

Going ahead.  
Going places.

Revenue  
Up 51%

Net Profit  
Up 237%

**SQLSTAR**  
KNOWLEDGE MEETS BUSINESS



(Rupees in Lakhs)

**UN-AUDITED FINANCIAL RESULTS FOR THE THIRD QUARTER 2006-07 AND NINE MONTHS PERIOD ENDED DECEMBER 31, 2006**

Particulars	Consolidated Financial Results for:				SQL Star International Limited – Financial Results for:						
	9 months ended Dec 31, 2006	Quarter ended Dec 31, 2006	Quarter ended Sep 30, 2006	15 month period ended Mar 31, 2006 (Audited)	9 months ended Dec 31, 2006	9 months ended Dec 31, 2005	Quarter ended Dec 31, 2006	Quarter ended Dec 31, 2005	Quarter ended Sept 30, 2006	Quarter ended Sept 30, 2005	15 month period ended Mar 31, 2006 (Audited)
<b>Income</b>											
- Sales / Income from Operations	5,098.93	1,733.24	1,633.11	3,601.10	3,138.75	1,840.46	982.95	640.11	1,008.98	716.94	3,019.76
- Other Income	79.01	16.82	28.46	125.15	78.97	88.81	16.78	31.92	28.46	44.66	125.15
<b>Total</b>	<b>5,177.94</b>	<b>1,750.05</b>	<b>1,661.57</b>	<b>3,726.25</b>	<b>3,217.72</b>	<b>1,929.27</b>	<b>999.73</b>	<b>672.03</b>	<b>1,037.44</b>	<b>761.60</b>	<b>3,144.91</b>
<b>Expenditure</b>											
- Staff Cost	2,362.58	839.02	774.72	1,458.49	893.23	545.29	299.48	197.10	320.02	171.00	883.29
- Other Expenditure	1,526.67	453.93	477.09	1,541.31	1,141.26	794.91	302.16	276.59	365.79	268.09	1,203.52
- e-Governance Outsourcing	891.38	292.24	232.50	784.22	891.38	443.11	292.24	133.60	232.50	214.90	784.22
<b>Total</b>	<b>4,780.63</b>	<b>1,585.19</b>	<b>1,484.31</b>	<b>3,784.02</b>	<b>2,925.87</b>	<b>1,783.31</b>	<b>893.88</b>	<b>607.29</b>	<b>918.31</b>	<b>653.99</b>	<b>2,871.03</b>
<b>Profit / (Loss) Before Depreciation, Interest, Tax and Exceptional Items</b>	<b>397.30</b>	<b>164.86</b>	<b>177.25</b>	<b>(57.77)</b>	<b>291.85</b>	<b>145.96</b>	<b>105.85</b>	<b>64.74</b>	<b>119.13</b>	<b>107.61</b>	<b>273.88</b>
- Interest	66.59	11.75	41.29	82.78	58.62	46.29	11.37	14.85	34.55	14.42	74.38
- Depreciation	144.28	48.08	53.66	184.17	139.36	104.16	48.08	36.15	51.20	33.74	173.27
<b>Profit / (Loss) Before Prior Period Exceptional Items</b>	<b>186.43</b>	<b>105.03</b>	<b>82.30</b>	<b>(324.72)</b>	<b>93.87</b>	<b>(4.49)</b>	<b>46.40</b>	<b>13.74</b>	<b>33.38</b>	<b>59.45</b>	<b>26.23</b>
Prior Period / Exceptional Items	(1,375.19)	(1,375.19)	-	2,877.30	(1,375.19)	(1.06)	(1,375.19)	(1.06)	-	-	2,818.72
<b>Profit/(Loss) After Prior Period Exceptional Items</b>	<b>1,561.62</b>	<b>1,480.22</b>	<b>82.30</b>	<b>(3,202.02)</b>	<b>1,469.06</b>	<b>(3.43)</b>	<b>1,421.59</b>	<b>14.80</b>	<b>33.38</b>	<b>59.45</b>	<b>(2,792.49)</b>
<b>Provision for Taxation</b>											
Current Year Tax	0.12	-	(0.71)	-	-	-	-	-	-	-	-
Deferred Tax	(1.42)	-	(33.66)	25.61	(1.42)	(15.79)	-	1.66	(33.66)	20.27	25.61
Fringe Benefit Tax	9.20	2.53	3.96	12.49	9.20	8.95	2.53	3.66	3.96	2.73	12.49
Tax for Previous Year	-	-	-	(1.98)	-	-	-	-	-	-	(2.57)
<b>Total</b>	<b>7.90</b>	<b>2.53</b>	<b>(30.41)</b>	<b>36.12</b>	<b>7.78</b>	<b>(6.84)</b>	<b>2.53</b>	<b>5.32</b>	<b>(29.70)</b>	<b>23.00</b>	<b>35.53</b>
<b>Net Profit / (Loss)</b>	<b>1,553.72</b>	<b>1,477.69</b>	<b>112.71</b>	<b>(3,238.14)</b>	<b>1,461.28</b>	<b>3.41</b>	<b>1,419.06</b>	<b>9.48</b>	<b>63.08</b>	<b>36.45</b>	<b>(2,828.02)</b>
<b>Paid Up Equity Capital</b> (Face Value of Rs.10/- each)	1,777.27	1,777.27	1,777.27	1,777.27	1,777.27	1,777.00	1,777.27	1,777.00	1,777.27	1,602.28	1,777.27
<b>Reserves Excluding Revaluation Reserves</b> (as per Audited Balance Sheet of Previous Accounting Year)	-	-	-	(59.34)	-	-	-	-	-	-	(275.62)
<b>Earnings Per Share Before Extraordinary Items (Rs.)</b>											
- Basic	1.00	0.58	0.63	(2.03)	0.48	0.01	0.25	0.05	0.35	0.21	(0.05)
- Diluted	0.95	0.55	0.60	(1.92)	0.46	0.01	0.23	0.04	0.34	0.19	(0.05)
<b>Earnings Per Share After Extraordinary Items (Rs.)</b>											
- Basic	8.74	8.32	0.63	(18.22)	8.22	0.02	7.99	0.05	0.35	0.23	(15.91)
- Diluted	8.26	7.86	0.60	(17.22)	7.77	0.02	7.55	0.05	0.34	0.03	(15.04)
<b>Aggregate of Non-Promoter Shareholding</b>											
- No. of Shares	13,489,581	13,489,581	14,487,499	13,748,602	13,489,581	13,678,424	13,489,581	13,678,424	14,487,499	11,481,459	13,748,602
- Percentage of Shares	75.91%	75.91%	81.52%	77.37%	75.91%	76.97%	75.91%	76.97%	81.52%	71.67%	77.37%

