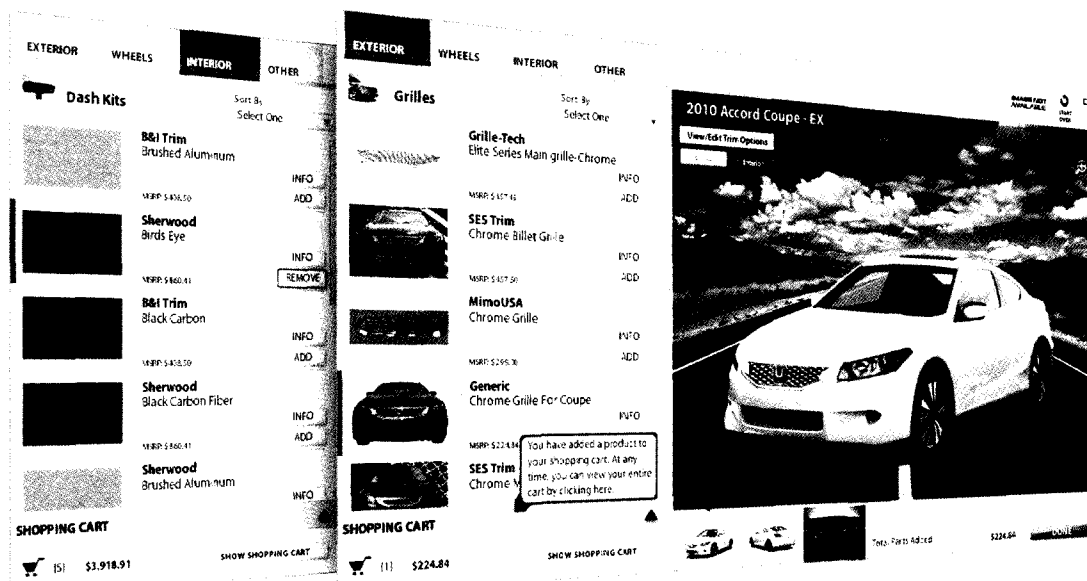


# DRIVING RESULTS

**16<sup>th</sup> Annual Report 2010 - 11**



# THOUGHT LEADERSHIP



The AOA Accessories Trend Report surveyed more than 150 Honda, Toyota, Lexus and Acura dealerships nationwide - the brands hurt most by the March 11 disaster in Japan - and found that those dealers "ramped up accessories revenue by over 30%," boosting the per-vehicle average in June to \$525, up from \$400 over the previous five months.

And though the dollar amount is smaller, the profit markup percentage on accessories is much higher than on the new car or truck. Not that all the accessories are cheap. The deep-pile floor mats with brushed aluminum badge above for a Lexus GX list for \$265. And a set of those 18-inch Teleios alloy wheels with eco-sensitive chroming at right for a Lexus LS will set you back \$2,375. AOA - AddOnAuto - is a system marketed to dealers by izmocars.com. It shows customers on a computer screen how various accessories look on a the car.



Please scan the QR code with your smartphone, to read more press articles featuring izmo.



Automotive News

### Board of Directors

**Mrs. Shashi Soni**  
Chairperson

**Mr. Sanjay Soni**  
Managing Director

**Mr. Vijay Kumar D Gupta**  
Director

**Dr. Devindra Kumar Bhatia**  
Director

**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", Vth Floor  
1, Club House Road, Chennai - 02  
Tel : 91-44-28460390 - 94  
Fax: 91-44-28460129  
E-mail: cameo@cameoindia.com

### Bankers

State Bank of Mysore  
Bangalore Main Branch  
Bangalore – 560 009

### Registered & Corporate Office

Logix Microsystems Limited  
177/2C, Bilekahalli industrial Area  
Banneraghatta Road  
Bangalore - 560 076, India  
Tel : 91-80-67125400 to 5407  
Fax : 91-80-67125408  
Email : info@iogixworld.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  
493/3, 2nd Floor, Bhramhalingeswara  
Complex, Old Airport Road  
Bangalore - 560 008, India  
Tel : 91-80-25296532 / 41256413  
Fax: 91-80-25210668

#### Bangalore Unit- 4

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

#### Chennai

Logix Microsystems Limited  
Niche Business Centre  
New No.10, (Old No.18) First Floor  
Second Avenue, Harrington Road  
Chetpet, Chennai - 600 031  
Tel : 91-44-28363372  
Fax: 91-44-42139445

### USA

#### 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

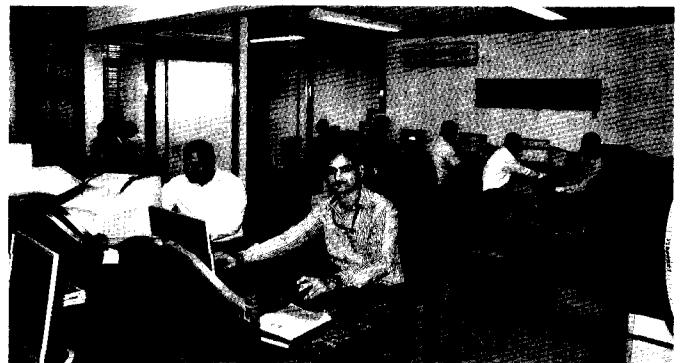
**Mr. Narayana Rao Badanidiyoor**  
Finance Controller & Compliance Officer

**Mr. Sarbashish Bhattacharjee**  
Senior Manager (Business Solutions)

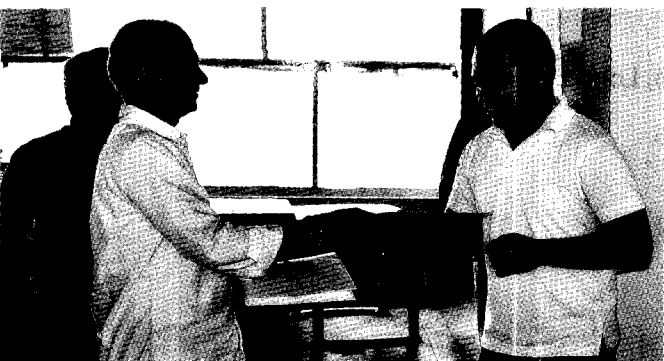
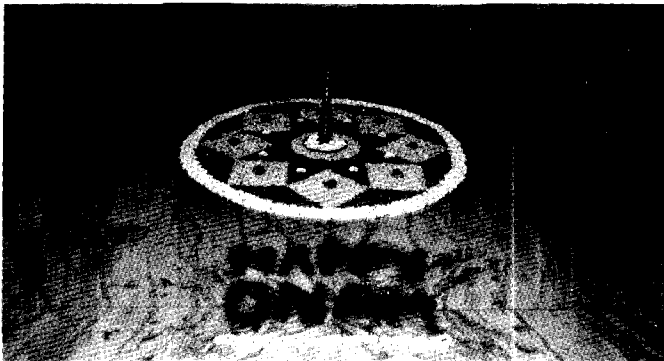
# Annual Report 2010 - 11

## Employees @ Logix

### At Work



### At Play



## Notice

NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED WILL BE HELD ON THURSDAY, THE, 29TH DAY OF SEPTEMBER 2011 AT 4:30 PM AT HOTEL CHALUKYA, # 44, 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, 2011 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. R N Chawhan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Shashi Soni who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81(1-A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, prescribed by the Securities and Exchange Board of India including Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, or any other relevant authority, from time to time, subject to such approvals, consents,

permissions and sanctions, the Board of Directors of the Company(hereinafter referred to as “the Board”, which term shall be deemed to include any Committee including the Compensation Committee and the Compensation Sub-Committee) be and is hereby authorized on behalf of the Company to grant from time to time options under the Stock Option Scheme viz. Employee Stock Option Plan 2011 {ESOP 2011} to apply for Equity Shares and / or warrants with an option for conversion into Equity Shares/Equity linked Securities convertible into Equity Shares of the Company to or for the benefit of such person/persons who are in the permanent employment of the Company and consequently create, issue, offer and allot at any time and from time to time, Equity Shares in terms of such options, the options and the consequential issue, offer and allotment of Shares shall be at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide.

Provided the total number of options to be granted under ESOP 2011 shall not exceed 5,00,000 Equity Shares of Rs.10/- each or such limits as may be prescribed/stipulated under any of the Statutes/Regulatory Guidelines of the total Shares issued by the Company on the date(s) of grant of such options and that these resolutions shall have effect on and from this date.

RESOLVED FURTHER THAT all acts and deeds done by the Board till date to further the objective of this resolution be and are hereby ratified and approved.

RESOLVED FURTHER THAT subject to the terms stated herein, the Equity Shares in ESOP 2011 shall in all respects rank *pari passu* inter-se as also with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer or grant of options, issue or allotment of Equity Shares pursuant to the options granted, or securities or instruments representing the same, as described above, under any Employee Stock Option Scheme, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions,

difficulties or doubts that may arise in this regard to such issue(s) or allotment(s) (including power to amend, vary, or modify any of the terms and conditions of the scheme, the grant of options, issue or allotment of equity shares pursuant to the options granted), without being required to seek any further consent or approval of the members, in its sole discretion as it may deem fit."

