



**MEGASOFT LIMITED**

No.85, Kutchery Road, Mylapore, Chennai 600004

**Unaudited Consolidated Financial Results for the First Quarter ended 31 March 2008**

Rs million

	Particulars	3 months ended	Corresponding 3 months ended in the previous year	Previous accounting year ended
		31-Mar-2008	31-Mar-2007	31-Dec-2007
		Unaudited	Unaudited	Audited
<b>1</b>	<b>Revenues</b>	<b>903</b>	<b>650</b>	<b>2,972</b>
2	Personnel costs	445	367	1,478
3	Operating Expenses	215	83	515
4	(Increase) / Decrease in Inventories	--	--	--
<b>5</b>	<b>Total Expenditure (2+3+4)</b>	<b>660</b>	<b>450</b>	<b>1,993</b>
<b>6</b>	<b>Operating Profit before Interest, Depreciation and Amortisation (1-5)</b>	<b>243</b>	<b>200</b>	<b>979</b>
7	Financial expenses	42	7	66
8	Depreciation and Amortisation	64	46	224
<b>9</b>	<b>Operating Profit after Interest, Depreciation and Amortisation (6-7-8)</b>	<b>137</b>	<b>147</b>	<b>689</b>
10	Other Income / (Expenses)	31	(11)	(122)
<b>11</b>	<b>Profit before tax (9+10)</b>	<b>168</b>	<b>136</b>	<b>567</b>
12	Provision for taxation			
	Current Tax	2	4	26
	Fringe benefit Tax	2	1	3
	Deferred tax expense / (benefit)	14	10	(22)
<b>13</b>	<b>Profit after Tax before extra ordinary items (11-12)</b>	<b>150</b>	<b>121</b>	<b>560</b>
14	Less: Minority Interest	--	--	--
15	Profit after Tax after extra ordinary items (13-14)	150	121	560
16	Paid-up Equity Share Capital (Rs.10 per share)	443	318	443
17	Equity shares to be issued on amalgamation	--	125	--
18	Reserves excluding revaluation reserves			2,926
19	Earnings per Share (Rs) (not annualised)			
	Basic	3.39	2.74	12.65
	Diluted	3.37	2.71	12.52

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

<b>Segment Revenue</b>			
IT Services	351	414	1,523
Telecom	552	236	1,449
Total	903	650	2,972
Less: Inter-segment revenue	--	--	--
Net Sales Income from Operations	903	650	2,972
<b>Segment Results</b>			
Profit / (Loss) before Tax & Interest from each segment			
IT Services	55	76	286
Telecom	205	130	835
Total	260	206	1,121
Less: Financial expenses	42	7	66
Less: Other unallocable expenditure net-off unallocable income	50	63	488
Total Profit before Tax	168	136	567



**Unaudited Financial Results for the First Quarter ended 31 March 2008**

Rs million

	Particulars	3 months ended	Corresponding 3 months ended in the previous year	Previous accounting year ended
		31-Mar-2008	31-Mar-2007	31-Dec-2007
		Unaudited	Unaudited	Audited
<b>1</b>	<b>Revenues</b>	<b>297</b>	<b>471</b>	<b>1,530</b>
2	Personnel costs	162	214	715
3	Operating Expenses	33	57	213
4	(Increase) / Decrease in Inventories	--	--	--
<b>5</b>	<b>Total Expenditure (2+3+4)</b>	<b>195</b>	<b>271</b>	<b>928</b>
<b>6</b>	<b>Operating Profit before Interest, Depreciation and Amortisation (1-5)</b>	<b>102</b>	<b>200</b>	<b>602</b>
7	Financial expenses	11	5	33
8	Depreciation and Amortisation	41	45	191
<b>9</b>	<b>Operating Profit after Interest, Depreciation and Amortisation (6-7-8)</b>	<b>50</b>	<b>150</b>	<b>378</b>
10	Other Income / (Expenses)	28	(11)	(128)
<b>11</b>	<b>Profit before tax (9+10)</b>	<b>78</b>	<b>139</b>	<b>250</b>
12	Provision for taxation			
	Current Tax	2	4	25
	Fringe benefit Tax	2	1	3
	Deferred tax expense / (benefit)	14	10	(22)
<b>13</b>	<b>Profit after Tax before extra ordinary items (11-12)</b>	<b>60</b>	<b>124</b>	<b>244</b>
<b>14</b>	<b>Less: Provision for diminution in value of Investments</b>	<b>--</b>	<b>--</b>	<b>29</b>
15	Profit after Tax after extra ordinary items (13-14)	60	124	215
16	Paid-up Equity Share Capital (Rs.10 per share)	443	318	443
17	Equity shares to be issued on amalgamation	--	125	--
18	Reserves excluding revaluation reserves			2,575
19	Earnings per Share (Rs) (not annualised)			
	Basic	1.36	2.79	5.51
	Diluted	1.35	2.77	5.48
20	Aggregate of non-promoters' shareholding			
	Number of Shares	37,254,025	25,065,608	37,233,925
	Percentage of holding (to total holding)	84.2%	78.9%	84.1%

