

**MEGASOFT LIMITED**

CIN : L72200TN1999PLC042730

6-3-1192/2/1, Kundanbagh, Begumpet

Hyderabad - 500 016. India.

Tel : +91 (40) 4033 0000; Fax : +91 (40) 4013 3555

website : www.megasoft.com

13 August 2014

BSE Limited

Phiroze Jeejee Bhoy Towers

Dalal Street

Fort

Mumbai 400001**Madras Stock Exchange Limited**

Exchange Building

Post Box No.183

No.11, Second Line Beach

Chennai 600001**National Stock Exchange of India Limited**

Exchange Plaza

Bandra-Kurla Complex, Bandra(E)

Mumbai 400051

Dear Sirs

Sub: Unaudited Financial Results for Q2 & H1 of 2014

Please find enclosed the Unaudited Financial results of the Company and the Group for the quarter and half year ended 30 June 2014, pursuant to Clause 41 of the Listing Agreement. These results were taken on record at the Meeting of the Board of Directors of the Company held today.

In this connection, we enclose the "Limited Review Report" of the joint Statutory Auditors of our Company, M/s Srikanth & Shanthi Associates and M/s TN Rajendran & Co., Chartered Accountants, for your records.

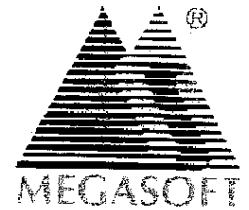
We request you to take the same on record and acknowledge.

Thanking you

Very truly yours

MEGASOFT LIMITED

GP Srinath
Company Secretary



PART I - Statement of Consolidated Unaudited results for the quarter and six months ended 30 June 2014							Rs lakhs
Sl No	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for the previous year ended	Previous year ended
		30-Jun-2014	31-Mar-2014	30-Jun-2013	30-Jun-2014	30-Jun-2013	31-Dec-2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Net Sales / Income from Operations	2,079	2,405	2,552	4,484	5,232	10,551
2	Expenditure						
a	Cost of materials consumed	124	631	--	755	--	857
b	Employee benefits expense	792	733	978	1,525	1,972	3,868
c	Depreciation and Amortisation expense	314	286	269	600	576	1,187
d	Other Expenses	580	485	1,001	1,065	4,970	9,185
3	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	263	245	484	508	915	1,794
4	Other Income / (Expense)	(6)	(25)	80	(31)	53	346
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	263	245	484	508	915	1,794
6	Finance cost	241	225	340	466	689	1,119
7	Profit from ordinary activities after finance costs but before exceptional items (5 - 6)	22	20	144	42	226	675
8	Exceptional items						
	Provision / write-off of debtors	--	--	--	--	--	380
9	Profit from ordinary activities before tax (7 - 8)	22	20	144	42	226	295
10	Taxes	(10)	9	3	(1)	5	24
11	Profit after tax (9 - 10)	32	11	141	43	221	271
12	Paid-up Equity Share Capital (Rs.10 per share)	4,427	4,427	4,427	4,427	4,427	4,427
13	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						16,632
14	Earnings per Share before / after extraordinary items (Rs) (not annualised)						
	Basic	0.07	0.02	0.31	0.10	0.48	0.61
	Diluted	0.07	0.02	0.31	0.09	0.48	0.58
PART II - Select information for the quarter ended 30 June 2014							
A PARTICULARS OF SHARE HOLDING							
1	Public Shareholding						
	Number of Shares	41,063,337	41,063,337	41,063,337	41,063,337	41,063,337	41,063,337
	Percentage of shareholding	92.76%	92.76%	92.76%	92.76%	92.76%	92.76%
2	Promoters and Promoter Group Shareholding						
a	Pledged / Encumbered						
	Number of Shares	--	--	--	--	--	--
	Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	--	--	--	--	--	--
	Percentage of Shares (as a % of the total share capital of the Company)	--	--	--	--	--	--
b	Non - encumbered						
	Number of Shares	3,203,956	3,203,956	3,203,956	3,203,956	3,203,956	3,203,956
	Percentage of Shares (as a % of the total shareholding of the Promoter and Promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Percentage of Shares (as a % of the total share capital of the Company)	7.24%	7.24%	7.24%	7.24%	7.24%	7.24%
B INVESTORS COMPLAINTS							
Pending at the beginning of the Quarter				Three Months ended 30 June 2014			
Received during the Quarter				1			
Disposed during the Quarter				11			
Remaining unresolved at the end of the Quarter				12			
				0			