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1-A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, prescribed by the Securities and Exchange Board of India including Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, or any other relevant authority, from time to time, subject to such approvals, consents, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee including the Compensation Committee and the Compensation Sub-Committee) be and is hereby authorized on behalf of the Company to grant from time to time options under the Stock Option Scheme viz. Employee Stock Option Plan 2011 {ESOP 2011} to apply for Equity Shares and / or warrants with an option for conversion into Equity Shares/Equity linked Securities convertible into Equity Shares of the Company to or for the benefit of such person/persons who are in the permanent employment of the subsidiary Companies and consequently create, issue, offer and allot at any time and from time to time, Equity Shares in terms of such options, the options and the consequential issue, offer and allotment of Shares shall be at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide.

Provided the total number of options to be granted under ESOP 2011 shall not exceed 5,00,000 Equity Shares of

Rs.10/- each or such limits as may be prescribed/stipulated under any of the Statutes/Regulatory Guidelines of the total Shares issued by the subsidiary Company on the date(s) of grant of such options and that these resolutions shall have effect on and from this date.

RESOLVED FURTHER THAT all acts and deeds done by the Board till date to further the objective of this resolution be and are hereby ratified and approved.

RESOLVED FURTHER THAT subject to the terms stated herein, the Equity Shares in ESOP 2011 shall in all respects rank *pari passu* inter-se as also with the then existing Equity Shares of the subsidiary Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer or grant of options, issue or allotment of Equity Shares pursuant to the options granted, or securities or instruments representing the same, as described above, under any Employee Stock Option Scheme, the Board be and is hereby authorized on behalf of the subsidiary Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s) (including power to amend, vary, or modify any of the terms and conditions of the scheme, the grant of options, issue or allotment of equity shares pursuant to the options granted), without being required to seek any further consent or approval of the members, in its sole discretion as it may deem fit."

By order of the Board  
for Logix Microsystems Limited

Place: Bangalore  
Date: September 3rd, 2011

Sanjay Soni  
Managing Director

## Notice

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 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 29.09.2011 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.
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, 2004, 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 is proposed to be re-appointed are given below:

## Notice

1. Name : Mr. R N Chawhan  
 Age : 64 years  
 Qualifications : Post Graduate  
 Expertise : 35 years of experience in Premier financial institutions  
 Other Directorships : Nil  
 Membership in Committees : Nil

Attendance record of Mr. R N Chawhan, Director seeking re-appointment (1.4.2010-31.3.2011)

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr. R N Chawhan	5	4

2. Name : Mrs. Shashi Soni  
 Age : 70 years  
 Qualifications : Under Graduate  
 Other Directorships : Nil  
 Expertise : Member of Audit Committee and Remuneration Committee of the Company

Attendance record of Mrs. Shashi Soni, Director seeking re-appointment (1.4.2010-31.3.2011)

Name of the Director	No. of Meetings held	No. of Meetings attended
Mrs. Shashi Soni	5	5

### EXPLANATORY STATEMENTS UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item nos 5 & 6:

Your Company has been uniformly adopting the philosophy of Stock Option to its employees with a view to encouraging the employees to become part of the Company. The Company also being in information technology segment strongly believes that it is the

manpower with the necessary skill sets and intellectual power which steer the Company. Logically therefore, a mutually strong relationship between the employees and the Company is a necessity. The Stock Option Plan is one of the methodologies of strengthening the binding between the employees and the Company. Identifying, selecting and retaining the right talent in the Industry to which your Company belongs to, is one of the toughest jobs on hand for any Management. Your Company has recognized this as a serious criterion and consequently has conceptualized an Employee Stock Option Scheme with warrants which can be converted into Equity Shares after a specified period.

Approval of the Members is being sought in terms of Section 81(1A) and all other applicable provisions of the Companies Act, 1956, for the grant of options and the consequential issue of Equity Shares under the ESOP 2011.

The proposed Plan will be an ongoing process and the Company is required to commit and issue ESOPs to different personnel including new recruits.

It is also proposed that all the Stock Options be issued at the price arrived at in line with the prevailing Guidelines on the date of grant.

The Directors of the Company may be deemed to be interested or concerned in the resolution to the extent of their shareholding in the Company and to the extent they may be covered by the ESOP.

Gist of the Plan:

- (a) Total number of options to be granted:

The number of options to be granted pursuant to ESOP 2011 scheme shall not exceed 5.00% of the total Shares issued by the Company on the date(s) of grant of options.

- (b) Identification of classes of employees entitled to participate in the ESOP:

Options are offered to permanent employees of the Company, Directors including Whole-time Directors but excluding Promoter Directors or Directors holding in excess of 10% of the Equity Shares of the Company and eligible employees (including Directors whether Whole-time Directors or not) of the



## Notice

subsidiary and /or holding company of the Company.

(c) Requirements of vesting and period of vesting:

The continuation of the employee in the service of the Company shall be a primary requirement of the vesting. The Compensation Committee shall formulate the other criteria of vesting, which may inter alia include performance related issues. The vesting period shall commence on the expiry of one (1) year from the date of grant of the option and will extend as may be thought fit by the Compensation Committee.

(d) Maximum period within which the options shall be vested:

The Maximum period within which the options shall be vested is upon the completion of ten years from the date of grant of option.

(e) Exercise price or pricing formula:

Options under the ESOP 2011 would be issued at a price not less than 75% of the market price of Equity Shares on the date of grant or average of the daily high and low of the closing prices of the related Shares, quoted on the stock exchanges, during the month preceding the month on which the options are granted whichever is lower.

(f) Exercise Period and Procedure for Exercise:

The exercise period shall commence from the date of vesting and expire not later twelve months from the date of such vesting and can be further extended to a period of twelve months from the vesting date upon a specific request from the associate concerned, however such an extension may be granted by the Compensation Committee only under special circumstances. The mode or process of exercise of the option will be framed by the Compensation Committee.

(g) The appraisal process for determining the eligibility of employees to the ESOP:

The eligibility criteria for the employees under ESOP will be determined by the Compensation Committee based on qualification, past and present performance,

experience, technical knowledge, professionalism, designation, responsibility, other qualities or such other basis as the Committee may deem fit.

(h) Maximum number of options to be issued per employee and in aggregate:

The maximum number of options granted to any one employee in a year will not exceed 1% of the issued Equity Share Capital of the Company at the time of granting of option.

(i) Power to amend, vary or modify the Scheme:

The Board shall have powers to amend, vary, or modify any of the terms and conditions of the ESOP pertaining to the grant of options, pricing of options, issue or allotment of equity shares or warrants pursuant to the options, without being required to seek any further consent or approval of the Members. The powers granted by the Members pursuant to this resolution will include powers to withdraw, recall, accept surrender or cancel options issued/to be issued pursuant to this resolution or any other earlier approval accorded by the Members in this behalf, and to issue fresh options in lieu thereof at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide.

(j) Accounting policies:

The Company shall comply with the disclosure and accounting policies prescribed by SEBI and any other appropriate authority in this regard.

By order of the Board  
for Logix Microsystems Limited

Place: Bangalore  
Date: September 3rd, 2011

Sanjay Soni  
Managing Director



Pablo Picasso: Portrait of Daniel-Henry Kahnweiler

*“ People who are crazy enough to think they can  
change the world, are the ones who do. ”*

*- Apple "Think Different" Campaign*

# Directors' Report

Dear Shareholder,

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited statements of accounts for the year ended 31st March 2011.

## MANAGEMENT DISCUSSION & ANALYSIS

### Financial Highlights:

Amount in Lakhs Rs.

<b>Particulars</b>	<b>Year ended March 31, 2011 (Audited) Stand-alone</b>	<b>Year ended March 31, 2010 (Audited) Stand-alone</b>
Net Sales/Income from Software Services	4058.61	2579.22
Other Income	215.01	601.55
<b>Total Income</b>	<b>4273.62</b>	<b>3180.77</b>
<b>Expenditure</b>		
A. Decrease/(Increase) in Work-in-Progress	195.15	447.12
B. Direct Costs	2166.19	156.65
C. Staff Cost	1076.44	1,333.66
D. Other Expenditure	503.84	779.21
Interest	58.86	57.90
<b>Gross Profit/(Loss) after Interest, but before Depreciation, Tax and write-offs</b>	<b>273.12</b>	<b>406.23</b>
Depreciation	116.29	149.26
<b>Profit before Provision and Write-offs</b>	<b>156.83</b>	<b>256.97</b>
Provision against Investments	4.22	75.98
<b>Profit before Taxation</b>	<b>152.61</b>	<b>180.99</b>
Provision for Taxation	4.24	30.66
Prior Period Expenses	-	7.42
<b>Net Profit</b>	<b>148.37</b>	<b>142.91</b>

## PERFORMANCE

The performance for the year has shown a marked improvement over the previous year. This is primarily due to the rebounding Indian economy and a gradual albeit slow recovery in the US market. As a result, the total income has increased by 57.36% over 2009-10.

