



Customer Satisfaction
@ Any Cost



DRIVING INNOVATION
17TH ANNUAL REPORT
2011-2012



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MARKET LEADERSHIP



“Carazoo dealer solutions are our lifeline in the virtual dealership world.”



Naveen Sarawgi
CEO, Bimal Auto Agency
Young Entrepreneur of the Year
Maruti Suzuki India Limited

Our decision to build an interactive website with “Carazoo” has paid off very well. We have managed to get fantastic footfalls to our website and convert them to leads. We experienced a definite increase in sales for new cars and were able to increase sales of our pre-owned vehicles. We were able to increase sales by increasing our response time to the internet leads and we realized that speed of response is the key to conversion.

Carazoo dealer solutions are our lifeline in the virtual dealership world.

Corporate Information

Board of Directors

Mrs. Shashi Soni
Chairperson

Mr. Sanjay Soni
Managing Director

Mr. Vijay Kumar D Gupta
Director

Dr. Devindra Kumar Bhatia
Director - Upto 13th October, 2011

Mr. R N Chawhan
Director

Auditors

M/s Vasan & Sampath
Chartered Accountants
30/1, Jupiter 1, 4th Cross,
Jayanagar 7th Block,
Bangalore – 560 082

Share Transfer Agents

Cameo Corporate Services Limited
"Subramanian Building", V Floor,
1, Club House Road,
Chennai - 600 002
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

Logix Microsystems Limited
177/2C, Bilekahalli Industrial Area,
Banneraghatta Road,
Bangalore - 560 076, India
Tel : 91-80-67125400 to 5407
Fax: 91-80-67125408
E-mail : info@logixworld.com

Websites

www.logixworld.com
www.izmocars.com
www.izmoeurope.be
www.logixworld.com/financials.html

INDIA

Bangalore Unit- 2

Logix Microsystems Limited
Bilekahalli Industrial Area,
Banneraghatta Road,
Bangalore - 560 076, India
Tel : 91-80-67125400 to 5407

Bangalore Unit- 3

Logix Microsystems Limited
177/1B, Bilekahalli Industrial Area,
Banneraghatta Road,
Bangalore - 560 076, India
Tel : 91-80-67125400 to 5407
Fax : 91-80-67125408

Sales & Marketing Offices

Mumbai

Logix Microsystems Limited
306, Balarama, Bandra Kurla Complex,
Bandra East, Mumbai - 400051
Tel / Fax: 91-22-40061859

Delhi

Logix Microsystems Limited
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, Suite 100
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 Office

Diegemstraat, 45
1800 Vilvoorde,
Belgium

Core Management Team - USA

Mr. Tej Soni
President & Founder of izmocars

Mr. Sidney Haider
Vice-President (AddOnAuto)

Core Management Team - India

Mr. Ashok Padhye
Chief Operating Officer

Mr. Gopi S D
Senior Manager-Finance and Accounts and
Compliance Officer

Mr. Sarbashish Bhattacharjee
Senior Manager (Business Solutions)

Notice

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED WILL BE HELD ON SATURDAY THE 29TH DAY OF SEPTEMBER 2012 AT 9.30 A.M 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, 2012 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. Vijay Kumar D Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Messrs R Vijayananda & Co., Chartered Accountants, Bangalore as Statutory Auditors in place of Retiring Auditors Messrs Vasan & Sampath, Chartered Accountants, Bangalore who have indicated their intention not to seek re-appointment, to hold the Office of Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

By order of the Board
for Logix Microsystems Limited

Place: Bangalore
Date: 4th September, 2012

Sanjay Soni
Managing Director

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and the proxy need not be a Member. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed on 29.09.2012 for the purpose of Annual General Meeting.
3. 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 Share holdings into one Folio to facilitate better service.
4. Members are requested to note that the Company's Equity Shares have been notified for compulsory dematerialization for all investors. Members are requested to open a depository account in their names with a Depository Participant to dematerialize their holdings. This would be necessary for facilitating the transaction of our Equity Shares in all Stock Exchanges connected to the Depository System.
5. 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 Ltd., "Subramanian Building", V Floor, # 1, Club House Road, Chennai – 600 002.

Notice

6. 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.
7. Members may please 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.
8. For convenience of members, an attendance slip is annexed to the proxy form.
9. 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.
10. Un-claimed dividends have been transferred to the General Revenue Account of the Central Government. Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, the Dividend declared for the year ended 31st March 2005 if any, and for any financial year ending thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund established by the Central Government. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which are unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
11. Members are requested to bring their copy of the Annual Report for the Meeting.
12. 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.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the Listing Agreement the particulars of Directors who are proposed to be re-appointed are given below:

1. Name : Mr. Vijay Kumar D Gupta
 Age : 68 years
 Qualifications : B.Sc
 Expertise : 30 years of industrial experience
 Other Directorships : Nil
 Membership in Committees : Chairman of Audit Committee & Remuneration Committee of the Company

Attendance record of Mr. Vijay Kumar D Gupta, Director seeking re-appointment (1.4.2011-31.3.2012)

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr. Vijay Kumar D Gupta	8	6

By order of the Board
for Logix Microsystems Limited

Place: Bangalore
Date: 4th September, 2012

Sanjay Soni
Managing Director



"Homage to Newton" by Salvador Dali. The sculpture depicts an open torso and suspended heart to indicate "open-heartedness," and an open head indicating "open-mindedness", the two qualities important for discovery and successful human endeavors.

*“ Live as if you were to die tomorrow.
Learn as if you were to live forever. ”*

- Mahatma Gandhi

Directors' Report

Dear Shareholder,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited statements of accounts for the year ended 31st March, 2012.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Highlights:

Amount in Lakhs Rs.

Particulars	Year ended March 31, 2012 (Audited) Stand-alone	Year ended March 31, 2011 (Audited) Stand-alone
Net Sales/Income from Software Services	1,787.62	4,058.61
Other Income	340.08	219.54
Total Revenue	2,127.70	4,278.16
Expenditure		
A) Direct costs	283.06	2,166.19
B) Decrease/(Increase) in Work in Process	2.24	195.15
C) Employee Benefit Expenses	871.74	1,134.20
D) Financial Costs	283.06	58.36
E) Depreciation/Amortisation Expenses	82.78	116.29
F) Other Expenses	356.84	451.13
Profit Before Tax & Exceptional Item	247.98	156.83
Provision for diminution in the value of Investment	-	4.23
ESOP balance written off	238.83	-
Rebate on Export	(399.41)	-
Profit Before Tax	87.40	152.61
Profit from continuing operation before tax	61.70	140.83
Tax Expenses		
Current Tax	(11.34)	(32.11)
Less:MAT Credit Adjustment	(13.03)	30.00
Deferred Tax	3.31	0.21
Profit/(Loss) for the year from Continuing Operations (A)	40.65	138.93
Profit/(Loss) for the year from discontinuing Operations (B)	25.70	11.77
Total Expenses for discontinuing operations (C)	(4.90)	(2.34)
Profit/(Loss) for the year from discontinuing operations after tax (D)	20.80	9.42
Net Profit	61.45	148.36

Directors' Report

PERFORMANCE

The performance for the year has shown a de-growth as compared to the previous year in terms of total revenues of the Company. This is primarily due to the slowdown in the Indian economy as a result of the high interest rates and complete standstill on the governmental front. As a result, the total income has decreased by more than half over 2010-11. The main reason for the reduction in revenues is the drop in sales of Enterprise Connectivity Solutions, which exhibited a sharp reduction from Rs. 232 million in FY 2010-11 to Rs. 41 million in FY 11-12, International sales of Izmocars products recorded a drop of approx. 20% as compared to FY 2010-11. Other income has shown a substantial increase as compared to the previous year. This is mainly on account of income from rental and foreign exchange fluctuation gains.

The Company has reported a substantially better bottom line (before one-time items) than the previous year. The Company's major market i.e., the United States is slowly recovering from the effects of the 2008 crisis. Car sales are expected to cross 14 million in 2012. This is a near 30% increase from the 10.80 million vehicles low hit in 2010. The industry has also added more than 2,000 auto dealerships in the last year. These are healthy signs for the auto industry and augur well for the sales of the Company's products in this market.

The Company's customer base in the United States has also been steadily increasing again since the last year. The Company has been able to add more than 200 customers in the financial year 2011-12. The Directors except a significant to the Company's client base in the current year as the AOA product becomes more and more popular amongst auto dealers all over the United States.

The Company is also adding customers in the European region albeit at a slower pace than the US. The current year should see the addition of a significant number of customers in the European market as companies try to cut their costs and move a portion of their businesses online using the company's solutions. Your Company has a large number of enquiries from large dealer groups in Europe and these should convert into orders in the current year. In the Indian market, sales of the Carazoo have picked up significantly. More than 120 dealers spread all over India use the Company's products to manage various aspects of their online dealership business. The Company has customers selling Maruti, Tata, Mahindra, Ford, Honda, Mercedes and Volkswagon cars. The customers are located in Bangalore, Mumbai, Delhi, Pune, Ahmedabad, Hyderabad, Surat, Alwar, Chandigarh, Ludhiana, Amritsar and Bhopal. www.carazoo.com is now the 4th most visited automotive portal in India. It is ranked 2nd in terms of number of page views and leads generated.

ANALYSIS OF EXPENSES

Direct costs of operations have reduced substantially in the year. This is a consequence of sharply lower sales in the Enterprise Connectivity Division. As a percentage to sales, this has reduced by approx. 24% over the previous year. The Company has focused on improving the profitability of each division in the current year.

Operating expenses have fallen by nearly 23% over last year. This has been led by a reduction of 22% in employee expenses and a nearly 23% decrease in administrative expenses. The Company has been keeping a very tight control on costs and this can be seen by the lower cost of operations as compared to the previous year. The financial expenses have increased substantially over the previous year due to a sharp increase in interest rates and overall quantum of borrowing. This is likely to reduce substantially in the current year as the Company is trying to reduce its overall borrowing from the banks.

PROFITABILITY

The Company has improved its profitability by more than 40% as compared to the previous year. This is despite the sharp drop in total revenues of the Company. This has been possible due to a steep reduction in operating costs, increase in employee productivity and focus on high value-added business. The Company's profitability in the current year should show a marked improvement over 2011-12 as we expect the revenues to increase substantially while costs would be maintained at the same level or even lowered further.

Directors' Report

ONE TIME CHARGES

The Company has taken a one time charge on its overseas debtors in the United States. These debts are not recoverable despite continued efforts. The cost of litigation would be too prohibitive compared to the sums collectible from individual clients. As a matter of abundant caution, the company has chosen to take a one-time charge on this account.

BUSINESS OVERVIEW OF AUTOMOTIVE BUSINESS

USA

U.S. Automotive retail is on the cusp of a sustained turnaround that could see automotive sales cross the 14 million mark this year, and 17 million 5 years later. The J.D. Power and LMC Automotive Report said it expects August to yield the highest U.S. retail sales rate in four-and-a-half years.

The J.D. Power and LMC Automotive Report projected the Seasonally Adjusted Annual Rate (SAAR) for August to reach 14.5 million vehicles, on par with this year's high of 14.47 million in February. The report expects U.S. auto sales to return to near 17 million annually by 2017. Sales were at that level for a decade through 2007 before the recession started taking its toll.

U.S. auto sales is expected to reach 15.7 million vehicles in 2014, and 16.4 million in 2015.

Expressing a similar outlook, automotive OEMs project 15 to 17 million in overall sales by 2015. Ford Motor Company expects to see annual U.S. sales of all vehicles including commercial vehicles to range between 15 million and 17 million by mid-decade, according to Ellen Hughes-Cromick, chief economist.

At Ford Motor Company, U.S. retail sales increased 2 percent in July versus year-ago levels, driven by strong retail customer demand for fuel-efficient vehicles.

Toyota reported July sales of 164,898 vehicles, an increase of 36.6 percent compared to the same period last year.

Honda Motor Co. expects its August deliveries to be up "40+%" on U.S. demand for Civic and CR-V, buoying a 27 percent annual rise to the company's best sales in the region in five years. Deliveries of Honda and Acura vehicles in the U.S. will reach at least 1.46 million this year, said U.S. Executive Vice President John Mendel, making it Honda's best U.S. sales since 2007 as its North American plants work overtime to supply dealers asking for more Civics and CR-Vs.

OEMs RAMPING UP PRODUCTION

To meet this increased demand, automotive OEMs are ramping up production and as a result, North American light-vehicle production volume has increased by 23 percent through the first seven months of this year, as compared with the same period in 2011. The increase of nearly 1.7 million additional vehicles highlights the industry's recovery from the challenging economic environment since 2008.

Production for Honda and Toyota in the first seven months of 2012 are up 79% and 65 %, respectively. U.S. manufacturing growth is outpacing the rest of the North American region, with a 27% year-to-date increase as newer capacity drives the growth. Production in Mexico has increased 14 %, with further growth expected as new key models ramp up. Canadian manufacturing has increased 20% year to date.

Vehicle inventory in early August declined slightly to a 54-day supply, compared with 58 days in July. Car inventory remains at 47-day supply. Truck inventory is at normal levels with a 61-day supply, down from 67 days in July. With robust production activity outpacing the increases in demand, North American volume is approaching the 15 million unit level for the first time since 2007, according to Jeff Schuster, senior vice president of forecasting, LMC Automotive. Given that inventory has normalized and growth in demand is expected to slow, LMC Automotive is holding the forecast at 14.9 million units manufactured for 2012.

Directors' Report

PROFIT FOCUSED GROWTH

With the automotive industry shaking off the recession blues, the growth in the number of dealerships is expected to go up significantly by the end of the year.

In 2011, total dealership sales increased by 12.3%, and net profit before tax in Dollars gained 24%. New-vehicle department operating profit increased at the typical dealership. Used vehicles contributed one-quarter of operating profit in 2011, down from one-third of operating profit in 2010, as higher used-car values relative to new-car costs reduced consumer interest.