PART I - Statement of Unaudited results for the quarter and six months ended 30 June 2014							Rs lakhs
Sl No	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for the previous year ended	Previous year ended
		30-Jun-2014	31-Mar-2014	30-Jun-2013	30-Jun-2014	30-Jun-2013	31-Dec-2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Net Sales / Income from Operations	1,083	1,421	957	2,504	2,101	5,062
2	Expenditure						
a	Cost of materials consumed	39	614	--	653	--	736
b	Employee benefits expense	660	419	614	1,079	1,249	2,499
c	Depreciation and Amortisation expense	79	77	39	156	121	277
d	Other Expenses	216	200	161	416	342	737
	Total Expenditure	994	1,310	814	2,304	1,712	4,249
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)	89	111	143	200	389	813
4	Other Income / (Expense)	(9)	(26)	55	(35)	28	361
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	80	85	198	165	417	1,174
6	Finance cost	63	61	133	124	323	542
7	Profit from ordinary activities after finance costs but before exceptional items (5 - 6)	17	24	65	41	94	632
8	Exceptional Items						
	Provision / write-off of debtors	--	--	--	--	--	320
9	Profit from ordinary activities before tax (7 - 8)	17	24	65	41	94	312
10	Taxes	(10)	9	4	(1)	6	21
11	Profit after tax (9 - 10)	27	15	61	42	88	291
15	Paid-up Equity Share Capital (Rs.10 per share)	4,427	4,427	4,427	4,427	4,427	4,427
16	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						12,940
17	Earnings per Share before extraordinary items for the period, for the year to date and for the previous year (Rs) (not annualised)						
	Basic	0.06	0.03	0.13	0.09	0.19	0.66
	Diluted	0.06	0.03	0.13	0.09	0.19	0.62
PART II - Select information for the quarter ended 30 June 2014							
A	PARTICULARS OF SHARE HOLDING						
1	Public Shareholding						
	Number of Shares	41,063,337	41,063,337	41,063,337	41,063,337	41,063,337	41,063,337
	Percentage of shareholding	92.76%	92.76%	92.76%	92.76%	92.76%	92.76%
2	Promoters and Promoter Group Shareholding						
a	Pledged / Encumbered						
	Number of Shares	--	--	--	--	--	--
	promoter and promoter group)	--	--	--	--	--	--
	Percentage of Shares (as a % of the total share capital of the Company)	--	--	--	--	--	--
b	Non - encumbered						
	Number of Shares	3,203,956	3,203,956	3,203,956	3,203,956	3,203,956	3,203,956
	Percentage of Shares (as a % of the total shareholding of the Promoter and Promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Percentage of Shares (as a % of the total share capital of the Company)	7.24%	7.24%	7.24%	7.24%	7.24%	7.24%
B	INVESTORS COMPLAINTS						
	Pending at the beginning of the Quarter					1	
	Received during the Quarter					11	
	Disposed during the Quarter					12	
	Remaining unresolved at the end of the Quarter					0	