While sales of Enterprise Connectivity Solutions exhibited a 1140% increase over FY 2009-10, international sales of Izmocars products recorded a drop of approx. 24% as compared to FY 2009-10. Income from the Indian portal Carazoo showed an impressive jump of 51% in 2010-11 as compared to the previous year.

Sales in Europe have also shown an increasing trend though they remained below expectation. The European economies with the exception of Germany are in the grip of a recession. Therefore, businesses are hesitant to invest in new products and solutions. However, we have been able to sign up some European portal clients who are buying photographic content from Izmocars BVBA (the Company's European subsidiary).

Your Company's major market i.e. the United States has not yet recovered from the effects of the 2008 crisis. Unemployment is at 9.1% and refuses to come down as employers are not hiring. Americans have become net savers after nearly 6 years of spending more than they earn. This has had a cascading impact on sale of all items whether it is automobiles or even gasoline.

Despite that, the Company's customer base in the United States is steadily increasing again after nearly 2 years of continuous erosion. Your Company has been able to add more than 250 customers in the financial year 2010-11. We expect this to increase more rapidly in the current financial year. The major product driving the increase in customers is AddOnAuto (AOA). More than 300 Toyota dealers all over the United States use AOA to sell car accessories. This is as compared to just 75 in the year 2009-10. The new product iService launched in 2010-11 has also received a good response and we expect to see a large number of installations in the current year.

In the Indian market, sales of Carazoo products have picked up significantly. More than 90 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, Renault, and Volkswagen cars. These customers are located in Bangalore, Mumbai, Delhi, Pune, Ahmedabad, Surat, Alwar, Chandigarh, Ludhiana, Amritsar and Bhopal. [www.carazoo.com](http://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 cost of operations have increased substantially in the year. This is a consequence of higher sales in the Enterprise Connectivity Division. As a percentage to sales, this has increased by approx. 6% over the previous year.

Operating expenses have fallen by nearly 20 % over last year. This has been led by a reduction of 19.28% in employee expenses and a nearly 38% decrease in administrative expenses. Your Company has been on a major cost cutting drive since the last 12 months and has been able to optimize costs while at the same time increase revenues.

Selling expenses have shown a slight increase over the previous year. Financial expenses have remained more or less flat despite an increase in the rate of interest charged by the banks.

Your Company has made a provision of Rs. 4.23 lakhs towards reduction in value of investments. This figure is much lower than the previous year.

## PROFITABILITY

Your Company has maintained its profit at similar levels to the previous year despite the drop in other income from Rs. 60.15 million in 2009-10 to Rs. 21.50 million in the current year. This has been possible due to a steep reduction in operating costs and increase in employee productivity.

Your Company's profitability in the current year should show a marked improvement over 2010-11 as we expect the revenues to increase substantially while costs would be maintained at the same level.

# Directors' Report

## BUSINESS OVERVIEW OF AUTOMOTIVE BUSINESS

### USA

U.S. Automotive retail is showing signs of a strong rebound to pre-recession levels. This sector reported an 8% overall gain in August, with the Detroit “BIG Three”, General Motors, Ford, and Chrysler, showing double-digit growth. The seasonally adjusted annual rate for light vehicles was at 12.1 million units for August, up from 11.5 million last year.

GM sold 218,479 vehicles, an 18% gain from a year ago. Retail sales to consumers were the bright spot with a 22% increase, while fleet sales rose 8%.

Ford sales rose 16% for the month to 175,220, in spite of supply chain issues with its popular Focus compact. Lincoln sales is up 25 percent. To cope with demand, Ford has scheduled a 9 percent rise in North American production for the fourth quarter from year-earlier levels. Output through July was up 12 percent.

Chrysler was able to beat analyst expectations with a 30.6% increase in August sales to 130,119. The company continued to benefit from the performance of its Jeep brand, which was up 58 percent in August and is up 50 percent for the year.

Nissan sales rose 19% to 91,541 units, and Hyundai sales by 9% to 58,505 vehicles.

Volkswagen sales rose 10.4% to 25,232. The company has now seen seven straight months of double-digit growth in the U.S.

The only exceptions to the trend were Honda and Toyota. Both companies reported sales drops mainly due to supply chain issues caused by the earthquake in Japan.

### CAUTIOUS, DIVERSIFIED GROWTH

The actual number of U.S. auto dealers showed a growth of 66 new dealerships, for the first time in over a decade. Post recession, U.S. auto dealers are adopting a cautious approach, with the focus shifting to innovative efforts to find and leverage new revenue streams.

“Running out of cars to sell? Push those floor mats, tinted windows and fancy wheel and tire packages. That's what Japanese-brand auto dealers did in June, according to a study of accessory sales.” reported USA Today DriveOn, quoting the Accessory Trend Report published by izmocars, based on a survey done among dealers using AOA to sell accessories.

This innovative effort alone resulted in an average increase in accessories sales by \$525 per vehicle-sold, with average gross margins of 46.4% and average net profit margins of 32%.

Likewise, dealers are increasingly looking at the long tail of profits, with emphasis on optimizing profit avenues like service, body shop, and increasingly, from long term customer relationship cycles and referrals.

### RETAIL CONSOLIDATION

The Auto retail sector is also witnessing consolidation, with Publicly held auto retail chains spending \$411 million in acquisitions through the end of July, a 92% increase over 2010. Full-year 2011 acquisitions might even cross the \$750 million mark.

Stronger auto sales, fewer marginal dealerships, lower operating costs and record dealership profitability are making acquisitions more attractive. Low real estate prices and interest rates also are contributing to the rebound. Toyota, Honda, Lexus, BMW and Mercedes-Benz dealerships are topping the list.

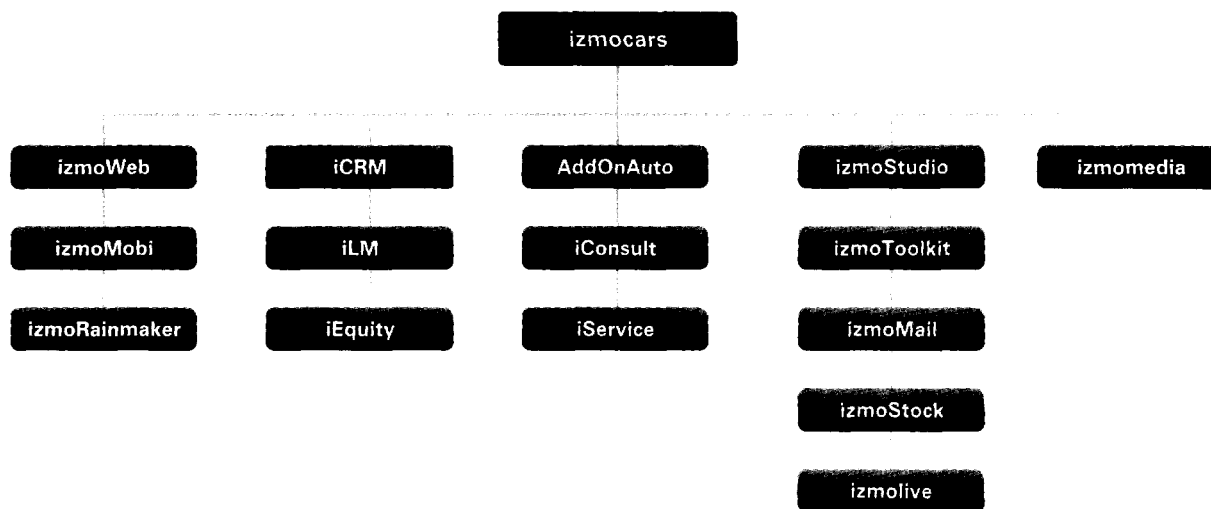
**BUSINESS INNOVATION**

The business landscape of U.S. auto retail is going through drastic changes, driven by changes in market equations, with connected and empowered customers largely in control of the dialogue. Dealerships are abandoning the old transactional approach to sales in favor of building long-term, mutually profitable relationships with customers and prospects. As a result, new revenue opportunities are opening up for dealers, 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, the wholly owned subsidiary of your Company, is the Industry leader in the accessories market. iService, the izmo service management solution is gaining market share. iCRM and iLM, the Izmocars automotive Customer Relationship Management and Lead Management Solutions, are also ideally positioned to gain from the market consolidation, since izmo solutions have enterprise management capabilities built in something which is critical in a multi-brand, multi-dealer, multi-location environment.

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, Data Mining, Accessories Sales, Service Management, and Dealership Performance Consulting.