For now, the 17,550+ U.S. auto dealers are still approaching growth in a revenue and profit focused manner, rather than just “sales at any cost”. This shift in dealer outlook has opened up new opportunities for online solution providers like izmocars, to lead with innovative solutions that will drive workforce productivity, customer centric dealer operations, and revenue diversification focused on optimizing profits per car sale, by adding value in terms of accessories, service, parts and insurance, and customer references.

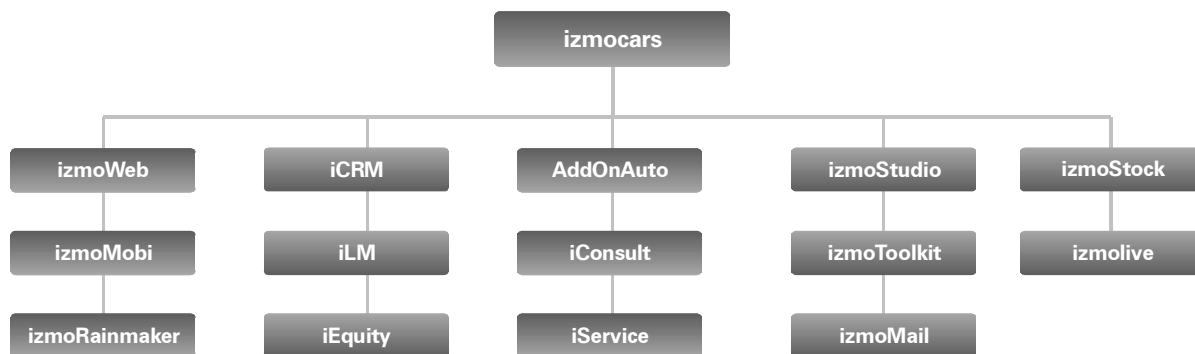
As a result, the 150 dealers who participated in the AddOnAuto Mid Year Trend Report sold, in aggregate, more than \$28 million in accessories during the first half of 2012, a number which is on track to exceed total sales of \$39 million in 2011. The average dealer analyzed closed over 50% of the customers who were presented with accessories, reaping an average gross profit of 49.3%.

CUSTOMER CENTRIC BUSINESS INNOVATION

Connected and empowered customers continued to drive U.S. auto retail, with more than 85% of prospective buyers researching cars on the Internet and more than 80% going on Facebook before stepping into a dealership. In total, dealers earned \$80billion from service, parts and body shop, up by 4.7% from the previous year, as consumers extended their vehicle ownership cycles. As a result, dealerships are abandoning the “sales at any cost” approach and are instead trying to build long-term relationships with customers and prospects that create mutual value. The new revenue opportunities are mainly in accessories, service, and customer relationship management.

Your company is ideally positioned to leverage these business opportunities. AOA (AddOnAuto), the Accessories sales solution of izmocars, is the Industry leader in the accessories market. izmoWeb, the izmocars dealer website platform, as well as iCRM and iLM, the izmocars automotive Customer Relationship Management and Lead Management Solutions, are ideally positioned to gain from the market consolidation, since izmo solutions have enterprise management capabilities built in, which is a critical capability in a multi-brand, multi-dealer, multiple-geographical environment.

izmocars Solutions Map



Directors' Report

AddOnAuto

In-store Accessories Sales



Related Products

iConsult

Sales Performance Coaching

iService

Sales Performance Coaching for Service

AOA is a Virtual In-Dealership Accessories Store, incorporating a high-quality Visual Configurator with a Virtual Inventory System, enabling dealers to sell accessories efficiently.

Visual Accessories Configurator

- Using AOA's advanced CGI technology, customers can virtually add or remove accessories, instantly viewing them on their vehicle of choice, and make their decision in minutes.

Virtual Inventory

- AOA gives clients access to their own Virtual Inventory system of accessories, enabling them to sell them without the need to hold a physical inventory.
- It connects clients directly to a large vendor database, which is constantly updated, giving them sales power without the expense.

www.izmocars.com/solutions/aoa.html

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

Directors' Report

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

izmoRainmaker

Organic Online Marketing



Related Products

izmoWeb **iLM**
Intelligent Web Design 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

Directors' Report

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

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.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

Directors' Report

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.

www.izmostudio.com

IzmoCars is the only solutions provider in the U.S. who can provide the entire suite of solutions required by dealers to profit from the new impetus visibly in the market. The izmo solution suite for auto dealers include "Virtual Showroom" Websites, Online Marketing and Social Media, Automotive CRM and ILM, Accessories Sales, Service Management, and Dealership Performance Consulting.

As a result, Toyota and Nissan has already opted for AOA, and automotive manufacturers are increasingly evincing strong interest in izmo solutions. Negotiations are on with several other automotive OEMs.

INDIAN AUTOMOTIVE INDUSTRY SUSTAINING GROWTH

The Indian auto industry registered a domestic sales growth of 8% in July, and the two-wheeler market registered a growth of 7.5%, after a market scorching growth track in the region of 30% over the last two years.

Market leader Maruti Suzuki managed to sell 83,531 vehicles in June, registering a growth of 19.3% over the 70,020 vehicles sold in June 2011. Hyundai Motor India Ltd, the country's second largest car manufacturer and the largest passenger car exporter sold 30,450 vehicles in the same month, a marginal increase over the 30,402 vehicles sold during the same month last year. Mahindra & Mahindra registered a sales volume of 38,951 vehicles, a 15.34% increase over the 33,772 vehicles sold during the same month last year.

With 14,700 vehicles sold during June, Toyota Kirloskar Motor reported a 22.15 % increase in car sales, against 12,034 vehicles sold in the same month last year. Nissan Motor India increased their sales by over 200%, selling 4,167 vehicles. In the same period, Tata Motors has reported sales of 64,341 vehicles.

The situation is widely expected to improve, due to better credit availability and lower interest rates as well as aggressive OEM promotions.

Directors' Report

To cope with fast paced growth and fierce competition, car dealers are now increasingly turning to web based technology solutions. Carazoo, the only Automotive solutions provider in the Indian market to provide 360° auto retail solutions, from an Interactive 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.

EUROPE - THE NEW FRONTIER

In June 2012, automotive sales in Germany grew at 2.9% and the UK at +3.5%. Spain witnessed negative sales growth at -12.1% and Italy at -24.4%. The French market remained largely stable at -0.6%.

The market slowdown and turmoil has accelerated web adoption amongst consumers, dealers, and OEMs alike, with more than 80% of consumers relying on the Internet to do initial vehicle selection and research. Dealers are also increasingly turning to online solutions to sell more cars, and many OEMs are encouraging this trend.

izmoEurope, the European division of izmocars, is now witnessing greater demand for auto motive websites and dealer solutions. Negotiations are on with several OEMs and significant breakthroughs in the European market are expected shortly.

MARKET OPPORTUNITY AND GROWTH STRATEGY

U.S.A

The 17,550+ U.S car dealerships in the U.S. improved their profitability with Total dollar sales at the nation's new-car dealerships increasing by more than 12 percent in 2011, the second full year of post-recession growth.

Used-car department sales also improved in 2011, with a nearly 10% increase in revenue, 5% increase in transaction prices and a 12.5% gross margin on retail used selling prices. Higher used-car prices increased the trade-in equity for new-car customers.

While 25 states had average dealership sales exceeding \$30 million, only four states had average dealership sales lower than \$20 million.

The Internet is now the main driver

Driven by the high cost of traditional advertising as well as OEM initiatives to take the dealership online, the average dealer in the U.S. is now enthusiastic about online sales and dealer operations. New-vehicle franchised dealers spent nearly \$6.37 billion on advertising in 2011, up from \$5.88 billion in 2010. The typical dealership spent 24.8% of advertising dollars on Internet ads, up from 23.7 percent in 2010 and 4.6 percent in 2001.

Even as dealers are scrambling to drive revenue and profits from multiple sources, solutions like AOA, the izmocars accessories sales solution, is seeing exponential growth, and we expect this trend to further gain steam, with dealer consolidation demanding enterprise capabilities something which our competitors lack to a great extent.

With an average internet advertising spend to the tune of \$90,106 per dealer, this represents an annual market opportunity of approximately US \$ 1,581,360,300 in recurring high margin revenue.

European Union

In 2011, izmocars Europe BVBA has been able to expand its client-base to include Aston Martin, Toyota, Mitsubishi, Renault, Hyundai, and Chevrolet Europe in the OEM segment, as well as Autoconfiance, Hertz, MeinAuto, Elite, Automobile TN, and Europcar. Services now being offered include studio services, custom photography, interactive virtual dealership websites, online marketing and social media, retouched used car image portfolio, lead management, and accessories sales.

- 360° Tour ▶
- Interior Pano ▶
- Hot Spots ▶
- Colours ▶



Paint your car with your favourite colour.



Pearl White

Car Choice, simplified.

Virtual Touch & Feel | Real-time Comparison | Interactive Animations

Log on to: www.carazoo.com · www.carazoo.mobi

Colour

360°

Hot Spots

Interior

Gallery

Compare



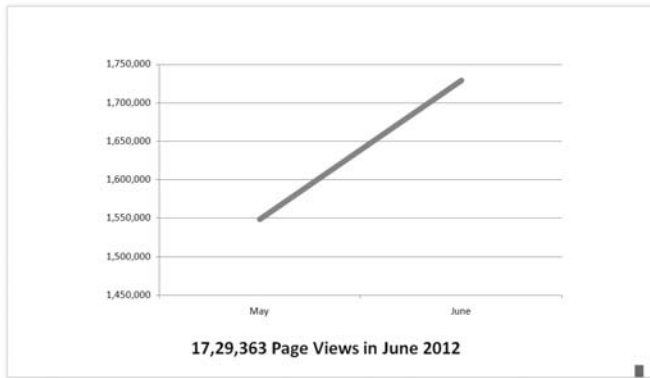
The Carazoo logo, featuring a stylized car silhouette above the word "carazoo" in a bold, lowercase, sans-serif font.

Directors' Report

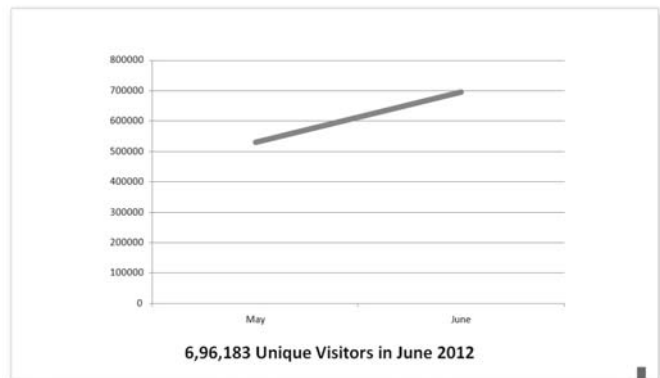
Carazoo

Carazoo has achieved impressive growth in the last fiscal and is one of the most popular automobile portals in India. The portal clocked 6,96,183 Unique Visitors in June 2012, up from 591,796 visitors last year.

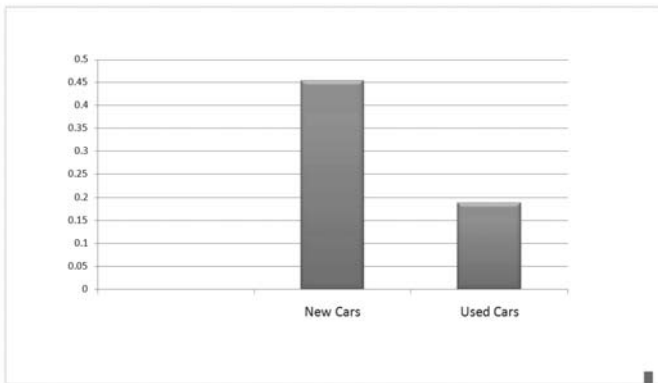
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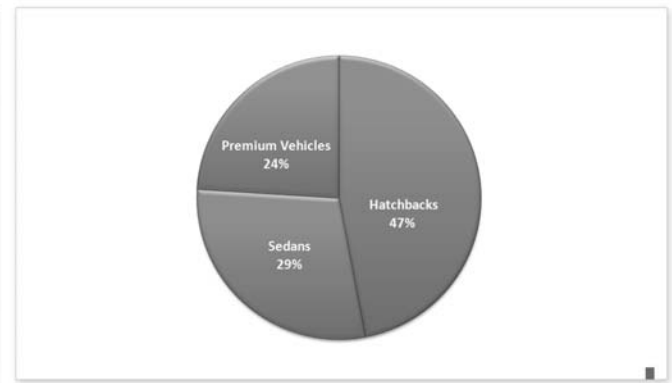
UNIQUE VISITORS



SEARCH PATTERN



SEARCH PATTERN - NEW CARS



Carazoo.com 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. Tie-ups with HDFC Bank for loans and other vendors for used cars have enabled Carazoo to offer value-added services to its visitors.

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.

Directors' Report

Presently Carazoo also offers virtual dealership websites and online marketing to automotive retailers. Having crossed the 100 dealer mark, Carazoo is the dominant player in this space. Some of these Carazoo-powered online showrooms are: Bimal Auto, Sagar Auto, Kataria Automobiles, Fortpoint Automotive, Trident Automotive Group, and Shaman Auto Group.

Growth Paths

With the U.S. consumer demand for new cars increasing to pre-recession levels dealer profitability is up by more than 43.7 percent, resulting in more spend on innovative marketing solutions and platforms. Consequently, izmocars saw rapid growth in segments like accessories sales.

Lateral growth into other high-potential markets like Europe and Asia would also fuel exponential growth for izmocars, since all of izmocars solutions can be adopted across geographies.

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 factor for izmocars it is integral to the very corporate structure of the company, built into its corporate DNA.

