

**MEGASOFT LIMITED**

No.85, Kutchery Road, Mylapore, Chennai 600004


**Consolidated Financial Results for the quarter and year ended 31 December 2010**
*Rs lakhs*

	Particulars	Quarter ended	Quarter ended	Current	Previous
		31-Dec-2010	31-Dec-2009	accounting	accounting
		Unaudited	Unaudited	year ended	year ended
				31-Dec-2010	31-Dec-2009
				Audited	Audited
1	Net Sales / Income from Operations	4,361	6,831	16,791	30,299
2	<b>Expenditure</b>				
a	Personnel costs	1,507	4,262	5,311	20,047
b	Operating Expenses	1,445	1,293	6,135	6,396
	<b>Total Expenditure</b>	<b>2,952</b>	<b>5,555</b>	<b>11,446</b>	<b>26,443</b>
3	<b>Operating Profit before Interest and Depreciation (1-2)</b>	<b>1,409</b>	<b>1,276</b>	<b>5,345</b>	<b>3,856</b>
4	Depreciation and Amortisation	308	629	1,434	2,427
5	<b>Operating Profit / (Loss) before Interest (3-4)</b>	<b>1,101</b>	<b>647</b>	<b>3,911</b>	<b>1,429</b>
6	Finance cost	263	215	1,515	2,281
7	<b>Operating Profit / (Loss) after Interest and Depreciation (5-6)</b>	<b>838</b>	<b>432</b>	<b>2,396</b>	<b>(852)</b>
8	Other Income / (Expense)	97	(111)	139	(465)
9	Provision / write-off of debtors	391	1,180	391	1,180
10	<b>Profit / (Loss) before tax (7+8-9)</b>	<b>544</b>	<b>(859)</b>	<b>2,144</b>	<b>(2,497)</b>
11	Taxes	(83)	(402)	(27)	(287)
12	<b>Profit / (Loss) after tax (10-11)</b>	<b>627</b>	<b>(457)</b>	<b>2,171</b>	<b>(2,210)</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			16,294	17,516
15	Earnings per Share before extraordinary items for the period, for the year to date and for the previous year (Rs) (not annualised)				
	Basic	1.42	(1.03)	4.90	(4.99)
	Diluted	1.42	(1.01)	4.90	(4.89)
16	Public Shareholding				
	Number of Shares	41,063,337	41,063,337	41,063,337	41,063,337
	Percentage of shareholding	92.76%	92.76%	92.76%	92.76%
17	Promoters and Promoter Group Shareholding				
a	Pledged / Encumbered				
	Number of Shares	1,971,870	2,500,000	1,971,870	2,500,000
	Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	61.54%	78.03%	61.54%	78.03%
	Percentage of Shares (as a % of the total share capital of the Company)	4.45%	5.65%	4.45%	5.65%
b	Non - encumbered				
	Number of Shares	1,232,086	703,956	1,232,086	703,956
	Percentage of Shares (as a % of the total shareholding of the Promoter and Promoter group)	38.46%	21.97%	38.46%	21.97%
	Percentage of Shares (as a % of the total share capital of the Company)	2.78%	1.59%	2.78%	1.59%

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		31-Dec-2010	31-Dec-2009	accounting	accounting
		Unaudited	Unaudited	year ended	year ended
				31-Dec-2010	31-Dec-2009
				Audited	Audited
1	Net Sales / Income from Operations	1,894	1,939	6,239	8,870
2	<b>Expenditure</b>				
a	Personnel costs	1,256	483	2,872	3,540
b	Operating Expenses	195	241	960	1,062
	<b>Total Expenditure</b>	<b>1,451</b>	<b>724</b>	<b>3,832</b>	<b>4,602</b>
3	<b>Operating Profit / (Loss) before Interest and Depreciation (1-2)</b>	<b>443</b>	<b>1,215</b>	<b>2,407</b>	<b>4,268</b>
4	Depreciation and Amortisation	168	466	567	1,428
5	<b>Operating Profit / (Loss) before Interest (3-4)</b>	<b>275</b>	<b>749</b>	<b>1,840</b>	<b>2,840</b>
6	Finance cost	184	208	702	1,337
7	<b>Operating Profit / (Loss) after Interest and Depreciation (5-6)</b>	<b>91</b>	<b>541</b>	<b>1,138</b>	<b>1,503</b>
8	Other Income / (Expenses)	79	(79)	(245)	(375)
9	Provision / write-off of debtors	391	1,173	391	1,173
10	<b>Profit / (Loss) before tax (7+8-9)</b>	<b>(221)</b>	<b>(711)</b>	<b>502</b>	<b>(45)</b>
11	Taxes	(84)	(403)	(28)	(290)
12	<b>Profit / (Loss) after tax (10-11)</b>	<b>(137)</b>	<b>(308)</b>	<b>530</b>	<b>245</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			11,978	15,108
15	Earnings per Share before extraordinary items for the period, for the year to date and for the previous year (Rs) (not annualised)				
	Basic	(0.31)	(0.70)	1.20	0.55
	Diluted	(0.31)	(0.68)	1.20	0.54
16	Public Shareholding				
	Number of Shares	41,063,337	41,063,337	41,063,337	41,063,337
	Percentage of holding (to total holding)	92.76%	92.76%	92.76%	92.76%
17	Promoters and Promoter Group Shareholding				
a	Pledged / Encumbered				
	Number of Shares	1,971,870	2,500,000	1,971,870	2,500,000
	Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	61.54%	78.03%	61.54%	78.03%
	Percentage of Shares (as a % of the total share capital of the Company)	4.45%	5.65%	4.45%	5.65%
b	Non - encumbered				
	Number of Shares	1,232,086	703,956	1,232,086	703,956
	Percentage of Shares (as a % of the total shareholding of the Promoter and Promoter group)	38.46%	21.97%	38.46%	21.97%
	Percentage of Shares (as a % of the total share capital of the Company)	2.78%	1.59%	2.78%	1.59%