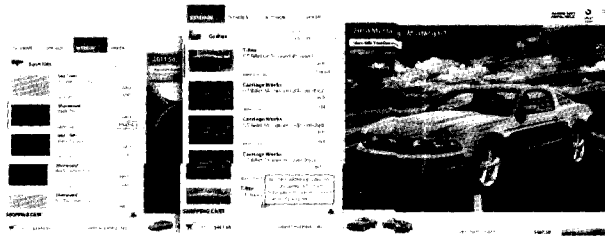
As a result, automotive manufacturers are increasingly evincing strong interest in izmo solutions, with Toyota and Nissan already opting for AOA accessories sales solution. Negotiations are on with several other automotive OEMs.

**izmocars SOLUTIONS****izmocars Solutions Map**

To know more about our Solutions,  
Please scan the QR code with  
your smartphone.

## AddOnAuto

In-store Accessories Sales



AOA is a Virtual 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.

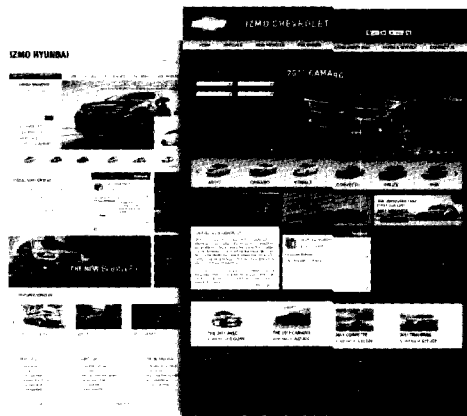
### Virtual Inventory

- AOA gives clients access to their own Virtual Inventory system of accessories, enabling them to sell 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](http://www.izmocars.com/solutions/aoa.html)

## izmoWeb

Intelligent Web Design



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.

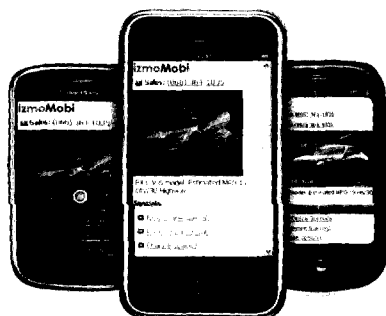
izmoWeb's interactive animations encourage your prospects to easily connect with the "right car". A prospect using an izmoWeb site will "fall in love" with the car!

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](http://www.izmocars.com/solutions/izmoweb.html)

## izmoMobi

Mobile Websites



### Related Products

**izmoWeb**  
Intelligent Web Design

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

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

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

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

[www.izmocars.com/solutions/izmomobi.html](http://www.izmocars.com/solutions/izmomobi.html)

## izmoRainmaker

Organic Online Marketing



### Related Products

**izmoWeb**  
Intelligent Web Design

**iLM**  
Internet Lead Management

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

izmoRainmaker Offers:

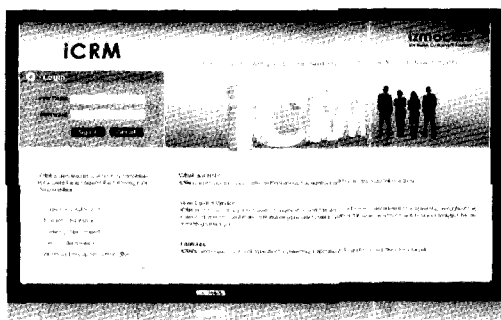
- Creative Services
- Social Media Marketing - Facebook, Twitter, LinkedIn...
- Interactive Marketing Campaigns
- Organic Search Engine Optimization
- Website Optimization
- Online Brand Marketing
- Research & Data Analysis

[www.izmocars.com/solutions/izmorainmaker.html](http://www.izmocars.com/solutions/izmorainmaker.html)



## iCRM

Customer Relationship Management



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:

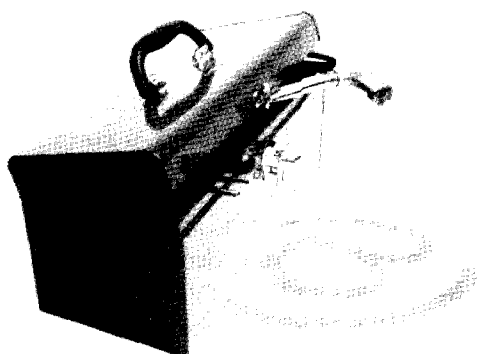
- Sales Force Automation
- Finance & Insurance
- Campaign Management
- Service Management
- Business Development Center (BDC)

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](http://www.izmocars.com/solutions/icrm.html)

## iService

Online Service Booking and 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](http://www.izmocars.com/solutions/iservice.html)

## izmoStudio

Automotive Imagery & Animation



### Related Products

**izmoStock**  
Automotive Stock  
Photography

**izmoToolkit**  
Internet Tools for Successful  
Auto Business

**izmoMail**  
Interactive Customer  
Communication

izmoStudio is the 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 600 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](http://www.izmostudio.com)

## Indian Automotive Industry all set to attain leading Global Stature

A market-scorching growth rate in the region of 30% over the last two years has raised analyst expectations about the Indian automotive industry hitting the global top two spot inside five to seven years. The recent slowdown, due to external factors like anti-inflationary measures by the Reserve Bank of India (RBI) and high fuel costs, may have slowed down this phenomenal growth, but the Industry is optimistic that once lower fuel prices reach the Indian market and RBI relaxes credit controls, Indian automotive sales will take off once again.

In spite of the unfavorable credit environment and internal strife at the Manesar plant, market leader Maruti Suzuki still managed to sell 77,086 vehicles in August. Hyundai Motor India Ltd, the country's second largest car manufacturer and the largest passenger car exporter, sold 26,677 vehicles in the same month. Tata Motors, a Fortune 500 company, sold 18,031 automotives in August.

On the other hand, Toyota Kirloskar Motors, Ford India, General Motors, Honda, and Volkswagen showed impressive growth. Toyota sold 84% more vehicles in August at 11,693 units, mainly on strong demand for its Etios and Liva models. Ford India reported 9% more sales at 8,914 units and General Motors was up 14% at 9,050 units, driven by the success of Beat Diesel. Volkswagen sold 6,091 units, 72% more than 3,531 units sold in the same month last year. Honda Sael Cars India reported 25% growth in August at 6,907 units, fuelled by the lower-priced Honda City. Analysts expect this situation to vastly improve once auto sales pick up during the festive season starting from September.

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 Virtual Dealer Showrooms complete with interactive vehicle walk-arounds and interiors, is now experiencing fast-paced growth, with the company crossing the 100 dealer milestone in the last quarter of FY 2010-11. The Carazoo suite of solutions also include online marketing, Accessories Sales, and CRM and Lead Management solutions.

## EUROPE: THE NEW FRONTIER

In spite of economic trouble in many member states, Europe still managed to sell 1,089,118 vehicles last April. For the first four months of 2011, registrations totaled 4,674,457 vehicles, only 2.7% less than over the same period a year earlier. Buckling this slightly negative trend, Germany managed to show a 2.6 percent upswing in sales.

Volkswagen, the market leader, added 1.7 percent to its market share. GM climbed from rank 6 to rank 4, adding 0.4 percent of share, while Ford dropped from 4 to 5 and Fiat lost 1.2 percent of market share and dropped to place 6 from 5.

In a market dominated by traditional advertising and sales, this market flux is providing added impetus to take automotive retail marketing online. izmocars BVBA, the EU division of izmocars, is making large forays in this space, and several new initiatives are scheduled to be launched in the coming months.

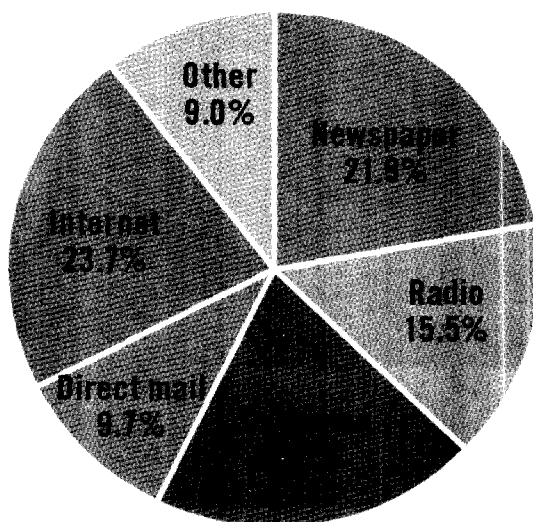
## MARKET OPPORTUNITY AND GROWTH STRATEGY

### USA

The 17,725 car dealerships in the U.S. improved their profitability in 2010 through strict cost control, such as reducing rent and real estate costs, cutting advertising expenses and maintaining lower floorplan costs, reports the NADA State of the Industry report. Net dealership profitability before taxes increased to 2.1 percent in 2010 from 1.5 percent in 2009, and vehicle sales per dealership on average were up about 19 percent (New Vehicles) and 21 percent (Used Vehicles), in 2010.