Growth Strategies

izmocars aims to consolidate market position and thought leadership as the only end-to-end Automotive e-Solutions Provider in US automotive retail, capable of providing the entire range of digital services now required to run a profitable dealership, ranging from dealer websites, mobile websites and portals to online marketing, social media, CRM and ILM systems, accessories sales, service management, integrated telephony, and dealer performance consulting.

Izmocars is also well-positioned as the innovation leader of the Industry, providing solutions like AddOnAuto, an accessories sales solution which is now the market leader in the U.S.

The company is also consolidating its market leadership in the OEM space for high-end imaging, automotive animation, and web solutions by expanding its OEM portfolio to include the full izmo solutions suite, and adding more OEMs to the current list of GM, Ford, Toyota, Mitsubishi, Nissan, Aston Martin, Renault and Hyundai.

SUBSIDIARIES

The Ministry of Corporate affairs, Government of India has issued a circular no. 2/2011 dated 8th February 2011 granting general exemption to Companies under Section 212 (8) from attaching documents referred to in section 212(1) pertaining to its subsidiaries, subject to approval by the Board of Directors of the Company and furnishing of certain financial information in the annual report.

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, 2012 the employee strength was 203. This includes staff in India and in overseas offices.

Directors' Report

DIRECTORS

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

Your Director regret to report that Dr. Devindra Kumar Bhatia, senior Economist who had an enviable track record and a renowned Economics, breathed is last on 13th October, 2011 and hence ceased to be Director. Your Directors whilst placing on record deep appreciation for the services rendered by Dr. Bhatia during the tenure of his office, also convey condolences to the family. Your Board will indicate suitable person in place of Dr. Bhatia as a Director.

AUDIT COMMITTEE

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws continued to discharge its functions during the year under report.

AUDITORS

Messrs Vasan & Sampath, Chartered Accountants, Auditors of the Company retire at the end of forthcoming Annual General Meeting and have intimated their intention not to seek re-appointment. Based on the recommendation of the Audit Committee and in line with the provisions of the Companies Act, 1956, the Board recommends the appointment of Messrs R. Vijayananda & Co., Chartered Accountants, Bangalore as Auditors to hold office up to the date of the next Annual General Meeting.

AUDITORS' REPORT

As regards the comments of the Auditors in their Report dated September 4th 2012 relevant notes on accounts are self explanatory.

PARTICULARS OF EMPLOYEES

A Statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is annexed and forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

These statements have been prepared in conformity with generally accepted accounting principles and appropriate accounting standards. Judgments and estimates that are reasonable and prudent have been made where necessary.

The accounting policies selected and applied consistently give a true and fair view of the financial statements.

The Company has implemented internal controls to provide reasonable assurance of the reliability of its financial records, proper safeguarding and use of its assets and detection of frauds and irregularities. Such controls are based on established policies and procedures, and are implemented by trained, skilled, and qualified personnel with an appropriate segregation of duties.

The Company's Statutory Auditors, Messrs Vasan & Sampath, Chartered Accountants, have audited the financial statements in accordance with generally accepted auditing standards and practices as indicated in their report.

GOING CONCERN

In view of the initiative taken in development of diversified products, which promise potential business, the Directors consider it appropriate to adopt the financial statements on a going concern basis.

Directors' Report

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 upgradation 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.

C. Foreign Exchange Earnings & Outgo

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

Earnings - Rs 1,377.97 Lakhs

Outgo - Rs 508.77 Lakhs

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.

Place : Bangalore

Date : 4th September, 2012

By Order of the Board
For Logix Microsystems Limited

Shashi Soni
Chairperson

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 2011-12

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	31.03.2012	31.03.2012	31.03.2012
2. Date from which they became Subsidiary companies	27.06.2008	26.6.2000	10.1.2000
3. Number of shares held by Logix Microsystems Ltd. with its nominees in the Subsidiaries as at 31.03.2012 (Including Shares pending allotment)	1,359,093	100,000 Equity Shares of US \$ 195.01 each fully paid up	1,904,915 Equity Shares of Singapore \$ 1 each fully paid up
Extent of interest of Holding Company as at 31.03.2012	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 31.03.2012	(EUR 331,387.00)	USD 3,252,166.00	(SGD 55,432.00)
(b) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries.	(EUR 1,403,738.65)	USD 4,772,078.64	SGD 22,569.00
* Dealt with in the Holding Company's accounts			
(a) For the Financial year ended 31.03.2012	NIL	NIL	NIL
(b) For the previous Financial years of the Subsidiary companies since they became the Holding Company's Subsidiaries	NIL	NIL	NIL

Sn Particulars	Izmo Europe BVBA	Logix Americas Inc and its subsidiaries	Midrange Software Pte Ltd
(a) Capital	EUR 1,359,093.00	USD 32,849,100.00	SGD 1,904,915.00
(b) Reserves	(EUR 1,403,738.65)	USD 4,772,078.64	SGD 22,569.00
(c) Total Assets	EUR 420,963.45	USD 40,312,059.00	SGD 3,095,882.00
(d) Total Liabilities	EUR 465,609.10	USD 2,690,880.36	SGD 1,168,398.00
(e) Details of Investment (except in case of investment in the subsidiaries)	EUR 0.00	USD 0.00	SGD 0.00
(f) Turnover	EUR 176,602.43	USD 5,382,201.00	SGD 84,191.00
(g) Profit before Taxation	(EUR 331,387.00)	USD 3,252,166.00	(SGD 55,432.00)
(h) Provision for Taxation	EUR 0.00	USD 0.00	SGD 0.00
(i) Profit after Taxation	(EUR 331,387.00)	USD 3,252,166.00	(SGD 55,432.00)
(j) Proposed Dividend	EUR 0.00	USD 0.00	SGD 0.00

Annexure: Report on Corporate Governance

1. Company's Philosophy on Code of Corporate 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 Director 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	8	No	Yes
Sanjay Soni	Executive	8	Yes	Yes
Vijay Kumar D Gupta	Non-Executive	6	No	No
R N Chawhan	Non Executive	6	No	No
Devindra Kumar Bhatia*	Director	1	No	No

*Ceased to be Director on 13.10.2011 due to death.

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

During the year 8 Board Meetings were held on 09.05.2011, 13.08.2011, 03.09.2011, 02.11.2011, 28.12.2011, 13.02.2012, 22.03.2012 and 30.03.2012.

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. Dr. Devindra Kumar Bhatia* – Member

*Ceased to be member w.e.f. 13.10.2011 due to death.

The Audit Committee has met Five times during the year under review on 09.05.2011, 13.08.2011, 03.09.2011, 02.11.2011 and 13.02.2012. Mr. Vijay Kumar D Gupta and Mrs. Shashi Soni have attended all the five meetings. Dr. DK Bhatia has attended 1 meeting and he ceased to be member of Audit Committee w.e.f 13.10.2011 due to his death.

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.

Annexure: Report on Corporate Governance

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

5. Remuneration Committee

1. 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.

2. Composition

The Committee comprises 1 Non-executive Director and one Executive Director.

The Remuneration Committee is comprised of the following Directors:

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

3. 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 him, 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.

4. Details of remuneration for the year 2011-12:

Name of Director	Remuneration Amount in Rs	Sitting Fees Amount in Rs
Mr. Sanjay Soni	60,00,000	NA
Mrs. Shashi Soni	196,044	NA
Mr. Vijay Kumar Gupta	NA	NIL
Dr. Divendra Kumar Bhatia*	NA	500
Mr. R.N. Chawhan	NA	1,500

*Ceased to be Director w.e.f. 13.10.2011 due to his death.

5. Shareholders' Grievances Committee

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

6. General Body Meeting

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

Year	Venue	Date	Time
2008 - 2009	Bharatiya Vidya Bhavan Race Course Road	29.9.2009	4.30 PM
2009 - 2010	Bharatiya Vidya Bhavan Race Course Road	29.9.2010	10.00 AM
2010 - 2011	Hotel Chalukya Race Course Road	29.9.2011	4.30 PM

7. POSTAL BALLOT:

During the year, the Company sought approval from the Shareholders for Disposing/Hiving off Carazoo domestic division of business of the Company into Subsidiary Company through Postal Ballot in terms of Sections 192A and 293(1)(a).of the Companies Act, 1956.

Annexure: Report on Corporate Governance

8. 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.

9. Means of Communication:

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

10. 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., which are to be credited to the Demat Suspense Account. Your Company is taking steps to streamline all the requirements.

11. General Shareholders Information:

- Annual General Meeting is proposed to be held on Saturday, the 29th day of September 2012 at 9.30 A.M at Hotel Bharatiya Vidya Bhavan, Race Course Road, Bangalore – 560 001.
- Dates of book closure: 29th September 2012
- Listing of Equity Shares on Stock Exchanges at: National Stock Exchange (NSE) & The Stock Exchange, Mumbai (BSE).
- Listing fees for the year 2011-2012 has been paid to National Stock Exchange & The Stock Exchange, Mumbai.
- Scrip Code at:
National Stock Exchange - LOGIX MICRO

The Stock Exchange, Mumbai – 532 341

- 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
 Sr. 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.

Annexure: Report on Corporate Governance

Distribution of Shareholding as on 31.03.2012:

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of share holding
Up to 100	3838	51.73	279682	2.31
101 - 500	2246	30.27	661374	5.47
501 - 1000	649	8.75	537677	4.44
1001 - 2000	316	4.26	488559	4.04
2001 - 3000	120	1.62	309109	2.55
3001 - 4000	47	0.63	165868	1.37
4001 - 5000	46	0.62	216499	1.79
5001 - 10000	76	1.02	544012	4.50
10001 & above	82	1.11	8895893	73.53
Total	7420	100.00	12098673	100.00

• Shareholders Pattern as on 31.03.2012:

Category	No. of Shares held	Percentage of shareholding
Indian Promoters	2401206	19.85
Banks, Financial Institutions	NIL	NIL
FII's	1348248	11.14
NRI's/OCB	217893	1.80
Other Bodies - Corporate	2976282	24.60
Indian Public	5086821	42.05
Others (Clearing Member)	68223	0.56
Total	12098673	100

• Dematerialisation of Shares:

As on 31.03.2012, 97.94% 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 : +91-80-67125400 to 67125409

Fax : +91-80-67125425

Shareholder 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 2011 - 2012 on BSE:

Month	High	Low
April - 2011	21.00	15.70
May - 2011	20.80	16.20
June - 2011	22.00	16.30
July - 2011	19.00	16.50
August - 2011	18.40	11.50
September - 2011	20.00	12.00
October - 2011	23.40	14.95
November - 2011	23.35	14.55
December - 2011	20.70	15.80
January - 2012	20.25	16.90
February - 2012	26.60	17.30
March - 2012	23.80	17.10

For Logix Microsystems Limited

Place : Bangalore

Date : 4th September, 2012

Shashi Soni

Chairperson

Annexure: Report on Corporate Governance

Annexure

Statement pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975

Name & Designation	Mr. Sanjay Soni Managing Director	Mr Ashok Narayan Padhye Chief Operating Officer
Qualification	MBA & B Com	B Tech, IIT (Kharagpur)
Age	44 years	53 years
Gross Remuneration *	Rs. 60,00,000/-	-
∞ Gross Remuneration #	-	Rs. 33,85,616/-
Date of Commencement	18.09.1995	23.06.2008
Total Experience	18 years	27 years
Last Employment	Business	Delivery Leader, Mphasis Ltd
Share holding as on 31.03.2012	13.27%	0.18%

* Remuneration includes all allowances & perquisites

Remuneration includes all allowances & perquisites excluding Employees Stock Options

Mr. Sanjay Soni is a relative of a Director on the Board of the Company.

CERTIFICATION BY MANAGING DIRECTOR

I, Sanjay Soni, Managing Director of Logix Microsystems 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 appraised 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 : 4th September, 2012

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
Logix Microsystems Limited
Bangalore.

1. I have examined the compliance of the conditions of Corporate Governance by Logix Microsystems Limited for the year ended 31st March, 2012, as stipulated in the Clause 49 of the Listing Agreement of the said Company with the Stock Exchange, Mumbai/ National Stock Exchange of India Limited, in India.
2. 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.
3. 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.
4. I state that in respect of investors' grievances received during the year ended 31st March, 2012, no investor grievances are pending against the Company as on 31st March, 2012, as per the records maintained by the Company and as stated by the Registrar and Share Transfer Agent,
5. 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 : 4th September, 2012

Vijaykrishna K. T.
Practicing Company Secretary
FCS – 1788; CP – 980

Auditors' Report

AUDITORS' REPORT TO THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED, BANGALORE.

1. We have audited the attached balance sheet of M/s LOGIX MICROSYSTEMS LIMITED, BANGALORE ("the Company") as at March 31, 2012 and the profit & loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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. As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we further enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
 4. We further report that:
 - (i) Attention is drawn to Note No 24.14(b) as regards remuneration paid to the managing director is in excess of limits prescribed under the Companies Act.
 - (ii) Short Term Loans and advances as at 31st March 2012 includes a sum of Rs. 269.81 lacs of accrued interest on Inter-Corporate Deposits (ICD), which is long overdue and pending confirmation. This includes ICD related receivable of Rs.218.38 lacs which is secured against pledge of shares, which as at the Balance Sheet date had a market value of Rs. 29.94 lacs which was lower than the outstanding balance. 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.
 - (iii) Attention is drawn to Note No 24.19 as regards Investment in Subsidiaries including Share Application Money pending allotment, Long term investments as at the Balance Sheet date include Rs.160 crores in wholly owned subsidiaries, including share application pending allotment, which are carried at cost. In the absence of independently reviewed / audited financial statements in respect of these subsidiaries (including their step down subsidiaries), we are unable to carry out necessary procedures to reliably examine if there has been a permanent decline in the carrying value of the stated investments. We are therefore unable to comment on the impact, if any, on the Profit & Loss account and the adequacy of Reserve for Diminution in value of long term Investments as at the Balance Sheet date.
 - iv) Without qualifying our opinion, we draw attention to Note No 24.30 regarding purchase and sales from Private Limited
- Companies covered under Section 297 of the Companies Act. In this regard the company is in the process of making an application for condonation of delay and obtaining necessary government approval. The ultimate outcome of the company's application in this regard cannot be presently determined. Pending the final outcome, no adjustments have been made in this regard, in the financial statement.
- (v) Attention is drawn to Note No.24.23 as regards Exceptional expense of Rs. 399.41 lacs recognized during the year.
5. Subject to the above and further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information (except that as reported in Para 4 above) and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet and the Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - (d) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit & Loss account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 except as regards accounting for Super Annuation expenses on a cash basis as disclosed in Note No.24.1 (j)
 6. Subject to above and further subject to the Notes on accounts in general as required, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account and Cash Flow Statement read together with the notes thereon 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
 7. On the basis of written representations received from the Directors, as at March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as at March 31, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

for VASAN & SAMPATH,
Chartered Accountants
Firm Registration Number: 004542S

(Unnikrishnan M)

Partner

Place: Bangalore
Date: 4th September, 2012

Membership No : 205703

ANNEXURE TO THE Auditors' Report

THE ANNEXURE REFERRED TO IN THE AUDITORS' REPORT TO THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED ("THE COMPANY") FOR THE YEAR ENDED MARCH 31, 2012.

