

izmo

A NEW BEGINNING



19TH ANNUAL REPORT 2013-2014

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izmo: Powering the Automotive Experience of OEMs and Portals Worldwide



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Corporate Information

Board of Directors

Mrs. Shashi Soni

Chairperson

Mr. Sanjay Soni

Managing Director

Mr. Vijay Kumar D Gupta

Director

Auditors

Mr. R. Vijayanand

Chartered Accountant

"Sri Sri" F-303, Temple Trees,

Kanakapura Main Road,

Bangalore – 560 078

Share Transfer Agents

Cameo Corporate Services Limited

"Subramanian Building", 5th Floor,

1, Club House Road, Chennai - 02

Tel : 91-44-28460390 - 94

Fax: 91-44-28460129

E-mail: cameo@cameoindia.com

Bankers

State Bank of Mysore,

Bangalore Main Branch,

Bangalore – 560 009.

Registered & Corporate Office

IZMO Limited

(Formerly known as Logix Microsystems Limited)

177/2C, Bilekahalli Industrial Area,

Bannerghatta Road,

Bangalore - 560 076, India

Tel : 91-80-67125400 to 5407

Fax: 91-80-67125408

Email : info@logixworld.com

Websites

www.izmoltd.com

www.izmocars.com

www.izmo.eu

INDIA

Bangalore

177/2C, Bilekahalli Industrial Area,

Bannerghatta Road,

Bangalore - 560 076, India

Tel : 91-80-67125400 to 5407

Sales & Marketing Offices

Mumbai

306, Balarama, Bandra Kurla Complex,

Bandra East, Mumbai - 400051

Tel / Fax: 91-22-40061859

Delhi

3rd Floor A-10,

Lajpat Nagar- Part-II

New Delhi – 110 024

Tel : 91-11-46575529

U.S.A

Corporate Headquarters

San Francisco

318, Brannan Street,

San Francisco, CA 94107

Tel : 415.495.6000

Fax: 415.495.2955

Photography Studio, Long Beach

3940 E. Gilman Street

Long Beach, CA 90815

Tel : 562.597.5740

Fax: 562.597.9616

EUROPE

Brussels

Diegemstraat, 45

1800 Vilvoorde,

Belgium

Core Management Team - USA

Mr. Tej Soni

President of izmocars

Core Management Team - INDIA

Mr. Gopi S D

Senior Manager-Finance and Accounts

Mr. Radha Krishna Kotha

Head-Online Marketing Services

Mr. Akula Sathya Kiran

Head-Web Division

Mr. Sarbashish Bhattacharjee

Chief Architect

Notice

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF IZMO LIMITED WILL BE HELD AT 9.30 A.M ON TUESDAY THE 30TH DAY OF SEPTEMBER 2014 AT BHARATIYA VIDYA BHAVAN, RACE COURSE ROAD, BANGALORE – 560 001 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay Soni, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Mr. R Vijayanand, Chartered Accountant (Membership Number 202118) as Statutory Auditor of the company to hold office of Auditor from the conclusion of this Annual General meeting until the conclusion of the Third consecutive Annual General meeting of the company to be held after this meeting, subject to ratification by the members at every Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactments thereof (hereinafter referred to as the “Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Act and the revised Clause 49 of the Listing Agreements to be effective from October 1, 2014 (hereinafter referred to as “Clause 49”), Mr. Ramanujam Krishnamurthy (DIN: 06940830), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Clause 49 and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company with effect from September 30, 2014 up to September 30, 2019.”
5. To consider, and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactments thereof (hereinafter referred to as the “Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Act and the revised Clause 49 of the Listing Agreements to be effective from October 1, 2014 (hereinafter referred to as “Clause 49”), Mr. P. Phaneendra (DIN: 06952301), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Clause 49 and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company with effect from September 30, 2014 up to September 30, 2019.”
6. To consider, and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactments thereof (hereinafter referred to as the “Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Act and the revised Clause 49 of the Listing Agreements to be effective from October 1, 2014 (hereinafter referred to as “Clause 49”), Mr. Vijay Kumar D Gupta (DIN: 00929401), Non Executive Director and Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Clause 49 and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company with effect from September 30, 2014 up to September 30, 2019.”

Place : Bangalore
Date : 03.09.2014

By order of the Board
For IZMO Limited
Sd/-
Sanjay Soni
Managing Director
DIN: 00609097
Address: Flat No. 9, Prestige Casablanca Apartments,
12/1, Old Airport Road, Bangalore-560017

Notice

Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE ON POLL AT THE MEETING INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.** An instrument appointing a proxy in order to be effective should be filled and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A person appointed as proxy, can act as a proxy for not more than 50 members and holding in aggregate not more than 10% of the total paid up share capital of the Company. A member holding more than 10% of the paid up share capital of the Company may appoint a single person as proxy and such person appointed can not act as proxy for any other member.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special business is annexed hereto and forms part of this Notice.
4. The relevant details of Directors seeking appointment / re-appointment, as required by Clause 49(IV)(G)(I) of the Listing Agreements entered into with the Stock Exchanges, are annexed herewith.
5. The Register of Directors and Key Managerial Personnel and their Shareholding, Register of contracts with related party and contracts and Bodies in which directors are interested and Register of Proxies would be available for inspection by the Members at the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed on Tuesday, September 30, 2014.
7. Bodies Corporate members are requested to send a certified copy of the board resolution authorising their representative/s to attend and vote at the meeting pursuant to provisions of Section 113 of the Companies Act, 2013.
8. Under Section 205C of the Companies Act, 1956, the amount of unclaimed dividends which are due for refund and remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company was not required to transfer any amounts to IEPF Account during the year and would transfer the amounts to IEPF Account as and when due.
9. Members are entitled to hold their shares in dematerialized (“Demat”) form. Those Members who are holding shares in physical form are requested to dematerialise their shares by approaching any of the Depository Participant/s. In case any Member wishes to dematerialise his/her/its shares and needs any assistance, he / she / it may write to the Registrar & Transfer Agent of the Company: Cameo Corporate Services Limited, “Subramanian Building”, V Floor, # 1, Club House Road, Chennai – 600 002.
10. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and public holidays between 11.00 a.m. to 5.00 p.m. up to the date of the Annual General Meeting.
11. Electronic copy of the Annual Report is being sent to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copy of the Annual Report is being sent in the permitted mode.
12. Electronic copy of the Notice of the Nineteenth Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copies of the Notice of the Nineteenth Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
13. Members may note that the Notice of the Nineteenth Annual General Meeting of the Company and the Annual Report will also be available on the website of the Company www.logixworld.com. Physical copies of the aforesaid documents will also be available at the Registered Office of the Company on all working days except on Saturdays, Sundays and public holidays between 11:00 a.m. to 5:00 p.m.
14. Members holding shares in the same name or same order of names under different Ledger Folios are required to send all their Share Certificates to the Company’s Share Transfer Agent at Chennai for consolidating all such Shareholdings into one Folio to facilitate better service.

Notice

15. Members holding shares in physical form only are requested to inform the changes, if any, in their registered addresses to the Company's Share Transfer Agent, Cameo Corporate Services Limited, "Subramanian Building", V Floor, # 1, Club House Road, Chennai – 600 002.
16. Members holding shares in electronic form should address all their correspondence to their respective Depository Participant (DP) only, regarding change of address, change of Bank account/ change of Bank nomination etc., and not to the Company. The Company will not act on any direct request from such members holding shares in electronic form for change/deletion in bank details.
17. Members may address all their documents/correspondence relating to the Equity Shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated above.
18. For convenience of members, an attendance slip is annexed to the proxy form.
19. Members are requested to affix their signature at the space provided and fill up all the particulars i.e., DP details, Client ID No. /Folio Numbers and hand over the attendance slip at the place of the meeting.
20. Members are requested to bring their copy of the Annual Report for the Meeting.
21. Pursuant to SEBI notification no. MED/ DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA to enable/effect transfer of Shares in physical form.
22. Voting through Electronic Means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.

The instructions for shareholders voting electronically are as under:

 - (i) The voting period begins on Tuesday, 23rd September 2014 (9AM IST) and ends on Thursday, 25th September 2014 (5PM IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of a n y company, then your existing password is to be used.

Notice

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with folio number is 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant IZMO on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

Notice

- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA), which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
23. During this period, Members of the Company, holding shares as at 22nd August 2014 either in physical form or in dematerialized form, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
Note: e-Voting shall not be allowed beyond said time.
The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company.
24. Mr. Manjunatha Reddy M having Membership No.: 19957 and CP No.: 7259, Practising Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
25. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
26. **A Member can opt for only one mode of voting i.e., either through e-voting or at the Annual General Meeting. If a Member casts votes by both modes, then voting done through e-voting shall prevail and vote at the Annual General Meeting shall be treated as invalid.**
27. The results declared along with the Scrutinizer's Report shall be placed on the Company's website within two days of passing of the resolution at the Nineteenth Annual General Meeting of the Company to be held on September 30, 2014. The same will also be communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

Notice

DETAILS OF DIRECTORS AS ON THE DATE OF THIS NOTICE SEEKING APPOINTMENT OR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING ("AGM")

Particulars	Mr. Sanjay Soni	Mr. Ramanujam Krishnamurthy	Mr. P. Phaneendra	Mr. Vijay Kumar D Gupta
Date of Birth	05.05.1968	23.09.1951	17.12.1959	02.08.1943
Date of Appointment	01.04.1999	Proposed to be appointed at the AGM with effect from 30.09.2014	Proposed to be appointed at the AGM with effect from 30.09.2014	23.07.2004
Qualification	Graduate in Commerce and has undertaken extensive studies in IT related fields for the last over one decade. He has undergone Post Graduate Program from the Indian Institute of Management (IIM-B), Bangalore	Graduate in Commerce, Science, Law and Member of ICSI	Graduate in Commerce and Member of ICAI, ICSI and ICWAI	Graduate in Science
Expertise in specific functional area	He has wide exposure to International Finance and Banking and has authored books	He has a vast experience in compliance of various Laws and Administration	He has a vast experience in Financial, Cost and Taxation Matters	33 Years of Industrial experience
No. of Shares held in the Company	63,78,805 as at 30.06.2014	NIL	NIL	37,142 as at 30.06.2014
Directorship in other Companies	1. Si2 Microsystems Private Limited 2. Deep Investment Advisory Bangalore Private Limited 3. Carazoo Online Solutions Private Limited 4. D'Gipro Systems Private Limited 5. D'Gipro Design Automation and Marketing Private Limited	None	None	1. Aries Gases Private Limited
Membership/Chairmanships of the Committees of other Public Companies	In IZMO Limited he is Chairman of Share Transfer Committee and Shareholder's Grievance Committee	None	None	In IZMO Limited he is Chairman of Audit Committee and Remuneration Committee
Attendance in the Board Meetings	No. of Board Meetings:5 Attended:5	NA	NA	No. of Board Meetings:5 Attended:5

Place : Bangalore
Date : 03.09.2014

By order of the Board
For IZMO Limited
Sd/-
Sanjay Soni
Managing Director
DIN: 00609097
Address: Flat No. 9, Prestige Casablanca Apartments,
12/1, Old Airport Road, Bangalore-560017

Notice

EXPLANATORY STATEMENTS UNDER SECTION 102 OF THE COMPANIES ACT, 2013:

Item No. 4:

Mr. Ramanujam Krishnamurthy (DIN: 06940830) is proposed to be appointed as an Independent Director pursuant to the provisions of Section 149 of the Companies Act, 2013 ("Act"), which has come into force with effect from April 1, 2014 and the revised Clause 49 of the Listing Agreements to be effective from October 1, 2014 ("Clause 49"). As per the said provision, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and shall not be liable to retire by rotation. Mr. Ramanujam Krishnamurthy (DIN: 06940830) has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act and Clause 49.

The Board of Directors of the Company, as recommended by Nomination & Remuneration Committee, has recommended the appointment of Mr. Ramanujam Krishnamurthy (DIN: 06940830) as an Independent Director for 5 years from the date of this AGM i.e., up to September 30, 2019. Mr. Ramanujam Krishnamurthy (DIN: 06940830) has completed his Graduation in Commerce, Science and Law. He is also a member of the Institute of Company Secretaries of India. He has a rich experience in Compliance of various Laws and Administration. Mr. Ramanujam Krishnamurthy (DIN: 06940830) possess relevant experience and knowledge in the field of Law and Administration.

Presently, Mr. Ramanujam Krishnamurthy (DIN: 06940830) practices as an Advocate in the High Court of Karnataka.

In the opinion of the Board, Mr. Ramanujam Krishnamurthy (DIN: 06940830) fulfills the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Ramanujam Krishnamurthy (DIN: 06940830) as Independent Director is now being placed before the members in the Nineteenth Annual General Meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 5.00 p.m. on all working days except Saturdays, Sundays and public holidays upto the date of the Nineteenth Annual General Meeting.

The Board recommends the resolution at Item No. 4 for approval by the members.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of the aforesaid resolution.

Item No. 5:

Mr. P. Phaneendra (DIN: 06952301) is proposed to be appointed as an Independent Director pursuant to the provisions of Section 149 of the Companies Act, 2013 ("Act"), which has come into force with effect from April 1, 2014 and the revised Clause 49 of the Listing Agreements to be effective from October 1, 2014 ("Clause 49"). As per the said provision, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and shall not be liable to retire by rotation. Mr. P. Phaneendra (DIN: 06952301) has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act and Clause 49.

The Board of Directors of the Company, as recommended by Nomination & Remuneration Committee, has recommended the appointment of Mr. P. Phaneendra (DIN: 06952301) as an Independent Director for 5 years from the date of this AGM i.e., up to September 30, 2019. Mr. P. Phaneendra (DIN: 06952301) has completed his Graduation in Commerce. He is also a member of the Institute of Company Secretaries of India, the Institute of Chartered Accountants of India and the Institute of Cost and Works Accountants of India. He has a rich experience in the matters of Finance, Cost and Taxation. Mr. P. Phaneendra (DIN: 06952301) possess relevant experience and knowledge in the field of Finance, Cost and Taxation.

Presently, Mr. P. Phaneendra (DIN: 06952301) renders services in the Company Secretarial Matters.

In the opinion of the Board, Mr. P. Phaneendra (DIN: 06952301) fulfills the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. P. Phaneendra (DIN: 06952301) as Independent Director is now being placed before the members in the Nineteenth Annual General Meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 5.00 p.m. on all working days except Saturdays, Sundays and public holidays upto the date of the Nineteenth Annual General Meeting.

The Board recommends the resolution at Item No. 5 for approval by the members.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested in passing of the aforesaid resolution.

Notice

Item No. 6:

Mr. Vijay Kumar D Gupta (DIN: 00929401), who is the Non Executive and Independent Director of the Company is proposed to be appointed as an Independent Director pursuant to the provisions of Section 149 of the Companies Act, 2013 ("Act"), which has come into force with effect from April 1, 2014 and the revised Clause 49 of the Listing Agreements to be effective from October 1, 2014 ("Clause 49"). As per the said provision, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and shall not be liable to retire by rotation. Mr. Vijay Kumar D Gupta (DIN: 00929401) has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act and Clause 49.

The Board of Directors of the Company, as recommended by Nomination & Remuneration Committee, has recommended the appointment of Mr. Vijay Kumar D Gupta (DIN: 00929401) as an Independent Director for 5 years from the date of this AGM i.e., up to September 30, 2019. Mr. Vijay Kumar D Gupta (DIN: 00929401) has completed his Graduation in Science. He has a rich Industrial experience. Mr. Vijay Kumar D Gupta (DIN: 00929401) possess relevant experience and knowledge in the field of Information Technology.

Presently, Mr. Vijay Kumar D Gupta (DIN: 00929401) offers business consultation services to various corporate.

In the opinion of the Board, Mr. Vijay Kumar D Gupta (DIN: 00929401) fulfills the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Vijay Kumar D Gupta (DIN: 00929401) as Independent Director is now being placed before the members in the Nineteenth Annual General Meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 5.00 p.m. on all working days except Saturdays, Sundays and public holidays upto the date of the Nineteenth Annual General Meeting.

The Board recommends the resolution at Item No. 6 for approval by the members.

None of the Directors or Key Managerial Personnel or their relatives, except Mr. Vijay Kumar D Gupta (DIN: 00929401) to the extent of his appointment, are in any way concerned or interested in passing of the aforesaid resolution.

Place : Bangalore
Date : 03.09.2014

By order of the Board
For IZMO Limited
Sd/-
Sanjay Soni
Managing Director
DIN: 00609097
Address: Flat No. 9, Prestige Casablanca Apartments,
12/1, Old Airport Road, Bangalore-560017



*"Winning isn't everything--but
wanting to win is."*

- Vince Lombardi

The Discus Thrower, or the Discobolus, is a famous lost Greek bronze original. The sculpture of it is still unknown. The Discobolus was completed towards the end of the severe period (460-450 BC).

Directors' Report

Dear Shareholder,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited statements of accounts for the year ended 31st March, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS :

Financial Highlights:

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Revenue from Operations	1,605.41	1,693.55
Other Income	243.84	457.71
Total Revenue	1,849.25	2,151.26
Direct cost of Operations	122.72	156.26
Increase/(Decrease) in Stocks/WIP	(0.96)	(1.63)
Employee Benefit Expenses	611.20	730.28
Financial Expenses	184.60	148.29
Depreciation	550.56	62.67
Other Expenses	343.83	313.90
Total Expenses	1,627.35	1,409.77
Profit before Tax & Exceptional Item	37.30	741.49
MAT Credit Adjustment	(9.71)	-
Reversal of Interest Receivable as Doubtful	-	(230.04)
Rebate on Export	-	(398.97)
Profit before Tax	27.59	121.47
Profit after Tax	19.68	74.30

Performance

The Company's sales have shown a slight drop as compared to the previous year. This is mainly on account of the slowdown in the domestic market due to which sales of Enterprise Connectivity products have fallen as compared to the previous year. Most companies have cut back on their capital expansion programs due to tight liquidity situation in the domestic economy. As a result of this, domestic sales have been affected.

The other income has shown a sharp fall primarily on account of the INR remaining quite stable against the US Dollar.

Analysis of Expenses

The direct cost of operations in FY 13-14 are significantly lower than FY 12-13. This is primarily on account of the lower sales of Enterprise Connectivity product.

The company has reduced its employee headcount substantially in FY 13-14 as compared to the previous year. This has resulted in the sharply lower employee costs for the company. The company is continuing to reduce its employee strength by increasing productivity within the company.

Financial costs have increased slightly as compared to the previous year. This is on account of an increase in interest rates charged by the bank on the company's working capital limits. However, this should reduce substantially in the current year.

Other expenses have shown a slight increase over the previous year. This is due to inflationary cost increases in areas such as rent, electricity charges and other overheads. The company is trying its best to control costs in every area to the maximum extent possible.

Directors' Report

Profitability

The overall profitability of the company has reduced as compared to the previous year. This is mainly on account of the significant increase in depreciation charges. The company has purchased substantial IP assets which are essential for future new product development and current product enhancements. The company had been deferring this purchase for the last 2-3 years due to the tight liquidity situation. Since that has considerably eased out in the current year, the company has been able to purchase these critical software IPs.

The company expects the profitability to further improve in the current year as a result of its European operations becoming profitable for the 1st time since inception. The turnover of the European operations in the 1st quarter of the current year has already crossed last full year's turnover.

The company's focus on growing its content sales business is also paying off. The Company has the world's largest database of automobile pictures and animations covering car models from USA, Mexico, Continental Europe and India. The Company is adding Brazil and China automobile models to its content database.

The company is the only supplier of images to the world's leading portals like Yahoo, AOL and MSN. It is the only company in the world having such extensive model coverage.

Business Overview

North America

USA

Its show-time again at the world's largest automotive market.

The U.S automotive industry shifted into top gear in 2013, generating \$730 billion in business revenue and employing more than 1 million people in their local communities.

In 2013, U. S automotive dealerships sold or leased more than 15.5 million new cars and light trucks, up 7.5 % from the year before, along with 3,51,737 new medium and heavy-duty trucks, up 1.7%. Total dealership revenue crossed \$730 billion, an 8.8% increase from the previous year. For the average dealership, new-car sales were up 10.5% and used-car sales, up 7.3%.

With a stronger housing market, improved job prospects and continued low interest rates to bolster auto sales further, NADA expects new car and light-truck sales to reach 16.4 million in 2014.