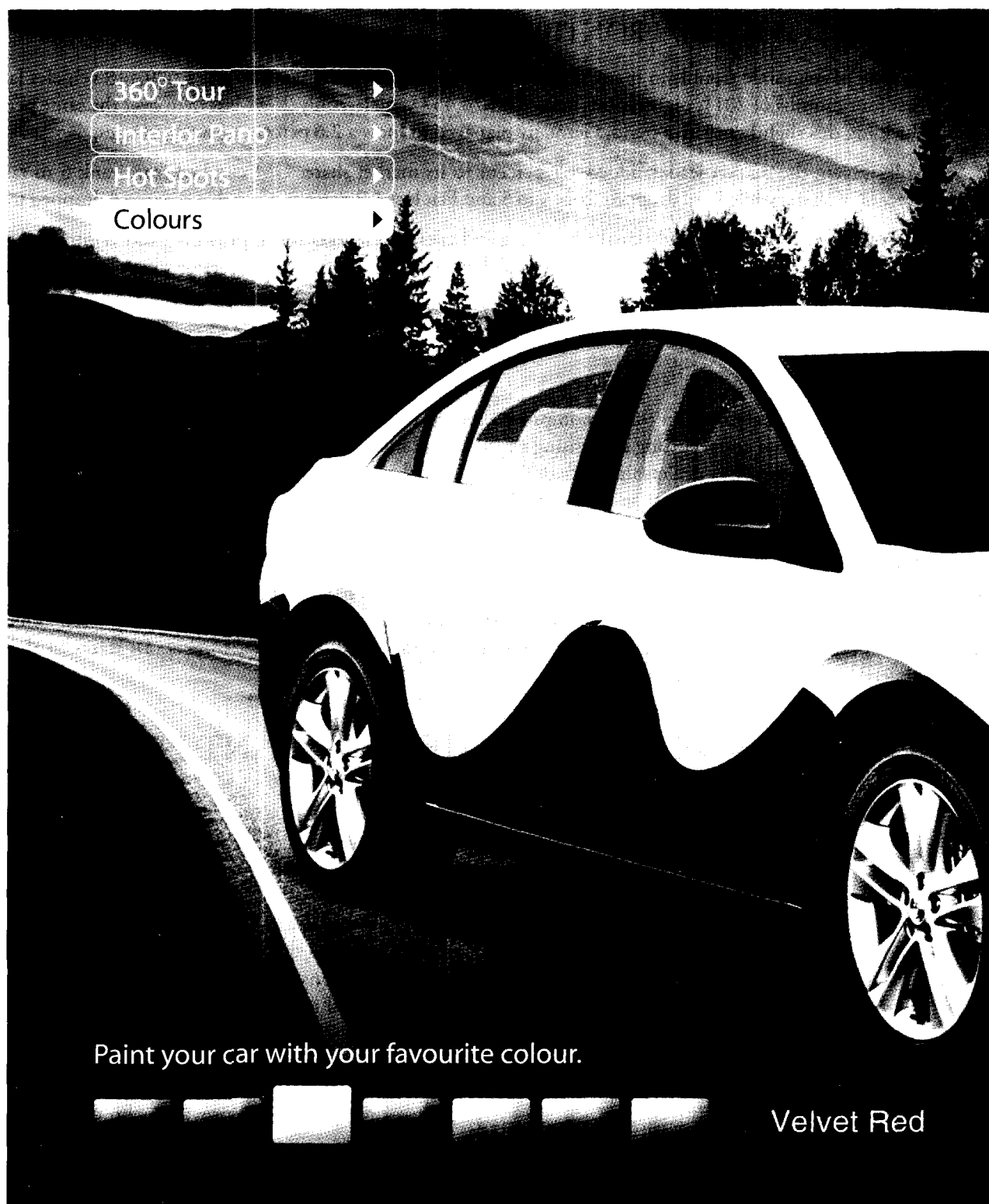
Total dollar sales at the nation's new-car dealerships increased 17 percent in 2010, the first full year of post-recession growth. Used-car department sales improved in 2010, with a 10 percent increase in transaction prices and a 13.4 percent gross margin on retail used selling prices after years of soft sales caused by oversupply and high new-vehicle incentives and then recession. Higher used-car prices increased the trade-in equity for customers. 18 states in the US had average dealership sales exceeding \$30 million.

## THE INTERNET IS NOW THE DOMINANT PLAYER



Driven by the prohibitive 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. As a result, Internet marketing now consumes 23.7% of the \$335,598 per dealer average annual advertising budget, while newspapers are allocated only 21.9%, TV only 15.5%, and Radio, 14%. This paradigm shift in dealer marketing behavior presents a unique market opportunity for izmocars, which is the only online solutions provider who can equip dealers with the entire range of services required to create, operate, and market a profitable online dealership.

Source: NADA Data 2011



## **Car Choice, simplified.**

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

**Log on to: [www.carazoo.com](http://www.carazoo.com) · [www.carazoo.mobi](http://www.carazoo.mobi)**

Colour

360°

Hot Spots

Interior

Gallery

Compare



CLICK. COMPARE. CHOOSE.

These services include high-converting interactive websites, social media friendly online marketing, enterprise-class dealer CRM and ILM systems with data mining capabilities and social media plug-ins, virtual accessories systems that add six figure monthly incomes to dealer bottom-lines, online vehicle service scheduling and management systems that encourage customer self-service and at the same time, optimize shop-floor loading and manpower scheduling to get more done with less, and a dealer performance consulting system that ties it all together to create a highly profitable, customer retaining, future-friendly dealership.

This vision of izmocars - the full service digital dealership - is now finally a reality whose time has come. Even now, 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 dealer solutions with enterprise capabilities, something which our competitors lack to a great extent.

With an average monthly spend for digital services to the tune of \$15,000 per dealer, this represents an annual market opportunity of approximately US \$ 265.87 million in recurring high margin revenue.

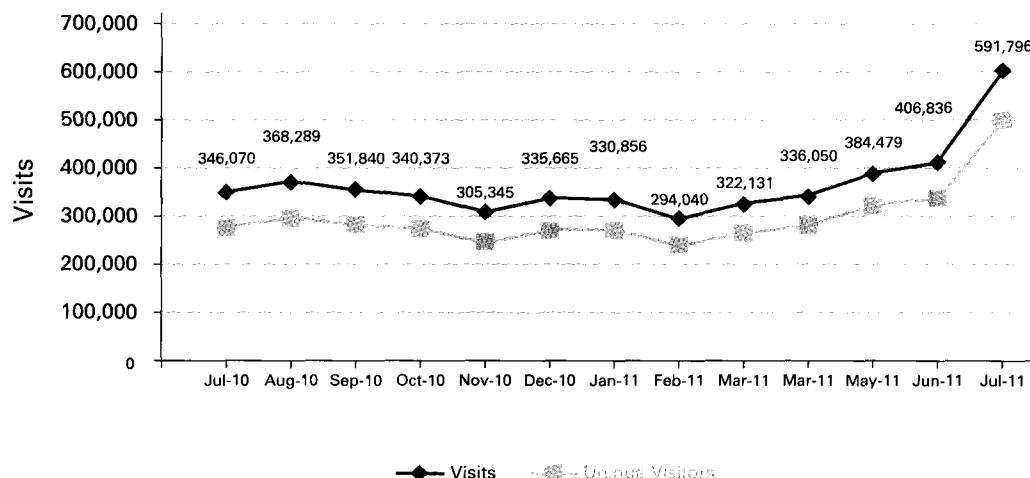
### EUROPEAN UNION

Your directors are proud to report that 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 Euro RSCG and Rabitt/Striker, Mantree, 11ho9, D'ieteren, Lites and Meinauto. 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.

### INDIA

Carazoo, the Indian portal and Automotive Solutions provider of Logix Microsystems Limited, has achieved impressive growth in the last fiscal and is one of the most popular automobile portals in India. The portal clocked 591,796 visitors/month, up from 4,00,000 visitors/month last year.