(Rupees in Lakhs)

**SEGMENTWISE REPORTING REVENUE, RESULTS AND CAPITAL EMPLOYED**

Sl. No	Particulars	Consolidated Financial Results for:				SQL Star International Limited – Financial Results for:						
		9 months ended Dec 31, 2006	Quarter ended Dec 31, 2006	Quarter ended Sept 30, 2006	15 month period ended Mar 31, 2006 (Audited)	9 months ended Dec 31, 2006	9 months ended Dec 31, 2005	Quarter ended Dec 31, 2006	Quarter ended Dec 31, 2005	Quarter ended Sept 30, 2006	Quarter ended Sept 30, 2005	15 month period ended Mar 31, 2006 (Audited)
<b>1</b>	<b>Segment Revenue</b>											
	a. Software Devl. & Services	2,720.01	939.33	833.77	1,211.41	759.83	284.18	189.04	124.41	209.64	74.69	529.80
	b. Education & Training	1,118.02	353.28	418.12	1,549.39	1,118.02	980.90	353.28	418.12	362.42	362.42	1,543.19
	c. e-Governance	1,260.90	440.63	381.22	946.77	1,260.90	575.38	440.63	189.90	381.22	279.83	946.77
	<b>Total</b>	<b>5,098.93</b>	<b>1,733.24</b>	<b>1,633.11</b>	<b>3,707.57</b>	<b>3,138.75</b>	<b>1,840.46</b>	<b>982.95</b>	<b>640.11</b>	<b>1,008.98</b>	<b>716.94</b>	<b>3,019.76</b>
	Less Inter Segment Sales	-	-	-	106.47	-	-	-	-	-	-	-
	<b>Net Sales</b>	<b>5,098.93</b>	<b>1,733.24</b>	<b>1,633.11</b>	<b>3,601.10</b>	<b>3,138.75</b>	<b>1,840.46</b>	<b>982.95</b>	<b>640.11</b>	<b>1,008.98</b>	<b>716.94</b>	<b>3,019.76</b>
<b>2</b>	<b>Segment Results Profit / (Loss) Before Exceptional Items, Tax and Interest From each Segment</b>											
	a. Software Devl. & Services	100.44	82.98	40.13	(393.63)	0.28	(43.66)	24.35	(18.96)	(15.53)	(6.73)	(51.07)
	b. Education & Training	169.59	45.99	77.83	360.70	169.59	223.69	45.99	64.98	77.83	109.62	360.70
	c. e-Governance	236.55	91.46	94.50	82.98	236.55	51.04	91.46	31.54	94.50	28.34	82.98
	<b>Total</b>	<b>506.58</b>	<b>220.43</b>	<b>212.46</b>	<b>50.05</b>	<b>406.42</b>	<b>231.07</b>	<b>161.80</b>	<b>77.56</b>	<b>156.80</b>	<b>131.23</b>	<b>392.61</b>
	Less :											
	i) Interest	66.22	11.37	41.29	82.78	58.62	46.29	11.37	14.85	34.55	14.42	74.38
	ii) Other Un-Allocable Expenses	253.45	103.55	88.87	292.00	253.45	188.21	103.55	47.91	88.87	57.36	292.00
	<b>Total Profit Before Tax</b>	<b>186.91</b>	<b>105.51</b>	<b>82.30</b>	<b>(324.73)</b>	<b>94.35</b>	<b>(3.43)</b>	<b>46.88</b>	<b>14.80</b>	<b>33.38</b>	<b>59.45</b>	<b>26.23</b>
<b>3</b>	<b>Segment Results Profit / (Loss) After Exceptional Items, Tax and Interest From each Segment</b>											
	a. Software Devl. & Services	100.44	82.98	40.13	(3,072.07)	0.28	(43.66)	24.35	(18.96)	(15.53)	(6.73)	(2,545.79)
	b. Education & Training	169.59	45.99	77.83	185.58	169.59	223.69	45.99	64.98	77.83	109.62	185.58
	c. e-Governance	236.55	91.46	94.50	79.51	236.55	51.04	91.46	31.54	94.50	28.34	79.51
	<b>Total</b>	<b>506.58</b>	<b>220.43</b>	<b>212.46</b>	<b>(2,806.98)</b>	<b>406.42</b>	<b>231.07</b>	<b>161.80</b>	<b>77.56</b>	<b>156.80</b>	<b>131.23</b>	<b>(2,280.70)</b>
	Less :											
	i) Interest	66.22	11.37	41.29	82.78	58.62	46.29	11.37	14.85	34.55	14.42	74.38
	ii) Other Un-Allocable Expenses	253.45	103.55	88.87	312.26	253.45	188.21	103.55	47.91	88.87	57.36	437.41