However, the gross margin on new-vehicle sales continued downward, falling to 3.8 % in 2013 from 4.2 % the previous year. Revenue from F&I, service contracts and other products accounted for 38.8% of gross profit, up from 36.9 % the previous year, nudging dealers towards web marketing, CRM and Service management solutions that help optimize resources as well as tap into other sources of revenue.

Even as izmo continues to serve US dealers with Automotive Websites, SEO and Social Marketing, CRM, Service Management and Email Marketing Services the time is now ideal to re-launch the izmo suite of products in the U S markets and negotiations are at an advanced stage with prospective channel partners.

Mexico



With hundreds of dealer websites, izmo continues to be the largest dealer website and mobile website service provider in Mexico.

Being the first mover in Mexico has paid rich dividends for izmo. Our company continues to be the only retail website provider for Nissan Mexico, the largest Automotive OEM in the country with a 24.8% market share. Izmo dealer websites and portals also drive the sales of Renault, Volkswagen, Chrysler Ram Dodge Jeep and Suzuki vehicles as well as used cars.

Directors' Report

European Union

The downward trend in EU car sales during 2013, with sales dropping to 11.80 million new cars, about 200,000 fewer than in 2012, proved to be a powerful catalyst driving dealers in large numbers to adopt online marketing solutions that not only reduce costs but deliver measurable results. As a result, your company was able to make important breakthroughs in several European countries, including France, Belgium, Spain, Portugal and Italy.

izmo is the only solutions provider in the E.U. providing the entire suite of solutions required by dealers to fully profit from the online marketing shift.



The izmo solution suite for EU auto dealers include “Virtual Showroom” Websites, Online Marketing and Social Media, Automotive CRM and ILM, Accessories, Service Management and Dealership Performance Consulting, as well as image processing services.

In order to address culturally diverse national markets, izmo has identified and engaged with well established channel partners in France, Spain, Portugal and Italy.

During the same period, the European division of izmoStudio made impressive gains in the automotive visual media segment, adding MSN in France, Germany, UK, Spain, Italy and Netherlands as part of a global agreement, as well as ISUZU, Avis, Multilease, VPN, Cartrawler, Individual Cars and Stickout. The izmoStudio client list in Europe also includes MeinAuto, Elite, Hertz, Terberg Leasing, Mobile DE, ASV and Europcar.

France

An unprecedented downturn in French car sales during 2013, with sales dropping to its lowest levels in 15 years, helped izmo make important breakthroughs in the market.

We were able to add HESS, the largest Automotive Dealer Group in France to our French portfolio. The dealer portfolio of your company in France now includes the French Brands Peugeot, Citroen and Renault, as well as Audi, Alfa Romeo, Abarth, Chrysler, Chevrolet, Dacia, Dodge, Fiat, Fiat Professional, Hyundai, Jeep, Jaguar, Land rover, Kia, Lancia, Lexus, Nissan, Opel, Saab, Seat, Skoda, Subaru, Suzuki, Toyota, Volkswagen and Volvo.

Izmo also launched 3 prominent automotive portals in France for HESS.

Other prominent clients in the French market include the Lamirault Group, Metin Group and Kayser Group.

Sales finally picked up during the second half of the year, with a 9.4 % increase in December 2013. The market has been steadily recovering ever since, and is expected to close 2014 with single digit sales gains.

Spain

Your company made inroads in the Spanish automotive market by adding new Audi and Volkswagen websites for the Vilamòbil group. Significant sales negotiations are now in the pipeline.

Portugal

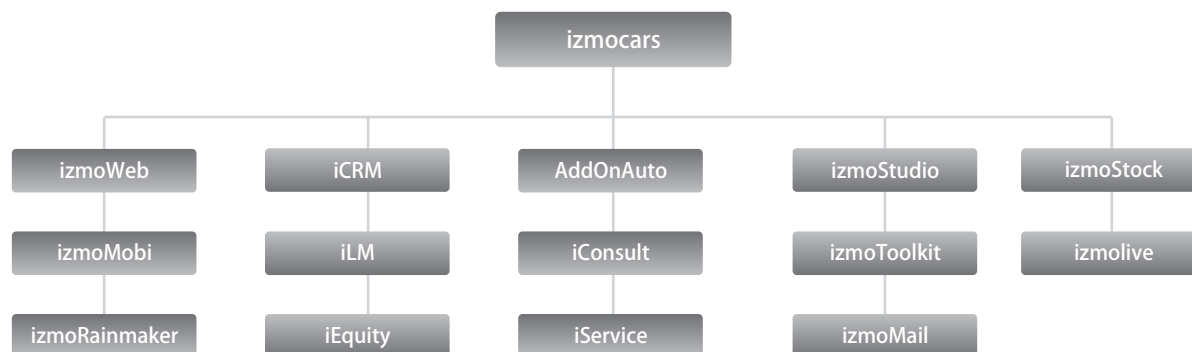
Izmo was able to make an important breakthrough in the service segment in Portugal, with hundreds of dealers signing up for an innovative service solution which is to be launched shortly.

Directors' Report

Italy

Izmo is making sales inroads in Italy and an important breakthrough is expected in the premium OEM segment shortly.

izmocars Solutions Map



ASIA

India

For the first time in 12 years, the domestic sale of Indian private vehicles dropped 6% in 2013. Car sales stood at 17,86,899 vehicles, down 4.65%, while SUV/ utility sales were down to 5,25,942 vehicles, a 5.01% decline.

Maruti Suzuki led the market selling 10,53,689 cars, a 0.25% improvement over last year. Hyundai retained their number 2 position but declined 0.88% with a sales of 3,80,253 vehicles, with improvement in sales of Hyundai's smaller cars compensating for the decline in Verna sales.

The silver lining in an otherwise bleak market was Honda, the biggest gainer of the year with 1,34,339 vehicles sold, a staggering 82% improvement, led by Brio and Amaze sales which accounted for 97,205 units. Fiat India increased sales by 86%, selling 11,980 units. Ford India sales increased by 9.38% to 84,469 vehicles, with strong demand for the EcoSport compensating for a sharp fall in Figo sales. Renault also managed to increase sales by 9.35%, selling 57,368 vehicles with the Duster alone accounting 46,786 units. Nissan also bucked the trend with a 3.28% improvement in sales.

Indian SUV exports had an impressive year with a 298% increase. During the period, Indian OEMs exported 41,550 vehicles.

Tata Motors was hit with a 36.78% drop in sales and Toyota sales declined 22.17% to 1,28,811 vehicles. Skoda sales dipped 31.33% to 19,959 cars. Mahindra & Mahindra sales was down 18.14% to 2,54,344 vehicles and Volkswagen had a disappointing year with sales at 52,528 units, a 19.77% drop. GM sales fell 8.24% to 80,890 vehicles.

Sales is finally picking up in the first months of 2014, but dealers are still coping with diminishing profits from new vehicle sales. As a result, they are increasing turning towards web based initiatives to generate revenue from multiple resources, with the used vehicles, accessories, service, finance and insurance departments increasingly getting attention.

Carazoo, the only Automotive solutions provider in the Indian market to provide 360^o auto retail solutions, from the motortrend.in Auto Portal to Virtual Dealer Showrooms complete with virtual vehicle walk-arounds and interiors, is now experiencing fast-paced growth. The Carazoo suite of solutions also include online marketing, Accessories Sales and CRM and Lead Management solutions.

Directors' Report

Market Opportunity and Growth Strategy

North America

USA

The Times They Are a-Changin'

The Internet is now the primary advertising & marketing media for U.S. dealers.



On average, U.S. dealerships spent 33% of their advertising dollars on the Internet in 2013, up from 26.5% last year. The change was primarily driven by the cost-efficiency of websites and online marketing, the high cost of traditional advertising, as well as OEM initiatives to take dealerships online.

In the same period, dealers spent only 15.5% on newspaper advertisements, a drop of 30%. Radio advertising fell to 14.5%, from 15.9% and television advertising increased marginally to 20.8%, from 20.2%. (Source: NADA Statistics)

As a result of web-centric advertising and marketing, average ad expense per new-vehicle sold fell to \$616, down 0.8%. The increased efficiency of web-based advertising resulted in dealers spending even more on advertising and dealership advertising increased 6.1% to \$7.6 billion.

As of 2013, the online advertising business is a market opportunity worth 2.5 billion dollars.

Your company is presently offering the entire suite of online solutions including dealer websites, mobile websites, online marketing and social media, email marketing, CRM, service management to U.S. dealers.

The time is now opportune to re-launch the izmo web platform and products in the U.S. market. Discussions with prominent channel partners are at an advanced stage.

European Union

European car sales rose 4.3% in May, the ninth consecutive monthly gain, as a recovery in consumer confidence encouraged purchases of new models.

After a six-year market slump, registrations increased to 1.13 million vehicles from 1.09 million a year earlier, according to European Automobile Manufacturers' Association (ACEA). Five-month sales gained 6.6% to 5.62 million cars.

Among the top 10 OEMs in Europe, Renault sold the most vehicles in May, gaining 18%. Market leader Volkswagen gained 9.5% and second-placed PSA Peugeot Citroen 4.2%.

With the region well on its way to recovery, izmo's early entry in Europe is now paying off and your company and its channel partners are gaining traction in France, Spain, Belgium, Italy and Portugal.

India

Carazoo, a 51% - 49% joint-venture between Motortrend, a leading global automotive portal and publications group and Logix Microsystems, has achieved impressive growth in the last fiscal. The motortrend.in portal clocked 1.2 million page views as of July 2014, up from 4,10,604 page views in June 2013. The Motortrend Google Plus page views have crossed 1 million and youtube views are nearing the half-million mark.

Motortrend.in is India's only Car portal that provides a multi-brand Online Showroom experience to prospective car buyers. Visitors can request to test drive any car and also get car dealers to chase their business.

Directors' Report

izmoWeb

Intelligent Web Design



Related Products

izmoMobi
Mobile Websites

IzmoToolkit
Internet Tools for Successful
Auto Business

izmoMail
Interactive Customer
Communication

izmoWeb is your interactive online dealership designed to differentiate your unique brand from the competition and help you increase sales.

izmoWeb uses visually rich interactive tools, making the visitor experience engaging, informative and fun.

izmoWeb's interactive animations encourage your prospects to easily connect with the "right car". A prospect using an izmoWeb site will "fall in love" with the car!

The result is increased time spent on your website, which in turn results in a higher percentage of leads and increased conversions.

www.izmocars.com/solutions/izmoweb.html

izmoMobi

Mobile Websites



Related Products

izmoWeb
Intelligent Web Design

izmoMobi is a mobile website solution, bringing automotive websites into the hands of millions of consumers worldwide through their mobile phones. izmoMobi provides advanced functionality, allowing viewers to search for vehicles and contact the dealer with a single-click.

izmoMobi incorporates a complete website delivery and flexible management system, allowing you to work the way you want.

izmoMobi helps dealers get access to the largest growing consumer base in the world. Dealers can now stay in touch with prospects even when they are on the road and Increase website coverage to include more consumers.

Direct lead generation with mobile phone contact information is another unique advantage of izmoMobi.

www.izmocars.com/solutions/izmomobi.html

Directors' Report

izmoRainmaker

Organic Online Marketing



Related Products

izmoWeb

Intelligent Web Design

iLM

Internet Lead Management

izmoRainmaker is a comprehensive, interactive, Internet marketing solution developed exclusively for the automotive retail industry by online marketing experts. Every izmocars customer works with a dedicated Rainmaker team, whose job is to increase your traffic, market your brand online through Search Engine Marketing (SEM) for car dealers, Social Media Marketing (SMM) and Search Engine Optimization (SEO).

izmoRainmaker Offers:

- Creative Services
- Social Media Marketing - Facebook, Twitter, LinkedIn...
- Interactive Marketing Campaigns
- Organic Search Engine Optimization
- Website Optimization
- Online Brand Marketing
- Research & Data Analysis

www.izmocars.com/solutions/izmorainmaker.html

iCRM

Customer Relationship Management



Related Products

iLM

Internet Lead Management

iEquity

Actionable Customer Intelligence

iCRM is an enterprise class Customer Relationship Management solution for the Automotive industry.

iCRM is delivered as a service, is completely Web- based and contains the following core functionalities:

- Sales Force Automation
- Finance & Insurance
- Campaign Management
- Service Management
- Business Development Center (BDC)

iCRM is certified by Ford, Jaguar, Lincoln, Volvo, Land Rover, Mercury, GM brands including Buick, GMC, Pontiac, Cadillac, Hummer, Saturn, Honda, Acura, Nissan, Infiniti, Mercedes Benz, Chrysler, Subaru, Saab and Mazda.

www.izmocars.com/solutions/icrm.html

Directors' Report

iService

Online Service Booking and Management



Related Products

iConsult

Sales Performance Coaching

iLM

Internet Lead Management

iService is the automotive Industry's first comprehensive online vehicle service management solution for auto dealers. This innovative service management solution allows service customers to schedule their service appointments online and dealer service departments to efficiently manage service appointments and optimize shop loading, resulting in better revenue and loyal customers.

iService Helps dealers achieve:

- Better Service Management
- Higher Profitability
- Increased CSI Scores
- Higher Service Department Productivity
- Reduced Loaner Expenses

www.izmostudio.com

www.izmocars.com/solutions/iservice.html

izmoStudio

Automotive Imagery & Animation



Related Products

izmoStock

Automotive Stock Photography

IzmoToolkit

Internet Tools for Successful Auto Business

IzmoMail

Interactive Customer Communication

izmoStudio is world leader in Digital Imagery and Interactive Media Solutions for the Automotive vertical, since 2002. izmoStudio produces High Quality Photographic images and Digital Animations for the North American and EU markets, covering all major makes and models.

Large Automotive Photography Studios strategically located in Long Beach, USA and Brussels, Belgium combined with state-of-the-art post-production facilities in Bangalore, enables izmoStudio to quickly produce large volumes of work, covering about 500 automotive models.

Presently, the izmoStudio client list includes leading portals like Yahoo!, AOL, AutoUSA and Jato Dynamics as well as OEMs like GM, Ford and Mitsubishi Motors.

Directors' Report

Carazoo was the first to introduce the concept of Online Showrooms for Car Dealers in India. Carazoo is also offering Online Marketing Solutions to Auto Dealers. Google acknowledged the online advertising prowess of Carazoo in a case-study.

On a strategic evaluation, Cap Gemini named Carazoo as one of the 7 Global entities that will influence Auto Retailing along with Yahoo, EBay, Wal-Mart and Edmunds.com.

With 149 online showrooms currently live and several in various stages of production, Carazoo is the dominant player in the car dealer website space. The Carazoo website portfolio includes Maruti Suzuki, Volkswagen, Hyundai, Honda, Mahindra, FIAT, Chevrolet, Ford, Renault, Tata Motors, Nissan, ISUZU and Skoda, besides Bajaj, Hero, Suzuki and Honda websites in the 2-wheeler segment, group websites and Trucks & Tractors websites.

Some of these Carazoo-powered online showrooms are: Bimal Auto, NBS Mahendra, Landmark Group, PPS Group, Sai Service Group, Sagar Auto, Mody Auto Group, Kataria Automobiles, Fortpoint Automotive, Trident Automotive Group and Shaman Auto Group.

Growth Paths

Izmo's early entry into new markets are now creating positive results for your company. We are now the market leader in Mexico, and the front runner in France. Major initiatives are underway in Italy, Portugal and Spain, and we expect to make positive announcements soon.

The India advantage of high-end support services at a relatively modest cost is a strategic advantage that greatly supports the organic growth of the company. Unlike other players, the India component is not merely another cost-cutting measure for izmocars – it is integral to the very corporate structure of the company, built into its corporate DNA.



Directors' Report

Growth Strategies

Izmocars is uniquely positioned as the innovation leader globally in automotive retail, providing end-to-end solutions ranging from a web platform to mobile websites, online marketing & Social Media, Email Marketing, CRM, Lead Management and Service Management, apart from market-leading interactive selling tools and automotive photography. izmocars aims to consolidate market position and thought leadership as the only end-to-end Automotive e-Solutions Provider globally.

The company is also consolidating its market leadership in the OEM space for high-end imaging, automotive animation and web solutions. A major addition to the image portfolio is MSN global, covering USA, Canada, UK, France, Germany, Russia, Spain, Italy, Netherlands, Mexico, Brazil, Australia, China and Japan. Izmo is also expanding its OEM portfolio of GM, Ford, Toyota, Lexus, Mitsubishi, Nissan, Renault, ISUZU and Hyundai.

Other prominent companies in the visual solutions portfolio include: AOL, YAHOO, AutoTrader, DATAONE, Jato, DME, AmFam, ImageSpan, SIM, MeinAuto, Elite, Hertz, Terberg Leasing, Mobile DE, ASV, Europcar, Dominion, Avis, Multilease, VP, Cartrawler, Individual Cars, Dealer E Process and Stickout.

Negotiations are at an advanced stage with several OEMs and prominent dealer groups.

Subsidiaries:

As required under Section 212 of the Companies Act, 1956 the audited statements of accounts along with the Directors' Reports thereon of the Company's subsidiaries for the year ended March 31, 2014 are to be annexed with this Report as Annexure A. However as per Ministry of Corporate Affairs' General Circular no. 2/2011 dated 8th February, 2011 the Ministry has granted general exemption from attaching the audited account of subsidiaries to Holding Company's Annual Report to all the Companies subject to certain disclosures to be made in the Annual Report of the Holding Company. The same disclosures have been made in the prescribed format and forms part of this Report.

Change in Name:

During the year, the Company's name has been changed from Logix Microsystems Limited to 'IZMO Limited' and necessary approvals were taken from the authorities concerned.

Dividend:

In order to augment the ongoing expansion programmes, the Directors have decided to plough back the profits into the system and regret inability to recommend dividend.

Fixed Deposits:

Your Company has not accepted any deposits.

Human Resources:

As on March 31, 2014 the employee strength was 131. This includes staff in India and in overseas offices.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Sanjay Soni, Director of the Company retires by rotation and is eligible for re-appointment.

Mr. RN Chawhan, Non Executive and Independent Director on the Board of the Company resigned with effect from 30th May 2014.

With the resignation of the Mr. RN Chawhan, the Board presently is constituted as follows:

- | | | | |
|----|-------------------------|---|--|
| a. | Mrs. Shashi Soni | - | Chairperson |
| b. | Mr. Sanjay Soni | - | Managing Director |
| c. | Mr. Vijay Kumar D Gupta | - | Non Executive and Independent Director |

Directors' Report

Pursuant to provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, your Board recommends the appointment of the following suitable individuals as Independent Directors of the Company for five consecutive years for a term upto September 30, 2019

- a. Mr. Ramanujam Krishnamurthy
- b. Mr. P. Phaneendra
- c. Mr. Vijay Kumar D Gupta

Details of the proposals are provided in the explanatory statement u/s 102 of the Companies Act, 2013 of the Notice of the Nineteenth Annual General Meeting.

With the appointment of the aforesaid three Independent Directors, majority of the Board would be Independent Directors.

Committees of the Board of Director:

Following Committees of the Board as required to be constituted under the provisions of Companies Act, 2013 and the Clause 49 of the Listing Agreement to be effective from October 1, 2014:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholders Relationship Committee
- d. Risk Management Committee

With the appointment of the three Independent Directors by the shareholders at the Nineteenth Annual General Meeting of the Company, all the aforesaid Committees of the Board would be duly constituted.

Auditors:

Mr. R Vijayananda, Chartered Accountant, the Statutory Auditor of the Company, hold office till the conclusion of the Nineteenth Annual General Meeting and is eligible for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, it is proposed to appoint Mr. R Vijayananda, Chartered Accountant as Statutory Auditor of the Company from the conclusion of the Nineteenth Annual General Meeting till the conclusion of the Twenty Second Annual General Meeting to be held in the year 2017, subject to ratification of his appointment at every Annual General Meeting.

Directors' Report

Auditors' Report:

As regards the comments of the Auditors in their Report dated 30th May 2014 relevant notes on accounts are self explanatory.