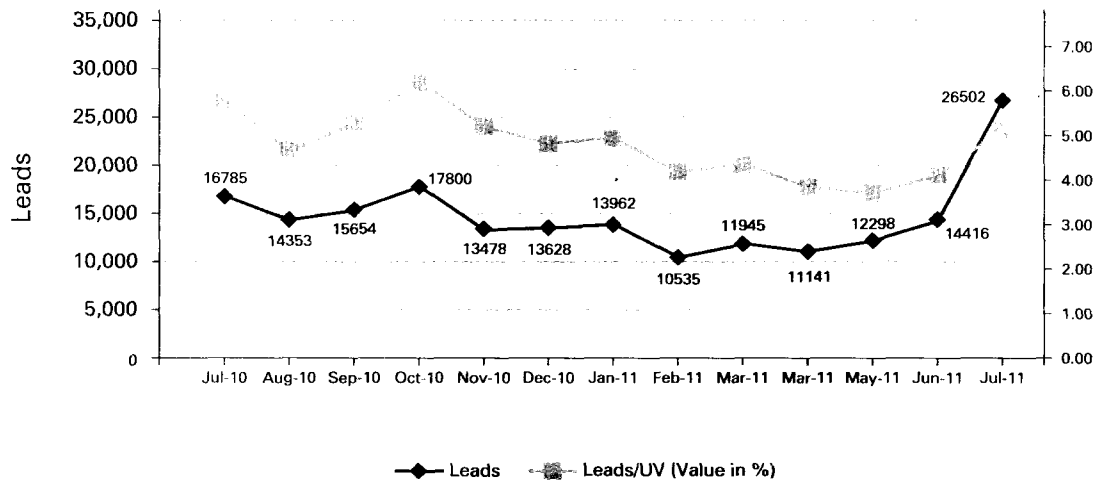
### VISITS



## Directors' Report

Leads generated per month have increased to 26,502/month, up from around 18,000 last year. The Carazoo portal completed 4 years in August 2011.

### LEADS



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.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. Carazoo was the first to introduce the concept of Online Showrooms for Car Dealers in India. Continuing its Success with the initial car dealer online showrooms, it has now designed and developed more online showrooms for leading dealers and had recently crossed the 100 store mark. Some of these Carazoo-powered online showrooms are: Bimal Auto, Sagar Auto, Kataria Automobiles, Fortpoint Automotive, Trident Automotive Group, Shaman Auto Group, Landmark Group, Koncept Group, Joshi Auto Zone, etc.

Carazoo is also offering Online Marketing Solutions to Auto Dealers. Earlier, Google acknowledged the online advertising prowess of Carazoo in a case-study.

Carazoo also developed [www.arababul.com](http://www.arababul.com), Turkey's first Car Portal with Interactive Animations for a client in Istanbul, Turkey.

### Cap Gemini names Carazoo one of the 7 Global Players

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.

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.

### 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.

As discussed earlier in this report, the complexity of the digital portfolio of a typical dealer now makes it imperative for dealers to move from disparate providers of various stand alone services to integrated service offerings. izmocars expects rapid growth as a full-service provider of the entire digital portfolio of dealers, once the trend to move towards integrated solutions pick up pace.

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 another factor 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

In the near term, 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, social media connected 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

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

### DIVIDEND

The performance for the year has been greatly impacted by the recession in United States, The Company's major market. In spite of this your Company made a small surplus in the Profit & Loss Account. However, the Board has thought it prudent to conserve resources and therefore decided not to declare any dividend in respect of the past year.

### FIXED DEPOSITS

Your Company has not accepted any deposits.

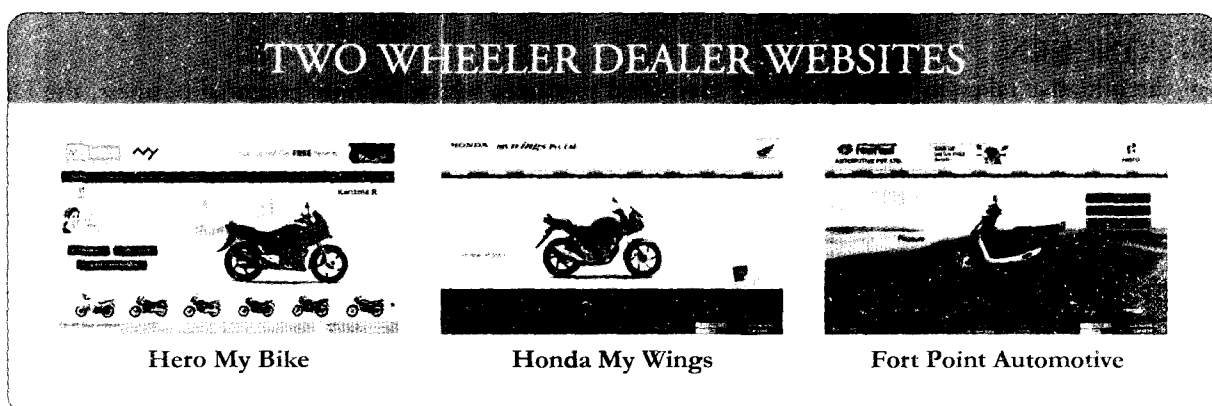
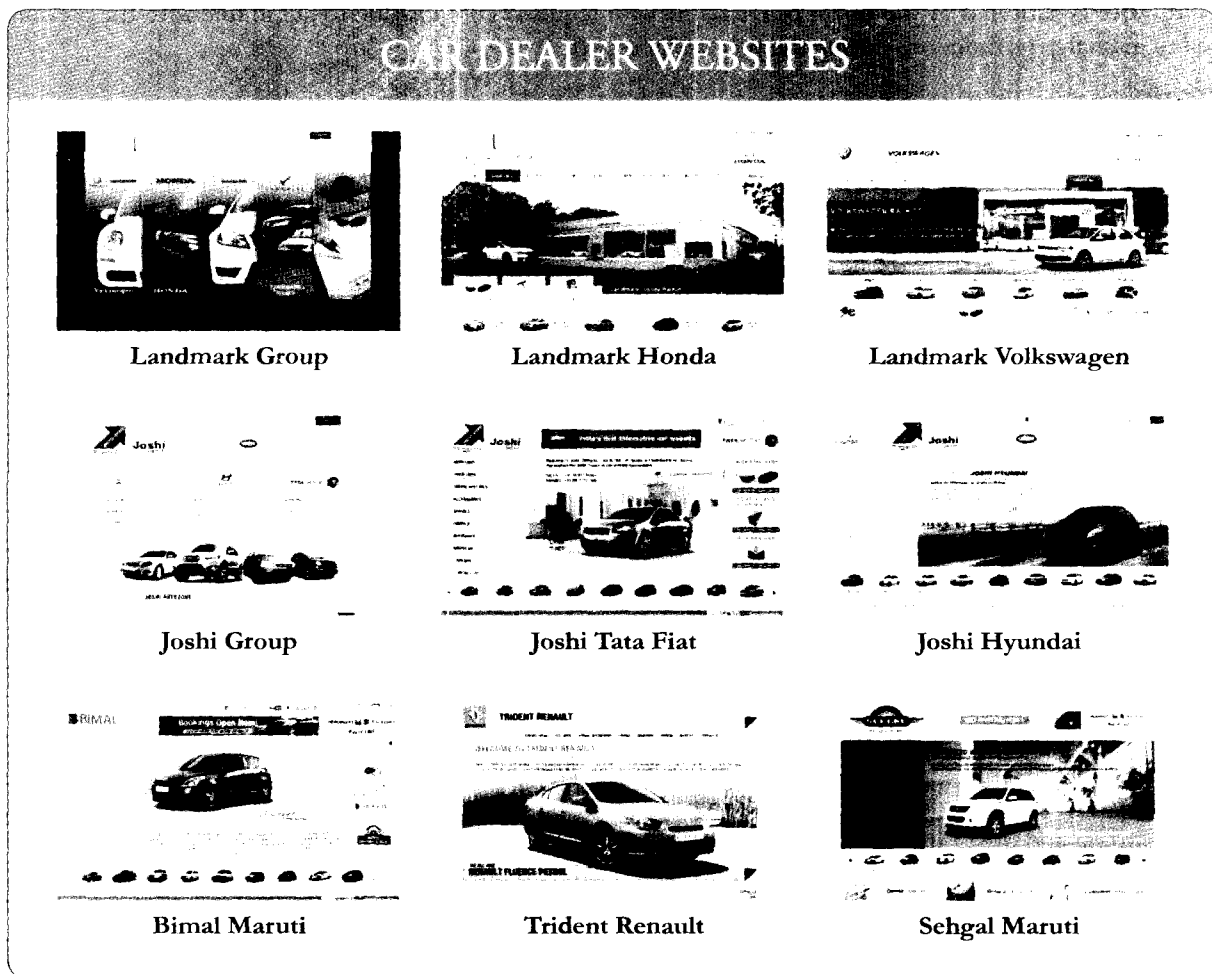
### HUMAN RESOURCES

As on March 31, 2011 the employee strength was 250. This includes staff in India and in overseas offices.



### Some of the Online Showrooms

Carazoo.com have designed many "Online Showroom" web portals for various clients in India and Europe including The Landmark Group, Landmark Honda, Landmark Volkswagen, Joshi Group, Joshi Tata Fiat, Joshi Hyundai, Bimal Maruti, Trident Renault, Sehgal Maruti, Hero My Bike, Honda My Wings, and Fort Point Automotive.



## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. R.N. Chawhan, and Mrs. Shashi Soni, Directors of the Company retire by rotation and are eligible for re-appointment.

## 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, the retiring Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from them that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

## AUDITORS' REPORT

As regards the comments of the Auditors in their Report dated 03rd September 2011 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 up gradation and development related fields.

