

## Megasoft Declares Maiden Dividend of 10% Telecom practice, XIUS, the biggest growth driver

*Telecom practice, XIUS, the biggest growth driver; Revenues up by 55%; PBT grows by 68%; Product Revenues grows by 97% to Rs.69.41 crores; 40% of revenues now from products sales*

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Megasoft Limited (BSE CODE NO: 532408), a transnational Intellectual Property-driven, product-based technology company, today announced its audited financial results for the year ended December 31, 2006. The Company posted a Rs 329.7 million profit after tax for the year ended December 31, 2006, compared to Rs 201.1 Mn in the previous. Income from operations for the year ended 2006 was 462.4 million.

"In 2006, the Company generated record revenues and record earnings as we continue to experience strong performance on our operating fronts," said Managing Director & CEO, GV Kumar. "The financial results are a testament to our business model, and are reflective of our ability to leverage our product innovation and customer focus strategy in the telecom segment to take advantage of where the opportunities lie. We will continue to focus on the US market apart from our forays into other newer markets. In 2007, we expect to continue our organic growth coupled with inorganic growth through M&A in telecom segment focused in North American and European geographies. Telecom would continue to be the driving force for Megasoft' added Mr. Kumar

**Financial HIGHLIGHTS** 10% Dividend declared on combined capital Revenues of 1783.3 Mn and Net income of 329.7 million, making the year its most successful in history Earnings before income taxes of Rs. 351.7 million for the year ended December 31, 2006, as compared to earnings before taxes of Rs. 208.8 million for the comparative period in 2005 Net earnings of Rs. 329.7 million for the year ended December 31 2006, as compared to net earnings of Rs. 201.1 million for the comparative period in 2005 Includes Visualsoft's Revenues of 180.9 mn and profit of 4.5 mn for Q4 of 2006. Earnings per share increased to Rs. 9.30 from Rs. 7.57 for the previous year; YoY growth of 21%

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### About Megasoft Limited

Established in 1994, Megasoft is a transnational Intellectual Property-driven, product-based technology company that focuses on its expertise in the growing Telecom sector. The company has initiated a strategic transition - from a mid-sized IT services company to a leading domain-led Intellectual Property (IP)-driven technology company. Megasoft is a SEI CMM Level 4 company that operates out of USA, UK, Singapore, Malaysia and Germany, and in Hyderabad and Chennai in India. Megasoft is publicly listed in the Bombay Stock Exchange. Megasoft has a January~December Financial Year. After the amalgamation of Xius with it in 2004, Megasoft's Telecom offerings are now being offered to Telecom operators across all continents. The Current Amalgamation of Visualsoft Technologies has given a strong product engineering and product development capacities with CMM level 5 certification. Additional information about Megasoft is available at [www.megasoft.com](http://www.megasoft.com).

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