Director's replies to the qualifications/observations of the Auditors are as follows:

Sl. No.	Auditors Qualifications	Directors Reply
1.	<i>Attention is drawn to Note No 23.13(b) as regards remuneration paid to the managing director is in excess of limits prescribed under the Companies Act, 1956. The Company had applied for the requisite approval from the Central Government which had not been granted.</i>	The Company had applied for the requisite approval from the Central Government which had not been granted, but the management is confident of obtaining the approval and is in the process of filing revised application for the same. Pending outcome of the same, these amounts continue to be considered as an expense.
2.	<i>Short Term Loans and advances as at 31st March 2014 includes a sum of Rs. 51.42 lacs of accrued interest on Inter-Corporate Deposits (ICD), which is long overdue and pending confirmation. Management is of the opinion that the same would be recovered in full and accordingly no provision towards possible non-recovery has been made in respect of the same. In the absence of confirmation for the same, I am unable to comment on the recoverability of the aforesaid amounts.</i>	<p>During the financial year 1999-2000, the company had acquired 100,000 equity shares of Singapore Dollars 1 each in Midrange Software Pte. Limited (formerly Logix Microsystems (S) Pte.Ltd.,) Singapore. The remittance towards the same has not been made pending requisite approval.</p> <p>During the financial year 2013-14, the Company received the allotment of 50,000 equity shares on 15th April 2013 from its subsidiary Logix Americas Inc., which is the holding company for the US subsidiaries against Share Application Money pending allotment as on that date. The investment in Logix Americas Inc., has in-turn been invested by way of equity and loans in Homestar Systems Inc., Homestar LLC, the step-down subsidiaries of Logix Americas Inc.</p>
3.	<i>Attention is drawn to Note No 23.18 as regards Investment in Subsidiaries including Share Application Money pending allotment, Long term investments as at the Balance Sheet date include Rs.160.30 crores in wholly owned subsidiaries, including share application pending allotment from Izmo Europe BVBA, Rs.8.89 Crores, which are carried at cost. In the absence of independently reviewed / audited financial statements in respect of these subsidiaries (including their step down subsidiaries), I am unable to carry out necessary procedures to reliably examine if there has been any decline in the carrying value of the stated investments. I am therefore unable to comment on the impact, if any, on the Profit & Loss account as at the Balance Sheet date.</i>	<p>The Company has invested in Midrange Software Pte Ltd, Singapore. Midrange has incurred losses during recent years. However, based on the management's perception of the growth prospects and the performance of Midrange, in the opinion of the management there is no permanent diminution in value of the investment.</p> <p>The Company has invested in its subsidiary Logix Americas Inc, which is the holding company of Homestar Systems Inc. The management had obtained an independent valuation of its operating enterprises in the US. Based on the same and further based on the management's view on the prospects in the region, the management does not envisage any decline in the value of the investments and consider it appropriate to have the carrying value at par in respect of its investments in Logix America Inc as well.</p> <p>The Company has invested in its subsidiary Izmo Europe BVBA Belgium. Izmo Europe BVBA has incurred losses during the recent years. However, based on the management's perception of the growth prospects and the performance of Izmo Europe, in the opinion of the management there is no permanent diminution in value of the investment.</p>

Directors' Report

Sl. No.	Auditors Qualifications	Directors Reply
4.	The Company has granted loans to a party covered under Section 301 of the Act and since the terms and conditions of such a loan are not stipulated, <i>I am unable to comment as to whether the rate of interest or other terms and conditions are prejudicial to the interest of the Company.</i>	The Company is confident of recovering the loans granted to the related parties, hence the same is not prejudicial to the interest of the Company.
5.	In respect of loans granted, the terms of repayment of the principal amount and the payment of the interest have not been stipulated and hence <i>I am unable to comment as to whether receipt of the principal amount and the interest is regular.</i>	The Company is confident of recovering the loans granted by the Company.
6.	Where overdue amount in respect of a loan granted is more than one lakh, <i>reasonable steps have not been taken by the Company for recovery of the principal amount and interest.</i>	The management took note of the same and have formulated scheme of recovery for realizing over dues.
7.	Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, <i>have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases.</i>	The Management of the Company took note of the same and have taken appropriate steps to prevent the same in forthcoming years.
8.	<i>As regards provision for current year taxation the company is in the process of making payment towards TDS on Non-Resident dues of Rs. 16,05,745/- under the provisions of Income Tax Act,1961 and provident fund dues of Rs. 58,60,750/- under the provisions of Provident Fund Act,1952.</i>	Management is of the opinion that Dues with respect to withholding taxes and Provident fund dues shall be paid in full before the due date of filing of Income tax returns and accordingly no disallowance under the provisions of Income Tax Act,1961 shall be attracted in respect of the same.
9.	<i>The Company during the year has not made remittance towards Withholding tax dues with respect to Non residents under the provisions of Income tax Act,1961. Further provisions for interest on account of the above dues have not been provided for in the books of account.</i>	The management took note of the same and have taken steps to include the same in forthcoming financial years.

Directors' Report

Sl. No.	Auditors Qualifications	Directors Reply
10.	<i>We did not audit the financial statements of the subsidiaries. Financial statements of the subsidiaries are as furnished and certified by the management reflecting total net worth of Rs 177.19 crores as at 31st March, 2014 and total revenue from operations of Rs.29.07 crores for the year ended are unaudited and have been certified by the management.</i>	The Management has provided true and fair financial statements of the subsidiaries to the Auditors.
11.	<i>The financial statements of subsidiary of Logix Americas Inc i.e. Get Logix L.L.C., USA, has not been considered for the purpose of this consolidated financial statements.</i>	The financials of the subsidiary is under the process of finalization and were unavailable for consolidation.
12.	<i>Attention is drawn to Note No.23.2, in respect of non-uniformity of accounting policies adopted; and Note No. 23.1 (g) in respect of the revenue items being translated at average rates as at the year end instead of average rates during the year; changes arising from re-statement of opening balances of subsidiaries, Note No 23.13 regarding non-reconciliation of inter-company balances; the effect of which on the consolidated financial statements has not been quantified.</i>	The financial statements of the Indian company are prepared in accordance with the Accounting Standards followed in India. The financial statements of the subsidiary in Singapore are prepared in accordance with the Singapore Statement of Accounting Standards. The financial statements of the US subsidiaries are prepared in accordance with the accounting practices in the US. The financial statements of the subsidiary in Belgium are prepared in accordance with the accounting practices in Belgium. The Management has taken note of the same and have taken steps to implement Global Accounting Practices to meet the requirements in future.
13.	<i>The impact of minority interest on net income and also on net assets of subsidiaries has not been identified. Accordingly, related adjustments and disclosures required to the consolidated financial statements have not been carried out.</i>	The Management has taken note of the same and has taken steps to resolve the same.
14.	<i>The Consolidated Cash Flow statement has not been compiled.</i>	The Management has taken note of the same and has taken steps to resolve the same.
15.	<i>Attention is drawn to Note No 23.5 (b) as regards remuneration paid to the managing director is in excess of limits prescribed under the Companies Act.</i>	The Company had applied for the requisite approval from the Central Government which had not been granted, but the management is confident of obtaining the approval and is in the process of filing revised application for the same. Pending outcome of the same, these amounts continue to be considered as an expense.

Directors' Report

Particulars of Employees:

Details of employees as required under Section 217(2A) of the Companies Act, 1956, is as follows:

Name	Age (Yrs)	Designation & Nature of Duties	Remuneration (Per annum) In INR	Qualification	Experience	Date of joining	Details of last employment
Sanjay Soni	46	Managing Director	60,00,000*	MBA from IIM-B	20 years	18.09.1995	Business

*includes all allowance and perquisites

Directors' Responsibility Statement:

The Directors have fulfilled their responsibility in preparation of the accompanying financial statements by taking all reasonable steps to ensure that:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the financial year ended 31st March, 2014;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

Management Discussion & Analysis Report:

Pursuant to the provisions of Clause 49 of the Listing Agreement, Management Discussion & Analysis Report is annexed as part of this report separately as Annexure B.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The particulars as prescribed under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of Board of Directors) Rules, 1988 are as follows:

A. Conservation of Energy

The operations of the Company are not energy intensive. Adequate measures have been taken to conserve and optimize the use of energy through improved operational methods.

B. Technology Absorption and Research & Development (R&D)

The Company uses the latest technology available in modern technology applications. Indigenous technology available is continuously being upgraded to improve overall performance. The Company has a dedicated team of technically competent personnel who relentlessly work on technology up gradation and development related fields.

Research and Development continues to be given very high priority in Software Technology in the area of telecommunications and hardware technology in the area of embedded systems.

Directors' Report

C. Foreign Exchange Earnings & Outgo

During the year, the details of Foreign Exchange transactions were:

Earnings	–	Rs 1,425.56 (PY - Rs.1,451.87 Lakhs)
Outgo	–	Rs 135.29 (PY - Rs.536.07 Lakhs)

Corporate Governance:

The report on Corporate Governance together with the Auditor's Certificate regarding the Compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed and forms part of this Annual Report as Annexure C.

Acknowledgment:

Your Directors place on record their deep appreciation for the support extended by the business associates, customers and vendors. Your Directors place on record their gratitude of the significant contribution made by employees at all levels who have been instrumental in enabling your Company to make rapid progress during the year. Your Directors also thank Bankers, Government and Quasi Government Agencies, STPI Authorities, Capital market, media and the shareholders fraternity for their support during the year.

By order of the Board
For IZMO Limited

Place: Bangalore
Date: 3rd September, 2014

Sd/-
Sanjay Soni
Managing Director
DIN: 00609097
Address: Flat No. 9,
Prestige Casablanca Apartments,
12/1, Old Airport Road, Bangalore-560017

Sd/-
Shashi Soni
Chairperson and
Wholetime Director
DIN: 00609217
Address: Flat No. 9,
Prestige Casablanca Apartments,
12/1, Old Airport Road, Bangalore-560017

Directors' Report

ANNEXURE A

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2013-14

Name of Subsidiary	Izmo Europe BVBA	Logix Americas Inc and its subsidiaries	Midrange Software Pte Ltd
1 The Financial year of the Subsidiary Companies ended on	31.03.2014	31.03.2014	31.03.2014
2 Date from which they became Subsidiary companies	27.06.2008	26.6.2000	10.01.2000
3 Number of shares held by Logix Microsystems Ltd with its nominees in the Subsidiaries as at 31.03.2014 (including Shares pending allotment)	13,59,093 Equity Shares of Euros 1 each.	1,50,000 Equity Shares of US \$ 195.01 each fully paid up and 50,000 Equity shares of US\$ 266.942 fully paid up	19,04,915 Equity Shares of Singapore \$ 1 each fully paid up
Extent of interest of Holding Company as at 31.03.2014	100%	100%	100%
4 The net aggregate amount of the Profit/(Loss) so far as it concerns the members of the Holding Company. * Not dealt with in the Holding Company's Accounts			
(a) For the Financial year ended 31.03.2014	(EUR 152,490.60)	(USD 49,185.25)	(SGD 94,424.00)
(b) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries.	(EUR 1,509,503.00)	USD 1,189,544.23	(SGD 124,027.00)
* Dealt with in the Holding Company's accounts			
(a) For the Financial year ended 31.03.2014	NIL	NIL	NIL
(b) For the previous Financial years of the Subsidiary companies since they became the Holding Company's Subsidiaries	NIL	NIL	NIL

Particulars	Izmo Europe BVBA	Logix Americas Inc and its subsidiaries	Midrange Software Pte Ltd
(a) Capital	EUR 1,359,093.00	USD 32,848,100.00	SGD 1,904,915.00
(b) Reserves	(EUR 1,509,503.00)	USD 1,189,544.23	(SGD 124,027.00)
(c) Total Assets	EUR 393,467.00	USD 40,950,907.35	SGD 3,003,174.00
(d) Total Liabilities	EUR 543,877.00	USD 6,913,263.12	SGD 1,222,286.00
(e) Details of Investment (except in case of investment in the subsidiaries)	EUR 0.00	USD 0.00	SGD 0.00
(f) Turnover	EUR 546,236.72	USD 9,548,365.13	SGD 32,181.00
(g) Profit before Taxation	(EUR 152,490.60)	(USD 49,185.25)	(SGD 94,424)
(h) Provision for Taxation	EUR 0.00	USD 0.00	SGD 0.00
(i) Profit after Taxation	(EUR 152,490.60)	(USD 49,185.25)	(SGD 94,424)
(j) Proposed Dividend	EUR 0.00	USD 0.00	SGD 0.00

Directors' Report

ANNEXURE B

MANAGEMENT DISCUSSION & ANALYSIS REPORT :

This Report is made pursuant to the provisions of Clause 49 of the Listing Agreement

1. Industry structure and developments:

Technological Innovations are evolving rapidly. The Continuous upgrading of the technology and the usage of the cutting edge technology has enabled the Company in transforming its business. The Technological Innovation has been a catalyst in attaining breakthroughs all over the world by the Company.

2. Opportunities and Threats:

Internet makes the world smaller. By exploiting the Technology resources to the maximum levels the Company has been able to market its products internationally. Technology is continuously evolving and it creates a tremendous pressure on the Company to keep itself updated and the continuous up-gradation of system becomes essential. Rapidly developing technology act as a threat to the Company.

3. Segment wise or Product-wise performance:

NORTH AMERICA

USA:

Izmo is currently serving the US dealers with Automotive Websites, SEO and Social Marketing, CRM, Service Management and Email Marketing Services.

On analysis of the general trend and the Economic Conditions of the Market Izmo feels that it is an ideal time to re-launch the izmo suite of products in the U S markets. The negotiations for the same are at an advanced stage with prospective channel partners.

The gross margin on new-vehicle sales continued downward, falling to 3.8 % in 2013 from 4.2 % the previous year. Revenue from F&I, service contracts and other products accounted for 38.8% of gross profit, up from 36.9 % the previous year, nudging dealers towards web marketing, CRM and Service management solutions that help optimize resources as well as tap into other sources of revenue.

Mexico:

Being the first mover in Mexico has paid rich dividends for Izmo. Our company continues to be the only retail website provider in Mexico.

EUROPE :

European Union:

The downward trend in EU car sales proved to be a powerful catalyst driving dealers in large numbers to adopt online marketing solutions that not only reduce costs but deliver measurable results. As a result your company was able to make important breakthroughs in several European countries, including France, Belgium, Spain, Portugal and Italy.

During the same period, the European division of izmoStudio made impressive gains in the automotive visual media segment.

France:

An unprecedented downturn in French car sales during 2013, with sales dropping to its lowest levels in 15 years, helped izmo make important breakthroughs in the market. Izmo also launched 3 prominent automotive portals in France for HESS.

Spain:

Your company made inroads in the Spanish automotive market. Significant sales negotiations are now in the pipeline.

Portugal:

Izmo was able to make an important breakthrough in the service segment in Portugal, with hundreds of dealers signing up for an innovative service solution which is to be launched shortly.

Italy:

Izmo is making sales inroads in Italy and an important breakthrough is expected in the premium OEM segment shortly.

Directors' Report

ASIA

India

The Indian Dealers are increasing turning towards web based initiatives to generate revenue. Carazoo, the only Automotive solutions provider in the Indian market to provide 360 auto retail solutions, from the motortrend.in Auto Portal to Virtual Dealer Showrooms complete with virtual vehicle walk-arounds and interiors, is now experiencing fast-paced growth.

4. Outlook:

Izmocars is uniquely positioned as the innovation leader globally in automotive retail, providing end-to-end solutions ranging from a web platform to mobile websites, online marketing & Social Media, Email Marketing, CRM, Lead Management and Service Management, apart from market-leading interactive selling tools and automotive photography. Izmocars aims to consolidate market position and thought leadership as the only end-to-end Automotive e-Solutions Provider globally.

5. Risks and concern:

Izmo deals in the world-wide market. The different market dynamics have a slight bearing on the operations of the Company. The Gains of the Company are significantly inter linked with the growth of the Automobile Industry all over the Globe. The rapidly developing markets and the Competition in the market is a major concern for the Company.

6. Internal control systems and their adequacy:

The Company is one of the main users of the Cutting-edge Technology and is avidly using the cyber space for reaching its customers worldwide. We have implemented control mechanisms in real time and are confident that the established internal Control mechanism is commensurate with the size and the operation of the Company.

7. Discussion on financial performance with respect to operational performance:

The Company's sales have shown a slight drop as compared to the previous year. This is mainly on account of the slowdown in the domestic market due to which sales of Enterprise Connectivity products have fallen as compared to the previous year.

Most companies have cut back on their capital expansion programs due to tight liquidity situation in the domestic economy. As a result of this, domestic sales have been affected. The other income has shown a sharp fall primarily on account of the INR remaining quite stable against the US Dollar

8. Material developments on the Human Resources/ Industrial Relations front, including number of people employed:

The company has reduced its employee headcount substantially in FY 13-14 as compared to the previous year. This has resulted in the sharply lower employee costs for the company. The company is continuing to reduce its employee strength by increasing productivity within the company.

By order of the Board
For IZMO Limited

Place: Bangalore
Date: 3rd September, 2014

Sd/-
Sanjay Soni
Managing Director
DIN: 00609097
Address: Flat No. 9,
Prestige Casablanca Apartments,
12/1, Old Airport Road, Bangalore-560017

Sd/-
Shashi Soni
Chairperson and
Wholtime Director
DIN: 00609217
Address: Flat No. 9,
Prestige Casablanca Apartments,
12/1, Old Airport Road, Bangalore-560017

Report on Corporate Governance

ANNEXURE C

1. Company's Philosophy on Code of Governance

The Company's Philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to shareholders and stakeholders.

2. Board of Directors

The Board of Directors of the Company is comprised of

- 1 Non-executive Directors and
- 2 Executive Directors

The Attendance of each Director at the Board Meetings, last Annual General Meetings and Relationship with other Directors were as under:

Name of the Director	Category	No. of Board Meetings Attended	Last AGM Attendance (Yes/No)	Relationship with other Directors
Shashi Soni	Executive	5	No	Yes
Sanjay Soni	Executive	5	Yes	Yes
Vijay Kumar D Gupta	Non-Executive	5	No	No
R N Chawhan*	Non Executive	5	No	No

* Ceased to be Director with effect from 30.05.2014

Number of Board Meetings held and the date on which held: 5

During the year 5 Board Meetings were held on 30.05.2013, 14.08.2013, 02.09.2013, 13.11.2013 and 14.02.2014.

3. Audit Committee

Your Company's Audit Committee has been discharging its obligations uniformly.

The functions of Audit Committee are as follows:

- To oversee the Company's financial reporting process and disclosure of its financial information;
- To recommend the appointment of Statutory Auditors and fixation of the audit fee;
- To review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit function, major accounting policies, practices and entries;
- Compliance with Accounting Standards;

- Compliance with the Stock Exchange and legal requirements concerning financial statement and related party transactions, if any;
- To review the Company's financial and risk management policies;
- Discuss with the Internal Auditors any significant findings for follow-up thereon;
- To review the quarterly, half yearly and annual financial statement before submission to the Board of Directors

The Committee shall also meet the Management team and review the operations, new initiatives and performance of the business units. The Minutes of the Audit Committee would be circulated to the Board, discussed and taken note of.

The Audit Committee is comprised of the following Directors:

- 1) Mr. Vijay Kumar D Gupta – Chairman
- 2) Mrs. Shashi Soni – Member
- 3) Mr. Roop Sing Chawhan* - Member

* Ceased to be Director with effect from 30.05.2014

The Audit Committee has met 5 times during the year under review on 30.05.2013, 14.08.2013, 02.09.2013, 13.11.2013 and 14.02.2014.

Mr. Vijay Kumar D Gupta, Mr. Roop Sing Chawhan and Mrs. Shashi Soni have attended all the 5 meetings.

The Audit Committee shall review the financial results, accounting and financial controls as well as policies and practices as also internal control and internal audit systems.

4. Share Transfer Committee

The Share Transfer Committee considers transfers /transmissions of shares issued by the Company, issue of duplicate Share Certificates and Certificates after split/consolidation etc.

The Committee comprises of the Chairman, who is an Executive Director and another Member, who is also an Executive Director.

The Share Transfer Committee is comprised of the following Directors:

1. Mr. Sanjay Soni – Chairman
2. Mrs. Shashi Soni - Member

Report on Corporate Governance

5. Remuneration Committee

a. Terms of Reference

To review, assess and recommend the appointment and remuneration of executive Directors and senior employees of the Company from time to time, periodically review the remuneration package of the executive Directors/senior employees and recommend suitable revision to the Board.

b. Composition

The Committee comprises one Non-executive Director and one Executive Director.