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

#### C. Foreign Exchange Earnings & Outgo

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

Earnings - Rs 1,739.54 Lakhs

Outgo - Rs 112.30 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.

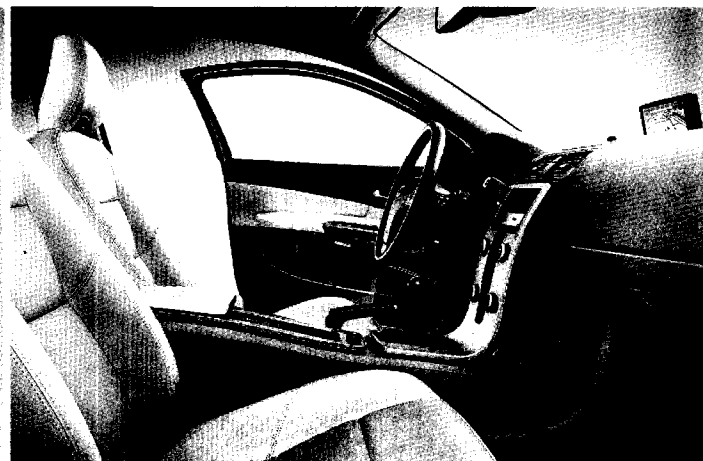
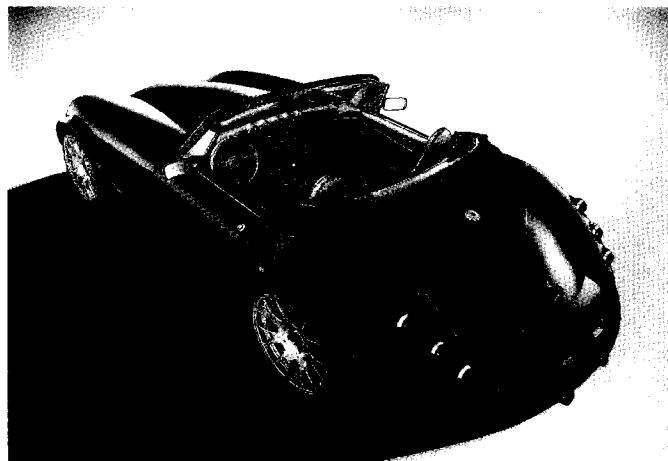
Place: Bangalore

Date: September 3rd, 2011

By Order of the Board  
for Logix Microsystems Limited

Shashi Soni  
Chairperson

izmoStock Automotive Imagery



DISCLOSURES IN COMPLIANCE WITH CLAUSE 12 OF THE SECURITIES & EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME GUIDELINES, 1999), AS AMENDED ARE GIVEN BELOW:

Particulars	ESOP 2006
1 Total number of options under the Scheme	264500
2 Options granted during the year	NIL
3 Pricing Formula	Rs.40
4 Options vested during the year	NIL
5 Option exercised	NIL
6 Total Number of shares arising as a result of exercise of options	NIL
7 Options lapsed/forfeited during the year	NIL
8 Variation of terms of options	NIL
9 Money realised by exercise of options (Rs.)	NIL
10 Total Number of options in force	174000
11 (a) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during the year	NIL
(b) Identified employees who were granted options equal to or exceeding 1% of the Issued capital (excluding outstanding warrants and conversions) of the Company during the year	NIL
12 Diluted earnings per share pursuant to issue of shares on exercise of options calculated in accordance (with Accounting Standards (AS) 20, Earnings per share)	1.23

\* Options Granted for 2006 —400000 Shares

# Annexure A

Annual Report **2010 - 11**

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2010-11

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	31.03.2011	31.03.2011	31.03.2011
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 31.03.2011 (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 31.03.2011	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 31.03.2011	(Euro 500,653.49)	USD 838,456.18	SGD 54,933.04
(b) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries.	(Euro 240,543.85)	USD 183,228.93	SGD 215,532.64
* Dealt with in the Holding Company's accounts			
(a) For the Financial year ended 31.03.2011	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 21,119,863.00	SGD 1,904,915.00
(b) Reserves	(EUR 991,649.34)	USD 1,520,073.28	SGD 48,886.34
(c) Total Assets	EUR 861,067.07	USD 39,386,716.82	SGD 3,045,850.36
(d) Total Liabilities	EUR 493,623.41	USD 16,746,780.54	SGD 1,092,049.02
(e) Details of Investment (except in case of investment in the subsidiaries)	EUR 0.00	USD 0.00	SGD 0.00
(f) Turnover	EUR 166,975.64	USD 5,566,883.14	SGD 137,130.56
(g) Profit before Taxation	(EUR 500,653.49)	USD 838,456.18	SGD 54,933.04
(h) Provision for Taxation	EUR 0.00	USD 0.00	SGD 0.00
(i) Profit after Taxation	(EUR 500,653.49)	USD 838,456.18	SGD 54,933.04
(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 Independent Non-Executive Director
- 2 Non-executive Director and
- 3 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
Mrs. Shashi Soni	Executive	5	No	Yes
Mr. Sanjay Soni	Executive	5	Yes	Yes
Mr. Vijay Kumar D Gupta	Non-Executive	3	No	No
Dr. Devinder Kumar Bhatia	Director	1	No	No
Mr. R.N. Chawhan	Independent Director	4	No	No

Number of Board Meetings held and the date on which held

During the year 5 Board Meetings were held on 28.4.2010, 14.8.2010, 04.09.2010, 10.11.2010 and 07.02.2011.

### 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. Devinder Kumar Bhatia – Member

The Audit Committee has met Five times during the year under review on 28.4.2010, 14.8.2010, 04.09.2010, 10.11.2010 and 07.02.2011. Mr. Vijay Kumar Gupta has attended three meetings. Mrs. Shashi Soni has attended all the five meetings. Mr. Devinder Kumar Bhatia has attended one of the meeting.

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. During the year the Committee had 5 meetings.

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. One meeting was held during the year.

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.

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 2010-11:

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	2,000
Dr. Divendra Kumar Bhatia	NA	1,000
Mr. R.N. Chawhan	NA	1,500

### 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

For the financial year 2009-2010, Annual General Meeting was held on 29.9.2010 at 10.00 am at the Bharatiya Vidya Bhavan, Race Course Road, Bangalore. No Special Resolution was required to be put through Postal Ballot last year. No special resolutions on matters requiring postal balloting as recommended under Clause 49 of the Listing Agreement are placed for shareholders approval at this meeting. During the year under review no Extra-Ordinary General Meeting was held during the year.

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

Year	Venue	Date	Time
2007 - 2008	Bharatiya Vidya Bhavan Race Course Road	30.9.2008	4.30 PM
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

### 7. POSTAL BALLOT:

During the year, there was no postal ballot held.

## 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, Business Line/Economics Times/ Business Standard. These quarterly results are also made available at the website of the Company [www.logixworld.com](http://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 29th day of September 2011 at 4.30 pm at Hotel Chalukya, # 44, Race Course Road, Bangalore – 560 001.
- Dates of book closure: 29th September 2011
- 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, Mumba – 532341

The Hyderabad Stock Exchange Ltd – LMS

The Calcutta Stock Exchange Association Ltd – 22122

Bangalore Stock Exchange Ltd – LogixMicro

- 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](mailto: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. Narayan Rao Badanidiyoor

Finance Controller & 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 31.03.2011:

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of share holding
Upto 100	3985	50.84	293626	2.43
101 – 500	2436	31.08	713698	5.90
501 – 1000	700	8.93	573743	4.74
1001 – 2000	323	4.12	499872	4.13
2001 – 3000	128	1.63	326809	2.70
3001 – 4000	64	0.82	230908	1.91
4001 – 5000	34	0.43	160733	1.33
5001 – 10000	94	1.2	692722	5.73
10001 & above	74	0.94	8606562	71.14
Total	7838	100	12098673	100

• Shareholders Pattern as on 31.03.2011:

Category	No. of Shares held	Percentage of shareholding
Indian Promoters	2600508	21.49
Banks, Financial Institutions	500	0.00
FII's	2552380	21.1
NRIs/OCB	111054	0.92
Other Bodies –Corporate	2005613	16.58
Indian Public	4805241	39.72
Others (Clearing Member)	23377	0.19
Total	12098673	100

• Dematerialisation of Shares:

As on 31.03.2011, 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", Vth Floor

1, Club House Road, Chennai – 600 002

Tel: 044-28460390-94

Fax: 044-28460129

Email: cameogm@satyam.net.in

Contact person: Ms. Jay Kalyani

• Stock Market price data for the year 2010 - 2011 on BSE:

Month	High	Low
April – 2010	62.30	46.70
May – 2010	54.95	44.00
June – 2010	54.00	45.00
July – 2010	57.10	46.25
August – 2010	54.00	44.05
Sep – 2010	51.75	43.05
October – 2010	48.40	37.15
Nov – 2010	43.50	29.00
Dec – 2010	34.25	26.75
Jan – 2011	33.90	19.65
Feb – 2011	22.30	14.90
March – 2011	17.25	14.70

For Logix Microsystems Limited

Place : Bangalore

Date : September 3rd, 2011

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	43 years	52 years
Gross Remuneration *	Rs. 60,00,000/-	-
# Gross Remuneration #	-	Rs. 31,89,674/-
Date of Commencement	18.09.1995	23.06.2008
Total Experience	17 years	26 years
Last Employment	Business	Delivery Leader, Mphasis Ltd
Share holding as on 31.03.2011	13.5%	0.08%

\* 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 : September 3rd, 2011

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, 2011, as stipulated in the Clause 49 of the Listing Agreement of the said Company with the Stock Exchange, Mumbai/ National Stock Exchange of India Ltd.
2. The compliance of conditions of Corporate Governance is the responsibility of the 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 according to the 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 subject to compliance with the composition of the Audit Committee.
4. I 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.
5. I state that in respect of investors grievances received during the year ended 31st March 2011, no investor grievances are pending against the Company as on 31st March 2011, as per the records maintained by the Company and as stated by the Registrar and Share Transfer Agent.

