



**Megasoft Limited**

96, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004

**Audited Financial Results for Fifteen Months period ended 30th June 2002**

*Rs in lakhs*

	Particulars	12 month	Quarter ended		15 month period ended	
		period ended 31 Mar 2002 (Unaudited)	30 Jun 2002 (Unaudited)	30 Jun 2001 (Unaudited)	30 Jun 2002 (Audited)	31 Mar 2001 (Audited)
1	Sales / Services	2,765.46	1,052.94	651.90	3,818.40	2,123.47
2	Other Income	56.56	1.92	0.97	58.48	61.71
3	Total Income (1 + 2)	<b>2,822.02</b>	<b>1,054.86</b>	<b>652.87</b>	<b>3,876.88</b>	<b>2,185.18</b>
4	Personnel Expenses	2,391.12	606.80	598.84	2,997.92	1,479.84
5	Operating & Administration Expenses	514.63	192.69	127.58	707.32	659.29
6	(Increase) / Decrease in Work-in-progress	(479.07)	206.78	(236.95)	(272.29)	(413.65)
7	Total Expenditure (4 + 5 + 6)	<b>2,426.68</b>	<b>1,006.27</b>	<b>489.47</b>	<b>3,432.95</b>	<b>1,725.48</b>
8	Operating Profits (PBIDT) (3 - 7)	<b>395.34</b>	<b>48.59</b>	<b>163.40</b>	<b>443.93</b>	<b>459.70</b>
9	Financial Expenses	174.60	74.35	59.60	248.95	71.22
10	Depreciation	146.36	36.58	33.72	182.94	67.75
11	Profit before Tax (8 - 9 - 10)	<b>74.38</b>	<b>(62.34)</b>	<b>70.08</b>	<b>12.04</b>	<b>320.73</b>
12	Provision for taxation					
	Current Tax	0.00	0.00	0.00	0.00	0.00
	Deferred Tax	(0.33)	(0.86)	0.00	(1.19)	0.00
13	Profit after Tax before prior period adjustments (11 - 12)	74.05	(63.20)	70.08	10.85	320.73
	Less: Prior period adjustments	(44.60)	0.00	0.00	(44.60)	0.00
14	Net Profit after Tax after prior period adjustments	29.45	(63.20)	70.08	(33.75)	320.73
15	Paid-up Equity Share Capital (Rs.10/- per share)	1,065.05	1,491.07	1,064.88	1,491.07	1,064.88
16	Reserves excluding revaluation reserves				878.97	341.32
17	Earnings per Share (Rs) (not annualised)					
	Basic & Diluted (before prior period adjustments)	0.57	(0.59)	0.53	0.08	2.45
	Basic & Diluted (after prior period adjustments)	0.22	(0.59)	0.53	(0.25)	2.45
18	Aggregate of non-promoters' shareholding					
	Number of Shares	5,121,400	7,148,602	5,121,400	7,148,602	5,121,400
	Percentage of holding (to total holding)	48.1%	47.9%	48.1%	47.9%	48.1%



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**Segment-wise revenue, results and capital employed**

		<i>Rs in lakhs</i>		
	Particulars	12 month period ended 31 Mar 2002 (Unaudited)	Quarter ended 30 Jun 2002 (Unaudited)	15 month period ended 30 Jun 2002 (Audited)
1	<b>Segment Revenue</b>			
	Development	1,155.34	477.18	1,632.52
	Consulting	1,565.91	574.72	2,140.63
	Others	44.21	1.04	45.25
	Total	2,765.46	1,052.94	3,818.40
	Less: Inter-segment revenue	0.00	0.00	0.00
	Net Sales Income from Operations	2,765.46	1,052.94	3,818.40
2	<b>Segment Results</b>			
	<b>Profit / (Loss) before Tax and Interest from each segment</b>			
	Development	394.40	330.52	724.92
	Consulting	157.62	142.62	300.24
	Others	35.91	7.89	43.80
	Total	587.93	481.03	1,068.96
	Less: Financial expenses	(174.60)	(74.35)	(248.95)
	Less: Other unallocable expenditure net-off unallocable income	(338.95)	(469.02)	(807.97)
3	<b>Total Profit before Tax</b>	74.38	(62.34)	12.04
4	<b>Capital Employed (See Note 3)</b> (Segment Assets - Segment Liabilities)			

Note:

- The Financial Year of the Company was extended upto 30th June 2002. Hence, the Financial Year 2001-02, is for a period of 15 (Fifteen) months i.e. from 1st April 2001 to 30th June 2002.
- Deferred tax liability of Rs.31.72 lacs in accordance with AS-22 (Accounting for taxes on income) as regards past years are adjusted against the Reserves of the Company as on 1st April 2001.
- Fixed assets used in the Company's business and liabilities contracted, have not been identified to any of the primary reportable segments, as these are used interchangeably between segments.
- Prior period adjustments include provisions made for leave encashment, gratuity and other expenses for the period upto 31st March 2001.
- The Rights Issue of 42,60,200 Equity Shares of Rs.10/- each for cash at a premium of Rs.15/- per share aggregating to Rs.1065 lacs were allotted on 12th June 2002. Hence, equity share capital stands increased to Rs.1491.07 lacs.
- Calls-in-arrears of Rs.17,500/- as on 31st March 2001 have been received during the current financial year.
- Details of utilisation of the proceeds from the Rights Issue of shares is given below:

	Projected utilisation as per Letter of Offer	Actual Utilisation
	Rs lacs	Rs lacs
Repayment of Unsecured Loans	900.00	901.00
Rights Issue Expenses	15.00	9.80
Working Capital margin	150.05	154.25
	1,065.05	1,065.05



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8. The qualification of statutory auditors in respect of the audited accounts for the year ended 30th June 2002 are as follows, along with the responses of the Management:
  - a. With regard to appropriateness of carrying value of product development expenditure of Rs.191.74 lacs in work-in-progress, the Company has conducted technical and marketing feasibility studies on these products. The Management of the Company is confident of recovering the costs and make profits from these products in future as it has adequate technical and marketing resources at its disposal.
  - b. With regard to recoverability of debts and work-in-progress cost incurred in respect of a US client, amounting to Rs.389.10 lacs and Rs.407.08 lacs respectively, the Management is of the opinion that the outstanding debts can be recovered in the next few months. The client has given assurances for payment of these debts and work-in-progress. Further, the Company has realised Rs.102.66 lacs from the client against the debts outstanding post 30th June 2002.
  - c. As regards non-provision for diminution of investments in subsidiaries of Rs.77.14 lacs, these subsidiaries have been incorporated recently and are in the infancy stage. Hence, the Management is of the opinion that these losses are only temporary in nature and the subsidiaries would make sufficient profits in the coming years, which would cover up the initial losses and pay returns on the investments.
  - d. As regards non-provision for advances to a subsidiary of Rs.16.81 lacs, the Management of the Company is confident of recovering these amounts over a period of time as that subsidiary has started making profits. With regard to non-provision for debts due from a subsidiary of Rs.25.98 lacs, the Management of the Company is of the opinion that the delay is mainly on account of the general recession across the globe and is confident of realising the same. Hence, no provision has been made in the financial statements for the period ended 30th June 2002.
9. Previous periods' figures have been regrouped wherever necessary.
10. The above results were taken on record at the Board of Directors Meeting held on 30th September 2002.

By Order of the Board  
For **MEGASOFT LIMITED**

**D Sudhakar Reddy**  
*Whole-time Director*

Place: Chennai  
Date: 30th September 2002