The Remuneration Committee is comprised of the following Directors:

- 1) Mr. Vijay Kumar D Gupta – Chairman
- 2) Mrs. Shashi Soni – Member

c. Remuneration Policy

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The components of the total remuneration vary from different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled by the person, individual performance etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

d. Details of remuneration for the year 2013 – 2014:

Name of Director	Remuneration Amount in Rs.	Sitting Fees Amount in Rs.
Mr. Sanjay Soni	60,00,000	NA
Mrs. Shashi Soni	1,96,044	NA
Mr. Vijay Kumar Gupta	NA	Nil
Mr. R.N. Chawhan	NA	2,500

6. Shareholders' Grievances Committee

The Company's Share Transfer Committee also acts as the Shareholders' Grievances Committee and addresses the issues related thereto.

7. General Body Meeting

Following are the details of the last three Annual General Meetings:

Year	Venue	Date	Time
2010-11	Hotel Chalukya Race Course Road	29.09.2011	4.30 PM
2011-12	Bharatiya Vidya Bhavan Race Course Road	29.09.2012	9.30 AM
2012-13	Bharatiya Vidya Bhavan Race Course Road	30.09.2013	9.30 AM

8. Postal Ballot:

The Company has passed following three resolutions by Postal Ballot on 02.08.2014 pursuant to Section 110 of the Companies Act, 2013 and e-Voting under Section 108 of the Companies Act, 2013:

Item No. 1

Change of name of the Company from 'Logix Microsystems Limited' to 'IZMO Limited' pursuant to Section 13 of the Companies Act, 2013 and consequent alteration in the Memorandum and in the Articles of Association of the Company:

Number of valid postal ballot forms/e-votes received	2775974
Number of votes in favour of the Resolution	2774458
Number of votes against the Resolution	1516
Number of invalid/neutral postal ballot forms received	NIL

The Resolution therefore was approved by the members of the Company with the requisite majority as special resolution.

Item No.2

Transaction with Related Parties u/s 188 of the Companies Act, 2013

Number of valid postal ballot forms/e-votes received	95896
Number of votes in favour of the Resolution	93640
Number of votes against the Resolution	2256
Number of invalid/neutral postal ballot forms received	NIL

The Resolution therefore was approved by the members of the Company with the requisite majority as special resolution.

Report on Corporate Governance

Item No.3

Amendment to the Employee Stock Option Scheme namely Employee Stock Option Plan 2013 [ESOP 2013]

Number of valid postal ballot forms/e-votes received	2775974
Number of votes in favour of the Resolution	2771467
Number of votes against the Resolution	4507
Number of invalid/neutral postal ballot forms received	NIL

The Resolution therefore was approved by the members of the Company with the requisite majority as special resolution.

9. Disclosures:

There were no transactions of material nature with the Directors or the Management or their Subsidiaries or Relatives of the Directors during the year. There were no instances of non-compliance on any matter related to the capital markets, during the last year.

10. Means of Communication:

Quarterly results are published in daily newspapers viz, Business Standard / Mint and Vartha Bharati. These quarterly results are also made available at the website of the Company www.logixworld.com.

11. Disclosures regarding Suspense Account pursuant to SEBI Circular no. SEBI/CFD/DIL/LA/1/2009/24 /04 dated 24.4.2009: As per the above mentioned Circular, Clause 5A stands for shares issued pursuant to the public issues or any other issue which remain unclaimed and are lying in the escrow account and any unclaimed benefits like Dividend, Bonus shares etc. on such shares, which are to be credited to the Demat Suspense Account. Your Company is taking steps to streamline all the requirements.

12. General Shareholders Information:

- Annual General Meeting is proposed to be held on Tuesday, the 30th day of September 2014 at 9.30 A.M at Hotel Bharatiya Vidya Bhavan, Race Course Road, Bangalore – 560 001.
- Dates of book closure: 30th September 2014.
- Listing of Equity Shares on Stock Exchanges at: National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE)
- Listing fees for the year 2013-14 has been paid to National Stock Exchange and the Stock Exchange, Mumbai.

- Scrip Code at:
National Stock Exchange – **LOGIXMICRO**
The Stock Exchange, Mumbai - **532341**
- Registrar and Share Transfer Agent and Share Transfer System:
Cameo Corporate Services Limited
“Subramanian Building”, 5th Floor,
1, Club House Road, Chennai – 600 002
Tel: 044-28460390
Fax: 044-28460129
Email: cameogm@satyam.net.in

The Share Transfers in physical form are processed and the Share Certificates returned within a period of 15–20 days from the date of receipt, subject to the documents being valid in all respects. After the Share Transfer is effected, a letter is sent by the R&T Agents to the buyer (transferee) indicating the details of the transferred shares and in case the buyer wishes to dematerialise the shares he can approach a Depository Participant (DP) with the letter. The DP will, based on the letter, generate a dematerialisation request, which he will send to the Company along with the option letter issued by the R&T Agents. On receipt of the same the R&T Agents will dematerialise the shares. In case, the buyer (transferee) does not wish to dematerialise the shares, he need not exercise the option and the R&T Agents will despatch the Share Certificates after 30 days. It also arranges for issue of dividend and also accepts, deals with and resolve complaints of shareholders. Shareholder complaints are given top priority by the Company and by the Share Transfer Agents and are replied to, promptly. Shareholders' correspondence should be addressed to the Company's Registrar and Share Transfer Agents. Members may also write to the Compliance Officer at the Registered Office of the Company as stated below:

Mr. Gopi S D
Senior Manager – Finance & Accounts & Compliance Officer

P.O. Box 7620, 177/2C, Billekahalli Industrial Area,
Bannerghatta Road, Bangalore – 560 076.

Periodically, audits are carried out at the office of the Share Transfer Agents by independent Practicing Company Secretary and requisite Certificates/Reports are obtained.

Report on Corporate Governance

- Distribution of Shareholding as on 31.03.2014:

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Up to 100	3484	50.3395	256034	2.1162
101 – 500	2080	30.0534	620183	5.1260
501 – 1000	624	9.0160	517389	4.2764
1001 – 2000	332	4.7969	513002	4.2401
2001 – 3000	141	2.0372	362568	2.9967
3001 – 4000	49	0.7079	175342	1.4492
4001 – 5000	50	0.7224	237358	1.9618
5001 – 10000	75	1.0836	560304	4.6311
10001 & above	86	1.2425	8856493	73.2021
Total	6921	100.0000	12098673	100.0000

- Shareholding Pattern as on 31.03.2014:

CATEGORY	NO.OF HOLDERS	TOTAL SHARES	% TO EQUITY
Resident	6628	6930595	57.2839
FII	2	1163394	9.6158
NRI	77	106201	0.8777
Corporate Body	193	1545423	12.7734
Clearing Member	10	2955	0.0244
Promoters	11	2350105	19.4244
TOTAL	6921	12098673	100.0000

- **Dematerialisation of shares:**

As on 31.03.2014, 97.95% of the Company's total Share Capital was held in dematerialised form. The Demat ISIN No. in NSDL & CDSL is INE 848A01014.

- **Address for correspondence:**

The Company's Registered Office & Corporate Office is situated at:

P.O.Box 7620, 177/2C, Billekahalli Industrial Area, Bannerghatta Road, Bangalore – 560 076

Tel : +91-80-6712 5400 to 5409

Fax : +91-80-6712 5425

- **Shareholders' correspondence should be addressed**

to: Cameo Corporate Services Limited

“Subramanian Building”, V Floor

1, Club House Road, Chennai – 600 002

Tel: 044-28460390-94 Fax: 044-28460129

Email: cameogm@satyam.net.in

Contact person: Mr. Narashiman

- **Stock market price data for the year 2013-2014 on BSE:**

Month	High	Low
April 2013	13.07	9.20
May 2013	13.30	10.30
June 2013	11.60	7.60
July 2013	9.25	6.51
August 2013	7.54	6.60
September 2013	9.08	6.46
October 2013	9.19	7.94
November 2013	8.80	7.27
December 2013	9.50	7.78
January 2014	13.50	9.00
February 2014	10.58	8.31
March 2014	9.13	7.71

- **Stock market price data for the year 2013-2014 on NSE:**

Month	High	Low
April 2013	12.90	9.25
May 2013	13.30	10.25
June 2013	11.60	7.70
July 2013	9.05	8.40
August 2013	No Trading	
September 2013	No Trading	
October 2013	No Trading	
November 2013	No Trading	
December 2013	No Trading	
January 2014	13.40	10.10
February 2014	10.40	8.00
March 2014	9.40	7.75

Report on Corporate Governance

- Performance in comparison to broad-based indices such as Sensex and NIFTY:



- There are no outstanding GDRs/ADRs/Warrants or any Convertible instruments

By order of the Board
For IZMO Limited

Place: Bangalore
Date: 3rd September, 2014

Sd/-
Sanjay Soni
Managing Director
DIN: 00609097
Address: Flat No. 9,
Prestige Casablanca Apartments,
12/1, Old Airport Road, Bangalore-560017

Sd/-
Shashi Soni
Chairperson and
Wholetime Director
DIN: 00609217
Address: Flat No. 9,
Prestige Casablanca Apartments,
12/1, Old Airport Road, Bangalore-560017

CERTIFICATION BY MANAGING DIRECTOR

I, Sanjay Soni, Managing Director of IZMO Limited certify that:

1. We have reviewed the financial statement for the year and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contains statement that might be misleading;
 - (b) these statements give a true and fair view of the state of affairs of the company and of the results or operations and cash flows. These statements have been prepared in conformity, in all respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept overall responsibility for the Company's internal control system for financial reporting. The Auditors & Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and Audit Committee:
 - (a.) Any significant changes in internal control over financial reporting during the year;
 - (b.) Significant changes in accounting policies during the year;
 - (c.) Instances of significant fraud of which we have become aware of and which involve management or other employees who has significant role in the Company's internal control system over financial reporting.

Place: Bangalore

Date: 3rd September, 2014

Sanjay Soni

Managing Director

CERTIFICATE

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

To:
The Members
IZMO Limited
Bangalore

I have examined the compliance of the conditions of Corporate Governance by IZMO Limited for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange Mumbai/National Stock Exchange of India Limited, in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that in respect of investors' grievances received during the year ended 31st March, 2014, no investor grievances are pending against the Company as on 31st March, 2014, as per the records maintained by the Company and as stated by the Registrar and Share Transfer Agent.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bangalore

Date: 3rd September, 2014

R. Vijayanand

Chartered Accountant

M. No: 202118

Auditor's Report

AUDITOR'S REPORT TO THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED, BANGALORE

Report on the Financial Statements

1. I have audited the attached Balance Sheet of **M/s Logix Microsystems Limited, Bangalore** ('the Company') as at March 31, 2014 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

6. I, further report that:

(i) Attention is drawn to Note No 23.13(b) as regards remuneration paid to the managing director is in excess of limits prescribed under the Companies Act, 1956. The Company had applied for the requisite approval from the Central Government which had not been granted.

(ii) Short Term Loans and advances as at 31st March 2014 includes a sum of Rs. 51.42 lacs of accrued interest on Inter-Corporate Deposits (ICD), which is long overdue and pending confirmation. Management is of the opinion that the same would be recovered in full and accordingly no provision towards possible non-recovery has been made in respect of the same. In the absence of confirmation for the same, I am unable to comment on the recoverability of the aforesaid amounts.

(iii) Attention is drawn to Note No 23.18 as regards Investment in Subsidiaries including Share Application Money pending allotment, Long term investments as at the Balance Sheet date include Rs.160.30 crores in wholly owned subsidiaries, including share application pending allotment from Izmo Europe BVBA, Rs.8.89 Crores, which are carried at cost. In the absence of independently reviewed / audited financial statements in respect of these subsidiaries (including their step down subsidiaries), I am unable to carry out necessary procedures to reliably examine if there has been any decline in the carrying value of the stated investments. I am therefore unable to comment on the impact, if any, on the Profit & Loss account as at the Balance Sheet date.

Further to my comments in annexure referred to above, I report that:

7. In my opinion and to the best of my information and according to the explanations given to me and subject to cumulative consequential effect of the matter(s) described in paragraph 6 above on the profits, assets and liabilities of the company which are not determinable, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the statement of profit and loss, of the Profit for the year ended on that date; and
- in the case of cash flow statement, of the cash flows for the year ended on that date.

Annexure To the Auditor's Report

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014.

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, I report that:
- i. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - ii. In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
 - iii. The financial statements dealt with by this report are in agreement with the books of account
 - iv. Except for the effects of the matter(s) described in paragraph 6 above, In my opinion, the Balance Sheet and Statement of Profit & Loss comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - v. On the basis of the written representations received from the directors, as on March 31, 2014, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

R. Vijayanand

Chartered Accountant

M. No: 202118

Place: Bangalore

Date : 30th May, 2014

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to me and the books of account and other records examined by me in the normal course of audit, I report that:

- i) Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In my opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - c) In my opinion, a substantial part of fixed assets has not been disposed off during the year.
- ii) Inventory :
 - a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.'
- iii) Loans Granted:
 - a) The Company has granted secured/unsecured loans to Carazoo Online Solutions Private Limited of Rs. 43,56,233/- (Rupees Forty Three Lakh Fifty Six Thousand Two Hundred Thirty Three Only) parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs. 43,56,233/- and the year-end balance is Rs. 43,56,233/-.
 - b) The Company has granted loans to a party covered under Section 301 of the Act and since the terms and conditions of such a loan are not stipulated, I am unable to comment as to whether the rate of interest or other terms and conditions are prejudicial to the interest of the Company.

- c) In respect of loans granted, the terms of repayment of the principal amount and the payment of the interest have not been stipulated and hence I am unable to comment as to whether receipt of the principal amount and the interest is regular.
- d) Where overdue amount in respect of a loan granted is more than one lakh, reasonable steps have not been taken by the Company for recovery of the principal amount and interest.
- e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- iv) In my opinion and according to information and explanations given to me, having regard to the explanations that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of material and fixed assets and for the sale of goods. Further, on the basis of my examination of the books and records of the company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to me, I have not observed nor have been informed of any continuing failure to correct major weaknesses in internal controls in these areas.
- v)a) In the absence of updated registers being made available for my verification during the course of audit I am unable to comment as to whether, the particulars of all contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) Further to my comment in (a) above, I am unable to comment about transactions made in pursuance of such contracts or arrangements and exceeding Rs. 5 Lakh in respect of any party during the year, and the prices having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

vii) In my opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

viii) To the best of my knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products and services. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

ix) a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows.

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Date of Payment
Income Tax Act, 1961	TDS on foreign Payments	16,05,745	April 2013 to September 2013	Amount not paid till date
The Employee Provident Funds and Miscellaneous Provisions Act, 1952	Employer and Employee Contribution	3,93,285	March 2012	Amount not paid till date
The Employee Provident Funds and Miscellaneous Provisions Act, 1952	Employer and Employee Contribution	38,58,288	April 2012 to March 2013	Amount not paid till date
The Employee Provident Funds and Miscellaneous Provisions Act, 1952	Employer and Employee Contribution	16,09,177	April 2013 to September 2013	Amount not paid till date

- b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Amount Paid Under Protest (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Transfer Pricing	5,51,67,570	NIL	FY 2008-09	Appellate Tribunal
Income Tax Act, 1961	Transfer Pricing	3,90,81,185	NIL	FY 2009-10	Appellate Tribunal

- c) The Company during the year has not made remittance towards Withholding tax dues with respect to Non residents under the provisions of Income tax Act,1961. Further provisions for interest on account of the above dues have not been provided for in the books of account.
- d) As regards provision for current year taxation the company is in the process of making payment towards TDS on Non-Resident dues of Rs. 16,05,745/- under the provisions of Income Tax Act,1961 and provident fund dues of Rs. 58,60,750/- under the provisions of Provident Fund Act,1952. Management is of the opinion that Dues with respect to withholding taxes and Provident fund dues shall be paid in full before the due date of filing of Income tax returns and accordingly no disallowance under the provisions of Income Tax Act,1961 shall be attracted in respect of the same.
- x) In my opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- xi) According to the information and explanations given to me and on the basis of examination of books of accounts, I observe that the Company has defaulted in repayment of term loans installments amounting to Rs.154.59 Lakh (Principal amount of Rs.105.91 Lakh and Interest of Rs.48.68 Lakh) payable from September 2012 to March 2014 and Rs. 11.39 Crore towards other credit facilities payable from September 2011.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- xiii) In my opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- xiv) The Company makes investments in Shares and other Investments for which proper records have been maintained for the transactions and contracts; and timely entries have been made for the same. These investments have been held by the company in its own name. The investment register required to be maintained under Section 372A (5)(a) of the Companies Act is in the process of being updated.
- xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- xvi) The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.
- xvii) In my opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) During the year, the Company has not made any preferential allotment of shares to (parties /and companies) covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- xix) The Company has neither issued nor had any outstanding debentures during the year. The Company has not issued unsecured, convertible debentures to its holding Company. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- xxi) No fraud on or by the Company has been noticed or reported during the period covered by my audit.

R. Vijayanand

Chartered Accountant

M. No.: 202118

Place: Bangalore

Date : 30th May, 2014

Balance Sheet

As at 31st March 2014

	Note No.	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	120,986,730	120,986,730
Reserves and Surplus	2	1,504,979,866	1,503,012,140
		1,625,966,596	1,623,998,870
Non-Current Liabilities			
Long Term Borrowings	3	4,282,776	13,335,633
Other Long Term Liabilities	4	13,298,550	14,468,550
Long Term Provisions	4A	5,236,940	4,633,480
		22,818,266	32,437,663
Current Liabilities			
Short Term Borrowings	5	121,466,746	122,908,179
Trade Payables	6	136,332,793	21,715,795
Other Current Liabilities	7	78,491,990	56,136,771
Short Term Provisions	8	639,429	4,364,640
		336,930,958	205,125,385
TOTAL		1,985,715,820	1,861,561,918
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		37,889,973	42,791,170
Intangible Assets		150,462,196	28,550
Non-Current Investments	10	1,602,978,996	1,602,978,996
Deferred Tax Assets (Net)		2,626,572	2,041,970
Long Term Loans & Advances	11	7,905,965	3,213,732
		1,801,863,702	1,651,054,418
Current Assets			
Inventories	12	391,433	295,359
Trade Receivables	13	146,988,161	173,920,418
Cash and Bank Balances	14	2,021,174	4,854,430
Short Term Loans & Advances	15	34,451,350	31,437,293
		183,852,118	210,507,500
TOTAL		1,985,715,820	1,861,561,918

Notes to Accounts & Significant Accounting policies

1 to 23

Notes to Accounts and Significant Accounting policies form an integral part of the Balance Sheet.

for and on behalf of the Board

As per my Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountant
Membership No.202118

Place: Bangalore
30th May, 2014

Statement of Profit and Loss

For the Year ended March 31, 2014

	Note No.	Year ended March 31, 2014 Rs.	Year ended March 31, 2013 Rs.
INCOME			
Revenue from Operations	16	160,541,160	169,355,223
Other Income	17	24,384,311	48,381,336
TOTAL REVENUE		184,925,471	217,736,559
EXPENDITURE			
Direct Cost of Operation	18	12,271,886	15,625,399
(Increase)/Decrease in Stocks/Work-in-Progress	19	(96,074)	(163,395)
Employee Benefit Expenses	20	61,120,384	73,028,709
Financial Costs	21	18,460,431	17,438,775
Depreciation/Amortisation Expenses	9	55,055,612	6,267,443
Other Expenses	22	34,383,440	31,390,271
TOTAL EXPENSES		181,195,679	143,587,203
Profit Before Tax & Exceptional item		3,729,792	74,149,356
Exceptional Items			
MAT Credit adjustment		(970,595)	-
Reversal of Interest receivable as doubtful		-	(23,004,553)
Rebate on Export		-	(38,996,849)
Profit Before Tax		2,759,197	12,147,954
Tax Expenses			
Current Tax		(1,376,073)	(3,927,917)
Less: MAT Credit Adjustment		-	(1,535,716)
Deferred Tax		584,602	745,839
		(791,471)	(4,717,794)
Net Profit for the Year		1,967,726	7,430,160
Earnings Per Share of Face Value Rs. 10/- each			
Basic		0.16	0.61
Diluted		0.16	0.61
(Refer Note No. 23.15)			

Notes to Accounts & Significant Accounting Policies

1 to 23

Notes to Accounts and Significant Accounting policies form an integral part of the Balance Sheet.

for and on behalf of the Board

As per my Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountant
Membership No.202118

