the Board
For SQL Star International Limited

Date : 2nd September, 2011
Place: Mumbai

Sunil Gupta
Co-Chairman & Managing Director

NOTES:

- 1) The relevant Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexured hereto.
- 2) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- 3) The Register of Members and Transfer Books of the Company will remain closed from 23.09.2011 to 29.09.2011 (both days inclusive) in connection with the Annual General Meeting.
- 4) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the registered office of the company on all working days except Saturdays between 10.00 am to 1.00 pm up to the date of the Annual General Meeting.
- 5) Members/Proxy-holders are requested to produce at the entrance, the attached Attendance Slip duly completed and signed, for admission to the meeting hall.
- 6) Members seeking any information with regard to accounts of the company are requested to send their queries to reach at least 10 days before the meeting, to enable the management to keep the information ready.
- 7) Members holding shares in physical form are requested to advise any change of address and all communication relating to shares immediately to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited (Unit: SQL Star International Limited). 17-24, Vital Rao Nagar, Madhapur, Hyderabad – 500081, Andhra Pradesh, India. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
- 8) Members / Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting. Copies of Annual Reports will not be provided at the Meeting.
- 9) As per Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Shareholders, in particular those holding shares in single name are requested to avail the facility of nomination by furnishing to the Registrars and Transfer Agents (RTA) of the company, the particulars of their nomination in the form enclosed at the end of this report.

By Order of the Board
For SQL Star International Limited

Date : 2nd September, 2011
Place : Mumbai

Sunil Gupta
Co-Chairman & Managing Director

Annexure to Notice

Brief particulars of Director proposed to be appointed/re-appointed, as required to be furnished under the Listing Agreement, Corporate Governance Code:

Name of Director	Mr. Jai Narain Khandelwal	Mr. Mahesh Solanki	Mr. Mohinesh Jagwani
Date of Birth	31.01.1965	06.08.1968	01.09.1962
Date of Appointment	12.05.2005	27.01.2011	27.01.2011
Qualification	B.Com., FCA	B.Com., M.Com., FCA, Dip.	BE (Mechanical), Post Graduate Dip in Marketing Mgmt
Expertise in specific functional areas	More than 15 years of experience in dealing with various auditing, Taxation, financial matters, tax planning, having good contacts in industry and with strong understanding of financial markets in India.	More than 18 years of experience in dealing with various Financial matters, Audit, Consultancy, Financial / Corporate Restructuring, Mergers & Acquisitions and Merchant Banking, Information Systems Audit and Company Law.	More than 27 years of experience, worked in dealing with M/s. Indian Oil Corp Ltd in various capacities. For the last 17 Years, Mr. Mohinesh is involved in his own business which deals in speciality products related to packaging of products, catering the requirements of customers in Pharma; Health Care; Food & Beverages; Edible Oil; Agro Chemicals and Engineering Industries. Mr. Mohinesh had long association with various German & American companies, who are Leaders in their respective fields. Mr. Mohinesh had extensively travelled within India & Europe.
Directorships held in Other Companies	1. Ni-Tech Corporate Services Limited 2. Systematix Corporate Services Limited	1. Gold Fin Capital Private Limited 2. Systematix Corporate Services Limited	Nil
Committee position held in other Companies	Nil	Nil	Nil
No. of shares held in the Company	Nil	Nil	Nil

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item # 4:

Mr. Mahesh Solanki was appointed as Additional Director at the Board Meeting held on 27th January, 2011. As per the provisions of section 260 of the Companies Act, 1956, Mr. Mahesh Solanki holds office till the conclusion of ensuring Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Mr. Mahesh Solanki for the office of the Director under the provisions of section 257 of the Companies Act, 1956.

Mr. Mahesh is a qualified Chartered Accountant with more that 18 years of experience in dealing with various Financial matters, Audit, Consultancy, Financial / Corporate Restructuring, Mergers & Acquisitions and Merchant Banking, Information Systems Audit and Company Law. The Board is of the opinion that his association would benefit the Company.

The Board of Directors recommend the resolution for approval of the Shareholders.

None of the Directors of the Company other that Mr. Mahesh Solanki, is in any way concerned or interested in this resolution.