Statement of Assets and Liabilities		Rs lakhs		Rs lakhs	
	Particulars	Stand alone		Consolidated	
		30-Jun-2014	31-Dec-2013	30-Jun-2014	31-Dec-2013
		Unaudited	Audited	Unaudited	Audited
	Equity and Liabilities				
1	Shareholders' Funds				
a	Share Capital	4,427	4,427	4,427	4,427
b	Reserves & Surplus	12,982	12,939	16,685	16,631
		17,409	17,366	21,112	21,058
2	Non-Current liabilities				
a	Long-term borrowings	4	11	4	11
b	Deferred tax liability (net)	29	35	29	35
c	Long-term provisions	123	123	123	123
		156	169	156	169
3	Current liabilities				
a	Short-term borrowings	1,691	1,651	9,064	7,203
b	Trade payables	608	416	2,664	2,793
c	Other current liabilities	102	315	1,434	3,491
d	Short-term provisions	418	413	418	416
		2,819	2,795	13,580	13,903
	Total	20,384	20,330	34,848	35,130
	ASSETS				
1	Non-current Assets				
a	Fixed Assets	4,809	4,933	9,597	10,314
b	Goodwill on consolidation			10,158	10,158
c	Non-current investments	5,856	6,856	1,212	1,212
		11,665	11,789	20,967	21,684
2	Current Assets				
a	Sundry Debtors	5,640	4,179	8,033	6,613
b	Cash & Bank balances	141	515	476	1,021
c	Loans & Advances	2,938	3,847	5,372	5,812
		8,719	8,541	13,881	13,446
	Total	20,384	20,330	34,848	35,130

**Notes :**

- 1 The text of the above statement was approved by the Board of Directors at their meeting held on 13 August 2014 after a review by the Audit Committee of the Company.
- 2 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 and in stock exchange's website of both BSE and NSE viz., www.bseindia.com and www.nseindia.com
- 3 Previous period figures have been regrouped, reclassified / rearranged wherever necessary to conform to current period's presentation.
- 4 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 inter-company accounts are eliminated on consolidation.
- 5 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 not applicable.
- 6 Other Income / (expenses) include Net Exchange gain / (loss) during the period / year.
- 7 Taxes include current tax and deferred tax.
- 8 The company has appealed against the Orders of the Income-tax authorities in respect of certain additions resulting in demand of Rs 162.80 million. Based on the advice of the external legal counsel and the Appeals filed, no provision is considered necessary in the financial statements.
- 9 The following are the particulars of the company (on standalone basis):

Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for the previous year ended	Previous year ended
	30-Jun-2014	31-Mar-2014	30-Jun-2013	30-Jun-2014	30-Jun-2013	31-Dec-2013
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a Turnover	1,083	1,421	957	2,504	2,101	5,062
b Profit / (Loss) before tax	17	24	65	41	94	312
c Profit / (Loss) after tax	27	15	61	42	88	291

By Order of the Board
for MEGASOFT LIMITED

GV Kumar
Managing Director

Place: Hyderabad
Date: 13 August 2014

Srikanth & Shanthi Associates

New No.54, Old No.103, 1st floor
PS Sivasamy Salai, Mylapore
Chennai 600004
Tele/Fax: +91-44-24662419/42108419
email: srikanth@sandsca.in

TN Rajendran & Co.

New No.2, Old No.25, 1st Floor
Chengalvarayan Street, Shenoy Nagar
Chennai 600030
Tel: 91-44-26640640
email: trn500@gmail.com

Chartered Accountants

To
The Board of Directors
Megasoft Limited
85, Kutchery Road
Mylapore
Chennai 600004

Dear Sirs

Sub: Review Report

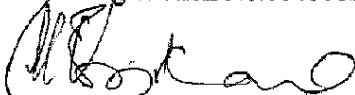
We have reviewed the accompanying statement of unaudited financial results of **Megasoft Limited**, for the 2nd quarter and half year ended 30th June 2014 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors / Audit committee of the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, *Engagements to Review Financial Statements* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **Srikanth & Shanthi Associates**
Chartered Accountants

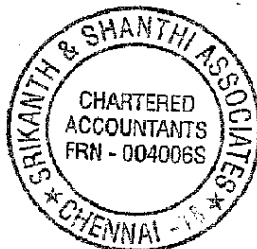
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MC Srikanth

Partner

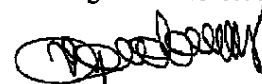
Membership No.18588



for **TN Rajendran & Co.**

Chartered Accountants

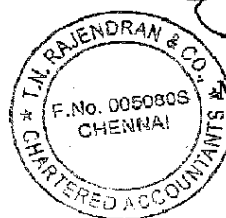
Firm Registration No.005080S



TN Rajendran

Partner

Membership No.28778



Place: Hyderabad

Date: 13 August 2014