(Referred to in paragraph 3 thereof)

i. Fixed Assets:

- a) We are given to understand that, the Company is in the process of updating its records showing full particulars including quantitative details and situation of its Fixed Assets.
- b) The Company management explained that it has a regular system of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of 3 years and that no material discrepancies were noticed on verification during the year. In the absence physical verification reports and reconciliations being furnished for our review, we are unable to comment on the adequacy of the physical verification having regard to the size of the Company and the nature of its assets.
- c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii. Inventory:

- a) According to information and explanations given to us, the management has conducted physical verification of inventory at reasonable intervals.
- b) In our opinion and according to the information and explanation given to us, the procedure being followed by the management with regard to physical verification of inventory is reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventory. As explained to us, no material discrepancies were noted on physical verification.

iii. Loans Granted:

- a) During the year, the company has granted an interest free unsecured loan of Rs.3 lacs to Carazoo Online Solutions Pvt Ltd., a subsidiary of the company.
- b) In respect of the loans granted to the other company, no re-payment schedule has been defined and no interest is charged on such loan, and in our opinion it is not prima facie prejudicial to the interest of the company. Consequently, clause iii(c) and iii(d) of the Order are not applicable.
- c) The Company has availed an interest free unsecured loan of Rs.36.75 lacs from director during the year.

- d) In respect of the loans taken from director, no re-payment schedule has been defined and no interest is paid on such loan, and in our opinion is not prima facie prejudicial to the interest of the company.
- iv. In our opinion and according to information and explanations given to us, 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 our 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 us, we have not observed nor have been informed of any continuing failure to correct major weaknesses in internal controls in these areas.
 - a) In the absence of updated registers being made available for our verification during the course of audit we are 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 our comment in (a) above, we are unable to comment about transactions made in pursuance of such contracts or arrangements and exceeding Rs. 5 lacs 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 deposits from the public during the year and thus the provisions of section 58A and 58AA is not applicable.
- vii. Though the company has an internal audit process, the same is to be strengthened to make it commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the Services rendered by the Company.
- ix.
 - a) The Company is generally regular in depositing undisputed applicable statutory dues including Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities subject to certain delays in remittance of Provident Fund, Tax deducted at Source and Service Tax. Related amounts of Rs.22.13 lacs, Rs.29.42 lacs and Rs.75.91 lacs were outstanding for a period exceeding six months from the date they became payable as at the year-end, of which a sum of Rs. 51.56 lacs has been subsequently remitted.
 - b) In our opinion and according to information and

- explanations given to us, there are no dues of Provident Fund, Wealth Tax, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute.
- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi. According to the information and explanations given to us and on the basis of examination of books of accounts, we observe that the Company has defaulted in repayment of term loans instalments amounting to Rs.13.17 lacs (Principal amount of Rs.9.66 lacs and Interest of Rs.3.51 lacs) payable for February and March 2012 and Rs. 1062.82 lacs towards other credit facilities payable from September 2011.
- xii. The company has granted a loan (Inter Corporate Deposit) on the basis of security by way of pledge of shares with an outstanding (including interest) of Rs. 218 lacs against which the market value of pledged security was only Rs. 29.94 lacs as at the year end, in respect of which adequate documents showing the pledge of assets in favour of the company were unavailable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
- 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. As explained to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The company has obtained a corporate loan during the year for general corporate purposes, the terms of sanction for which does not specify stipulations regarding the purpose for which the same is to be applied.
- xvii. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the explanations given to us, there are no funds raised on a short term basis which have been used for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. No debentures have been issued by the company during the year and thus creation of securities for the same is not applicable to the company.
- xx. The clause as regards end-use of the funds raised by way of issue of equity shares is not applicable for the year.
- xxi. As explained to us and based on our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India, no fraud on or by the Company has been noticed or reported during the course of our audit.

for VASAN & SAMPATH,
Chartered Accountants
Firm Registration Number: 004542S

(Unnikrishnan M)
Partner

Place: Bangalore
Date: 4th September, 2012

Membership No : 205703

Balance Sheet

AS AT 31ST MARCH, 2012

	Note No.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	120,986,730	120,986,730
Reserves and Surplus	2	1,495,581,980	1,513,319,956
		1,616,568,710	1,634,306,686
Non-Current Liabilities			
Long Term Borrowings	3	20,843,064	-
Other Long Term Liabilities	4	11,148,550	9,798,550
Long Term Provisions	4A	5,403,610	5,850,060
		37,395,224	15,648,610
Current Liabilities			
Short Term Borrowings	5	134,661,276	112,482,856
Trade Payables	6	22,299,875	186,374,879
Other Current Liabilities	7	54,071,713	23,900,517
Short Term Provisions	8	2,066,036	3,826,690
		213,098,900	326,584,942
TOTAL		1,867,062,834	1,976,540,238
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		48,008,625	55,274,793
Intangible Assets		85,377	991,220
Non-Current Investments	10	1,602,978,996	1,532,704,246
Deferred Tax Assets (Net)		1,296,131	964,818
Long Term Loans & Advances	11	4,074,164	5,030,149
		1,656,443,293	1,594,965,226
Current Assets			
Current Investments	12	37,410	15,350,201
Inventories	13	131,964	356,313
Trade Receivables	14	167,279,524	317,006,563
Cash and Bank Balances	15	2,268,694	4,498,213
Short Term Loans & Advances	16	40,901,949	44,363,722
		210,619,541	381,575,012
TOTAL		1,867,062,834	1,976,540,238

Notes to Accounts & Significant Accounting policies

1 to 24

Notes to Accounts and Significant Accounting policies form an integral part of the Financial Statements.

for and on behalf of the Board

As per our Report of even date
for **VASAN & SAMPATH**
Chartered Accountants
Firm Registration No. 004542S

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

Unnikrishnan M.
Partner

Bangalore
4th September, 2012

Membership No. 205703

Statement of Profit and Loss
FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
INCOME			
Revenue from Operations	17	178,762,142	405,861,180
Other Income	18	34,008,262	21,954,423
TOTAL REVENUE		212,770,404	427,815,603
EXPENDITURE			
Direct Cost of Operation	19	28,306,023	216,619,360
(Increase)/Decrease in Stocks/Work-in-Progress	20	224,349	19,514,687
Employee Benefit Expenses	21	87,173,780	113,419,809
Financial Costs	22	28,306,220	5,836,411
Depreciation/Amortisation Expenses		8,278,131	11,628,812
Other Expenses	23	35,684,227	45,535,849
TOTAL EXPENSES		187,972,730	412,554,928
Profit Before Tax & Exceptional items		24,797,674	15,260,675
Exceptional Items			
Reversal of employee compensation (expiry of vested stock options) (Ref Note No. 24.28)		23,883,067	-
Rebate on Export (Refer Note No. 24.23)		(39,940,831)	-
Profit Before Tax		8,739,909	15,260,675
Profit from continuing operation before tax		6,170,079	14,082,958
Tax Expenses of Continuing Operations			
Current Tax		(1,133,836)	(3,210,505)
Less: MAT Credit Adjustment		(1,302,614)	3,000,000
Deferred Tax		331,313	20,961
Profit from Continuing operations after tax (A)		4,064,942	13,893,414
DISCONTINUING OPERATIONS			
Profit/(Loss) for the year from discontinuing operations (Refer Note No. 24.27)		2,569,830	1,177,717
Tax Expenses of discontinuing operations		(489,681)	(234,407)
Profit from Discontinuing operations after tax (B)		2,080,149	943,310
Net Profit for the Year (A+B)		6,145,091	14,836,724
Earnings Per Share of Face Value Rs. 10/- each			
Basic		0.51	1.23
Diluted		0.51	1.23
(Refer Note No. 24.16)			

Notes to Accounts & Significant Accounting Policies 1 to 24

Notes to Accounts and Significant Accounting policies form an integral part of the Financial Statements.

for and on behalf of the Board

Sanjay Soni
Managing Director

Bangalore
4th September, 2012

Shashi Soni
Chairperson

Unnikrishnan M.
Partner

Membership No. 205703

As per our Report of even date
for **VASAN & SAMPATH**
Chartered Accountants
Firm Registration No. 004542S

Cashflow Statement

FOR THE YEAR ENDED 31ST MARCH, 2012

	March 31, 2012 Rs.	March 31, 2011 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Taxation	8,739,909	15,651,837
Adjustments for:		
Depreciation	8,278,131	11,628,812
Interest Expense	13,402,354	5,886,341
Interest Income	(2,523,352)	(10,541)
Rental Income	(11,081,776)	(8,749,860)
Provision against Investment	-	422,674
(Profit)/ Loss on short term investments, includes dividend income(net of related expenses)	(21,007)	(10,804,350)
Profit on Sale of Assets	(317,000)	(148,100)
ESOP balance W/off	(23,883,067)	-
Forex (gain) / loss (Net)	(15,526,007)	-
Operating Profit Before Working Capital Changes	(22,931,814)	13,876,813
Movements in Working Capital :		
(Increase)/Decrease in Trade Receivables	149,727,039	(43,105,109)
(Increase)/Decrease in Current Investment	15,312,791	164,138,980
(Increase)/Decrease in Inventories	224,349	19,514,687
(Increase)/Decrease in short term Loans and Advances	18,987,780	(1,422,027)
Increase/(Decrease) in Current Liabilities and Provisions	(113,188,656)	155,897,775
Cash Generated from Operations	48,131,489	308,901,119
Direct Taxes paid (Net of Refunds)	(3,223,517)	(3,330,109)
Net cash from Operating Activities	44,907,972	305,571,010
B CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(106,120)	(1,024,653)
Proceeds from Sale of Fixed Assets	317,000	-
Rental deposit for buildings received	1,350,000	-
(Profit)/ Loss on short term investments, includes dividend income(net of related expenses)	21,007	10,804,350
Investment in Subsidiaries	(70,274,751)	(314,452,760)
Long Term Loans & Advances	955,985	106,522
Long Term Provisions	(446,450)	5,850,060
Rental Income	11,081,776	8,749,860
Interest Received	2,523,352	10,541
Net cash used in Investing Activities	(54,578,201)	(289,956,080)
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings (Term loan & others)	20,843,064	(8,294,116)
Proceeds from issue of share capital (net of expenses)	-	(3)
Interest paid	(13,402,354)	(5,886,341)
Net Cash used in Financing Activities	7,440,710	(14,180,460)
Net increase in Cash and Cash Equivalents (A + B + C)	(2,229,519)	1,434,470
Cash and Cash Equivalents at the Beginning of the Year	4,498,213	3,063,743
Cash and Cash Equivalents at the End of the Year	2,268,694	4,498,213
Components of Cash and Cash Equivalents		
a. Balances with Scheduled Banks		
- Current Account	259,292	2,449,712
- EEFC Account		
Cash on Hand	29,738	44,518
b. Earmarked balance with banks (Unpaid dividend)	1,783,810	1,785,010
Deposit with Bank	195,854	218,973
	2,268,694	4,498,213

for and on behalf of the Board

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

As per our Report of even date
for **VASAN & SAMPATH**
Chartered Accountants
Firm Registration No. 004542S

Unnikrishnan M.
Partner

Bangalore
4th September, 2012

Membership No. 205703

Notes on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

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

	As at March 31, 2012 Rs.		As at March 31, 2011 Rs.	
Note 1 : SHARE CAPITAL				
Authorized 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)	<u>132,000,000</u>		<u>132,000,000</u>	
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) [Of the above shares, 100,000 (previous year :100,000) shares of Rs.10/- each are allotted as fully paid up by way of issue of Bonus shares (issued in 1999-00) and 530,973 shares allotted as fully paid up pursuant to a contract, without payments being received in cash (issued in 2005-06)]	<u>120,986,730</u>		<u>120,986,730</u>	
Note 1(a) : The details of Shareholders holding more than 5% of Shares:				
	As at March 31, 2012		As at March 31, 2011	
Name of the Shareholders	No. of Shares	% held	No. of Shares	% held
Sanjay Vedprakash Soni	1,605,363	13.27	1,630,363	13.48
Ashish Dhawan	766,044	6.33	766,044	6.33
FID Funds (Mauritius) Limited	1,162,900	9.61	1,162,900	9.61
Passport Capital LLC A/C Passport India Investments (Mauritius) Ltd.,	-	-	1,204,132	9.95
Religare Finvest Ltd	772,500	6.38	-	-
AFN Langrana Share & Stock Brokers Pvt. Ltd.	1,000,998	8.27	-	-
Note 1(b) : The reconciliation of number of shares outstanding is as given below:				
	As at March 31, 2012		As at March 31, 2011	
Particulars	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	<u>12,098,673</u>		<u>12,098,673</u>	

