

**MEGASOFT LIMITED**

No.85, Kutchery Road, Mylapore, Chennai 600004

Consolidated Financial Results for the quarter and year ended 31 December 2009

Rs lakhs

	Particulars	3 months ended	Corresponding 3 months ended in the previous year	Current accounting year ended	Previous accounting year ended
		31-Dec-2009	31-Dec-2008	31-Dec-2009	31-Dec-2008
		Unaudited	Unaudited	Audited	Audited
1	Net Sales / Income from Operations	6,831	8,025	30,299	32,616
2	<b>Expenditure</b>				
a	Personnel costs	4,262	5,892	20,056	19,727
b	Operating Expenses	1,293	1,977	6,387	8,189
	<b>Total Expenditure</b>	<b>5,555</b>	<b>7,869</b>	<b>26,443</b>	<b>27,916</b>
3	<b>Operating Profit before Interest and Depreciation (1-2)</b>	<b>1,276</b>	<b>156</b>	<b>3,856</b>	<b>4,700</b>
4	Depreciation and Amortisation	629	650	2,427	2,604
5	<b>Operating Profit / (Loss) before Interest (3-4)</b>	<b>647</b>	<b>(494)</b>	<b>1,429</b>	<b>2,096</b>
6	Finance cost	215	904	2,281	2,194
7	<b>Operating Profit / (Loss) after Interest and Depreciation (5-6)</b>	<b>432</b>	<b>(1,398)</b>	<b>(852)</b>	<b>(98)</b>
8	Other Income / (Expense)	(111)	1,867	(465)	3,774
9	Provision / write-off of debtors	1,180	--	1,180	--
10	<b>Profit / (Loss) before tax (7+8-9)</b>	<b>(859)</b>	<b>469</b>	<b>(2,497)</b>	<b>3,676</b>
11	Taxes	(402)	149	(287)	419
12	<b>Profit / (Loss) after tax (10-11)</b>	<b>(457)</b>	<b>320</b>	<b>(2,210)</b>	<b>3,257</b>
13	Paid-up Equity Share Capital (Rs.10 per share)	4,427	4,427	4,427	4,427
14	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year			17,525	32,099
15	Earnings per Share before extraordinary items for the period, for the year to date and for previous year (Rs)(not annualised)				
	Basic	(1.03)	0.72	(4.99)	7.36
	Diluted	(1.01)	0.73	(4.90)	7.33
16	Public Shareholding				
	Number of Shares	41,063,337	37,255,117	41,063,337	37,255,117
	Percentage of shareholding	92.76%	84.16%	92.76%	84.16%
17	Promoters and Promoter Group Shareholding				
a	Pledged / Encumbered				
	Number of Shares	2,500,000		2,500,000	
	Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	78.03%		78.03%	
	Percentage of Shares (as a % of the total share capital of the Company)	5.65%		5.65%	
b	Non - encumbered				
	Number of Shares	703,956		703,956	
	Percentage of Shares (as a % of the total shareholding of the Promoter and Promoter group)	21.97%		21.97%	
	Percentage of Shares (as a % of the total share capital of the Company)	1.59%		1.59%	
<b>Segment-wise revenue, results and capital employed</b>					
	<b>Segment Revenue</b>				
	IT Services	--	3,370	7,943	13,396
	Telecom	6,831	4,655	22,356	19,220
	<b>Total</b>	<b>6,831</b>	<b>8,025</b>	<b>30,299</b>	<b>32,616</b>
	Less: Inter-segment revenue	--	--	--	--
	<b>Net Sales Income from Operations</b>	<b>6,831</b>	<b>8,025</b>	<b>30,299</b>	<b>32,616</b>
	<b>Segment Results</b>				
	Profit before Tax & Interest from each segment				
	IT Services	--	490	959	2,244
	Telecom	831	1,548	2,642	6,917
	<b>Total</b>	<b>831</b>	<b>2,038</b>	<b>3,601</b>	<b>9,161</b>
	Less: Finance cost	215	904	2,281	2,194
	Less: Other unallocable expenditure				
	net-off unallocable income	1,475	665	3,817	3,291
	<b>Total Profit / (Loss) before Tax</b>	<b>(859)</b>	<b>469</b>	<b>(2,497)</b>	<b>3,676</b>

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Financial Results for the quarter and year ended 31 December 2009