	<b>Total Profit After Tax</b>	<b>186.91</b>	<b>105.51</b>	<b>82.30</b>	<b>(3,202.02)</b>	<b>94.35</b>	<b>(3.43)</b>	<b>46.88</b>	<b>14.80</b>	<b>33.38</b>	<b>59.45</b>	<b>(2,792.49)</b>
<b>4</b>	<b>Capital Employed</b>											
	a. Software Devl. & Services	1,800.80	1,800.80	2,952.25	2,108.27	384.35	3,136.92	384.35	3,136.92	1,535.80	3,136.92	1,443.22
	b. Education & Training	481.65	481.65	565.63	516.12	481.65	665.30	481.65	665.30	565.63	665.30	516.12
	c. e-Governance	589.77	589.77	494.49	405.85	589.77	-	589.77	-	494.49	-	405.85
	d. Others	-	-	-	-	-	1,603.23	-	1,603.23	-	1,603.23	-
	<b>Total Capital Employed</b>	<b>2,872.22</b>	<b>2,872.22</b>	<b>4,012.37</b>	<b>3,030.24</b>	<b>1,455.77</b>	<b>5,405.45</b>	<b>1,455.77</b>	<b>5,405.45</b>	<b>2,595.92</b>	<b>5,405.45</b>	<b>2,365.19</b>

**Notes :** 1. The financial results were reviewed by Audit Committee and approved by the Board of Directors in their meeting held on January 23, 2007. 2. The consolidated financial results include un-audited results of International SQL Star Pte Ltd., Singapore; SQL Star International Inc., USA; and SRP Consulting Pty Limited, Australia, the wholly owned subsidiaries of the Company. 3. Pursuant to the requirements of Listing agreement, the statutory auditors have carried out limited review of the financial results of Indian operations for the quarter ended December 31, 2006. 4. Exceptional items of Rs.1356.35 lakhs include Rs.1336.74 lakhs being profit on sale of building. 5. No provision for tax is made in view of brought forward losses available for set off both under Normal computation and MAT. 6. Deferred Tax Assets to be written off on account of set off brought forward losses against profit on sale of assets is not made, as Deferred tax Assets were not recognized as per para 15 of AS 22 – Accounting for Taxes on Income in earlier years. 7. UK subsidiary, SQL Star International Limited has been dissolved on January 16, 2007. This has no financial impact on this financial statement as full provision has been made in earlier years. 8. Liabilities, if any, arising out of the application of revised AS 15 – Accounting for employee benefits with effect from April 01, 2006 is under review and will be given effect at the year-end. 9. The Company operates in the following primary business segments viz., Software Development & Services, Education and Training, e-Governance and accordingly segmental reports have been disclosed. 10. The change in non-promoter holding consequent to re-classification of promoter holding. 11. The Company has received 9 requests/grievances from the shareholders during the quarter ended December 31, 2006 and all of them have been resolved and there are no pending requests/grievances. 12. Figures of the previous year/period have been regrouped and/or re-classified or recast or re-arranged wherever considered necessary.

FOR SQL STAR INTERNATIONAL LTD.

Place: Hyderabad  
Date: January 23, 2007

Sd/-  
**N R Ganti**  
Chairman & Managing Director