Notes on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 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:	-	-
	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
Stock option Outstanding Account		
As per last Balance Sheet	23,883,067	26,536,741
Less: Deferred employee compensation expenses	-	(2,653,674)
Less: Expiry of vested stock options (<i>Refer Note No. 24.28</i>)	(23,883,067)	-
	-	23,883,067
Surplus		
As per last Balance Sheet	35,804,140	20,967,416
Add: Net Profit after Tax for the year	6,145,091	14,836,724
	41,949,231	35,804,140
	1,495,581,980	1,513,319,956
Note 3: Long Term Borrowings		
From Banks-Secured:		
a. Term Loan:		
Term Loan from State Bank of Mysore (including Interest accrued)	20,843,064	-
	20,843,064	-

i) Security:

- Primary security is by way of assignment of rent receivable 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) 41 EMI's total amounting to Rs.28,490,169/- 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 1.50 months installments of EMI
- b) Principal Amount : Rs.966,022/-
- c) Interest amount : Rs.351,870/-

Notes on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
Note 4 : OTHER LONG TERM LIABILITIES		
Rental Deposit refundable	8,641,550	7,291,550
Liability towards Investment in Subsidiary	2,507,000	2,507,000
	11,148,550	9,798,550
Note 4A : LONG TERM PROVISIONS		
Long Term Provisions for Gratuity	2,985,190	3,087,120
Long Term Provisions for Compensatory Absences	2,418,420	2,762,940
	5,403,610	5,850,060
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	13,831,664	10,625,806
ii) Packing Credit	120,829,611	101,857,050
	134,661,275	112,482,856
Defaults as on Balance Sheet date:		
Packing Credit		
a) Period of default : 6 Months		
b) Principal amount : Rs. 102,518,352/- (Previous Year : NIL)		
c) Interest amount : Rs. 3,763,961/- (Previous Year : NIL)		
Note 6 : TRADE PAYABLES		
Sundry Creditors	22,299,875	186,374,879
	22,299,875	186,374,879
Note 7 : OTHER CURRENT LIABILITIES		
Current maturities of long term debt	7,647,105	-
Short Term Loans from Related Party (Refer Note No. 24.20)	3,675,000	-
Unclaimed Dividend	1,783,809	1,785,009
Share Warrant Application Money pending allotment (Refer Note No. 24.8)	330,000	10,000
Statutory dues	15,191,056	7,324,995
Deferred Income	4,431,266	3,742,631
Other payables (mainly comprises of Salary payables and Advance received from subsidiary for sale of business)	21,013,477	11,037,882
	54,071,713	23,900,517
Note 8 : SHORT TERM PROVISIONS		
Provision for Taxation	1,700,000	3,300,000
Short Term Provision for Gratuity	238,890	173,160
Short Term Provision for Compensated absences	127,146	353,530
	2,066,036	3,826,690

Notes on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

Note 9 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2011 Rs.	Additions Rs.	Deletions/ Adjustments Rs.	As at 31.03.2012 Rs.	As at 01.04.2011 Rs.	For the year Rs.	Deletions/ Adjustments Rs.	Upto 31.03.2012 Rs.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Tangible Asset										
1. Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2. Buildings	49,178,564	-	-	49,178,564	13,585,373	3,569,071	-	17,154,444	32,024,120	35,593,191
3. Computers	35,013,150	91,120	74,500	35,029,770	30,941,904	1,645,910	74,500	32,513,314	2,516,456	4,071,246
4. Plant and Machinery	6,871,701	-	-	6,871,701	5,839,723	143,941	-	5,983,664	888,037	1,031,978
5. Office Equipments	5,992,151	15,000	-	6,007,151	4,293,632	238,821	-	4,532,453	1,474,698	1,698,519
6. Diesel Generators	1,953,787	-	-	1,953,787	1,196,924	105,568	-	1,302,492	651,295	756,863
7. Electrical Installations	4,564,847	-	-	4,564,847	2,660,264	345,674	-	3,005,938	1,558,909	1,904,583
8. Furniture & Fittings	4,536,359	-	92,500	4,443,859	4,026,239	92,585	92,500	4,026,324	417,535	510,120
9. Interiors	7,708,528	-	-	7,708,528	6,733,548	176,955	-	6,910,503	798,025	974,980
10. Vehicles	15,200,121	-	918,215	14,281,906	11,141,088	1,053,762	918,215	11,276,635	3,005,271	4,059,033
11. Canteen Structure	301,039	-	-	301,039	301,039	-	-	301,039	-	-
Total (A)	135,994,526	106,120	1,085,215	135,015,431	80,719,734	7,372,288	1,085,215	87,006,806	48,008,625	55,274,792
Intangible Asset										
12. Software *	65,256,802	-	-	65,256,802	64,265,582	905,843	-	65,171,425	85,377	991,220
Total (B)	65,256,802	-	-	65,256,802	64,265,582	905,843	-	65,171,425	85,377	991,220
Grand Total (A+B)	201,251,328	106,120	1,085,215	200,272,233	144,985,316	8,278,131	1,085,215	152,178,231	48,094,002	56,266,012
Previous Year	200,478,103	921,331	148,100	201,251,328	133,504,604	11,628,812	148,100	144,985,315	56,266,013	66,973,493

*Software includes Rs.40 Lakhs internally generated.

	As at March 31, 2012 Rs.	As at March 31, 2011 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. 24.4)	55,123,998	55,123,998
ii) Investment in Equity Shares of Logix Americas Inc., (100,000 Equity Shares of face value USD 195.01 each fully paid) (Previous Year: 100,000 Equity Shares of face value USD 195.01 each fully paid)	838,454,545	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: NIL)	2,040,500	-
v) Share Application Money pending allotment-Logix America Inc., (USD 13,347,100 :Previous Year: USD 11,827,100) (Refer Note No. 24.5)	618,482,666	550,248,416
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)
	1,602,978,997	1,532,704,246

Notes on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
Note 11 : LONG TERM LOANS & ADVANCES		
Unsecured, Considered Good		
Deposits	4,074,164	5,030,149
	4,074,164	5,030,149
Note 12 : CURRENT INVESTMENTS		
Trade Investments, Quoted: (Valued at Lower of Cost or Market Value)		
Investment in Equity Shares of Greycells Education (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 20,125 Equity Shares of face value Rs.10/- each fully paid: Market Value:Rs.8,85,500/-)	-	1,041,722
Investment in Equity Shares of Lumax Industries (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 775 Equity Shares of face value Rs.10/- each fully paid: Market value: Rs.2,78,109/-)	-	271,114
Investment in Equity Shares of Sterlite Industries (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 75 Equity Shares of face value Re.1/- each, bonus shares : Market Value Rs.13,051/-)	-	-
Investment in Equity Shares of Videocon Industries (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 1,222 Equity Shares of face value Rs.10/- each, fully paid up : Market Value:Rs.2,33,646/-)	-	277,350
Investment in Equity Shares of Assam & Co., (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 101 Equity Shares of face value Re.1/- each, fully paid up : Market Value:Rs.1,727/-)	-	2,399
Investment in Equity Shares of LKP Finance (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 7,500 Equity Shares of face value Rs.10/- each fully paid : Market Value:Rs.8,43,000/-)	-	1,048,050
Investment in Equity Shares of Solid Stone (Current Year: 781 Equity shares of face value Rs.10/- each fully paid : Market Value : Rs.40,456/-) (Previous Year: 2,400 Equity Shares of face value Rs.10/- each fully paid : Market Value:Rs.1,14,960/-) (Refer Note No. 24.6)	37,410	132,240
Less: Diminution in Value	-	(422,674)
Inter-Corporate Deposits	-	13,000,000
	37,410	15,350,201
Note 13 : INVENTORIES		
Stock in Trade	131,964	356,313
Software work-in-Progress	-	-
	131,964	356,313
Note 14 : TRADE RECEIVABLES		
Debts outstanding for a period exceeding 6 months		
Unsecured, Considered Good	53,874,339	49,784,490
Unsecured, Considered Doubtful (Refer Note No. 24.21)	-	-
Other Debts (Unsecured, Considered Good)	113,405,185	267,222,073
	167,279,524	317,006,563
Less: Provision for Doubtful Debts	-	-
	167,279,524	317,006,563

Notes on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
Note 15 : CASH AND BANK BALANCES		
a. Cash & Cash equivalents		
i) Balances with Scheduled Banks		
Current Account	59,210	2,270,135
EEFC Account	200,082	179,577
ii) Cash on Hand	29,738	44,518
b. Earmarked balance with banks (Unpaid dividend)	1,783,810	1,785,010
c. Deposit with Banks	195,854	218,973
(The above deposits are held as Margin money against Letter of Credit and Bank Guarantee's availed)		
	2,268,694	4,498,213
Note 16 : SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good:		
Loans and advances to related parties (<i>Refer Note No.24.20</i>)	1,888,700	2,573,420
Employee Loans & Advances	74,250	157,500
MAT Credit Entitlement	7,044,672	8,347,286
Income-tax Paid at Source	3,197,053	2,357,182
Income Tax refund receivable	531,802	2,182,441
Other Short term Loans & Advances	28,165,472	28,745,893
[primarily comprises of Interest Receivable on Inter-Corporate Deposits amounting to Rs 26,981,162/- (Previous Year Rs 26,747,010/-)]		
	40,901,949	44,363,722

Notes on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	Yearended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
Note 17 : REVENUE FROM OPERATION		
Software Sales & Services		
- Domestic	40,964,739	232,091,691
- Exports	137,797,403	173,769,489
	178,762,142	405,861,180
Note 18 : OTHER INCOME		
Interest Income on ICD & Others [TDS: Rs. 2,337 (Previous Year: Rs.64,822)]	2,523,352	10,541
Dividend Income	2,480	182,648
Income from Investments	21,007	10,621,702
Other Non-operating income		
- Rental Income	11,081,776	8,749,860
- Profit on Sale of Fixed Assets	317,000	148,100
- Exchange Gain (Net)	15,526,007	1,135,408
- Insurance surrender value received	3,886,857	-
- Miscellaneous Income	649,784	1,106,164
	34,008,262	21,954,423
Note 19 : DIRECT COST OF OPERATION		
Cost of Purchase for Resale	27,414,679	215,647,237
Customs duty	891,344	972,123
	28,306,023	216,619,360
Note 20 : (INCREASE)/DECREASE IN WORK-IN-PROGRESS		
Opening Stock		
Stock in Trade	356,313	-
Software Work-in-Progress	-	19,871,000
Total (A)	356,313	19,871,000
Closing Stock		
Stock in Trade	131,964	356,313
Software Work-in-Progress	-	-
Total (B)	131,964	356,313
(Increase)/Decrease in Work-in-Progress (Total A-B)	224,349	19,514,687
Note 21 : EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages (Refer Note No. 24.14)	82,277,570	107,548,254
Contribution to Provident and Other Funds	2,524,924	3,129,304
Staff Welfare Expenses	2,371,286	2,742,251
	87,173,780	113,419,809

Notes on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	Yearended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
Note 22 : FINANCIAL COSTS		
Interest Expense	13,402,354	5,381,450
Other Borrowing costs	570,000	-
Net gain or loss on Foreign currency on borrowings cost	14,333,866	454,961
	28,306,220	5,836,411
Note 23 : OTHER EXPENSES		
Directors Sitting Fees	2,000	2,000
Books & Periodicals	1,265	8,709
Corporate Expenses	238,907	205,927
Electricity, Generator & Water Charges	2,562,946	3,246,647
Insurance	2,674,908	3,362,508
Membership & Subscription	84,452	778,703
Miscellaneous Expenses	267,369	289,951
Office Expenses	430,776	619,513
Postage & Telecommunication	3,351,469	4,496,291
Professional, Legal & Consultancy Charges (<i>Refer Note No. 24.9</i>)	3,818,622	9,678,049
Printing & Stationery	376,020	676,100
Rent	6,042,043	6,061,504
Rates & Taxes	511,794	438,240
Repairs & Maintenance	873,179	960,133
Recruitment expenses	44,267	232,529
Security Charges	790,272	921,983
STPI - Service Charges	385,000	287,500
Travelling & Conveyance	7,110,626	6,574,741
Vehicle Maintenance	814,691	734,743
Bank Charges	431,525	504,891
Bad Debts written off	135,882	-
Advertisement Expenses	3,804,211	4,246,003
Business Promotion	722,812	659,205
Exhibition & Seminar Expenses	5,000	4,628
Discounts and Incentives	74,084	-
Entertainment Expenses	130,107	59,517
Other selling expenses	-	63,160
Provision against investment	-	422,674
	35,684,227	45,535,849

Notes on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

24 NOTES ON ACCOUNTS

24.1 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-Progress 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 prorata basis on the additions during the year. Intangible assets are amortized over a period of 3-5 years.

f Investments

Short Term Investments: It is re-stated at lower of the cost or Market value as at the year end.

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 115 J B 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' 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, 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.

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 & 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.

n Employee Stock Option Plan

The Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized over the vesting period of the option. The Number of options expected to vest is based on the best available estimate and revised, if necessary, if subsequent information indicates that the number of stock options expected to vest differs from the previous estimates.

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

24.3 (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)	499,836	499,836
ii) Claims against the company, not acknowledged as debts :		
a) Claims by vendors, etc	1,383,300	1,270,937
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
iii) Other money for which the company is contingently liable: Service Tax not charged on rental income and interest thereon for FY 2008-09, 2009-10, partly for 2010-11 and 2011-12 based on a judgement by Honourable Delhi High Court.	3,391,333	1,985,472

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

i) Unexpired Letters of Credit	1,265,914	1,634,016
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.

24.4 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.