Item # 5:

Mr. Mohinesh Jagwani was appointed as Additional Director at the Board Meeting held on 27th January, 2011. As per the provisions of section 260 of the Companies Act, 1956, Mr. Mohinesh Jagwani holds office till the conclusion of ensuring Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Mr. Mohinesh Jagwani for the office of the Director under the provisions of section 257 of the Companies Act, 1956.

Mr. Mohinesh is a qualified Mechanical Engineer with more that 27 years of experience, worked in dealing with M/s. Indian Oil Corp Ltd in various capacities. For the last 17 Years, Mr. Mohinesh is involved in his own business which deals in speciality products related to Packaging of products, catering the requirements of customers in Pharma; Health Care; Food & Beverages; Edible Oil; Agro Chemicals and Engineering Industries. Mr. Mohinesh had long association with various German & American companies, who are Leaders in their respective fields. Mr. Mohinesh had extensively travelled within India & Europe. The Board is of the opinion that his association would benefit the Company.

The Directors recommend the resolution for approval of the Shareholders.

None of the Directors of the Company other that Mr. Mohinesh Jagwani is in any way concerned or interested in this resolution.

Our Vision

To be respected as a Leader in Information Technology and Knowledge Services by Unlocking Human Potential and Delivering value to Enterprises, Departments, undertakings and Communities.

Quality Policy

We, at SQL Star, shall continually strive to achieve total customer satisfaction by providing service on time, and consistently meeting customer expectations.

Quality Objectives

To provide products and services consistently meeting or exceeding internal and external customer expectations.

To implement Quality Management System based on ISO 9001: 2008 and to ensure continual improvement in the effectiveness of the system.

To strive for increasing the productivity of the resources.

To be guided by the spirit of continual improvement, team work and commitment and achieve a high level of motivation of all personnel.

Offices in India and Overseas



Company Information

BOARD OF DIRECTORS

Mr. C.P. Khandelwal,
Non-Executive Chairman
Mr. Sunil Gupta,
Co-Chairman & Managing Director
Mr. Jai Narain Khandelwal,
Director
Mr. Mahesh Solanki,
Additional Director
Mr. Mohinsh Jagwani
Additional Director

GM - FINANCE

Mr. K.V. Sai Prasad

REGISTERED OFFICE

601 & 602, No. 1-8-271, 272, 6th Floor,
Ashoka Bhoopal Chambers, Sardar Patel Road,
Secunderabad - 500003

BANKERS

Yes Bank Limited
Ground Floor, Mayank Towers, 6-3-1090/B/1 & 2,
Raj Bhavan Road, Somajiguda,
Hyderabad – 500 004

STATUTORY AUDITORS

Maharaj N.R. Suresh & Co.,
Chartered Accountants
9 (Old No.5), II Lane, II Main Road,
Trustpuram, Chennai – 600024.

LOCATIONS

BANGALORE

40/4, 3rd Floor, Above Mandovi
Motors, Lavelle Road,
Bangalore – 560001

BHUBANESWAR

B-41, Sahid Nagar,
Opp: R.D. Women's College,
Bhubaneswar – 751007

CHENNAI

3rd Floor, Dwaraka, 36,
Nungambakkam High Road,
Chennai – 600034

HYDERABAD

4, Motilal Nehru Nagar, 1st Floor,
Begumpet, Hyderabad – 500016

KOLKATA

2nd Floor, Kankaria Estate, 6, Little
Russel Street, Kolkatta – 700071

MUMBAI

II Floor, Citi Point, Rajashri Sahu
Maharaj Road (Telli Gully), Andheri
(East), Mumbai – 400069

PUNE

2nd Floor, Mittal Court, A wing, Rasta Peth,
Off: Ambedkar Road, Pune – 411001

NEW DELHI

Aggarwal Cyber Plaza I, 201, 2nd floor,
Tower-A, Plot No. C 4,5,6,
Netaji Subhash Place,
Pitampura, Delhi - 110034.

BHOPAL

B-15, Amrapali, Enclave, Charimali Extn,
Chuna Bhatti Road,
Bhopal-462016

CHANDIGARH

3198, 2nd Floor, Sector 40-D,
Chandigarh - 160036.