Rs lakhs

	Particulars	3 months ended	Corresponding 3 months ended in the previous year	Current accounting year ended	Previous accounting year ended
		31-Dec-2009	31-Dec-2008	31-Dec-2009	31-Dec-2008
		Unaudited	Unaudited	Audited	Audited
1	Net Sales / Income from Operations	1,939	4,156	8,870	12,383
2	<b>Expenditure</b>				
a	Personnel costs	483	5,022	3,549	9,809
b	Operating Expenses	241	685	1,054	1,468
	<b>Total Expenditure</b>	<b>724</b>	<b>5,707</b>	<b>4,603</b>	<b>11,277</b>
3	<b>Operating Profit / (Loss) before Interest and Depreciation (1-2)</b>	<b>1,215</b>	<b>(1,551)</b>	<b>4,267</b>	<b>1,106</b>
4	Depreciation and Amortisation	466	396	1,428	1,644
5	<b>Operating Profit before Interest (3-4)</b>	<b>749</b>	<b>(1,947)</b>	<b>2,839</b>	<b>(538)</b>
6	Finance cost	208	292	1,337	837
7	<b>Operating Profit / (Loss) after Interest and Depreciation (5-6)</b>	<b>541</b>	<b>(2,239)</b>	<b>1,502</b>	<b>(1,375)</b>
8	Other Income / (Expenses)	(79)	1,226	(375)	3,156
9	Provision / write-off of debtors	1,173	--	1,173	--
10	<b>Profit / (Loss) before tax (7+8-9)</b>	<b>(711)</b>	<b>(1,013)</b>	<b>(46)</b>	<b>1,781</b>
11	Taxes	(403)	147	(290)	417
12	<b>Profit / (Loss) after tax (10-11)</b>	<b>(308)</b>	<b>(1,160)</b>	<b>244</b>	<b>1,364</b>
13	Less: Provision for diminution in value of Investments	--	121	--	121
14	<b>Profit / (Loss) for the period (12-13)</b>	<b>(308)</b>	<b>(1,281)</b>	<b>244</b>	<b>1,243</b>
15	Paid-up Equity Share Capital (Rs.10 per share)	4,427	4,427	4,427	4,427
16	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year			15,119	27,311
17	Earnings per Share before extraordinary items for the period, for the year to date and for previous year (Rs)(not annualised)				
	Basic	(0.70)	(2.62)	0.55	3.08
	Diluted	(0.68)	(2.58)	0.54	3.10
18	Public Shareholding				
	Number of Shares	41,063,337	37,255,117	41,063,337	37,255,117
	Percentage of holding (to total holding)	92.76%	84.16%	92.76%	84.16%
19	Promoters and Promoter Group Shareholding				
a	Pledged / Encumbered				
	Number of Shares	2,500,000		2,500,000	
	Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	78.03%		78.03%	
	Percentage of Shares (as a % of the total share capital of the Company)	5.65%		5.65%	
b	Non - encumbered				
	Number of Shares	703,956		703,956	
	Percentage of Shares (as a % of the total shareholding of the Promoter and Promoter group)	21.97%		21.97%	
	Percentage of Shares (as a % of the total share capital of the Company)	1.59%		1.59%	
<b>Segment-wise revenue, results and capital employed</b>					
	<b>Segment Revenue</b>				
	IT Services	--	2,942	1,050	3,911
	Telecom	1,939	1,214	7,820	8,472
	<b>Total</b>	<b>1,939</b>	<b>4,156</b>	<b>8,870</b>	<b>12,383</b>
	Less: Inter-segment revenue	--	--	--	--
	<b>Net Sales Income from Operations</b>	<b>1,939</b>	<b>4,156</b>	<b>8,870</b>	<b>12,383</b>
	<b>Segment Results</b>				
	Profit before Tax & Interest from each segment				
	IT Services	--	(4)	48	147
	Telecom	593	1	3,462	4,565
	<b>Total</b>	<b>593</b>	<b>(3)</b>	<b>3,510</b>	<b>4,712</b>
	Less: Finance cost	208	292	1,337	837
	Less: Other unallocable expenditure				
	net-off unallocable income	1,096	718	2,219	2,094
	<b>Total Profit / (Loss) before Tax</b>	<b>(711)</b>	<b>(1,013)</b>	<b>(46)</b>	<b>1,781</b>

## MEGASOFT LIMITED

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### Notes:

- 1 The financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as set out in the Accounting Standard on Consolidated Financial Statements of the Companies (Accounting Standards) Rules, 2006, of the provisions of the Companies Act, 1956. All material inter-company accounts are eliminated on consolidation.
- 2 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.
- 3 Other income / (expenses) include Net Exchange gain / (loss) during the period / year.
- 4 Provision for taxation includes current tax and deferred tax. Fringe benefit tax is provided for the period up to 31 March 2009.
- 5 Provision for taxation has been made in accordance with Section 115JB of the Income Tax Act, 1961.
- 6 **Divestment of IT Services ('BlueAlly') Division**
  - (a) The company has completed the sale / transfer of the IT Services ('BlueAlly') division to an overseas company w.e.f. 1st October 2009, as approved by the members by a postal ballot process.
  - (b) The Company has formulated a scheme of business restructuring to deal with the divestment of the IT Services Division. Accordingly, as per a Scheme of Arrangement under sections 391 to 394 of the Companies Act 1956 ("the Scheme") between the Company and its equity shareholders approved by the High Court of Judicature at Madras vide its Order dated 30 March 2010 duly filed with the Registrar of Companies on 30 March 2010 (effective date), a separate reserve account titled as Business Reconstruction Reserve ("BRR") has been created by transferring balance standing to the credit of Securities Premium Account and the General Reserve of the Company for adjustment of certain expenses as prescribed therein. Accordingly, Rs 1250 million has been transferred to BRR and Rs 1246.24 million has been set-off.
  - (c) Any reversal of any such set-off at any time later would be adjusted to the same Business Reconstruction Reserve.
- 7 The company, in the quarter, has paid and settled in full the remaining outstanding against the Foreign Currency Convertible Bonds ('FCCB').
- 8 No investor complaints were pending either at the beginning or at the end of the quarter. Three complaints were received and resolved during the quarter.
- 9 Previous years' figures have been regrouped, reclassified / rearranged wherever necessary to conform to current period's presentation.
- 10 These results were taken on record by the Board of Directors at their Meeting held on 31 March 2010 after a review by the Audit Committee of the Company.
- 11 The standalone financial results of Megasoft Limited have been submitted to the stock exchanges and are available for perusal on the company's website at [www.megasoft.com](http://www.megasoft.com) and on stock exchange's website of both BSE and NSE viz., [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

By Order of the Board  
for MEGASOFT LIMITED

**GV Kumar**  
*Managing Director*

Place: Chennai  
Date: 31 March 2010