24.5 During the year under review, the Company has made an additional investment of Rs. 682.34 Lakhs (USD 15,20,000) in the form of equity in its subsidiary Logix Americas Inc., which is

the holding company for the US subsidiaries. The share allotment against this as also portion of previous investments same is pending as at the Balance Sheet and reflected as 'Share Application Money pending allotment'. The investment in Logix Americas Inc., has in-turn been invested by way of equity and loans in Homestar Systems Inc., Homestar LLC, Izmo CRM, IzmoMedia and LML Internet Solutions Inc., subsidiaries of Logix Americas Inc.

24.6 Investments. (Amount in Rs.)

Particulars	Current Year	Previous Year
1) Investment in Shares (Quoted)		
Aggregate Book Value	37,410	2,773,000
Market Value	39,831	2,370,000

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

24.8 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.

24.9 Payments to Auditors (net of service tax input credit where applicable) (Amount in Rs.)

Particulars	Current Year	Previous Year
Audit Fees	200,600	200,000
Taxation Matters	82,425	50,000
Professional charges *	186,050	287,750
* Including Statutory Certification fees		
Total	469,075	537,750

24.10 C I F Value of Imports (Amount in Rs.)

Particulars	Current Year	Previous Year
Purchases	9,784,970	10,547,012
Capital Goods	-	329,562
Total	9,784,970	10,876,574

24.11 Expenditure in Foreign Currency (Amount in Rs.)

Particulars	Current Year	Previous Year
Purchases	8,826,541	9,396,113
Capital goods	-	329,562
Foreign Travel	2,109,269	1,504,365
Rebate on Export Sales	39,940,831	-
Total	50,876,641	11,230,040

24.12 Earnings in Foreign Currency (Amount in Rs.)

Particulars	Current Year	Previous Year
Software Exports & Consultancy	137,797,403	173,769,489
Reimbursements in respect of Marketing costs	-	184,108

24.13 Quantitative Details of Trading (In Nos.)

(as furnished by the management)

Particulars	Opening Stock	Purchases/Sales Returns	Sales/Purchase Returns/ Disposals	Closing Stock
Current Year				
Software	81	4,606	4,681	6
Previous Year				
Software	-	7,963	7,882	81

24.14 Managerial Remuneration (Amount in Rs.)

Particulars	Current Year	Previous Year
Salary & allowances	5,775,900	5,775,900
Contribution to Provident Fund	420,132	420,132
Total	6,196,032	6,196,032

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. 117.46 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.

24.15 The Company's Singapore subsidiary, Midrange Software Pte. Ltd, carries an accumulated provision of SGD 216,000 (Previous year: SGD 162,000), 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.

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

Particulars		After Extraordinary items		Before Extraordinary items	
		2011-2012	2010-2011	2011-2012	2010-2011
Basic					
Net Profit after tax attributable to Equity share holders (Rs)	A	6,145,092	14,836,724	6,145,092	14,836,724
Weighted average number of equity shares outstanding	B	12,098,673	12,098,673	12,098,673	12,098,673
Basic EPS (Rs)	A/B	0.51	1.23	0.51	1.23
Diluted					
Net Profit after tax attributable to Equity share holders (Rs)	A	6,145,092	14,836,724	6,145,092	14,836,724
Weighted average number of equity shares outstanding	B	12,098,673	12,098,673	12,098,673	12,098,673
Add: Weighted average number 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	1.23	0.51	1.23
Face value per share (Rs)		10	10	10	10

24.17 The details of Intangible Assets (Software) is as under:

(Amount in Rs. Lakhs)

Particulars	Gross			Amortization			Net	
	Opening	Addition	Total	Opening	for the year	Total	Opening	Closing
(a) Internally Generated Software	40.00	-	40.00	40.00	0.00	40.00	0.00	0.00
(b) Acquired Softwares	612.57	0.00	612.57	602.65	9.06	611.71	9.92	0.86
	652.57	0.00	652.57	642.65	9.06	651.71	9.92	0.86

24.18 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 31st March, 2012 are as follows.

(Amount in Rs.)

Particulars	Current Year	Previous Year
Minimum Lease Payment	24,110,280	33,862,534
Contingent Rent	-	-
Amount due within 1 Year	5,895,944	5,391,207
Amount due later than 1 Year & not later than 5 Years	18,214,336	28,471,327

24.19 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 104,318. 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., which is the holding company for the operating companies i.e., Homestar, Izmo CRM and IzmoMedia, the subsidiaries of Logix Americas 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 2012. Izmo Europe BVBA has incurred losses during the recent years and has an accumulated loss of EURO 1,403,738. 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.

24.20 **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

Izmo Media, USA

Wholly Owned Subsidiary of M/s. Homestar Systems Inc., USA

Izmo CRM, USA

Wholly Owned Subsidiary of M/s. Homestar Systems Inc., USA

LML Internet Solutions USA

Subsidiary of M/s. Logix Americas Inc. USA

Carazoo Online Solutions Pvt Ltd.

Subsidiary of M/s. LML Internet Solutions USA

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 Engineers & Consultants

Deep Heritage

Deep Oxygen Private Limited

Deep Investment Advisory Bangalore Private Limited

Digipro Systems Private Limited

Digipro Design Automation & Marketing Private Limited

Si2 Microsystems Private Limited

SL Business Center

(Amount in Rs. 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-imbursment of Expenses/Investment						
Deep Heritage	-	-	-	-	-	0.06
Si2 Microsystems Pvt. Ltd.,	-	-	-	-	172.89	237.79
Digipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	-	2,017.42
Remuneration	-	-	61.96	61.96	-	-
S.L.Business Centre	-	-	-	-	3.60	3.94
Software Sales & Service Exports						
Homestar Systems Inc	1,338.05	1,728.23	-	-	-	-
Midrange Software Pte Ltd.,	30.89	-	-	-	-	-
Si2 Microsystems Pvt. Ltd.,	-	-	-	-	0.55	2,041.89
Digipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	168.70	129.52
Rental Income						
Si2 Microsystems Pvt. Ltd.,	-	-	-	-	51.50	51.50
Digipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	36.00	36.00
Investment in Equity						
Logix Americas Inc	682.34	3,056.58	-	-	-	-
Midrange Software Pte Ltd.,	-	-	-	-	-	-
Izmo Europe BVBA	-	87.95	-	-	-	-
Carazoo Online Solutions Pvt Ltd	20.40	-	-	-	-	-
Receivables						
Homestar LLC	-	497.44	-	-	-	-
Homestar Systems Inc	1,623.96	974.82	-	-	-	-
Si2 Microsystems Pvt. Ltd.,	-	-	-	-	14.53	1,675.04
Carazoo Online Solutions Pvt Ltd	3.76	-	-	-	-	-
Payables						
Homestar LLC	10.67	21.17	-	-	-	-
Homestar Systems Inc	-	3.23	-	-	-	-
Midrange Software Pte Ltd.,	29.81	29.45	-	-	-	-
S.L.Business Centre	-	-	-	-	0.29	0.29
Si2 Microsystems Pvt. Ltd.,	-	-	-	-	32.00	32.00
Digipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	5.94	1,648.85
Carazoo Online Solutions Pvt Ltd	48.64	-	-	-	-	-
Unsecured Loan (from Sanjay Soni)	-	-	36.75	-	-	-

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

(Amount in Rs. Lakhs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Closing Balance Rs.	Maximum balance during the year Rs.	Closing Balance Rs.	Maximum balance during the year Rs.
Homestar LLC., USA	-	497.44	497.44	1,864.51
Homestar Systems Inc	1,623.96	2,023.69	974.82	1,398.80

Sundry Debtors includes a sum of Rs. 5.38 crores of overseas receivables outstanding for over 180 days as at the Balance Sheet date.

24.22 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 to 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.

24.23 During the current 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. 399.41 Lakhs (USD 788,721). This is non recurring and largely exceptional in nature and accordingly, reflected as such.

24.24 Income from Investments comprises of: (Amount in Rs.)

Particulars	Current Year	Previous Year
Dividend	2,480	182,649
Profit / (Loss) on sale of investments	21,007	10,621,701
Total	23,487	10,804,350

24.25 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:

Particulars	Current Year	Previous Year
(Amount in Rs. Lakhs)		
Deferred Tax Asset/ (Liabilities)		
Depreciation	5.43	10.23
Leave Salary/Gratuity	(1.25)	(0.67)
Timing differences u/s 40(a)(ia) of Income Tax Act, 1961	(0.86)	0.08
Total	3.31	9.64

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. The MAT credit charge of Rs.13.02 lakhs

as appearing in the statement of Profit and Loss is after netting off Rs.21.53 lakhs ,written off subsequent to the completion of Tax Assessment for FY 2006-07 and as per the Assessment order issued by the Tax Authorities.

24.26 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

Particulars	(Amount in Rs. Lakhs)	
	Current Year	Previous Year
Revenue:		
Export	1,377.97	1,737.69
Domestic*	409.65	2,320.92
Net Income from Operations	1,787.62	4,058.61
Add: Income from Exceptional Items/Other Income	178.76	215.32
Profit before Depreciation/Tax/ Interest/Amortization :		
-from Exports	472.53	388.06
-from Domestic*	(193.12)	(271.07)
Income from Exceptional Items/ Other Income	178.76	215.32
Total	458.18	332.31
Less: (1) Interest	287.38	63.41
(2) Other Unallocated Expenses	0.00	0.00
(3) Depreciation/Amortization	82.78	116.29
Profit Before Taxation	88.02	152.61

* Domestic segment sales for the current year includes Rs. 95 lakhs from discontinuing operations. And Export segment sales for the current year includes Rs.47.61 lakhs from discontinuing operations.

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.

24.27 Discontinuing Operations

During the year, pursuant to the scheme of arrangement approved by the shareholders through Postal Ballot on 30th January, 2012, the Company has proposed to dispose/hive off the Carazoo domestic division business of the company into Subsidiary Company with effect from 17th April, 2012. The results of the discontinuing business during the year were as under;

(Amount in Rs.)		
Profit/(Loss) from discontinuing operations	Yearended March 31, 2012	Yearended March 31, 2011
Income		
Revenue from Operations	14,261,818	9,754,967
Other Income	74,011	4,208
Total Revenue	14,335,829	9,759,175
Expenditure		
Employee Benefit Expenses	7,789,636	5,189,285
Other Expenses	3,976,363	3,392,173
Total Expenses	11,765,999	8,581,458
Profit Before Tax & Exceptional item	2,569,830	1,177,717
Exceptional Items	-	-
Profit Before Tax from Discontinuing Operations	2,569,830	1,177,717
Tax Expenses of Discontinuing Operations		
Current Tax	489,681	234,407
Profit/(Loss) after tax from Discontinuing operations	2,080,149	943,310

24.29 Defined Benefit Plans

- Gratuity
- Leave Encashment

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

- Change in defined benefit obligation

(Amount in Rs. Lakhs)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Projected Benefit Obligation at the beginning of the year	32.60	38.76	31.16	41.01
Current Service Cost	9.41	13.31	9.24	14.20
Interest Cost	2.54	2.82	2.23	2.41
Actuarial (gain)/loss on obligations	(10.68)	(16.40)	(8.64)	(4.71)
Benefits Paid	(1.64)	(6.15)	(6.52)	(21.75)
Projected Benefit obligation at the end of the year	32.24	32.60	27.47	31.16

Particulars	(Amount in Rs.)	
	As at March 31, 2012	As at March 31, 2011
Carrying amount of assets as at the Balance Sheet date relating to the discontinued business to be disposed off	2,675,552	2,582,202
Carrying amount of liabilities as at the Balance Sheet date relating to the discontinued business to be disposed off	909,512	1,023,987

24.28 Employees Stock Options (ESOP)

- Employees Stock Options (ESOP) 2006:

The vesting period for the ESOP 2006 scheme ended during FY 10-11. The provision created under this scheme was written back during the year to the extent of expired options remaining un-exercised by the employees. The write back amounts to Rs.238.83 lakhs which is disclosed as an exceptional item in the Statement of Profit and Loss for the year.

- Employees Stock Options (ESOP) 2007, 2009 and 2010
No options have been granted under various ESOP schemes approved by the members in AGM. All these ESOP schemes stand withdrawn.

- Employees Stock Options (ESOP) 2011:

The company during the year FY 2010-11, had introduced ESOP 2011 scheme and had taken the approval of its members at the AGM held on 29th September 2011 for 500,000 shares. No options have been granted under this scheme to any of the employees till date.

b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31, 2012.

c) Amount recognized in Balance Sheet

Amount in Rs. 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	32.24	32.60	27.47	31.16
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	32.24	32.60	27.47	31.16
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	32.24	32.60	27.47	31.16

d) Net periodic gratuity cost

Amount in Rs. Lakhs

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	9.41	13.31	9.24	14.20
Interest Cost	2.54	2.82	2.23	2.41
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	(10.68)	(16.40)	(8.64)	(4.71)
Expenses recognized in the statement of Profit and Loss	1.27	(0.15)	2.83	11.90

e) Principal actuarial assumptions

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rates	8.60%	8.00%	8.60%	8.00%
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 LIC (1994-96) mortality tables.

24.30 The company during the year made a purchase of goods of Rs.167.03 lakhs from Si2 Microsystems Pvt Ltd. and made sales of goods of Rs.168.70 lakhs to Digipro Design Automation & Marketing Pvt Ltd. These transactions attract provisions of Section 297 of the Companies Act, 1956, and requires prior approval of Central Government. The company is in the process of making an application for condonation of delay and obtaining necessary government approval for the same.

24.31 Transfer Pricing

The company derives a significant portion of its revenue (Rs.1,368.93 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 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 2012, particularly on their amount of tax expense and that of the provision for taxation.

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

24.33 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.