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**Balance Sheet as at 31 December 2010***Rs lakhs*

Particulars	Standalone		Consolidated	
	31-Dec-2010	31-Dec-2009	31-Dec-2010	31-Dec-2009
	Audited	Audited	Audited	Audited
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Capital	4,427	4,427	4,427	4,427
Reserves & Surplus	11,978	15,108	16,294	17,515
Loan Funds	1,700	5,400	8,721	19,718
Deferred tax liabilities (net)	42	--	42	--
<b>Total</b>	<b>18,147</b>	<b>24,935</b>	<b>29,484</b>	<b>41,660</b>
<b>APPLICATION OF FUNDS</b>				
Fixed Assets	5,548	12,816	9,953	18,150
Goodwill on consolidation			10,158	10,158
Investments	1,302	1,302	1,212	1,212
Deferred tax asset (net)	--	217	--	217
<b>Current Assets, Loans &amp; Advances</b>				
Sundry Debtors	3,931	6,862	4,950	9,141
Cash & Bank balances	152	906	799	2,656
Loans & Advances	8,369	4,635	4,893	6,345
	12,452	12,403	10,642	18,142
<b>Less: Current Liabilities &amp; Provisions</b>				
Current Liabilities	730	879	2,032	5,273
Provisions	425	924	449	946
	1,155	1,803	2,481	6,219
<b>Net Current Assets</b>	<b>11,297</b>	<b>10,600</b>	<b>8,161</b>	<b>11,923</b>
Miscellaneous Expenditure	--	--	--	--
(to the extent not written-off or adjusted)				
<b>Total</b>	<b>18,147</b>	<b>24,935</b>	<b>29,484</b>	<b>41,660</b>

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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 Previous period / year figures have been regrouped, reclassified / rearranged wherever necessary to conform to current period's presentation. Current period / year figures are without IT Services ('BlueAlly') Division subsequent to its divestment and hence are not comparable.
- 3 Subsequent to this divestment, the company has a single reportable segment, that of Telecom. Accordingly, Accounting Standard 17 (AS 17 – Segment Reporting) issued by ICAI / Company (Accounting Standards) Rules, 2006 is no longer applicable.
- 4 Other income / (expenses) include Net Exchange gain / (loss) during the period / year.
- 5 Taxes include current tax and deferred tax.
- 6 Provision for current taxation has been made in accordance with Section 115JB of the Income Tax Act, 1961.
- 7 In terms of the Scheme of Amalgamation ("Scheme") sanctioned by the order dated 27 March 2007 of the High Court of Judicature at Madras in Chennai and the order dated 22 March 2007 of the High Court of Judicature at Andhra Pradesh in Hyderabad, VisualSoft Technologies Limited ("VisualSoft") was amalgamated with the Company w.e.f. 1 October 2006. The assets, liabilities, rights and obligations of VisualSoft were recorded at their respective fair values under the purchase method of accounting for amalgamation and the excess off air value of net assets taken over by the company over the paid up value of equity shares issued and allotted was taken under general reserve as that 'on amalgamation'.  
As the company continues its strategic focus on the telecom products and services, the company decided to reduce its debts. In this regard, the company obtained the consent of the shareholders through a postal ballot process, results announced on 15 October 2010, for sale of the land and building (including furnishings & fittings) situated at Kundanbagh, Begumpet, Hyderabad and land at Vishakhapatnam (the said properties were acquired through the scheme). The company sold off the Hyderabad property and the resultant loss on sale of the same has been set-off to the amalgamation reserve (grouped under general reserve) created in terms of the scheme.
- 8 No investor complaints were pending either at the beginning or at the end of the quarter. No complaints were received during the quarter.
- 9 These results were taken on record by the Board of Directors at their Meeting held on 28 February 2011 after a review by the Audit Committee of the Company.
- 10 The standalone financial results of Megasoft Limited have been submitted to the stock exchanges and are available for perusal in the company website at [www.megasoft.com](http://www.megasoft.com) and in 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)
- 11 The following are the particulars of the company (on standalone basis):

	Particulars	Quarter ended	Quarter ended	Current	Previous
		31-Dec-2010	31-Dec-2009	accounting	accounting
		Unaudited	Unaudited	year ended	year ended
				31-Dec-2010	31-Dec-2009
				Audited	Audited
a	Turnover	1,894	1,939	6,239	8,870
b	Profit / (Loss) before tax	(221)	(711)	502	(45)
c	Profit / (Loss) after tax	(137)	(308)	530	245

By Order of the Board  
for MEGASOFT LIMITED

Place: Hyderabad  
Date: 28 February 2011

GV Kumar  
Managing Director