Place: Bangalore
30th May, 2014

Cash Flow Statement

For the Year ended March 31, 2014

	March 31, 2014 Rs.	March 31, 2013 Rs.
A. Cash Flow from Operating Activities		
Net Profit Before Taxation	2,759,197	12,147,954
Adjustments for:		
Depreciation	55,055,612	6,267,443
Interest Expense	18,460,431	17,438,775
Interest Income	(95,141)	(1,319,922)
Rental Income	(10,471,981)	(13,147,279)
(Profit)/ Loss on short term investments, includes dividend income(net of related expenses)	-	(18,557)
Profit on Sale of Assets	-	(200,885)
Forex (gain) / loss (Net)	-	(8,637,394)
Operating Profit Before Working Capital Changes	65,708,118	12,530,136
Movements in Working Capital :		
(Increase)/Decrease in Trade Receivables	26,932,257	(6,640,894)
(Increase)/Decrease in Current Investment	-	37,410
(Increase)/Decrease in Inventories	(96,074)	(163,395)
(Increase)/Decrease in short term Loans and Advance	(3,014,057)	18,102,050
Increase/(Decrease) in Current Liabilities and Provisions	131,805,573	(9,509,231)
Cash Generated from Operations	221,335,817	14,356,076
Direct Taxes paid (Net of Refunds)	(1,376,073)	(3,927,917)
Net cash from Operating Activities	219,959,744	10,428,159
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(200,588,060)	(1,834,981)
Proceeds from Sale of Fixed Assets	-	1,042,705
Rental deposit for buildings received	(1,170,000)	3,320,000
(Profit)/ Loss on short term investments, includes dividend income(net of related expenses)	-	18,557
Long term loans & Advances	(4,692,233)	860,432
Long term Provisions	603,460	(770,130)
Rental Income	10,471,981	13,147,279
Interest Received	95,141	1,319,922
Net cash used in Investing Activities	(195,279,711)	17,103,784
C. Cash Flows from Financing Activities		
Long Term Borrowings (Term loan & others)	(9,052,857)	(7,507,431)
Proceeds from issue of share capital (net of expenses)	-	-
Interest paid	(18,460,431)	(17,438,775)
Net Cash used in Financing Activities	(27,513,288)	(24,946,206)
Net increase in Cash and Cash Equivalents (A + B + C)	(2,833,256)	2,585,736
Cash and Cash Equivalents at the Beginning of the Year	4,854,430	2,268,694
Cash and Cash Equivalents at the End of the Year	2,021,174	4,854,430
Components of Cash and Cash Equivalents	March 31, 2014	March 31, 2013
Balances with Scheduled Banks		
- In Current Account	185,661	1,692,384
- In EEFC Account	-	-
Cash on Hand	2,159	8,236
Earmarked balance with banks (Unpaid dividend)	1,783,354	1,783,810
Deposit with Bank	50,000	1,370,000
TOTAL	2,021,174	4,854,430

for and on behalf of the Board

As per my Report of even date

Sanjay Soni
Managing DirectorShashi Soni
ChairpersonR.Vijayanand
Chartered Accountant
Membership No.202118Place: Bangalore
30th May, 2014

Notes on Financial Statements

For the Year ended 31st March, 2014

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 1: SHARE CAPITAL		
Authorised Capital 13,200,000 Equity Shares of Rs. 10 each, fully paid (Previous Year :13,200,000 Equity Shares of Rs. 10each fully paid)	132,000,000	132,000,000
Issued, Subscribed and Paid Up Capital 12,098,673 Equity Shares of Rs. 10/- each fully paid (Previous Year :12,098,673 Equity Shares of Rs. 10/- each fully paid)	120,986,730	120,986,730

Note 1(a): The details of Shareholders holding more than 5% of Shares:

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
Sanjay Vedprakash Soni	1,554,262	12.85	1,500,762	12.40
Ashish Dhawan	766,044	6.33	766,044	6.33
FID Funds (Mauritius) Limited	1,082,636	8.95	1,162,900	9.61
Mukul S Doshi	1,004,998	8.31	1,004,998	8.31

Note 1(b): The reconciliation of number of shares outstanding is as given below:

Particulars	As at March 31, 2014	As at March 31, 2013
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	12,098,673	12,098,673
Add: Shares issued during the year	-	-
Less: shares cancelled on buy back of Equity Shares	-	-
Equity shares at the end of the year	12,098,673	12,098,673

Note 2: RESERVES AND SURPLUS

Securities Premium Account

As per last Balance Sheet	1,447,293,217	1,447,293,217
Additions during the year:	-	-
	1,447,293,217	1,447,293,217

General Reserve

As per last Balance Sheet	6,339,532	6,339,532
Add: Transfer from Statement of Profit & Loss	-	-
Closing Balance	6,339,532	6,339,532

Surplus

As per last Balance Sheet	49,379,390	41,949,231
Add: Net Profit after Tax for the year	1,967,726	7,430,160
	51,347,116	49,379,391
	1,504,979,866	1,503,012,140

Notes on Financial Statements

For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 3: LONG TERM BORROWINGS		
From Banks-Secured:		
Term Loan:		
Term Loan from State Bank of Mysore (including Interest accrued)	4,282,776	13,335,633
TOTAL	4,282,776	13,335,633

i) Security:

- Primary security is by way of assignment of rent receivables from tenants
- Collateral securities;
 - a) Land & Building situated at White field, Bangalore.
 - b) 400,000 Equity shares held by Mr. Sanjay Soni, in IZMO Limited (formerly known as Logix Microsystems Ltd.).
 - c) Charge on the all moveable & Immovable Fixed Assets of the Company.
 - d) Personal guarantee of Mrs. Kiran Soni & Mr. Sanjay Soni.

ii) Terms of repayment of loan:

- a) EMI Rs. 8,78,556/-
- b) Rate of Interest is 17.25% P.A.
- c) 34.60 EMI's total amounting to Rs. 23,744,688/- due as on Balance Sheet date with maturity of term loan of August, 2015

iii) Defaults as on Balance Sheet date

- a) Period of default : Equal to 17.60 months installments of EMI
- b) Principal Amount : Rs. 10,590,905/-
- c) Interest amount : Rs. 4,868,077/-

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 4: OTHER LONG TERM LIABILITIES		
Rental Deposit refundable	10,791,550	11,961,550
Liability towards Investment in Subsidiary	2,507,000	2,507,000
TOTAL	13,298,550	14,468,550
Note 4A: LONG TERM PROVISIONS		
Long Term Provisions for Gratuity	3,446,480	3,091,790
Long Term Provisions for Compensatory Absences	1,790,460	1,541,690
TOTAL	5,236,940	4,633,480
Note 5: SHORT TERM BORROWINGS		
From Banks-Secured:		
Working Capital Facilities from State Bank of Mysore (Secured against first charge on inventories & receivables, immovable property, second charge on moveable assets and personal guarantee by Promoter Directors)		
i) Open Cash Credit	9,546,064	12,377,547
ii) Packing Credit	111,920,682	108,030,632
From Others-Unsecured:		
Bangalore Soft Drinks Pvt Ltd	-	2,500,000
TOTAL	121,466,746	122,908,178

Defaults as on Balance Sheet date:

Packing Credit

- a) Period of default : 30 Months
- b) Principal amount : Rs. 103,819,791/- (Previous Year : Rs. 58,662,641/-)
- c) Interest amount : Rs. 10,033,387/- (Previous Year : Rs. 10,033,387/-)

Notes on Financial Statements

For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 6 : TRADE PAYABLES		
Sundry Creditors	136,332,793	21,715,795
TOTAL	136,332,793	21,715,795
Note 7 : OTHER CURRENT LIABILITIES		
Current maturities of long term debt	19,461,912	10,868,969
Short term Loans from Related Party (Refer Note No. 23.19)	-	2,326,948
Unclaimed Dividend	1,783,353	1,783,809
Share Warrant Application Money pending allotment (Refer Note No. 23.7)	330,000	330,000
Statutory dues	18,431,547	17,954,168
Deferred Income	2,809,171	4,331,120
Other payables (mainly comprises of interest provision & salary payables)	35,676,007	18,541,757
TOTAL	78,491,990	56,136,771
Note 8: SHORT TERM PROVISIONS		
Provision for Taxation	145,249	3,963,000
Short term Provision for Gratuity	304,760	242,970
Short term Provision for Compensated absences	189,420	158,670
TOTAL	639,429	4,364,640

Note 9: FIXED ASSETS

(Amount in Rs.)

Description of Assets	GROSS BLOCK				DEPRECIATION /AMORTISATION				NET BLOCK	
	As at 01.04.2013	Additions	Deletions/ Adjustments	As at 31.03.2014	As at 01.04.2013	For the year	Deletions/ Adjustments	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Asset										
1. Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2. Buildings	49,178,564	-	-	49,178,564	20,356,856	2,882,171	-	23,239,027	25,939,537	28,821,708
3. Computers	33,829,260	32,563	-	33,861,823	32,305,211	616,050	-	32,921,261	940,562	1,524,049
4. Plant and Machinery	6,871,701	-	-	6,871,701	6,107,190	106,343	-	6,213,533	658,168	764,511
5. Office Equipments	6,121,249	53,879	-	6,175,128	4,749,127	194,242	-	4,943,369	1,231,759	1,372,122
6. Diesel Generators	1,919,067	-	-	1,919,067	1,264,296	91,079	-	1,355,375	563,692	654,771
7. Electrical Installations	4,639,947	-	-	4,639,947	3,300,055	242,520	-	3,542,575	1,097,372	1,339,892
8. Furniture & Fittings	4,581,194	-	-	4,581,194	4,116,420	84,124	-	4,200,544	380,650	464,774
9. Interiors	7,708,528	-	-	7,708,528	7,054,946	118,299	-	7,173,245	535,283	653,582
10. Vehicles	14,031,906	-	-	14,031,906	11,510,424	652,812	-	12,163,236	1,868,670	2,521,482
11. Canteen Structure	301,039	-	-	301,039	301,039	-	-	301,039	-	-
Total (A)	133,856,734	86,442	-	133,943,176	91,065,564	4,987,640	-	96,053,204	37,889,973	42,791,170
Intangible Asset										
12. Software	65,256,802	425,431	-	65,682,233	65,228,252	48,925	-	65,277,177	405,056	28,550
13. Intellectual Property	-	200,076,187	-	200,076,187	-	50,019,047	-	50,019,047	150,057,140	-
Total (B)	65,256,802	200,501,618	-	265,758,420	65,228,252	50,067,972	-	115,296,224	150,462,196	28,550
Grand Total (A+B)	199,113,536	200,588,060	-	399,701,596	156,293,816	55,055,612	-	211,349,428	188,352,169	42,819,720
Previous Year	200,272,233	1,834,981	2,993,678	199,113,536	152,178,231	6,267,443	2,151,858	156,293,816	42,819,720	48,094,002

Notes on Financial Statements

For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 10: NON-CURRENT INVESTMENTS		
Other than Trade, Unquoted		
Investment in Equity Instruments of Subsidiaries(at Cost)		
i) Investment in Equity Shares of Midrange Software Pte Ltd, Singapore (1,904,915 Equity Shares of face value SGD 1 each fully paid) (Previous Year: 1,904,915 Equity Shares of face value SGD 1 each fully paid) (Refer Note No. 23.4)	55,123,998	55,123,998
ii) Investment in Equity Shares of Logix Americas Inc., (100,000 Equity Shares of face value USD 1 each fully paid, issued at USD 195.01 per share) (Previous Year: 100,000 Equity Shares of face value USD 1 each fully paid, issued at USD 195.01 per share) (50,000 Equity Shares of face value USD 1 each fully paid, issued at USD 266.942 per share) (Previous Year: NIL) (Refer Note No. 23.5)	1,456,937,211	838,454,545
iii) Investment in Equity Shares of Logix Microsystems Inc., USA (65,500 Equity Shares of face value USD 1 each fully paid) (Previous Year: 65,500 Equity Shares of face value USD 1 each fully paid)	3,071,845	3,071,845
iv) Investment in Equity Shares of Carazoo Online Services Pvt.Ltd (48,810 Equity Shares of face value Rs.10 each fully paid) (Previous Year: 48,810 Equity Shares of face value Rs.10 each fully paid)	2,040,500	2,040,500
v) Share Application Money pending allotment-Logix America Inc., (USD Nil : Previous Year: USD 13,347,100) (Refer Note No.23.5)	-	618,482,666
vi) Share Application Money pending allotment-Izmo Europe BVBA, Belgium (Euro 1,359,093 Equity Shares of Euro 1 each) (Previous Year: Euro 1,359,093 Equity Shares of Euro 1 each)	88,877,287	88,877,287
Less: Reserve for Diminution in value of Investment	(3,071,845)	(3,071,845)
TOTAL	1,602,978,996	1,602,978,996
Note 11: LONG TERM LOANS & ADVANCES		
Unsecured, Considered Good		
Deposits	3,549,732	3,213,732
Unsecured Loan to Carazoo	4,356,233	-
TOTAL	7,905,965	3,213,732
Note 12: INVENTORIES		
Stock in Trade	391,433	295,359
Software work-in-Progress	-	-
TOTAL	391,433	295,359
Note 13: TRADE RECEIVABLES		
Debts outstanding for a period exceeding 6 months		
Unsecured, Considered Good	89,075,049	49,029,238
Unsecured, Considered Doubtful (Refer Note No. 23.20)	-	-
Other Debts (Unsecured, Considered Good)	57,913,111	124,891,180
Less: Provision for Doubtful Debts	-	-
TOTAL	146,988,160	173,920,418

Notes on Financial Statements
For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 14: CASH AND BANK BALANCES		
a. Cash & Cash equivalents		
i) Balances with Scheduled Banks		
Current Account	185,661	1,692,384
EEFC Account	-	-
ii) Cash on Hand	2,159	8,236
b. Earmarked balance with banks (Unpaid dividend)	1,783,354	1,783,810
c. Deposit with Banks (The above deposit are held as Margin money against Bank Guarantee's availed)	50,000	1,370,000
TOTAL	2,021,174	4,854,430
Note 15: SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good:		
Loans and advances to related parties (Refer Note No.23.19)	18,711,707	10,795,573
Employee Loans & Advances	54,942	84,800
MAT Credit Entitlement	1,771,857	5,508,956
Income-tax Paid at Source	4,875,490	4,908,259
Income Tax refund receivable	1,331,709	743,783
Deposits- Short term	-	521,432
Other Short term Loans & Advances (primarily comprises of Interest Receivable on Inter-Corporate Deposits amounting to Rs 51,42,322/- (Previous Year Rs 51,42,322/-))	7,705,645	8,874,490
TOTAL	34,451,350	31,437,293

Notes on Financial Statements

For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 16: REVENUE FROM OPERATION		
Software Sales & Services		
-Domestic	17,985,470	24,168,444
-Exports	142,555,690	145,186,779
TOTAL	160,541,160	169,355,223
Note 17: OTHER INCOME		
Interest Income [TDS: Rs. 9,515/- (Previous Year: Rs 13,977)]	95,141	1,319,922
Dividend Income	-	16,059
Income from Investments	-	2,498
Other Non-operating income		
-Rental Income	10,471,981	13,147,279
-Service Charges received (Carazoo)	5,760,957	6,554,982
-Profit on Sale of Fixed Assets	-	200,885
-Exchange Gain (Net)	-	11,247,476
-Reimbursement of expenses	1,591,096	2,429,463
-Insurance surrender value received	-	6,202,219
-Profit on Sale of business	-	5,714,635
-Miscellaneous Income	6,465,136	1,545,918
TOTAL	24,384,311	48,381,336
Note 18: DIRECT COST OF OPERATION		
Cost of Purchase for Resale	12,267,687	14,722,659
Customs duty	4,199	902,740
TOTAL	12,271,886	15,625,399
Note 19: (INCREASE)/DECREASE IN WORK-IN-PROGRESS		
Opening Stock		
Stock in Trade	295,359	131,964
Software Work in Progress	-	-
Total (A)	295,359	131,964
Closing Stock		
Stock in Trade	391,433	295,359
Software Work in Progress	-	-
Total (B)	391,433	295,359
(Increase)/Decrease in Work-in-Progress	(96,074)	(163,395)
Note 20: EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages (Refer Note No. 23.13)	56,552,625	67,554,051
Contribution to Provident and Other Funds	2,536,648	2,971,507
Staff Welfare Expenses	2,031,111	2,503,151
TOTAL	61,120,384	73,028,709
Note 21: FINANCIAL COSTS		
Interest Expense	18,460,431	17,438,775
Net gain or loss on Foreign currency on borrowings cost	-	-
TOTAL	18,460,431	17,438,775

Notes on Financial Statements
For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 22: OTHER EXPENSES		
Directors Sitting Fees	-	1,500
Books & Periodicals	3,910	1,516
Corporate Expenses	196,509	188,805
Electricity, Generator & Water Charges	5,699,012	7,162,412
Insurance	159,660	1,723,143
Membership & Subscription	124,941	160,551
Miscellaneous Expenses	176,829	69,392
Office Expenses	602,265	488,709
Postage & Telecommunication	1,315,764	1,946,839
Professional, Legal & Consultancy Charges <i>(Refer Note No. 23.8)</i>	2,623,076	2,723,114
Printing & Stationery	169,136	320,665
Rent	5,478,420	6,014,744
Rates & Taxes	780,529	608,731
Repairs & Maintenance	795,548	702,920
Recruitment expenses	1,854	-
Security Charges	577,065	825,744
STPI - Service Charges	581,000	32,000
Traveling & Conveyance	6,614,795	5,943,084
Vehicle Maintenance	866,724	829,946
Exchange Rate Difference	6,738,363	-
Bank Charges	85,016	318,797
Bad Debts written off	-	7,506
Advertisement Expenses	130,554	323,968
Business Promotion	539,063	825,166
Exhibition & Seminar Expenses	12,000	39,169
Entertainment Expenses	111,407	131,849
TOTAL	34,383,440	31,390,271

Notes on Financial Statements

For the Year ended 31st March, 2014

23 NOTES ON ACCOUNTS

23.1 Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared under the historical cost convention, in accordance with the accounting standards and the provisions of the Companies' Act, 1956 as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The preparation of statements in conformity with accounting standards, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of such expenses include provision for doubtful debts, miscellaneous expenditure and useful lives of fixed assets. Actual results could differ from those estimates. Any revision to such accounting estimates is recognized in the accounting period in which such revision takes place.

b. Revenue Recognition

Izmo Cars Solutions:

Revenue from fixed price software contracts are recognized principally on the basis of completed mile-stones as specified in the contracts. Revenue from software development and service on time basis is recognized as per terms of specified contracts.

Enterprise Connectivity & Security:

Revenue from sale of hardware and software products is recognized on the dispatch of goods from the company's premises/transfer of Licenses. Income from Maintenance Contracts is accounted for in the ratio of the period expired to the total period of contract and the amount invoiced from the customers towards the unexpired portion of such contracts is treated as Deferred Revenue.

Dividend Income & Interest Income:

Dividend income is recognized when the right to receive dividend is established and Interest income is accrued at the applicable interest rate.

c. Inventory Valuation

Trading Stock have been valued at the lower of cost or net realizable value. Software Work-in Process is valued at the cost incurred on the specific project up to the date of Balance Sheet pending achievement of requisite mile-stone on which revenue is recognized subsequent to the date of the Balance Sheet.

d. Fixed Assets

Fixed Assets are stated at the original cost of acquisition less depreciation. Original cost includes purchase price, levies, directly attributable cost of bringing the assets to its working condition for its intended use as also the capitalized portion of pre-operative expenses.

e. Depreciation

Depreciation is provided at the rates prescribed in Schedule XIV of the Companies Act 1956, under Written Down Value Method. Depreciation is charged on pro-rata basis on the additions during the year. Intangible assets are amortized over a period of 3-5 years.

f. Investments

Subsidiary Companies: Investments held by the company are long term in nature and are stated at cost unless there is a permanent diminution in the value of the Investment.

g. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at a rate which approximates the exchange rate prevailing on the date of the transaction. Current Assets and Liabilities denominated in Foreign Currency are translated at the exchange rate as at the Balance Sheet date. The resulting net gain or loss is recognized in the Profit and Loss Account.

h. Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction of fixed assets are capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they are incurred.

i. Taxation

Provision for Income-tax has been made at the current tax rates at the higher of that, on the basis of estimated assessable income or on the basis of Section 115JB of the Income Tax Act, 1961. Deferred tax is recognized subject to consideration of prudence, on timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit is recognized using current tax rates. Deferred tax assets/liabilities are reviewed as at each Balance sheet date.