As per our Report of even date
for **VASAN & SAMPATH**
Chartered Accountants
Firm Registration No. 004542S

for and on behalf of the Board

Sanjay Soni
Managing Director
Bangalore
4th September, 2012

Shashi Soni
Chairperson

Unnikrishnan M.
Partner
Membership No. 205703

Auditors' Report on Consolidated Financial Statements

AUDITORS 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, 2012 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 167.22 crores as at 31st March, 2012 and total revenue from operations of Rs.33.45 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.24.2, in respect of non-uniformity of accounting policies adopted; and Note No. 24.1 (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 24.13 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 2012 includes a sum of Rs. 269.81 lacs of accrued interest on Inter-Corporate Deposits (ICD), which is long overdue and pending confirmation. This includes ICD related receivable of Rs.218.38 lacs which is secured against pledge of shares, which as at the Balance Sheet date had a market value of Rs. 29.94 lacs which was lower than the outstanding balance. 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 24.5 (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, 2012; 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.

for VASAN & SAMPATH,
Chartered Accountants
Firm Registration No. 004542S
(Unnikrishnan M)

Partner

Membership No : 205703

Place: Bangalore

Date: 4th September, 2012

Consolidated Balance Sheet

AS AT 31ST MARCH, 2012

	Note No.	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	120,986,730	120,986,730
Reserves and Surplus	2	1,564,398,996	1,547,574,238
		1,685,385,726	1,668,560,968
Non-Current Liabilities			
Long Term Borrowings	3	20,843,064	-
Other Long Term Liabilities	4	11,148,550	9,798,550
Long Term Provisions	4A	5,403,610	5,850,060
		37,395,224	15,648,610
Current Liabilities			
Short Term Borrowings	5	134,661,276	112,482,856
Trade Payables	6	189,433,946	275,089,475
Other Current Liabilities	7	78,145,517	43,891,796
Short Term Provisions	8	2,066,036	3,826,690
		404,306,775	435,290,817
TOTAL		2,127,087,725	2,119,500,395
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		74,944,828	96,930,257
Intangible Assets		1,734,064,982	1,573,025,713
Non-Current Investments	10	8,096,601	8,096,601
Deferred Tax Assets (Net)		1,296,131	964,818
Long Term Loans & Advances	11	18,878,268	17,746,158
		1,837,280,810	1,696,763,547
Current Assets			
Current Investments	12	37,410	15,350,201
Inventories	13	131,964	356,313
Trade Receivables	14	91,423,872	236,456,133
Cash and Bank Balances	15	4,951,069	8,911,458
Short Term Loans & Advances	16	193,262,600	161,662,742
		289,806,915	422,736,847
TOTAL		2,127,087,725	2,119,500,395

Notes to Accounts & Significant Accounting policies

1 to 24

Notes to Accounts and Significant Accounting policies form an integral part of the Consolidated Financial Statements.

for and on behalf of the Board

Sanjay Soni
Managing Director

Bangalore
4th September, 2012

Shashi Soni
Chairperson

Unnikrishnan M.
Partner

As per our Report of even date
for **VASAN & SAMPATH**
Chartered Accountants
Firm Registration No. 004542S

Membership No. 205703

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
INCOME			
Revenue from Operations	17	334,512,551	492,773,749
Other Income	18	26,325,248	25,453,836
TOTAL REVENUE		360,837,799	518,227,585
EXPENDITURE			
Direct Cost of Operation	19	31,569,718	216,619,360
(Increase)/Decrease in Stocks/Work-in-Progress	20	224,349	19,514,687
Employee Benefit Expenses	21	134,812,339	142,200,261
Financial Costs	22	28,306,220	5,884,247
Depreciation/Amortisation Expenses		87,058,461	42,002,931
Other Expenses	23	59,447,136	80,801,186
TOTAL EXPENSES		341,418,223	507,022,672
Profit Before Tax & Exceptional item		19,419,576	11,204,914
Reversal of employee compensation (expiry of vested stock options)		23,883,067	-
Profit Before Tax		43,302,642	11,204,914
Tax Expenses			
Current Tax		1,623,517	3,444,912
Less: MAT Credit Adjustment		1,302,614	(3,000,000)
Deferred Tax		(331,313)	(20,961)
		2,594,818	423,951
Net Profit for the Year (A+D)		40,707,824	10,780,963
Earnings Per Share of Face Value Rs. 10/- each			
Basic		3.36	0.89
Diluted		3.36	0.89

Notes to Accounts & Significant Accounting Policies

1 to 24

Notes to Accounts and Significant Accounting policies form an integral part of the Consolidated Financial Statements.

for and on behalf of the Board

Sanjay Soni
Managing Director
Bangalore
4th September, 2012

Shashi Soni
Chairperson

As per our Report of even date
for **VASAN & SAMPATH**
Chartered Accountants
Firm Registration No. 004542S

Unnikrishnan M.
Partner
Membership No. 205703

Notes on Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

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

	As at March 31, 2012 Rs.		As at March 31, 2011 Rs.	
Note 1 : SHARE CAPITAL				
Authorized 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) [Of the above shares, 100,000 (previous year :100,000) shares of Rs.10/- each are allotted as fully paid up by way of issue of Bonus shares (issued in 1999-00) and 530,973 shares allotted as fully paid up pursuant to a contract, without payments being received in cash (issued in 2005-06)]	120,986,730		120,986,730	
Note 1(a) : The details of Shareholders holding more than 5% of Shares:				
Name of the Shareholders	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% held	No. of Shares	% held
Sanjay Vedprakash Soni	1,605,363	13.27	1,630,363	13.48
Ashish Dhawan	766,044	6.33	766,044	6.33
FID Funds (Mauritius) Limited	1,162,900	9.61	1,162,900	9.61
Passport Capital LLC A/C Passport India Investments (Mauritius) Ltd.,	-	-	1,204,132	9.95
Religare Finvest Ltd	772,500	6.38	-	-
AFN Langrana Share & Stock Brokers Pvt. Ltd.	1,000,998	8.27	-	-
Note 1(b) : The reconciliation of number of shares outstanding is as given below:				
Particulars	As at March 31, 2012		As at March 31, 2011	
	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	

Notes Consolidated on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 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	-	-
	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
Stock option Outstanding Account		
As per last Balance Sheet	23,883,067	26,536,741
Less: Deferred employee compensation expenses	-	(2,653,674)
Less: Expiry of vested stock options	(23,883,067)	-
	-	23,883,067
Surplus		
As per last Balance Sheet	70,058,422	59,277,459
Add: Net Profit after Tax	40,707,824	10,780,963
	110,766,246	70,058,422
	1,564,398,996	1,547,574,238
Note 3: Long Term Borrowings		
From Banks-Secured:		
a. Term Loan:		
Term Loan from State Bank of Mysore (including Interest accrued)	20,843,064	-
	20,843,064	-

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) 41 EMI's total amounting to Rs.28,490,169/- 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 1.5 months installments of EMI
- b) Principal Amount : Rs.966,022/-
- c) Interest amount : Rs.351,870/-

Notes Consolidated on Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
Note 4 : OTHER LONG TERM LIABILITIES		
Rental Deposit refundable	8,641,550	7,291,550
Liability towards Investment in Subsidiary	2,507,000	2,507,000
	11,148,550	9,798,550
Note 4A : LONG TERM PROVISIONS		
Long Term Provisions for Gratuity	2,985,190	3,087,120
Long Term Provisions for Compensatory Absences	2,418,420	2,762,940
	5,403,610	5,850,060
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	13,831,664	10,625,806
ii) Packing Credit	120,829,611	101,857,050
	134,661,275	112,482,856
Defaults as on Balance Sheet date:		
Packing Credit		
a) Period of default : 6 Months		
b) Principal amount : Rs. 102,518,352/- (Previous Year : NIL)		
c) Interest amount : Rs. 3,763,961/- (Previous Year : NIL)		
Note 6 : TRADE PAYABLES		
Sundry Creditors	189,433,946	275,089,475
	189,433,946	275,089,475
Note 7 : OTHER CURRENT LIABILITIES		
Current maturities of long term debt	7,647,105	-
Short Term Loans & Advances from Related Party (Refer Note No. 24.10)	3,675,000	-
Unclaimed Dividend	1,783,809	1,785,009
Share Warrant Application Money pending allotment (Refer Note No. 24.9)	330,000	10,000
Statutory dues	15,191,056	14,893,934
Deferred Income	4,431,266	3,742,631
Other payables	45,087,281	23,460,222
	78,145,517	43,891,796
Note 8 : SHORT TERM PROVISIONS		
Provision for Taxation	1,700,000	3,300,000
Short Term Provision for Gratuity	238,890	173,160
Short Term Provision for Compensated absences	127,146	353,530
	2,066,036	3,826,690

Notes on Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

Note 9 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2011 Rs.	Additions Rs.	Deletions/ Adjustments Rs.	As at 31.03.2012 Rs.	As at 01.04.2011 Rs.	Deletions/ Adjustments Rs.	For the year Rs.	Upto 31.03.2012 Rs.	WDV As at 31.03.2012 Rs.	WDV As at 31.03.2011 Rs.
Tangible Asset										
1. Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2. Buildings	60,336,916	-	-	60,336,916	16,123,688	-	4,255,608	20,379,296	39,957,620	44,213,228
3. Computers	36,944,219	91,120	74,500	36,960,839	32,877,287	74,500	1,645,910	34,448,697	2,512,142	4,066,932
4. Plant and Machinery	7,039,640	-	-	7,039,640	5,910,619	-	125,719	6,036,338	1,003,301	1,129,020
5. Office Equipments	67,661,524	15,000	-	67,676,524	41,233,631	-	12,476,107	53,709,738	13,966,786	26,427,893
6. Diesel Generators	1,953,787	-	-	1,953,787	1,196,924	-	105,568	1,302,492	651,295	756,863
7. Electrical Installations	4,564,844	-	-	4,564,844	2,660,264	-	345,674	3,005,938	1,558,906	1,904,580
8. Furniture & Fittings	10,659,225	-	92,500	10,566,725	7,629,272	92,500	1,699,472	9,236,244	1,330,481	3,029,953
9. Interiors	13,853,868	-	-	13,853,868	7,301,663	-	176,955	7,478,618	6,375,250	6,552,205
10. Vehicles	16,300,727	-	918,215	15,382,512	12,125,425	918,215	1,260,535	12,467,745	2,914,767	4,175,302
11. Canteen Structure	301,039	-	-	301,039	301,039	-	-	301,039	-	-
Total (A)	224,290,068	106,120	1,085,215	223,310,973	127,359,812	1,085,215	22,091,547	148,366,144	74,944,829	96,930,256
Intangible Asset										
12. Software*	69,937,372	-	-	69,937,372	68,910,383	-	865,263	69,775,645	161,727	1,026,989
13. Technical Know-how	1,548,284,742	236,043,095	-	1,784,327,837	158,744,944	-	57,523,227	216,268,171	1,568,059,666	1,389,539,798
14. Intellectual Property	151,757,700	-	-	151,757,700	-	-	-	-	151,757,700	151,757,700
15. Misc. Expenditure	30,701,226	-	-	30,701,226	10,059,435	-	6,555,901	16,615,336	14,085,890	30,701,226
Total (B)	1,800,681,040	236,043,095	-	2,036,724,135	237,714,761	-	64,944,391	302,659,153	1,734,064,982	1,573,025,713
Grand Total (A+B)	2,024,971,108	236,149,215	1,085,215	2,260,035,108	365,074,573	1,085,215	87,058,461	451,025,297	1,809,009,811	1,669,955,970
Previous Year	1,678,003,146	355,243,569	148,100	2,033,098,615	329,005,006	148,100	34,285,739	363,142,645	1,669,955,970	1,348,998,140

*Other than internally Generated

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
Note 10 : NON-CURRENT INVESTMENTS		
Other than Trade, Unquoted		
Investment in Equity Instruments of Subsidiaries (at Cost)		
Investments in Get Logix	8,096,601	8,096,601
	8,096,601	8,096,601
Note 11 : LONG TERM LOANS & ADVANCES		
Unsecured, Considered Good		
Deposits	18,878,268	17,746,158
	18,878,268	17,746,158

Notes on Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
Note 12 : CURRENT INVESTMENTS		
Trade Investments, Quoted: (Valued at Lower of Cost or Market Value)		
Investment in Equity Shares of Greycells Education (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 20,125 Equity Shares of face value Rs.10/- each fully paid: Market Value:Rs.8,85,500/-)	-	1,041,722
Investment in Equity Shares of Lumax Industries (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 775 Equity Shares of face value Rs.10/- each fully paid: Market value: Rs.2,78,109/-)	-	271,114
Investment in Equity Shares of Sterlite Industries (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 75 Equity Shares of face value Re.1/- each, bonus shares : Market Value Rs.13,051/-)	-	-
Investment in Equity Shares of Videocon Industries (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 1,222 Equity Shares of face value Rs.10/- each, fully paid up : Market Value:Rs.2,33,646/-)	-	277,350
Investment in Equity Shares of Assam & Co., (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 101 Equity Shares of face value Re.1/- each, fully paid up : Market Value:Rs.1,727/-)	-	2,399
Investment in Equity Shares of LKP Finance (Current Year: NIL : Market Value Rs. NIL) (Previous Year: 7,500 Equity Shares of face value Rs.10/- each fully paid : Market Value:Rs.8,43,000/-)	-	1,048,050
Investment in Equity Shares of Solid Stone (Current Year: 781 Equity shares of face value Rs.10/- each fully paid : Market Value : Rs.40,456/-) (Previous Year: 2,400 Equity Shares of face value Rs.10/- each fully paid : Market Value:Rs.1,14,960/-)	37,410	132,240
Less: Diminution in Value	-	(422,674)
Inter-Corporate Deposits	-	13,000,000
	37,410	15,350,201
Note 13 : INVENTORIES		
Stock in Trade	131,964	356,313
Software work-in-Progress	-	-
	131,964	356,313
Note 14 : TRADE RECEIVABLES		
Debts outstanding for a period exceeding 6 months		
Unsecured, Considered Good	79,120,261	116,500,085
Unsecured, Considered Doubtful	-	-
Other Debts (Unsecured, Considered Good)	12,303,611	119,956,048
	91,423,872	236,456,133
Less: Provision for Doubtful Debts	-	-
	91,423,872	236,456,133

