



Megasoft Limited

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

**Unaudited Financial Results (Provisional) for the Quarter and
Nine Month period ended 31st March 2003**

Rs lakhs

	Particulars	Quarter ended		Nine Month period ended		15 month period ended
		31-Mar-2003 (Unaudited)	31-Mar-2002 (Unaudited)	31-Mar-2003 (Unaudited)	31-Mar-2002 (Unaudited)	30-Jun-2002 (Audited)
1	Sales / Services	763.14	608.75	2080.11	2113.56	3818.40
2	Other Income	0.33	12.77	1.95	55.59	58.48
3	Total Income (1 + 2)	763.47	621.52	2082.06	2169.15	3876.88
4	Personnel Expenses	638.87	470.83	1647.78	1792.28	2997.92
5	Operating & Administration Expenses	137.20	86.34	334.84	387.05	707.32
6	(Increase) / Decrease in Work-in-progress	(120.25)	(33.88)	(166.60)	(242.12)	(272.29)
7	Total Expenditure (4 + 5 + 6)	655.82	523.29	1816.02	1937.21	3432.95
8	Operating Profits (PBIDT) (3 - 7)	107.65	98.23	266.04	231.94	443.93
9	Financial Expenses	44.97	55.85	100.90	115.00	248.95
10	Depreciation	52.90	37.83	144.29	112.64	182.94
11	Profit before Tax (8 - 9 - 10)	9.78	4.55	20.85	4.30	12.04
12	Provision for taxation					
	Current Tax	0.00	0.00	0.00	0.00	0.00
	Deferred Tax	0.00	(0.38)	0.00	(0.33)	(1.19)
13	Profit after Tax					
	before prior period adjustments (11 - 12)	9.78	4.17	20.85	3.97	10.85
	Less : Prior period adjustments	0.00	0.00	0.00	(44.60)	(44.60)
14	Net Profit after Tax					
	after prior period adjustments	9.78	4.17	20.85	(40.63)	(33.75)
15	Paid-up Equity Share Capital (Rs.10 per share)	1511.78	1065.05	1511.78	1065.05	1491.07
16	Reserves excluding revaluation reserves					878.97
17	Earnings per Share (Rs) (not annualised)					
	Basic & Diluted (before prior period adjustments)	0.06	0.04	0.14	0.04	0.08
	Basic & Diluted (after prior period adjustments)	0.06	0.04	0.14	(0.38)	(0.25)
18	Aggregate of non-promoters' shareholding					
	Number of Shares	7,355,677	5,121,400	7,355,677	5,121,400	7,148,602
	Percentage of holding (to total holding)	48.7%	48.1%	48.7%	48.1%	47.9%



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Segment-wise revenue, results and capital employed

Rs lakhs

	Quarter ended		Nine Month period ended		15 month period ended
	31-Mar-2003 (Unaudited)	31-Mar-2002 (Unaudited)	31-Mar-2003 (Unaudited)	31-Mar-2002 (Unaudited)	30-Jun-2002 (Audited)
1 Segment Revenue					
Information Technology Services	763.14	608.75	2080.11	2113.56	3818.40
Less : Inter-segment revenue	0.00	0.00	0.00	0.00	0.00
Net Sales / Income from Operations	763.14	608.75	2080.11	2113.56	3818.40
2 Segment Results Profit / (Loss) before Tax and Interest					
Information Technology Services	54.42	47.63	119.80	63.71	202.51
Less: Financial expenses	(44.97)	(55.85)	(100.90)	(115.00)	(248.95)
Add: Other Income	0.33	12.77	1.95	55.59	58.48
Total Profit before Tax	9.78	4.55	20.85	4.30	12.04
3 Capital Employed					
Information Technology Services	2114.88	1204.98	2114.88	1204.98	2227.30

Notes:

1. Provision for taxation and deferred tax in compliance with AS-22 (Accounting for Taxes on Income), if any, will be made at the end of the Financial Year.
2. During the current financial year, the Company has reviewed the segmental reporting as its business is mainly in the Information technology services and represented the same accordingly.
3. Operating & Administration Expenses include Net Exchange Loss of Rs.19.89 lakhs for the quarter and Rs.47.38 lakhs for the nine-month period ended 31st March 2003.
4. During the current financial year, the Company acquired Megasoft Consultants, Inc., US for US\$ 600,000 and it has become a wholly owned subsidiary effective 1st January 2003.
5. 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 lakhs	Rs lakhs
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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6. 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 were utilised for working capital as stated in the objects of the Issue.
7. 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.135.75 lakhs during the current financial year 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, based on the present indications of the business operations of the wholly-owned subsidiaries except the Malaysian subsidiary, the Board of the Company is of the view that no provision is required for diminution in value of investments. In respect of the Malaysian subsidiary, 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 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. The Company has realised Rs.7.64 lakhs and Rs.6.64 lakhs, respectively, during the current financial year and is confident of recovering the balance in the coming months.
8. Previous periods' figures have been regrouped wherever necessary.
9. The above results were taken on record at the Board of Directors Meeting held on 30th April 2003.

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

D Sudhakar Reddy
Whole-time Director

Place: Chennai
Date: 30th April 2003