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

<b>Segment Revenue</b>				
	IT Services	38	235	738
	Telecom	259	236	792
	Total	297	471	1,530
	Less: Inter-segment revenue	--	--	--
	Net Sales Income from Operations	297	471	1,530
<b>Segment Results</b>				
	Profit / (Loss) before Tax & Interest from each segment			
	IT Services	6	71	276
	Telecom	100	134	375
	Total	106	205	651
	Less: Financial expenses	11	5	33
	Less: Other unallocable expenditure net-off unallocable income	17	61	368
	Total Profit before Tax	78	139	250



**Notes :**

- 1 The financial results of the Group for the previous year ended 31 December 2007, include the financials of **bcgi** and its subsidiaries w.e.f. 30 August 2007, subsequent to the acquisition. Hence, the results for the quarter ended 31 March 2008 are not strictly comparable with the previous period.
- 2 In accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India, the consolidated financial statements of Megasoft Limited include the financial statements of all subsidiaries which are more than 50% owned and controlled. All material inter-company accounts are eliminated on consolidation.
- 3 Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the primary reportable segments, as they are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities have been made.
- 4 Provision for taxation has been made in accordance with Section 115JB of the Income Tax Act, 1961.
- 5 The Company issued / allotted 8,000 1.5% Foreign Currency Convertible Bonds ("FCCB") of USD 1,000 each on 16 September 2005 aggregating to USD 8 million and are convertible into equity shares on or before 17 September 2008 at conversion price of Rs 115 per equity share. FCCB have been listed on Luxembourg Stock Exchange on 22 September 2005. FCCB aggregating to USD 6 million have been converted into equity shares during 2006 on exercise of the conversion option. The proceeds from the issue of FCCB have been utilised in the manner following:

	USD 000s
Strategic investment in subsidiary / other companies	6,247
Loan to subsidiary companies	1,239
Capital Expenditure	108
FCCB Interest	60
FCCB issue expenses	346
	<u>8,000</u>

- 6 The Company issued 2,250,000 warrants of Rs 128 each (including premium of Rs 118) to a promoter on preferential basis on 22 June 2007. The warrants are convertible into equivalent number of equity shares of the face value of Rs 10 each within a period of eighteen months. The amount of Rs 288 lakhs, being 10% of the face value of warrants, received in terms of the issue is used as margin money for long term working capital requirements of the company.
- 7 No investor complaints were pending either at the beginning or at the end of the quarter. None were Previous years' figures have been regrouped, reclassified / rearranged wherever necessary to conform to current year's presentation.
- 8
- 9 The Statutory Auditors have carried out a 'Limited Review' of the Company's results in terms of clause 41 of the Listing Agreement with the Stock Exchanges.
- 10 These results were taken on record by the Board of Directors at their Meeting held on 22 April 2008 after a review by the Audit Committee of the Company.

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

Place: Hyderabad  
Date: 22 April 2008

**GV Kumar**  
Managing Director