Notes on Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
Note 15 : CASH AND BANK BALANCES		
a. Cash & Cash equivalents		
i) Balances with Scheduled Banks		
Current Account	2,589,743	6,683,380
EEFC Account	200,082	179,577
ii) Cash on Hand	181,579	44,518
b. Earmarked balance with banks (Unpaid dividend)	1,783,810	1,785,010
c. Deposit with Banks	195,854	218,973
(The above deposits are held as Margin money against Letter of Credit and Bank Guarantee's availed)		
	4,951,068	8,911,458
Note 16 : SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good:		
Loans and advances to related parties (<i>Refer Note No. 24.10</i>)	1,512,665	2,573,420
Employee Loans & Advances	74,250	157,500
MAT Credit Entitlement	7,044,672	8,347,286
Income-tax Paid at Source	3,197,053	2,357,182
Income Tax refund receivable	531,802	2,182,441
Other Short Term Loans & Advances	180,902,158	146,044,913
	193,262,600	161,662,742

Notes on Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
Note 17 : REVENUE FROM OPERATION		
Software Sales & Services		
- Domestic	40,964,739	260,682,058
- Exports	293,547,812	232,091,691
	334,512,551	492,773,749
Note 18 : OTHER INCOME		
Interest Income on ICD & Others [TDS: Rs. 2,337/- (Previous Year: Rs.64,822/-)]	2,523,352	4,645,363
Dividend Income	2,480	182,648
Income from Investments	21,007	10,621,702
Other Non-operating income		
- Rental Income	11,081,776	8,749,860
- Profit on Sale of Fixed Assets	317,000	148,100
- Exchange Gain (Net)	7,842,993	-
- Insurance surrender value received	3,886,857	-
- Miscellaneous Income	649,783	1,106,164
	26,325,248	25,453,837
Note 19 : DIRECT COST OF OPERATION		
Cost of Purchase for Resale	30,678,374	215,647,237
Customs duty	891,344	972,123
	31,569,718	216,619,360
Note 20 : (INCREASE)/DECREASE IN WORK-IN-PROGRESS		
Opening Stock		
Stock in Trade	356,313	-
Software Work-in-Progress	-	19,871,000
Total (A)	356,313	19,871,000
Closing Stock		
Stock in Trade	131,964	356,313
Software Work-in-Progress	-	-
Total (B)	131,964	356,313
(Increase)/Decrease in Work-in-Progress (Total A-B)	224,349	19,514,687
Note 21 : EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	129,916,129	136,821,261
Contribution to Provident and Other Funds	2,524,924	2,636,749
Staff Welfare Expenses	2,371,286	2,742,251
	134,812,339	142,200,261

Notes on Consolidated Financial Statements

FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
Note 22 : FINANCIAL COSTS		
Interest Expense	13,402,354	5,429,286
Other Borrowing costs	570,000	-
Net gain or loss on Foreign currency on borrowings cost	14,333,866	454,961
	28,306,220	5,884,247
Note 23 : OTHER EXPENSES		
Directors Sitting Fees	2,000	2,000
Books & Periodicals	1,265	8,709
Corporate Expenses	276,398	452,736
Electricity, Generator & Water Charges	2,562,946	3,246,647
Insurance	3,274,593	3,759,507
Membership & Subscription	220,746	817,909
Miscellaneous Expenses	797,287	511,750
Office Expenses	1,879,554	1,581,826
Postage & Telecommunication	4,324,313	4,612,820
Professional, Legal & Consultancy Charges	6,001,933	26,735,717
Printing & Stationery	379,851	682,889
Rent	13,522,477	12,125,036
Rates & Taxes	1,851,581	707,021
Repairs & Maintenance	1,699,318	1,355,100
Recruitment Expenses	45,469	235,542
Security Charges	800,123	1,257,614
STPI - Service Charges	385,000	287,500
Travelling & Conveyance	8,759,511	8,909,135
Vehicle Maintenance	1,089,729	768,464
Exchange Rate Difference	4,666,333	6,519,796
Bank Charges	661,658	555,144
Bad Debts Written off	135,882	-
Advertisement Expenses	4,400,488	4,000,210
Business Promotion	1,436,986	1,115,981
Exhibition & Seminar Expenses	5,000	4,628
Discounts and Incentives	74,084	-
Entertainment Expenses	130,107	59,517
Other Selling Expenses	62,503	65,314
Provision against Investements	-	422,674
	59,447,135	80,801,186

Notes on Consolidated Financial Statements FOR THE YEAR ENDED 31ST MARCH, 2012

24 NOTES ON ACCOUNTS

24.1 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 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-Progress is valued at the cost incurred on the specific project up to the date of Balance Sheet pending achievement of requisite milestone 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 115 JB 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 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 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.

n Employees Stock Option

The Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized over the

vesting period of the option. The Number of options expected to vest is based on the best available estimate and revised, if necessary, if subsequent information indicates that the number of stock options expected to vest differs from the previous estimates.

- 24.2 The consolidated Financial Statement represents the consolidated 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., (By Logix Americas Inc)	USA	100%
LML Internet Solutions Inc., (By Logix Americas Inc)	USA	100%
Homestar LLC., (By Homestar Systems Inc)	USA	100%
IzmoMedia (By Homestar Systems Inc)	USA	100%
Izmo CRM (By Homestar Systems Inc)	USA	100%
Izmo Euurope BVBA (By Logix Microsystems Ltd)	Belgium	100%

The financial statements of subsidiaries used in the consolidated are drawn up to the same reporting date as that of the parent company i.e., year ended 31.03.2012. 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 where necessary.

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

24.4 (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	499,836	499,836
ii) Claims against the company Not acknowledged as debts	1,383,300	1,270,937
iii) Other money for which the company is contingently liable #	3391,333	1,985,472
(b) Commitments (to the extent of which not provided for)		
i) Unexpired Letters of Credit	1,265,914	1,634,016
ii) Warranty Costs on Software Sale*	Not Quantified	Not Quantified

Service Tax not charged on rental income and interest thereon for FY 2008-09 and 2009-10 based on a judgment by Honorable Delhi High Court

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

24.5 Remuneration to Directors: (Amount in Rs.)

Particulars	Current Year	Previous Year
Salary & allowances	7,812,400	7,588,680
Contribution to Provident Fund	420,132	420,132
Total	8,232,532	8,008,812

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.

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. 117.46 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.

24.6 The Company's Singapore subsidiary, Midrange Software Pte. Ltd., has made a provision of SGD 216,000 (Previous year: SGD 162,000), 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.

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

Particulars		After Extraordinary items		Before Extraordinary items	
		2011-2012	2010-2011	2011-2012	2010-2011
Basic					
Net Profit after tax attributable to Equity share holders (Rs.)	A	40,707,824	10,780,963	40,707,824	10,780,963
Weighted average number of equity shares outstanding	B	12,098,673	12,098,673	12,098,673	12,098,673
Basic EPS (Rs.)	A/B	3.36	0.89	3.36	0.89
Diluted					
Net Profit after tax attributable to Equity share holders (Rs.)	A	40,707,824	10,780,963	40,707,824	10,780,963
Weighted average number of equity shares outstanding	B	12,098,673	12,098,673	12,098,673	12,098,673
Add: Weighted average number of potential equity shares on account of ESOP	C	-	-	-	-
Weighted average number of shares on outstanding for diluted EPS	D=B+C	12,098,673	12,098,673	12,098,673	12,098,673
Diluted EPS (Rs.)	A/D	3.36	0.89	3.36	0.89
Face value per share (Rs.)		10	10	10	10

24.8 Investments: (Amount in Rs.)

Particulars	Current Year	Previous Year
1) Investment in Shares (Quoted)		
Aggregate Book Value	37,410	2,773,000
Market Value	39,831	2,370,000

24.9 In accordance with Section 205C of Companies Act, 1956, Share Warrant Application money, pending allotment and due for refund amounting to Rs.330,000 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.

24.10 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
 - Digipro Systems Private Limited
 - Digipro Design Automation & Marketing Private Limited
 - SL Business Center
 - Si2 Microsystems Private Limited

(Amount in Rs. Lakhs)

Nature of Transactions	Key Management Personnel		Enterprises in which Key Management Personnel their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services/Rentals				
Deep Heritage	-	-	-	0.06
Si2 Microsystems Pvt Ltd	-	-	172.89	237.79
Digipro Design Automation and Marketing Pvt Ltd	-	-	-	2,017.42
S L Business Centre	-	-	3.60	3.94
Remuneration	61.96	61.96	-	-
Software Sales & Service Exports				
Si2 Microsystems Pvt Ltd.	-	-	0.55	2,041.89
Digipro Design Automation and Marketing Pvt Ltd	-	-	168.70	129.52
Rental Income				
Si2 Microsystems Pvt Ltd.	-	-	51.50	51.50
Digipro Design Automation and Marketing Pvt Ltd	-	-	36.00	36.00
Receivables				
Si2 Microsystems Pvt Ltd.	-	-	14.53	1,675.04
Payables				
Si2 Microsystems Pvt Ltd.	-	-	32.00	32.00
S L Business Centre	-	-	0.29	0.29
Digipro Design Automation and Marketing Pvt Ltd	-	-	5.94	1,648.85
Unsecured Loan (from Sanjay Soni)	36.75	-	-	-

24.11 During the current 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. 399.41 Lakhs (USD 788,721). This is non recurring and largely exceptional in nature and accordingly reflected as such.

24.12 Income from Investments comprises of: (Amounts in Rs.)

Particulars	Current Year	Previous Year
Dividend	2,480	182,649
Profit / (Loss) on sale of Investments	21,007	10,621,701
Total	23,487	10,804,350

24.13 The inter company (between holding and subsidiaries and intra-subsidary) balances as at 31.03.2012 are subject to reconciliation.

24.14 Employees Stock Options (ESOP) :

a. Employees Stock Options (ESOP) 2006:

The vesting period for the ESOP 2006 scheme ended in FY 10-11. The provision created under this scheme was written back during the year to the extent of options remaining unexercised by the employees. The write back amounts to Rs.238.83 lakhs which is disclosed as an exceptional item in the Statement of Profit and Loss for the year.

b. Employees Stock Options (ESOP) 2007, 2009 and 2010
No options have been granted under various ESOP schemes approved by the members in AGM. All these ESOP schemes stand withdrawn.

c. Employees Stock Options (ESOP) 2011:

The company during the FY 2010-11, had introduced ESOP

2011 scheme and had taken the approval of its members at the AGM held on 29th September 2011 for 500,000 shares. No options have been granted under this scheme to any of the employees till date.

24.15 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 Rs. Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Projected Benefit Obligation at the beginning of the year	32.60	38.76	31.16	41.01
Current Service Cost	9.41	13.31	9.24	14.20
Interest Cost	2.54	2.82	2.23	2.41
Actuarial (gain)/loss on obligations	(10.68)	(16.40)	(8.64)	(4.71)
Benefits Paid	(1.64)	(6.15)	(6.52)	(21.75)
Projected Benefit obligation at the end of the year	32.24	32.60	27.47	31.16

b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31, 2012.

c) Amount recognized in Balance Sheet (Amount in Rs. 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	32.24	32.60	27.47	31.16
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	32.24	32.60	27.47	31.16
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	32.24	32.60	27.47	31.16

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

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	9.41	13.31	9.24	14.20
Interest Cost	2.54	2.82	2.23	2.41
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	(10.68)	(16.40)	(8.64)	(4.71)
Expenses recognized in the statement of Profit and Loss	1.27	(0.15)	2.83	11.90

e) Principal actuarial assumptions

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rates	8.60%	8.00%	8.60%	8.00%
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 LIC (1994-96) mortality tables.

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 2012, particularly on their amount of tax expense and that of the provision for taxation.

24.16 Transfer Pricing

The company derives a significant portion of its revenue (Rs.1,368.93 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

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

24.18 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

Sanjay Soni
Managing Director

Bangalore
4th September, 2012

Shashi Soni
Chairperson

As per our Report of even date
for **VASAN & SAMPATH**
Chartered Accountants
Firm Registration No. 004542S

Unnikrishnan M.
Partner
Membership No. 205703

LOGIX MICROSYSTEMS LIMITED

Regd Office : P.O. Box. 7620, No. 177/2C, Bilekahalli, Industrial Area,
Bannerghatta Road, Bangalore – 560 076.

ATTENDANCE SLIP

Name of the Member :
Address :
Folio Number :
Client ID* :
DP.ID* :

*** Applicable for investors holding shares in electronic form**

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company at Bharatiya Vidya Bhavan, Race Course Road, Bangalore – 560 001 at 9.30 A.M on 29th September, 2012.

Signature of the attending Member/Proxy :

NO GIFTS WILL BE DISTRIBUTED AT THE AGM

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LOGIX MICROSYSTEMS LIMITED

Regd Office : P.O. Box. 7620, Bannerghatta Road
Bangalore – 560 076.

PROXY FORM

I/ We
of being a member/members of Logix Microsystems Limited hereby
appoint
of or failing him
of as my/our proxy to vote for me/us and on my/our behalf at the
17th Annual General Meeting to be held on 29th September, 2012 at 9.30 A.M or at any adjournment thereof.

Signed this..... day of.....2012

Folio No.: Client Id *: DP.Id* : Number of shares :	Affix Re. 1 Revenue Stamp
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*** Applicable for investors holding shares in electronic form**

NOTES :

1. The Proxy form duly filled-in must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
2. Shareholder / Proxyholder wishing to attend the Meeting must bring the Attendance Slip to the Meeting duly filled in and hand it over at the Entrance of the Meeting Hall.

NO GIFTS WILL BE DISTRIBUTED AT THE AGM

izmoToolkit on iPad



Non Flash Version of Toolkit that works seamlessly on phones , tablets and PCs without flash.

AOA Digital Dashboard



Now dealership personnel can manage accessories sales in realtime, with the AOA digital dashboard.



Logix Microsystems Limited

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