WHOLLY OWNED SUBSIDIARIES

USA

SQL Star International Inc.
8820 Kenamar Drive,
Suite 506, San Diego, CA 92121

SINGAPORE

International SQL Star Pte. Ltd
100 Beach Road, # 12-02, Shaw Tower
Singapore 189702

AUSTRALIA

SQL Star International Pty Ltd
Level 7, Suite 7, Strathfield Plaza,
11, The Boulevard, Strathfield,
NSW 2135



Chairman's Message

Dear Shareholders,

It gives me great pleasure to welcome you to the 24th Annual General Meeting of your Company and share with you the progress your Company has made, despite the global economy has posed several challenges.

While the economic climate throughout the industry has remained challenging during the year gone by, however, the Fiscal Year 2011 was a year of steady revival and consolidation for us. During the year we saw strong revival of business demand across the markets, however, in the backdrop of economic recovery, investments were closely evaluated and business models were realigned by most of our clients.

While, some of the Verticals/Lines of Business and Subsidiary Companies have fared well and high achievers this fiscal, however, the major setback was on the e-Governance business segment front. As informed in our last Annual Report, due to the Mandi Board resorting to unilateral and un-lawful termination of the Service Contract and withholding dues to the Company from April' 08 onwards aggregating to Rs. 28.77 Crores (out of which Rs. 20.22 Crores pertains to billing raised on behalf of outsourcing partner), the Company had suffered severely from financially and otherwise. The dispute was referred to Arbitration and pending for disposal. Further, the other e-governance project viz., Sampark Project in the Union Territory of Chandigarh has come to a logical conclusion as of Dec 31, 2010.

The Company's Singapore subsidiary is growing steadily, where revenues grew annually at 39%. The Company had forayed into Training & Education Services in Singapore, by launching Android Training in partnership with Singapore IT Federation (SiTF). The Training Program is being endorsed and funded from Infocomm Development Authority (IDA), Singapore as enhanced Critical Infocomm Technology Resource Program (e-Citrep). So far, the Company had billed training revenues in excess of SGD \$ 450000. Now, the Company is poised to launch Trainings on other Technologies/ Platforms. Using the Android training experience and leveraging the past credentials in Embedded Wireless and Software, the Company has also bagged few prestigious projects on the Embedded & Android platform.

Looking Ahead

As we step into new fiscal, the crisis of confidence, which we thought was over, has been rekindled with the economic crisis that the USA and Europe are now facing, which will cast shadow on the strong business demand. While "caution" is on everyone's mind, with Companies carrying over the lessons of the past years into the fiscal 2011-12, the expectation is that it will be more mature Indian IT Industry that will emerge from the existing scenario. Therefore, we see that IT spending on a rebound and the outlook for the future is robust. We believe that with our diverse portfolio of services, domain expertise and the increasing value-add to customers, we are best suited to be a strategic partner to our customers. Our offerings are highly differentiated and leverage deeply, as these capabilities are built over decades.

With the powerful differentiation indicated above and a diverse customer base across geographies, coupled with the learning's during the last couple of years, I am sure that your Company will continue to consolidate and grow in the years to come. This is very evident from orders bagged from various high value customers and new accounts being opened with various Industry majors during the current fiscal 2011-12. The Company is re-starting several initiatives to embrace growth by aggressive business strategies and new business models.

Growth Strategy and Way Forward

1. To leverage on the Company's over 23 years of enviable reputation as a high-end quality IT Educator
2. To increase product offerings across all business segments
3. To pursue various e-Government opportunities, as Central and State Governments putting more emphasis on e-Governance initiatives.
4. To effectively integrate on-site and off-shore capabilities to deliver seamless, scalable, and cost-effective solutions to our Customers
5. Pursue alliances with various Companies and Technology Providers, that complement our core competencies

Concluding Note

I am confident that SQL Star, with its excellent customers, committed associates and strong and stable management team will continue to deliver significant value to all its stakeholders in the years to come and will achieve every milestone in the journey to success.

I would like to thank all our shareholders, investors, employees, customers, principals and all other stakeholders, who have always stood by us. With our focussed business strategy, dynamic management team and a pool of professional talent, we are poised for growth.

I look forward to your continued support in the coming years to take this Company to the next level of growth.

Yours Sincerely,



Sunil Gupta

Co-Chairman & Managing Director