In terms of the Guidance note on accounting for credit available in respect of Minimum Alternative Tax (MAT) under the Income Tax Act 1961, issued by the ICAI, the excess of MAT over normal current tax payable has been recognized as an asset by way of credit to the profit & loss account as "MAT credit entitlement".

j. Retirement/ Employee Benefits

In accordance with the requirements of revised Accounting Standard-15 "Employee Benefits", the company provides for gratuity covering eligible employees on the basis of actuarial valuation as carried out by an Actuary using the Projected Unit Credit Method. The liability in unfunded Actuarial gains or losses arising from the changes in the actuarial assumptions are charged or credited to the Profit and Loss account in the year in which such gains or losses arise. Leave encashment benefits payable to the employees of the Company with respect to accumulated leave outstanding at the year end are accounted for on the basis of actuarial valuation using Projected Unit Credit Method as at the Balance Sheet date. The liability is unfunded.

The Company's contribution to employee's Provident Fund is accounted on accrual basis. Other Employee benefits are accounted for on accrual basis.

Since the attrition rate in the software industry is significant ,the company has taken the stand, as in the previous years, not to provide for superannuation benefits to the employees. Superannuation expenses will be charged to the Profit & Loss Account as and when it is paid. Due to the nature of the industry, the company does not foresee significant expenses under this head in the foreseeable future.

k. Intangible Assets

Intangible assets, mainly software and Intellectual property, are capitalized at cost. Based on the managements estimate of useful life, the same are amortized over 3-5 years All Intangible assets are reviewed as at the date of the financial statements for impairment.

1. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares during the period. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to the equity share holders and weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

23.2 Turnover is stated net of Sales-tax, Cess, Surcharge, Service tax and Sales Returns.

23.3 (a) Contingent Liabilities (to the extent of which not provided for)

(Amount in Rs.)

Particulars	Current Year	Previous Year
Money for which the company is contingently liable:		
i) Performance Guarantees (STPI - customs duty)	50,000	13,70,000
ii) Claims against the company, not acknowledged as debts :		
a) Claims by vendors, etc	-	-
b) There are certain claims made against the Company by former employees, which are a subject matter of arbitration proceedings. In the view of the management of the Company these claims are not tenable. No provision has been made for such claims pending completion of legal proceedings as the amount of claims are currently not ascertainable.	Not Quantified	Not Quantified
c) Contingent liability in respect of claim in respect of Service Tax on software sales made by the company, the amount of which is not quantified.	Not Quantified	Not Quantified

23.3 (b) Commitments (to the extent of which not provided for)

i) Unexpired Letters of Credit	-	-
ii) Warranty Costs on Software Sale*	Not Quantified	Not Quantified

* The company does not envisage any liability on account of a back to back arrangement with the suppliers for any such claims.

23.4 During the financial year 1999-2000, the company had acquired 100,000 equity shares of Singapore Dollars 1 each in Midrange Software Pte. Limited (formerly Logix Microsystems (S) Pte. Ltd.,) Singapore. The remittance towards the same has not been made pending requisite approval.

23.5 During the financial year 2013-14, the Company received the allotment of 50,000 equity shares on 15th April 2013 from its subsidiary Logix Americas Inc., which is the holding company for the US subsidiaries against Share Application Money pending allotment as on that date. The investment in Logix Americas Inc., has in-turn been invested by way of equity and loans in Homestar Systems Inc., Homestar LLC, the step-down subsidiaries of Logix Americas Inc.

23.6 The balances in the share refund account and the related bank account was pending reconciliation. The unreconciled difference amounts to Rs.5.12 lakhs.

23.7 In accordance with Section 205C of Companies Act, 1956, Share Warrant Application money, pending allotment and due for refund amounting to Rs.3.30 lakhs remaining unpaid since 29th September 2007 will be transferred to Investor Education and Protection Fund after the completion of 7 years from the date of payment falling due.

23.8 Payment to Auditors (net of service tax input credit where applicable)

(Amount in Rs.)

Particulars	Current Year	Previous Year
Audit Fees	220,000	220,000
Taxation Matters	185,000	80,000
Professional charges *	80,000	141,500
* Including Statutory Certification fees		
Total	485,000	441,500

23.9 C I F Value of Imports

(Amount in Rs.)

Particulars	Current Year	Previous Year
Purchases	11,863,661	14,868,209
Capital Goods	-	-
Total	11,863,661	14,868,209

m. Provisions & Contingent Liabilities

Provisions and Contingent Liabilities: The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

23.10 Expenditure in Foreign Currency

(Amount in Rs.)

Particulars	Current Year	Previous Year
Purchases	11,859,462	13,922,408
Capital goods	-	-
Foreign Travel	1,669,865	687,917
Rebate on Export	-	38,996,849
Total	13,529,327	53,607,174

23.11 Earnings in Foreign Currency

(Amount in Rs.)

Particulars	Current Year	Previous Year
Software Exports & Consultancy	142,555,690	145,291,143
Reimbursements in respect of Marketing costs	-	-
Total	142,555,690	145,291,143

23.12 Quantitative Details of Trading (In Nos)

(Amount in Rs.)

Particulars	Opening Stock	Purchases/Sales Returns	Sales/Purchase Returns/Disposals	Closing Stock
Current Year				
Software	14	10	8	16
Previous Year				
Software	6	34	26	14

23.13 Managerial Remuneration

(Amount in Rs.)

Particulars	Current Year	Previous Year
Salary & Allowances	5,775,912	5,775,912
Contribution to Provident Fund	420,132	420,132
Total	6,196,044	6,196,044

The above amounts do not include Gratuity and Leave encashment benefits as the provisions for these are determined for the Company as a whole and therefore separate amounts for the Directors are not available.

Directors remuneration for the current year includes a sum of Rs.31.96 Lakhs paid to the managing director in accordance with the limits approved by the shareholders at the AGM held on 29th September 2010 but in excess of the limits prescribed under the Companies Act. The similar excess remuneration for the previous periods (from FY 2007-08 onwards) amounts to Rs. 181.38 lakhs . The Company had applied for the requisite approval from the Central Government which had not been granted, but the management is confident of obtaining the approval and is in the process of filing revised application for the same.

Pending outcome of the same, these amounts continue to be considered as an expense.

23.14 The Company's Singapore subsidiary , Midrange Software Pte Ltd carries an accumulated provision of SGD 270,000 (Previous year: SGD 270,000), in their books towards director's remuneration payable in respect of services rendered by Mr. Sanjay Soni. As per the understanding, the same would be paid to M/s. Logix Microsystems Ltd, the holding Company in accordance with Sec 314 (1) (ii) of the Companies Act.

23.15 Earning per Share:

Computation of earnings per share (basic & diluted) -

Particulars		After extraordinary items		Before extraordinary items	
		2013 - 2014	2012 - 2013	2013 - 2014	2012 - 2013
Basic					
Net Profit after tax attributable to Equity share holders (Rs)	A	1,967,726	7,430,160	1,967,726	7,430,160
Weighted average number of shares outstanding *	B	12,098,673	12,098,673	12,098,673	12,098,673
Basic EPS (Rs)	A/B	0.16	0.61	0.16	0.61
Diluted					
Net Profit after tax attributable to Equity share holders (Rs)	A	1,967,726	7,430,160	1,967,726	7,430,160
Weighted average number of shares outstanding*	B	12,098,673	12,098,673	12,098,673	12,098,673
Add : Weighted average no of potential equity shares on account of ESOP	C	-	-	-	-
Weighted average number of shares outstanding for diluted EPS	D=B+C	12,098,673	12,098,673	12,098,673	12,098,673
Diluted EPS (Rs)	A/D	0.16	0.61	0.16	0.61
Face value per share (Rs)		10	10	10	10

23.16 The details of intangible assets (software) is as under:

(Rs. in Lakhs)

Particulars	Gross			Amortization			Net	
	Opening	Addition	Total	Opening	Addition	Total	Opening	Closing
(a) Internally Generated Software	40.00	-	40.00	40.00	-	40.00	-	-
(b) Acquired Software	612.57	4.25	616.82	612.28	0.49	612.77	0.29	4.05
(c) Intellectual Property	-	2,000.76	2,000.76	-	500.19	500.19	-	1,500.57
TOTAL	652.57	2,005.01	2,657.58	652.28	500.68	1,152.96	0.29	1,504.62

23.17 Lease-Operating Lease

The Company is obligated under cancelable lease for the office space that is renewable on a periodic basis at the option of both the lessor and lessee. Rental expenses under cancelable operating leases for the year ended 31 March 2014 are as follows.

(Amount in Rs.)

Particulars	Current Year	Previous Year
Minimum Lease Payment	30,894,071	28,002,475
Contingent Rent	-	-
Amount due within 1 Year	5,189,780	5,341,320
Amount due later than 1 Year & not later than 5 Years	25,704,291	22,661,155

23. 18 Current Value of subsidiaries investment:

Investment in Midrange Software Pte Ltd,

The Company has invested an amount of SGD 1,904,915 in Midrange Software Pte Ltd, Singapore. Midrange has incurred losses during recent years and has an accumulated loss of SGD 1,24,027. However, based on the management's perception of the growth prospects and the performance of Midrange, in the opinion of the management there is no permanent diminution in value of the investment.

Investment in Logix Americas Inc.

The Company has invested an amount of USD 32,848,100 in its subsidiary Logix Americas Inc till 31st March 2014. which is the holding company of Homestar Systems Inc. The management had obtained an independent valuation of its operating enterprises in the US. Based on the same and further based on the management's view on the prospects in the region, the management does not envisage any decline in the value of the investments and consider it appropriate to have the carrying value at par in respect of its investments in Logix America Inc as well.

Investment in Izmo Europe BVBA Belgium

The Company has invested an amount of EURO 1,359,093 in its subsidiary Izmo Europe BVBA Belgium till 31st March 2014. Izmo Europe BVBA has incurred losses during the recent years and has an accumulated loss of EURO 1,621,588. However, based on the management's perception of the growth prospects and the performance of Izmo Europe, in the opinion of the management there is no permanent diminution in value of the investment.

23.19 List of Related Parties

a) Enterprises Controlled by the Company

Midrange Software Pte Ltd, Singapore (formerly Logix Microsystems (S) Pte. Ltd. Singapore)	Wholly Owned Subsidiary
Logix Americas Inc., USA	Wholly Owned Subsidiary
Izmo Europe BVBA	Wholly Owned Subsidiary
Homestar Systems Inc. USA	98% held by M/s. Logix Americas Inc., USA
Homestar LLC., USA	Wholly Owned Subsidiary of M/s. Homestar Systems Inc., USA
Carazoo Online Solutions Pvt Ltd.	Subsidiary of M/s. Logix Microsystems Ltd (49% of Equity Shares)

b) Key Management Personnel

Mr. Sanjay Soni
Mr. Tej Soni

c) Enterprises in which Key Management personnel/their relatives have a significant influence

Aries Gases Private Limited
Deep Heritage
Deep Oxygen Private Limited, India
Deep Investment Advisory Bangalore Private Limited
Si2 Microsystems Pvt Ltd., India
D'gipro Systems Private Limited
D'gipro Design Automation & Marketing Pvt Ltd.,
Deep Engineers & Consultants
SL Business Center
Carazoo Online Solutions Pvt Ltd.

(Amount in Lakhs.)

Nature of Transactions	Subsidiary Companies		Key Management Personnel		Enterprises in which Key Management Personnel or their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services/Rentals/Re-imburement of Expenses/Investment						
Deep Heritage	-	-	-	-	0.15	-
Si2 Microsystems Pvt Ltd.,	-	-	-	-	34.59	43.68
D'gipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	-	-
Remuneration	-	-	61.96	61.96	-	-
S.L.Business Centre	-	-	-	-	3.85	3.60
Software Sales & Service Exports						
Homestar Systems Inc	1,371.90	1,450.03	-	-	-	-
Midrange Software Pte Ltd.,	53.66	3.27	-	-	-	-
Si2 Microsystems Pvt Ltd.,	-	-	-	-	-	-
D'gipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	-	-
Rental Income						
Si2 Microsystems Pvt Ltd.,	-	-	-	-	51.50	51.50
D'gipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	20.40	36.00
Investment in Equity						
Logix Americas Inc	-	-	-	-	-	-
Midrange Software Pte Ltd.,	-	-	-	-	-	-
Izmo Europe BVBA	-	-	-	-	-	-
Carazoo Online Solutions Pvt Ltd.	-	-	-	-	-	-

(Amount in Lakhs.)

Nature of Transactions	Subsidiary Companies		Key Management Personnel		Enterprises in which Key Management Personnel or their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Receivables						
Homestar LLC	-	-	-	-	-	-
Homestar Systems Inc	1,425.47	1,726.56	-	-	-	-
Si2 Microsystems Pvt Ltd., India	-	-	-	-	-	50.80
Carazoo Online Solutions Pvt Ltd	83.14	-	-	-	-	-
Midrange Software Pte Ltd.,	-	8.02	-	-	-	-
D'gipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	160.36	-
Payables						
Homestar LLC	12.56	11.37	-	-	-	-
Homestar Systems Inc	1,108.38	-	-	-	-	-
Midrange Software Pte Ltd.,	-	-	-	-	-	-
S.L.Business Centre	-	-	-	-	0.34	0.57
Si2 Microsystems Pvt Ltd.,	-	-	-	-	101.12	-
D'gipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	-	10.94
Carazoo Online Solutions Pvt Ltd	-	41.33	-	-	-	-
Unsecured Loan (from Sanjay Soni)	-	-	-	23.27	-	-

23.20 Sundry Debtors includes the following amounts in respect of dues from Subsidiaries:

(Amount in Lakhs.)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Closing Balance	Maximum Balance during the year	Closing Balance	Maximum Balance during the year
Homestar LLC., USA	-	-	-	-
Homestar Systems Inc	1,425.47	2,696.79	1,726.56	1,780.10

Sundry Debtors includes a sum of Rs. 8.91 crores of overseas receivables outstanding for over 180 days as at the Balance Sheet date.

23.21 Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force on October 2,2006, the company is required to make certain disclosure relating to Micro, Small and Medium Enterprises. The company is in the process of compiling and assimilating the relevant information from its suppliers about their coverage under the Act. Since the relevant information is not readily available, no disclosure have been made in the Accounts.

23.22 During the previous financial year, the global recession continued to impact businesses across geographies. In addition to this, US auto industry in particular, experienced a severe downturn resulting in bankruptcy and closure of several automobile dealers who happened to be the clients of Homestar Systems Inc. In this backdrop, the Company was approached by its subsidiary Homestar Systems Inc to offer a special rebate considering the exceptional circumstances observed in the US automobile industry due to the recessionary trend. Consequent to commercial negotiations, it has been accepted mutually to offer an overall rebate of Rs. 389.97 Lakhs (USD 714,228). This is non recurring and largely exceptional in nature and accordingly, reflected as such.

23.23 Income from Investments comprises of :

(Amount in Rs.)

Particulars	Current Year	Previous Year
Dividend	-	16,059
Profit / (Loss) on sale of investments	-	2,498
TOTAL	-	18,557

23.24 Provision for Taxation:

Provision for current tax has been made considering the taxes on book profits as under section 115JB .

The Deferred tax balance comprises of the following :

(Amount in Lakhs.)

Particulars	Current Year	Previous Year
Deferred Tax Asset\Liabilities)		
Depreciation	1.63	4.16
Leave Salary & Gratuity	4.22	3.29
Timing differences u/s 40(a)(ia) of Income Tax Act,1961	-	-
TOTAL	5.85	7.46

In terms of the Guidance note on accounting for credit available in respect of Minimum Alternative Tax (MAT) under the Income Tax Act 1961, issued by the ICAI, the excess of MAT over normal current tax payable has been recognized as an asset by way of credit to the profit & loss account as MAT credit entitlement.

23.25 Segment Reporting**Primary Segments**

Based on the guiding principles in Accounting Standard on "Segment Reporting" issued by the Institute of Chartered Accountants of India, classification by geographic segment are the primary reportable segments, comprising of: i) Export ii) Domestic

(Amount in Lakhs.)

Particulars	Current Year	Previous Year
Revenue:		
Export	1,425.56	1,452.91
Domestic	179.85	240.64
Net Income from Operations	1,605.41	1,693.55
Add: Income from Exceptional Items/Other Income	234.14	(162.30)
Profit before Depreciation/Tax/Interest/Amortization :		
-from Exports	624.11	589.62
-from Domestic	(95.61)	(93.33)
Income from Exceptional Items/Other Income	234.14	(162.30)
Total	762.64	333.99
Less: (1) Interest	185.45	151.47
(2) Other Unallocated Expenses	0.00	0.00
(3) Depreciation/Amortization	550.56	62.67
Profit Before Taxation	26.63	119.85

Segmental Capital Employed: Assets and Liabilities contracted have not been identified to any of the reportable segments, as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly no disclosure relating to segments assets and liabilities are made.

23.26 Defined Benefit Plans

a. Gratuity

b. Leave Encashment

The disclosure as per the revised AS-15 are as follows:

a) Change in defined benefit obligation

(Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Projected Benefit Obligation at the beginning of the year	33.35	32.24	17.00	27.47
Current Service Cost	7.37	7.06	2.34	7.06
Interest Cost	2.47	2.77	1.22	2.36
Actuarial (gain)/loss on obligations	0.11	(8.72)	4.88	(19.89)
Benefits Paid	(5.79)	-	(5.64)	-
Projected Benefit obligation at the end of the year	37.51	33.35	19.80	17.00

b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31,2014

c) Amount recognized in Balance Sheet

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Present Value of the obligation as at the end of the year	37.51	33.35	19.79	17.00
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	37.51	33.35	19.79	17.00
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	37.51	33.35	19.79	17.00

d) Net periodic gratuity cost

(Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	7.37	7.06	2.34	7.06
Interest Cost	2.47	2.77	1.22	2.36
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	0.11	(8.72)	4.88	(19.89)
Expenses recognized in the statement of Profit and Loss	9.95	1.11	8.44	(10.47)

e) Principal actuarial assumptions

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rates	9.00%	8.10%	9.00%	8.60%
Future salary increases	7.00%	7.00%	7.00%	7.00%

- f) The discount rate is based on the market yield available on Government bonds at the accounting date with a term that matches the liabilities
- g) The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors.
- h) The employees are assumed to retire at the age of 60 years
- i) The mortality rate considered are as per the published rates in the IALM (2006-08) mortality tables.

23.27 Transfer Pricing

The company derives a significant portion of its revenue (Rs.1,425.56 lakhs) from services, rendered to its subsidiary M/s.Homestar Systems Inc & M/s Midrange Software Pte Ltd., Singapore. The revenue in this regard is recognized on the basis of a services agreement with the subsidiary or Purchase Orders raised by the subsidiary.

The Company has carried out a Transfer pricing study during the previous year based on which the Company's management is of the opinion that these international transactions are at arm's length and believes that the transfer pricing legislation will not have any impact on the Financial statements for the year ended March 2014, particularly on their amount of tax expense and that of the provision for taxation.

