



Megasoft Limited

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

**Unaudited Financial Results (Provisional) for Three Months
period ended 30th September 2002**

Rs in lakhs

	Particulars	Quarter ended		15 month period ended
		30 Sep 2002 (Unaudited)	30 Sep 2001 (Unaudited)	30 Jun 2002 (Audited)
1	Sales / Services	555.50	789.63	3,818.40
2	Other Income	1.62	23.80	58.48
3	Total Income (1 + 2)	557.12	813.43	3,876.88
4	Personnel Expenses	432.45	645.69	2,997.92
5	Operating & Administration Expenses	105.93	194.70	707.32
6	(Increase) / Decrease in Work-in-progress	(45.43)	(95.87)	(272.29)
7	Total Expenditure (4 + 5 + 6)	492.95	744.52	3,432.95
8	Operating Profits (PBIDT) (3 - 7)	64.17	68.91	443.93
9	Financial Expenses	23.11	22.35	248.95
10	Depreciation	37.22	35.27	182.94
11	Profit before Tax (8 - 9 - 10)	3.84	11.29	12.04
12	Provision for taxation			
	Current Tax	0.00	0.00	0.00
	Deferred Tax	0.00	(5.20)	(1.19)
13	Profit after Tax before prior period adjustments (11 - 12)	3.84	6.09	10.85
	Less : Prior period adjustments	0.00	0.00	(44.60)
14	Net Profit after Tax after prior period adjustments	3.84	6.09	(33.75)
15	Paid-up Equity Share Capital (Rs.10/- per share)	1,491.07	1,065.05	1,491.07
16	Reserves excluding revaluation reserves			878.97
17	Earnings per Share (Rs) (not annualised)			
	Basic & Diluted (before prior period adjustments)	0.03	0.05	0.08
	Basic & Diluted (after prior period adjustments)	0.03	0.05	(0.25)
18	Aggregate of non-promoters' shareholding			
	Number of Shares	7,148,602	5,121,400	7,148,602
	Percentage of holding (to total holding)	47.9%	48.1%	47.9%



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Segment-wise revenue, results and capital employed

Rs in lakhs

	Quarter ended		15 month period ended
	30 Sep 2002 (Unaudited)	30 Sep 2001 (Unaudited)	30 Jun 2002 (Audited)
1 Segment Revenue			
Development	312.29	358.50	1632.52
Consulting	241.58	431.13	2140.63
Others	1.63	0.00	45.25
Total	555.50	789.63	3818.40
Less : Inter-segment revenue	0.00	0.00	0.00
Net Sales / Income from Operations	555.50	789.63	3818.40
2 Segment Results			
Profit / (Loss) before Tax and Interest from each segment			
Development	173.59	146.13	724.92
Consulting	15.82	41.60	300.24
Others	1.58	0.00	43.80
Total	190.99	187.73	1068.96
Less : Financial expenses	(23.11)	(22.35)	(248.95)
Less : Other unallocable expenditure net-off unallocable income	(164.04)	(154.09)	(807.97)
Total Profit before Tax	3.84	11.29	12.04
3 Capital Employed (See Note 2) (Segment Assets - Segment Liabilities)			

Note :

1. Provision for taxation and deferred tax in compliance with Accounting Standard AS-22 will be made at the end of the Financial Year.
2. 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.
3. Prior period adjustments as on 30th June 2002 include provisions made for leave encashment, gratuity and other expenses for the period upto 31st March 2001.
4. The Company allotted on 12th June 2002, 42,60,200 Equity Shares of Rs.10 each for cash at a premium of Rs.15 per share aggregating to Rs.1065.05 lakhs on Rights basis in the ratio of two shares for every five shares held on the record date i.e. 26th February 2002. The funds raised from the Rights Issue have been utilised as follows:

	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
	<u>1,065.05</u>	<u>1,065.05</u>



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5. The steps taken by the Board with regard to the qualifications of statutory auditors in the previous Financial Year's Report for the fifteen months period ended 30th June 2002 are as follows:
 - a. With regard to appropriateness of carrying value of product development expenditure of Rs.191.74 lakhs in work-in-progress, the Company has conducted technical and marketing feasibility studies on these products. The Management 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 lakhs and Rs.407.08 lakhs respectively, the Company has realised Rs.102.66 lakhs during the quarter and is confident of recovering the balance in the coming months.
 - c. As regards non-provision for diminution in value of investments in wholly-owned overseas subsidiaries of Rs.77.14 lakhs, the Board of the Company is of the opinion that such decline in value is temporary in nature considering the inherent value, nature of these investments and expected future cash flows from these investments and hence not determinable.
 - d. As regards non-provision for advances of Rs.16.81 lakhs and debts due of Rs.25.98 lakhs from two of the subsidiaries, the Board of the Company is optimistic of recovering these advances in the coming months on account of increased business activities and increased revenues in these subsidiaries.
6. Previous periods' figures have been regrouped wherever necessary.
7. The Company allotted on 4th October 2002, 2,07,075 Equity Shares of Rs.10 each for cash at a premium of Rs.60 per share aggregating to Rs.144.95 lakhs on preferential basis pursuant to the approval of the Shareholders at the Extra-Ordinary General Meeting held on 14th August 2002. The proceeds from the Issue have been utilised for working capital as stated in the objects of the Issue.
8. The above results were taken on record at the Board of Directors Meeting held on 31st October 2002.

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

D Sudhakar Reddy
Whole-time Director

Place: Chennai
Date: 31st October 2002