23.28 Balances of Sundry Debtors, Loans & Advances are subject to reconciliation and confirmation.**23.29 All figures have been rounded-off to the nearest Rupee. Previous Year's figures have been re-grouped/reclassified wherever necessary to conform to the current year presentation.**

for and on behalf of the Board

As per my Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountant
Membership No.202118

Place: Bangalore
30th May, 2014

Auditor's Report Consolidated Financial Statements

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF LOGIX MICROSYSTEMS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LOGIX MICROSYSTEMS LIMITED AND ITS SUBSIDIARIES

1. We have examined the attached consolidated balance sheet of Logix Microsystems Limited ("the Company") and its subsidiaries (the company and its subsidiaries constitute "the group") as at 31st March, 2014 and the Consolidated Profit and Loss Account for the year then ended annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We Report that,
 - i. We did not audit the financial statements of the subsidiaries. Financial statements of the subsidiaries are as furnished and certified by the management reflecting total net worth of Rs 177.19 crores as at 31st March, 2014 and total revenue from operations of Rs.29.07 crores for the year then ended are unaudited and have been certified by the management.
 - ii. The financial statements of subsidiary of Logix Americas Inc i.e. Get Logix L.L.C., USA, has not been considered for the purpose of this consolidated financial statements.
 - iii. Attention is drawn to Note No.23.2, in respect of non-uniformity of accounting policies adopted; and Note No. 23.1 (g) in respect of the revenue items being translated at average rates as at the year end instead of average rates during the year; changes arising from re-statement of opening balances of subsidiaries, Note No 23.13 regarding non-reconciliation of inter-company balances; the effect of which on the consolidated financial statements has not been quantified.
 - iv. The impact of minority interest on net income as also on net assets of subsidiaries has not been identified. Accordingly, related adjustments and disclosures required to the consolidated financial statements have not been carried out.
 - v. The Consolidated Cash Flow statement has not been compiled.
 - vi. Short Term Loans and advances as at 31st March 2014 includes a sum of Rs. 51.42 lacs of accrued interest on Inter-Corporate Deposits (ICD), which is long overdue and pending confirmation. Management is of the opinion that the same would be recovered in full and accordingly no provision towards possible non-recovery has been made in respect of the same. In the absence of confirmation for the same, we are unable to comment on the recoverability of the aforesaid amounts.
 - vii. Attention is drawn to Note No 23.5 (b) as regards remuneration paid to the managing director is in excess of limits prescribed under the Companies Act.
4. Subject to the above and further subject the Notes forming part of the consolidated financial statements, we report that:
 - i. The consolidated financial statements have been prepared by the Company on the basis of the separate financial statements of Logix Microsystems Limited and its subsidiaries included in the consolidated financial statements.
 - ii. Consequent to our comments in para 3 above and on the consideration of the significant impact of the same on the attached consolidated financial statements, we do not express an opinion as to whether:
 - a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Logix Microsystems Limited and its subsidiaries as at 31st March, 2014; and
 - b. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Logix Microsystems Limited and its subsidiaries for the year then ended.

R. Vijayanand
Chartered Accountant
Membership No. 202118
Dated: 30th May, 2014

Consolidated Balance Sheet

As at 31st March, 2014

	Note No.	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	120,986,730	120,986,730
Reserves and Surplus	2	1,650,869,280	1,632,755,988
		1,771,856,010	1,753,742,718
Non-Current Liabilities			
Long Term Borrowings	3	4,282,776	13,335,633
Other Long Term Liabilities	4	13,298,550	14,468,550
Long Term Provisions	4A	5,236,940	4,633,480
		22,818,266	32,437,663
Current Liabilities			
Short Term Borrowings	5	121,466,746	122,908,178
Trade Payables	6	30,904,362	45,010,907
Other Current Liabilities	7	132,444,014	131,606,441
Short Term Provisions	8	639,429	4,364,640
		285,454,551	303,890,166
TOTAL		2,080,128,827	2,090,070,547
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		53,352,930	63,942,772
Intangible Assets		1,692,730,747	1,874,200,899
Non-Current Investments	10	10,137,101	10,137,101
Deferred Tax Assets (Net)		2,626,572	2,041,970
Long Term Loans & Advances	11	18,787,263	18,112,205
		1,777,634,613	1,968,434,947
Current Assets			
Current Investments		-	-
Inventories	12	391,433	295,359
Trade Receivables	13	32,210,152	73,279,212
Cash and Bank Balances	14	227,481,410	7,995,599
Short Term Loans & Advances	15	42,411,219	40,065,431
		302,494,214	121,635,601
TOTAL		2,080,128,827	2,090,070,547

Notes to Accounts & Significant Accounting policies

1 to 23

Notes to Accounts and Significant Accounting policies form an integral part of the Balance Sheet.

for and on behalf of the Board

As per my Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountant
Membership No.202118

Place: Bangalore
30th May, 2014

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2014

	Note No.	Year ended March 31, 2014 Rs.	Year ended March 31, 2013 Rs.
INCOME			
Revenue from Operations	16	290,745,971	327,892,286
Other Income	17	330,835,608	159,719,414
TOTAL REVENUE		621,581,578	487,611,700
EXPENDITURE			
Direct Cost of Operation	18	17,692,137	25,689,978
(Increase)/Decrease in Stocks/Work-in-Progress	19	(96,074)	(163,395)
Employee Benefit Expenses	20	216,209,673	124,468,889
Financial Costs	21	19,569,083	14,829,011
Depreciation/Amortisation Expenses		258,241,654	166,160,835
Other Expenses	22	101,999,623	60,547,043
TOTAL EXPENSES		613,616,095	391,532,360
Profit Before Tax & Exceptional item		7,965,483	96,079,340
Exceptional Items			
MAT Credit adjustment		(970,595)	-
Reversal of Interest receivable as doubtful		-	23,004,553
Profit Before Tax		6,994,888	73,074,787
Tax Expenses			
Current Tax		(1,376,073)	(3,927,917)
Less: MAT Credit Adjustment		-	(1,535,716)
Deferred Tax		584,602	745,839
		(791,471)	(4,717,794)
Net Profit for the Year		6,203,417	68,356,993

Earnings Per Share of Face Value Rs. 10/- each

Basic	0.51	5.65
Diluted	0.51	5.65

Notes to Accounts & Significant Accounting Policies

1 to 23

Notes to Accounts and Significant Accounting policies form an integral part of the Balance Sheet.

for and on behalf of the Board

As per my Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountant
Membership No.202118

Place: Bangalore
30th May, 2014

Notes on Consolidated Financial Statement

For the year ended 31st March, 2014

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 1: SHARE CAPITAL		
Authorised Capital 13,200,000 Equity Shares of Rs. 10 each, fully paid (Previous Year :13,200,000 Equity Shares of Rs. 10 each fully paid)	132,000,000	132,000,000
Issued, Subscribed and Paid Up Capital 12,098,673 Equity Shares of Rs. 10/- each fully paid (Previous Year :12,098,673 Equity Shares of Rs. 10/- each fully paid)	120,986,730	120,986,730

Note 1(a): The details of Shareholders holding more than 5% of Shares:

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% held	No. of Shares	% held
Sanjay Vedprakash Soni	1,554,262	12.85	1,500,762	12.40
Ashish Dhawan	766,044	6.33	766,044	6.33
FID Funds (Mauritius) Limited	1,082,636	8.95	1,162,900	9.61
Mukul S Doshi	1,004,998	8.31	1,004,998	8.31

Note 1(b): The reconciliation of number of shares outstanding is as given below:

	As at March 31, 2014 No. of Shares	As at March 31, 2013 No. of Shares
Equity Shares at the beginning of the year	12,098,673	12,098,673
Add: Shares issued during the year	-	-
Less: shares cancelled on buy back of Equity Shares	-	-
Equity shares at the end of the year	12,098,673	12,098,673

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 2: RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	1,447,293,217	1,447,293,217
Additions during the year:	11,909,874	-
	1,459,203,091	1,447,293,217
General Reserve		
As per last Balance Sheet	6,339,532	6,339,532
Add: Transfer from Statement of Profit & Loss	-	-
Closing Balance	6,339,532	6,339,532
Stock option Outstanding Account		
As per last Balance Sheet	-	-
Less: Deferred employee compensation expenses	-	-
Less: Expiry of vested stock options	-	-
Surplus		
As per last Balance Sheet	179,123,239	110,766,246
Add: Net Profit after Tax for the year	6,203,417	68,356,993
	185,326,656	179,123,239
TOTAL	1,650,869,280	1,632,755,988

Notes on Consolidated Financial Statement

For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 3: LONG TERM BORROWINGS		
From Banks-Secured:		
Term Loan:		
Term Loan from State Bank of Mysore (including Interest accrued)	4,282,776	13,335,633
TOTAL	4,282,776	13,335,633

i) Security:

- Primary security is by way of assignment of rent receivables from tenants
- Collateral securities;
 - a) Land & Building situated at White field, Bangalore.
 - b) 400,000 Equity shares held by Mr. Sanjay Soni, in Logix Microsystems Ltd.
 - c) Charge on the all moveable & Immovable Fixed Assets of the Company.
 - d) Personal guarantee of Mrs.Kiran Soni & Mr. Sanjay Soni.

ii) Terms of repayment of loan:

- a) EMI Rs.8,78,556/-
- b) Rate of Interest is 17.25% P.A.
- c) 34.60 EMI's total amounting to Rs.23,744,688/- due as on Balance Sheet date with maturity of term loan of August, 2015

iii) Defaults as on Balance Sheet date

- a) Period of default : Equal to 17.60 months installments of EMI
- b) Principal Amount : Rs.10,590,905/-
- c) Interest amount : Rs.4,868,077/-

Note 4: OTHER LONG TERM LIABILITIES		
Rental Deposit refundable	10,791,550	11,961,550
Liability towards Investment in Subsidiary	2,507,000	2,507,000
TOTAL	13,298,550	14,468,550
Note 4A: LONG TERM PROVISIONS		
Long Term Provisions for Gratuity	3,446,480	3,091,790
Long Term Provisions for Compensatory Absences	1,790,460	1,541,690
TOTAL	5,236,940	4,633,480
Note 5: SHORT TERM BORROWINGS		
From Banks-Secured:		
Working Capital Facilities from State Bank of Mysore (Secured against first charge on inventories & receivables, immovable property, second charge on moveable assets and personal guarantee by Promoter Directors)		
i) Open Cash Credit	9,546,064	12,377,547
ii) Packing Credit	111,920,682	108,030,631
From Others - Unsecured:		
Bangalore Soft Drinks Pvt Ltd	-	2,500,000
TOTAL	121,466,746	122,908,178

Defaults as on Balance Sheet date:

Packing Credit

- a) Period of default : 30 Months
- b) Principal amount : Rs. 103,819,791/- (Previous Year : Rs. 58,662,641/-)
- c) Interest amount : Rs. 10,033,387/- (Previous Year : Rs. 10,033,387/-)

Notes on Consolidated Financial Statement For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 6: TRADE PAYABLES		
Sundry Creditors	30,904,362	45,010,907
TOTAL	30,904,362	45,010,907
Note 7: OTHER CURRENT LIABILITIES		
Current maturities of long term debt	19,461,912	10,868,969
Short term Loans & Advances from Related Party (Refer Note No. 23.10)	-	2,326,948
Unclaimed Dividend	1,783,353	1,783,809
Share Warrant Application Money pending allotment (Refer Note No. 23.9)	330,000	330,000
Statutory dues	18,431,547	17,954,168
Deferred Income	2,809,171	4,331,120
Other payables	89,628,032	94,011,427
TOTAL	132,444,014	131,606,441
Note 8: SHORT TERM PROVISIONS		
Provision for Taxation	145,249	3,963,000
Short term Provision for Gratuity	304,760	242,970
Short term Provision for Compensated absences	189,420	158,670
TOTAL	639,429	4,364,640

Note: 9. FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION /AMORTISATION				NET BLOCK	
	As at 01.04.2013	Additions	Deletions/ Adjustments	As at 31.03.2014	As at 01.04.2013	For the year	Deletions/ Adjustments	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
1 Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2 Buildings	61,484,949	-	-	61,484,949	25,913,869	-	4,282,914	30,196,783	31,288,166	35,571,080
3 Computers	33,829,260	32,563	-	33,861,823	32,305,211	-	616,050	32,921,260	940,563	1,524,049
4 Plant and Machinery	7,051,808	-	-	7,051,808	6,190,390	-	128,110	6,318,500	733,308	861,418
5 Office Equipments	68,295,094	53,879	-	68,348,973	57,807,334	-	3,394,462	61,201,796	7,147,177	10,487,760
6 Diesel Generators	1,919,067	-	-	1,919,067	1,264,296	-	91,079	1,355,375	563,692	654,771
7 Electrical Installations	4,639,947	-	-	4,639,947	3,300,055	-	242,520	3,542,575	1,097,372	1,339,892
8 Furniture & Fittings	8,450,585	-	-	8,450,585	7,792,726	-	124,360	7,917,086	533,499	657,859
9 Interiors	16,601,602	-	-	16,601,602	10,951,421	-	1,143,977	12,095,398	4,506,204	5,650,181
10 Vehicles	15,023,294	-	-	15,023,294	12,501,812	-	652,812	13,154,624	1,868,670	2,521,482
11 Canteen Structure	301,039	-	-	301,039	301,039	-	-	301,039	-	-
	222,270,925	86,442	-	222,357,367	158,328,153	-	10,676,284	169,004,437	53,352,930	63,942,772
Intangibles Assets										
12 Software*	69,796,204	425,431	-	70,221,635	69,767,654	-	48,925	69,816,579	405,056	28,550
13 Technical Know-how	2,078,651,890	-	-	2,078,651,890	363,619,106	-	184,999,707	548,618,813	1,530,033,077	1,715,032,784
14 Intellectual Property	151,757,700	200,076,187	134,406,401	217,427,487	-	-	57,254,861	57,254,861	160,172,626	151,757,700
15 Misc.Expenditure	30,701,226	-	-	30,701,226	23,319,361	-	5,261,877	28,581,237	2,119,989	7,381,865
	2,330,907,020	200,501,618	134,406,401	2,397,002,238	456,706,121	-	247,565,370	704,271,490	1,692,730,748	1,874,200,899
Total	2,553,177,945	200,588,060	134,406,401	2,619,359,605	615,034,274	-	258,241,654	873,275,927	1,746,083,677	1,938,143,670
Previous Year	2,260,972,223	296,136,520	2,993,678	2,554,115,065	363,142,645	2,151,858	166,160,835	527,151,622	2,026,963,443	1,897,829,578

Notes on Consolidated Financial Statement

For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 10: NON-CURRENT INVESTMENTS		
Other than Trade, Unquoted		
i) Investments in Get Logix	8,096,601	8,096,601
ii) Investment in Equity Shares of Carazoo Online Services Pvt.Ltd (48,810 Equity Shares of face value Rs.10 each fully paid) (Previous Year: 48,810 Equity Shares of face value Rs.10 each fully paid)	2,040,500	2,040,500
TOTAL	10,137,101	10,137,101
Note 11: LONG TERM LOANS & ADVANCES		
Unsecured, Considered Good		
Deposits	18,787,263	18,112,205
TOTAL	18,787,263	18,112,205
Note 12: INVENTORIES		
Stock in Trade	391,433	295,359
Software work-in-Progress	-	-
TOTAL	391,433	295,359
Note 13: TRADE RECEIVABLES		
Debts outstanding for a period exceeding 6 months		
Unsecured, Considered Good	21,691,871	60,877,413
Unsecured, Considered Doubtful	-	-
Other Debts (Unsecured, Considered Good)	10,518,281	12,401,799
	32,210,152	73,279,212
Less: Provision for Doubtful Debts	-	-
TOTAL	32,210,152	73,279,212
Note 14: CASH AND BANK BALANCES		
a. Cash & Cash equivalents		
i) Balances with Scheduled Banks		
Current Account	225,590,586	4,833,553
EEFC Account	-	-
ii) Cash on Hand	57,470	8,236
b. Earmarked balance with banks (Unpaid dividend)	1,783,354	1,783,810
c. Deposit with Banks	50,000	1,370,000
(The above deposit are held as Margin money against Letter of Credit and Bank Guarantee's availed)		
TOTAL	227,481,410	7,995,599
Note 15: SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good:		
Loans and advances to related parties (Refer Note No. 23.10)	18,711,707	10,795,573
Employee Loans & Advances	54,942	84,800
MAT Credit Entitlement	1,771,857	5,508,956
Income-tax Paid at Source	4,875,490	4,908,259
Income Tax refund receivable	1,331,709	743,783
Other Short term Loans & Advances	15,665,514	18,024,060
TOTAL	42,411,219	40,065,431

Notes on Consolidated Financial Statement

For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 16: REVENUE FROM OPERATION		
Software Sales & Services		
-Domestic	17,985,470	24,168,444
-Exports	272,760,500	303,723,842
TOTAL	290,745,971	327,892,286
Note 17: OTHER INCOME		
Interest Income [TDS: Rs. 9,515/-(Previous Year: Rs.13,977)]	95,141	1,319,922
Dividend Income	-	16,059
Income from Investments	-	2,498
Other Non-operating income		
-Rental Income	10,471,981	13,147,279
-Service charges received (Carazoo)	5,760,957	6,554,982
-Profit on Sale of Fixed Assets	-	200,885
-Exchange Gain (Net)	(39,547,711)	3,180,832
-Reimbursement of expenses	1,591,096	2,429,463
-Insurance surrender value received	-	6,202,219
-Profit on sale of business	345,947,025	125,119,358
-Miscellaneous Income	6,517,118	1,545,918
TOTAL	330,835,608	159,719,414
Note 18: DIRECT COST OF OPERATION		
Cost of Purchase for Resale	17,687,938	24,787,238
Customs duty	4,199	902,740
TOTAL	17,692,137	25,689,978
Note 19: (INCREASE)/DECREASE IN WORK-IN-PROGRESS		
Opening Stock		
Stock in Trade	295,359	131,964
Software Work in Progress	-	-
Total (A)	295,359	131,964
Closing Stock		
Stock in Trade	391,433	295,359
Software Work in Progress	-	-
Total (B)	391,433	295,359
(Increase)/Decrease in Work-in-Progress	(96,074)	(163,395)
Note 20: EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	211,641,914	118,994,231
Contribution to Provident and Other Funds	2,536,648	2,971,507
Staff Welfare Expenses	2,031,111	2,503,151
TOTAL	216,209,673	124,468,889

Notes on Consolidated Financial Statement
For the Year ended 31st March, 2014

	As at March 31, 2014 Rs.	As at March 31, 2013 Rs.
Note 21: FINANCIAL COSTS		
Interest Expense	19,569,083	17,439,093
Net gain or loss on Foreign currency on borrowings cost	-	2,610,082
TOTAL	19,569,083	14,829,011
Note 22: OTHER EXPENSES		
Directors Sitting Fees	-	1,500
Books & Periodicals	3,910	1,516
Corporate Expenses	196,509	191,138
Electricity, Generator & Water Charges	5,699,012	7,162,412
Insurance	894,067	2,115,900
Membership & Subscription	1,468,253	15,339,742
Miscellaneous Expenses	2,360,317	424,095
Office Expenses	2,112,096	1,140,510
Postage & Telecommunication	11,136,914	3,395,673
Professional, Legal & Consultancy Charges	6,051,905	6,203,830
Printing & Stationery	173,288	328,443
Rent	23,822,383	13,781,806
Rates & Taxes	2,018,028	1,510,681
Repairs & Maintenance	7,531,742	1,485,180
Recruitment expenses	1,854	-
Security Charges	665,728	844,150
STPI - Service Charges	581,000	32,000
Traveling & Conveyance	9,994,113	6,946,418
Vehicle Maintenance	1,113,739	838,344
Exchange Rate Difference	12,103,703	(3,929,979)
Bank Charges	1,469,845	766,496
Bad Debts written off	-	7,506
Advertisement Expenses	611,212	356,950
Business Promotion	4,014,330	1,431,713
Exhibition & Seminar Expenses	12,000	39,169
Entertainment Expenses	111,407	131,849
Commission on Sales	7,703,858	-
Bad Debts	148,410	-
TOTAL	101,999,623	60,547,043

Notes on Consolidated Financial Statement For the Year ended 31st March, 2014

23 NOTES ON ACCOUNTS

23.1 Significant Accounting Policies

a Basis of Preparation

The financial statements are prepared under the historical cost convention, in accordance with the accounting standards/practices in the respective countries as adopted consistently by the Company and its subsidiaries. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

The preparation of statements is in conformity with accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of such expenses include provision for doubtful debts, miscellaneous expenditure and useful lives of fixed assets. Actual results could differ from those estimates.

b Revenue Recognition

Revenue from fixed price software contracts are recognized principally on the basis of completed mile-stones as specified in the contracts. Revenue from software development and service on time basis is recognized as per terms of specified contracts. Revenue from sale of hardware and software products is recognized on the dispatch of goods from the company's premises/transfer of Licenses. No provision has been made for possible return/expenses. Income from Maintenance Contracts is accounted for in the ratio of the period expired to the total period of contract and the amount invoiced towards the unexpired portion of such contracts is treated as Deferred Income. Dividend income is recognized when the right to receive dividend is established.

c Inventory Valuation

Trading Stock has been valued at the lower of cost or net realizable value. Software Work-in-Process is valued at the cost incurred on the specific project up to the date of Balance Sheet pending achievement of requisite mile-stone on which revenue is recognized subsequent to the date of the Balance Sheet.

d Fixed Assets

Fixed Assets are stated at the original cost of acquisition less depreciation. Original cost includes purchase price, levies, directly attributable cost of bringing the assets to its working condition for its intended use as also the capitalized portion of pre-operative expenses.

e Depreciation

Depreciation on the assets of the Indian Parent Company is provided at the rates prescribed in Schedule XIV of the Companies Act 1956. Depreciation on the assets of the Subsidiaries is provided at the rates prescribed in the Accounting Standards of the respective countries. Intangible assets are amortized over a period of 3-5 years.

Depreciation is charged on pro rata basis on the additions during the year.

f Investments

Short Term Investments: These are valued at the lower of cost or market value as at the year end.

g Foreign Currency Transactions

The reporting currency of the Indian parent company is the Indian Rupee. Transactions in Foreign Currency of the Indian parent company are recorded at a rate which approximates the exchange rate prevailing on the date of the transaction. Current Assets and Liabilities denominated in Foreign Currency are translated at the rate of exchange at the Balance Sheet date. The resulting net gain or loss is recognized in the Profit and Loss Account. The reporting currency of the company's foreign subsidiaries is US Dollars, Euro & Singapore Dollars. The revenue items and the year end balances have been translated into Indian rupees using average rate prevalent as at the date of the balance sheet respectively. The consequent difference on account of rate difference has been recognized in the Profit & Loss account of the period.

h Borrowing Costs

Borrowing costs that are attributable to the acquisition / construction of fixed assets are capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they are incurred.

i Taxation

Provision for Income-tax of the parent company has been made at the higher of that on the assessable income or on basis of section 115JB of the Income Tax Act, 1961. Deferred tax is recognized subject to consideration of prudence, on timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit is recognized using current tax rates. Deferred tax assets / liabilities are reviewed as at each Balance sheet date.

The effect of deferred taxation is not considered in relation to the financial statements of the foreign subsidiaries.

j Retirement/Employee Benefits

In accordance with the requirements of revised Accounting Standard-15 "Employee Benefits", the Company provides for gratuity covering eligible employees on the basis of actuarial valuation as carried out by an Actuary using the Projected Unit Credit Method. The liability is unfunded. Actuarial gains or losses arising from the changes in the actuarial assumptions are charged or credited to the Profit and Loss account in the year in which such gains or losses arise.

Leave encashment benefits payable to the employees of the Company with respect to accumulated leave outstanding at the year end are accounted for on the basis of actuarial valuation using Projected Unit Credit Method as at the Balance Sheet date. The liability is unfunded.

The Company's contribution to employee's Provident Fund is accounted on accrual basis.

Other Employee benefits are accounted for on accrual basis. Since the attrition rate in the software industry is significant, the Company has taken the stand, as in the previous years, not to provide for superannuation benefits to the employees. Superannuation expenses will be charged to the Profit & Loss Account as and when it is paid. Due to the nature of the industry, the Company does not foresee significant expenses under this head in the foreseeable future.

k Miscellaneous Expenditure

Pre-operative Expenses represent the cost incurred on setting-up of new projects / divisions prior to the commencement of commercial operations. These expenses are capitalized to the cost of the Fixed Assets of the specific division when the same are ready for use. Expenses incurred on raising additional capital is charged to the share premium account.

l Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares during the period. For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to the equity share holders and weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

m Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probable requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent

liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

23.2 The consolidated Financial Statement represents the consolidation of Accounts of Logix Microsystems Limited with its subsidiaries as detailed below:

Name	Country	Ownership / Control
Midrange Software Pte. Ltd.	Singapore	100%
Logix Americas Inc.,	USA	100%
Homestar Systems Inc.,	USA (By Logix Americas Inc)	100%
Homestar LLC,	USA (By Homestar Systems Inc)	100%
Izmo Europe BVBA	Belgium (By Logix Microsystems Ltd)	100%

The financial statements of subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent company i.e., year ended 31.03.2014. The financial statements of Get Logix LLC (a subsidiary of Logix Americas Inc) have not been considered for the purpose of these Consolidated Financial Statements. Accounting for investments in subsidiaries is under the equity method.

The financial statements of the Indian company are prepared in accordance with the Accounting Standards followed in India. The financial statements of the subsidiary in Singapore are prepared in accordance with the Singapore Statement of Accounting Standards. The financial statements of the US subsidiaries are prepared in accordance with the accounting practices in the US. The financial statements of the subsidiary in Belgium are prepared in accordance with the accounting practices in Belgium. The effect of adoption of non-uniform accounting policies/practices has not been quantified.

Differences arising on account of change in the financial statement of the subsidiary for previous period, consequent to their finalization, as compared to the figure previously adopted for the purpose of consolidation are treated as a prior period item and related adjustments are carried out wherever necessary.

23.3 Turnover is stated net of Sales tax, Cess, Surcharge, Service Tax and Sales Returns.

23.4 (a) Contingent Liabilities (to the extent of which not provided for)

(Amount in Rs.)

Particulars	Current Year	Previous Year
Money for which the company is contingently liable:		
I) Performance Guarantees	50,000	13,70,000
ii) Claims against the company Not acknowledged as debts	-	-
iii) Other money for which the company is contingently liable	-	-

23.4 (b) Commitments (to the extent of which not provided for provided for)

(Amount in Rs.)

Particulars	Current Year	Previous Year
i) Unexpired Letters of Credit	-	-
ii) Warranty Costs on Software Sale*	Not Quantified	Not Quantified

*The company does not envisage any liability on account of a back to back arrangement with the suppliers for any such claims.

23.5 Remuneration to Directors:

(Amount in Rs.)

Particulars	Current Year	Previous Year
Salary & allowances	5,775,912	8,150,292
Contribution to Provident Fund	420,132	420,132
Total	6,196,044	8,570,424

- a) The above amount do not include Gratuity and Leave encashment benefits as the provisions for these are determined for the Company as a whole and therefore separate amounts for the Directors are not available
- b) Directors remuneration for the current year includes a sum of Rs. 31.96 Lakhs paid to the managing director in accordance with the limits approved by the shareholders at the AGM held on 29th September 2010 but in excess of the limits prescribed under the Companies Act. The similar excess remuneration for the previous periods (from FY 2007-08 onwards) amounts to Rs. 181.38 lacs. The Company had applied for the requisite approval from the Central Government which had not been granted, but the management is confident of obtaining the approval and is in the process of filing revised application for the same. Pending outcome of the same, these amounts continue to be considered as an expense.

23.6 The Company's Singapore subsidiary, Midrange Software Pte Ltd has made provision of SGD 2,70,000 (Previous year: SGD 270,000), in their books towards director's remuneration payable in respect of services rendered by Mr. Sanjay Soni. As per the understanding the same would be paid to M/s. Logix Microsystems Ltd, the holding Company in accordance with Sec 314 (1) (ii) of the Companies Act.

23.7 Earnings per Share - Computation of earnings per share (basic & diluted)

Particulars	After extraordinary items		Before extraordinary items		
	2013 - 2014	2012 - 2013	2013 - 2014	2012 - 2013	
Basic					
Net Profit after tax attributable to Equity holders (Rs.)	A	6,203,417	68,356,993	6,203,417	68,356,993
Weighted average number of shares outstanding	B	12,098,673	12,098,673	12,098,673	12,098,673
Basic EPS (Rs.)	A/B	0.51	5.65	0.51	5.65
Diluted					
Net Profit after tax attributable to Equity share holders (Rs.)	A	6,203,417	68,356,993	6,203,417	68,356,993
Weighted average number of shares outstanding	B	12,098,673	12,098,673	12,098,673	12,098,673
Add : Weighted average no of potential equity shares on account of ESOP	C	-	-	-	-
Weighted average number of shares outstanding for diluted EPS	D=B+C	12,098,673	12,098,673	12,098,673	12,098,673
Diluted EPS (Rs.)	A/D	0.51	5.65	0.51	5.65
Face value per share (Rs.)		10	10	10	10

23.8 Investments

(Amount in Rs)

Particulars	Current Year	Previous Year
Investment in Shares (Quoted)		
Aggregate Book Value	-	-
Market Value	-	-

23.9 In accordance with Section 205C of Companies Act, 1956, Share Warrant Application money, pending allotment and due for refund amounting to Rs. 3,30,000 remaining unpaid since 29th September 2007 will be transferred to Investor Education and Protection Fund after the completion of 7 years from the date of payment falling due.

23.10 Consolidated Related Party disclosure

- a. Key Management Personnel
 - Mr. Sanjay Soni
 - Mr. Tej Soni

- b. Enterprises in which Key Management personnel/their relatives have a significant influence
 - Aries Gases Private Limited
 - Deep Heritage
 - Deep Oxygen Private Limited
 - Deep Investment Advisory Bangalore Private Limited
 - Deep Engineers & Consultants
 - D'gipro Systems Private Limited
 - D'gipro Design Automation & Marketing Private Limited
 - SL Business Center
 - Si2 Microsystems Private Limited

(Amount in Lakhs)

Nature of Translations	Key Management Personnel		Enterprise in which key Management Personnel or their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services/Rentals				
Deep Heritage	-	-	0.15	-
Si2 Microsystems Pvt Ltd	-	-	34.59	43.68
D'gipro Design Automation and Marketing Pvt Ltd	-	-	-	-
S L Business Centre	-	-	3.85	3.60
Remuneration	61.96	85.70	-	-
Software Sales & Service Exports				
Si2 Microsystems Pvt Ltd.	-	-	-	-
D'gipro Design Automation and Marketing Pvt Ltd	-	-	-	-
Rental Income				
Si2 Microsystems Pvt Ltd.	-	-	51.50	51.50
D'gipro Design Automation and Marketing Pvt Ltd	-	-	20.40	36.00
Receivables				
Si2 Microsystems Pvt Ltd.	-	-	-	50.80
D'gipro Design Automation and Marketing Pvt Ltd	-	-	160.36	-
Payables				
Si2 Microsystems Pvt Ltd.	-	-	101.12	-
S L Business Centre	-	-	0.34	0.57
D'gipro Design Automation and Marketing Pvt Ltd	-	-	-	10.94
Unsecured Loan (from Sanjay Soni)	-	23.27	-	-

23.11 During the previous financial year, the global recession continued to impact business across geographies. In addition to this, US auto industry in particular, experienced a severe downturn resulting in bankruptcy/ closure of several automobile dealers who happened to be the clients of Homestar Systems Inc. In this backdrop, the Company was approached by its subsidiary Homestar Systems Inc to offer a special rebate considering the exceptional circumstances observed in the US automobile industry due to the recessionary trend. Consequent to commercial negotiations, it has been accepted mutually to offer an overall rebate of Rs. 389.97 Lakhs (USD 714,228). This is non recurring and largely exceptional in nature and accordingly reflected as such.

23.12 Income from Investments comprises of:

(Amount in Rs.)

Particulars	Current Year	Previous Year
Dividend	-	16,059
Profit / (Loss) on sale of investments	-	2,498
Total	-	18,557

23.13 The inter company (between holding and subsidiaries and intra - subsidiary) balances as at 31.03.2014 are subject to reconciliation.

23.14 Defined Benefit Plans

a Gratuity

b Leave Encashment

The disclosures as per the revised AS-15 are as follows:

(a) Change in defined benefit obligation

(Amount in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Projected Benefit Obligation at the beginning of the year	33.35	32.24	17.00	27.47
Current Service Cost	7.37	7.06	2.34	7.06
Interest Cost	2.47	2.77	1.22	2.36
Actuarial (gain)/loss on obligations	0.11	(8.72)	4.88	(19.89)
Benefits Paid	(5.79)	-	(5.64)	-
Projected Benefit obligation at the end of the year	37.51	33.35	19.80	17.00

(b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31, 2014.

(c) Amount recognised in Balance Sheet

(Amount in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Present Value of the obligation as at the end of the year	37.51	33.35	19.79	17.00
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	37.51	33.35	19.79	17.00
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	37.51	33.35	19.79	17.00

(d) Net periodic gratuity cost (Amount in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	7.37	7.06	2.34	7.06
Interest Cost	2.47	2.77	1.22	2.36
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	0.11	(8.72)	4.88	(19.89)
Expenses recognized in the statement of Profit and Loss	9.95	1.11	8.44	(10.47)

(e) Principal actuarial assumptions

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rates	9.00 %	8.10%	9.00%	8.60 %
Future salary increases	7.00 %	7.00 %	7.00 %	7.00 %

(f) The discount rate is based on the market yield available on Government bonds at the accounting date with a term that matches the liabilities.

(g) The estimates of future salary increase considered in the actuarial valuation taken into account factors like inflation, seniority, promotion and other relevant factors.

(h) The employees are assumed to retire at the age of 60 years.

(i) The mortality rates considered are as per the published rates in the IALM (2006-08) mortality tables.

23.16 Transfer Pricing

The company derives a significant portion of its revenue (Rs.1,425.56 lakhs) from services, rendered to its subsidiary M/s. Homestar LLC, USA, M/s. Homestar Systems Inc & M/s. Midrange Software Pte Ltd., Singapore. The revenue in this regard is recognized on the basis of a services agreement with the subsidiary.

The Company has carried out a Transfer pricing study during the previous year based on which the Company's management is of the opinion that these international transactions are at arm's length and believes that the transfer pricing legislation will not have any impact on the Financial statements for the year ended March 2014, particularly on their amount of tax expense and that of the provision for taxation.

23.17 Balances of Sundry Debtors, Loans & Advances are subject to reconciliation and confirmation.

23.18 All figures have been rounded - off to the nearest Rupee. Previous Year's figures have been re - grouped/reclassified wherever necessary to conform to the current year presentation.

for and on behalf of the Board

As per my Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountant
Membership No.202118

Place: Bangalore
30th May, 2014

IZMO Limited

(Formerly known as LOGIX MICROSYSTEMS LIMITED)

Registered Office: 177/2C, Billekahalli Industrial Area, Bannerghatta Road, Bangalore-560076 Ph. 080-67125400 Fax:

080-67125408 www.logixworld.com

CIN: L72200KA1995PLC018734 Email ID: Info@logixworld.com

ATTENDANCE SLIP

Regd. Folio No.

*Demat A/c No.

No. of Shares Held:

DP. ID No.

NAME AND ADDRESS OF THE SHAREHOLDERS:

I/We hereby record my/our presence at the 19th Annual General Meeting of the Company held on Tuesday, September 30, 2014 at 9.30 A.M. at Bharatiya Vidya Bhavan, Race Course Road, Bangalore – 560 001.

Signature of member/Proxy :

Notes : -

Please fill this Attendance Slip & hand over at the reception.

Members are requested to bring their copy of the Annual Report to the Meeting.

* Those who hold shares in demat form must quote their Demat A/c No. and Depository Participant (DP) ID. No.

NO GIFTS WILL BE DISTRIBUTED AT THE AGM

IZMO Limited

(Formerly known as LOGIX MICROSYSTEMS LIMITED)

Registered Office: 177/2C, Billekahalli Industrial Area, Bannerghatta Road, Bangalore-560076 Ph. 080-67125400 Fax: 080-67125408 www.logixworld.com

CIN: L72200KA1995PLC018734 Email ID: Info@logixworld.com

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L72200KA1995PLC018734

Name of the company: IZMO Limited

Registered office: #177/2C Billekahalli Industrial Area, Bannerghatta Road, Bangalore - 560076.

Name of the Member (s)	
Registered address	
E-mail Id	
Folio No/ Client Id	
DP ID	

I/We, being the member (s) of shares of the above named company, hereby appoint

1.Name:

Address:

E-mail Id:

Signature: _____, or failing him

1.Name:

Address:

E-mail Id:

Signature: _____, or failing him

1.Name:

Address:

E-mail Id:

Signature: _____, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Nineteenth Annual general meeting/~~Extraordinary general meeting~~ of the company, to be held on the 30th day of September at 9:30 A.M. at Bharatiya Vidya Bhavan, Race Course Road, Bangalore – 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Votes	
		For	Against
Ordinary Business:			
1.	Adoption of Audited Annual Accounts for the year ended March 31, 2014 and the Auditors and Directors Reports thereon.		
2.	Re-appointment of Mr. Sanjay Soni, who retires by rotation.		
3.	Appointment of Mr. R Vijayanand, Chartered Accountants (Membership Number 202118) as Statutory Auditor of the company		
Special Business:			
4.	Appointment of Mr. Ramanujam Krishnamurthy as an Independent and Non Executive Director		
5.	Appointment of Mr. P. Phaneendra as an Independent and Non Executive Director		
6.	Appointment of Mr. Vijay Kumar D Gupta as an Independent and Non Executive Director		

Signed this..... day of September 2014

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

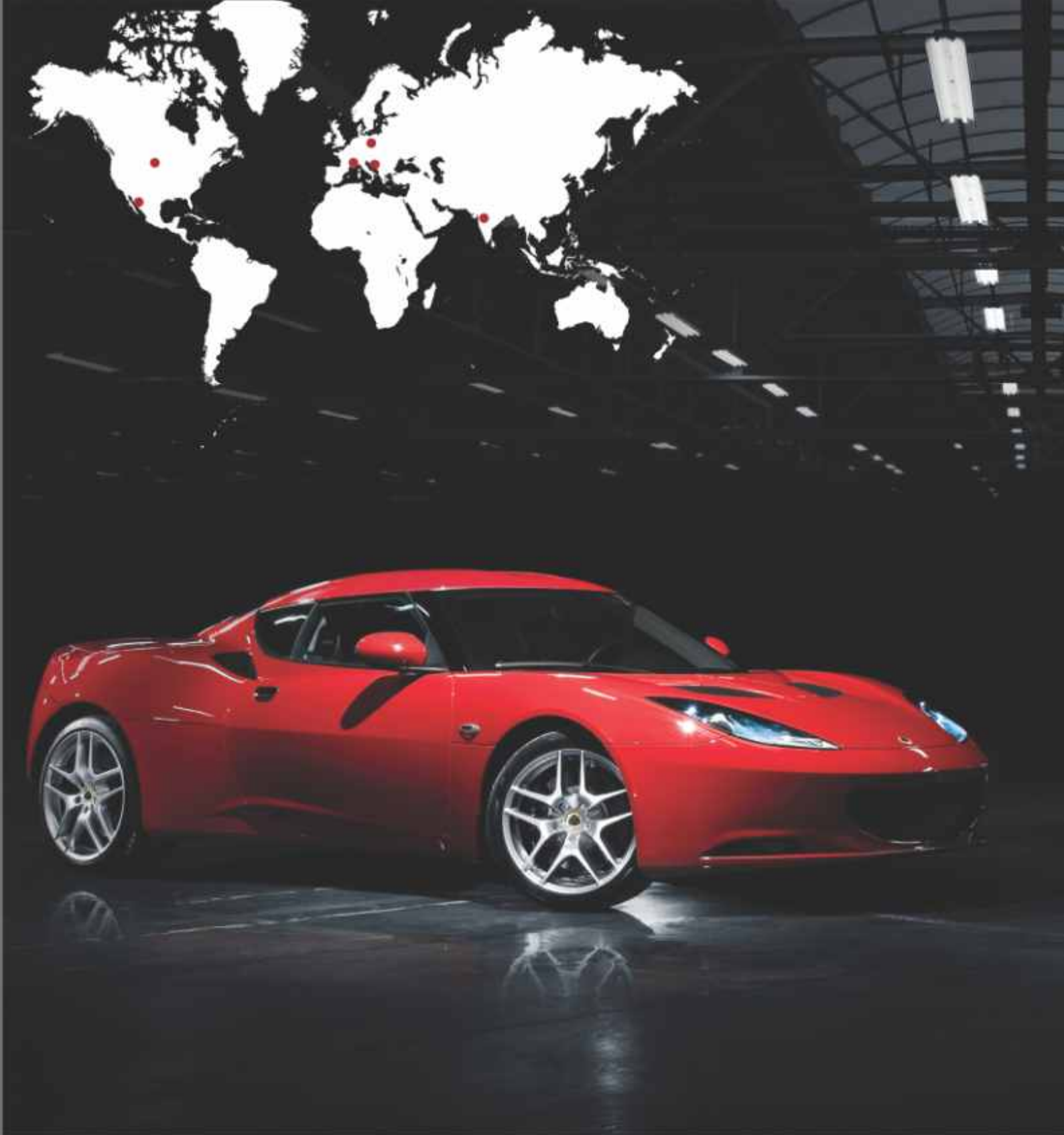
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“Your images have taken our product to the next level and we are thrilled to be working with you.”

Kristin Christenson
Product Manager

AutoPoint
a Sofera company



izmo ltd.

(Formerly Logix Microsystems Limited)

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