Place : Bangalore  
Date : September 3rd, 2011

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

## FINANCIAL STATEMENTS

## 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, 2011 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) In the absence of a comprehensive system of documentation for recording the stage of completion and related costs, we are unable to comment on the basis of valuation of software work-in-progress valued Nil & Rs. 1.98 crores as at 31st March 11 & 31st March 10 respectively and its consequent impact, if any, on the Profit & Loss account and Balance Sheet.
  - (ii) Attention is drawn to Note No 14(b) in Schedule 22 as regards remuneration paid to the managing director is in excess of limits prescribed under the the Companies Act.
  - (iii) Attention is drawn to Note No. 15 in Schedule 22 as regards reversal of interest accrued on Inter Corporate deposits. Further, Loans and advances as at 31st March 2011 includes a sum of Rs. 216 lacs of accrued interest on Inter-Corporate deposits which is long overdue and pending confirmation. Management is of the opinion that the same would be recovered in full and accordingly no provision towards possible non-recovery has been made in respect of the same. In the absence of confirmation for the same, we are unable to comment on the recoverability of the aforesaid amounts.
  - (iv) Attention is drawn to Note 28 in Schedule 22. The impact of stock based compensation to employees has not been recognized during the year. In the absence of comprehensive records pertaining to administration of various ESOP schemes, we are unable to comment on the impact of the same on the Profit & Loss account and the Balance Sheet as at 31st March 2011.
  - (v) Long term investments as at the Balance Sheet date include Rs.153 crores in wholly owned subsidiaries, 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.
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 1(j) in Schedule 22.
6. Subject to above and further subject to the Notes on accounts in general and in particular Note 6 of Schedule 22, as regards non-disclosure of 'Statement of Investments' 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, 2011;
  - 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as at March 31, 2011, 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: September 3rd, 2011

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, 2011.

(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 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. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets, subject to a need for strengthening of the process of reconciliation with the fixed assets register. No Material discrepancies were noticed on verification during the year.
- 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. During the year, the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently the related clauses iii (b, c, d, f & g) are not applicable.
- 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.

- v. 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, Sales Tax, Tax deducted at Source and Service Tax. There were no related amounts outstanding for a period exceeding six months from the date they became payable as at the year-end.
- 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, the Company has not defaulted in repayment of dues to financial institutions or banks during the year.
- xii. Adequate documents and records are maintained in cases where the company has granted loans and advances on the

basis of security by way of pledge of shares, debentures and other securities. However, as against the total receivable in respect of such Inter-corporate Deposits of Rs. 346 lacs the market value of pledged security was only Rs. 36 lacs.

- 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, Mutual Fund units 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 not raised any term loans during the year and hence this clause is not applicable for the year.
- 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)  
Place: Bangalore  
Date: September 3rd, 2011

Partner  
Membership No : 205703

# Annual Report 2010 - 11

## Balance Sheet

AS AT 31ST MARCH, 2011

Particulars	Schedule	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>I SOURCES OF FUNDS</b>				
<b>1 SHARE HOLDERS FUNDS</b>				
Share Capital	1	120,986,730		120,986,730
Reserves & Surplus	2	1,513,319,956		1,498,483,235
			1,634,306,686	1,619,469,965
<b>2 LOAN FUNDS</b>				
Secured Loans	3		112,482,856	112,048,216
<b>Total</b>			<b>1,746,789,542</b>	<b>1,731,518,181</b>
<b>II APPLICATION OF FUNDS</b>				
<b>1 FIXED ASSETS</b>	4			
Gross Block		201,251,328		200,478,104
Less: Depreciation		144,985,315		133,504,606
			56,266,013	66,973,498
<b>2 INVESTMENTS</b>	5		1,548,054,447	1,387,346,686
<b>3 DEFERRED TAX ASSET</b>			964,818	943,857
<b>4 CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	6	356,313		19,871,000
Sundry Debtors	7	314,061,623		252,193,032
Cash & Bank Balances	8	4,498,213		3,063,743
Other Current Assets	9	5,030,149		4,923,627
Loans & Advances	10	44,363,722		51,586,198
<b>Total A</b>		<b>368,310,020</b>		<b>331,637,600</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilities	11	217,129,006		43,606,920
Provisions	12	9,676,750		11,776,540
<b>Total B</b>		<b>226,805,756</b>		<b>55,383,460</b>
<b>NET CURRENT ASSETS (A-B)</b>			<b>141,504,264</b>	<b>276,254,140</b>
<b>Total</b>			<b>1,746,789,542</b>	<b>1,731,518,181</b>
Significant accounting policies and Notes to the accounts	22			

The schedules referred to above 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

**Sanjay Soni**  
Managing Director

**Shashi Soni**  
Chairperson

**Unnikrishnan M.**  
Partner

Bangalore  
September 3rd, 2011

Membership No. 205703



**Profit and Loss Account**

FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	Current Year Rs.	Previous Year Rs.
<b>I INCOME</b>			
Software Sales and Services	13	405,861,180	257,922,591
Other Income	14	21,499,462	60,154,696
Increase/(Decrease) in Work in Process	15	(19,514,687)	(44,712,004)
<b>Total</b>		<b>407,845,955</b>	<b>273,365,283</b>
<b>EXPENDITURE</b>			
Direct cost of Operations	16	216,619,360	15,665,068
Salaries and Benefits to Employees	17	107,643,897	133,366,346
Administrative Expenses	18	45,597,683	74,192,252
Selling Expenses	19	4,786,513	3,728,530
Financial Expenses	20	5,886,341	5,790,148
<b>Total</b>		<b>380,533,794</b>	<b>232,742,344</b>
<b>Profit/(Loss) before Depreciation, write offs and amortization</b>		<b>27,312,161</b>	<b>40,622,939</b>
Provision against Investments	21	422,674	7,597,938
<b>Profit before Depreciation and Tax</b>		<b>26,889,487</b>	<b>33,025,001</b>
Depreciation		11,628,812	14,925,829
<b>Profit Before Taxation</b>		<b>15,260,675</b>	<b>18,099,172</b>
Current Tax		3,444,912	2,100,545
MAT Credit entitlement		(3,000,000)	622,676
Deferred Tax		(20,961)	342,981
<b>Profit after Tax</b>		<b>14,836,724</b>	<b>15,032,970</b>
Prior period expenses/(Income)		-	742,210
<b>Profit for the year</b>		<b>14,836,724</b>	<b>14,290,760</b>
Balance in Profit & Loss brought forward		20,967,416	6,676,656
<b>Profit/(Loss) Carried to Balance Sheet</b>		<b>35,804,140</b>	<b>20,967,416</b>
Earnings per share (on Rs.10 per Share)			
Basic		<b>1.23</b>	<b>1.18</b>
Diluted		<b>1.23</b>	<b>1.18</b>
(Refer Note No.17 of Schedule 22)			
Significant accounting policies and Notes to the accounts	22		

The schedules referred to above form an integral part of the financial statements

for and on behalf of the Board

Sanjay Soni  
Managing Director

Bangalore  
September 3rd, 2011

Shashi Soni  
Chairperson

As per our Report of even date  
for **VASAN & SAMPATH**  
Chartered Accountants

Unnikrishnan M.  
Partner  
Membership No. 205703

## Schedules Forming Part of THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>1</b>	<b>SHARE CAPITAL</b>			
<b>a</b>	<b>Authorized Capital</b>			
	13,200,000 Equity Shares of Rs.10 each (Previous Year 1,320,00,00 Shares of Rs.10 each)		<b>132,000,000</b>	<b>132,000,000</b>
<b>b</b>	<b>Issued, Subscribed and Paid-up Capital</b>			
	12,098,673 Equity Shares of Rs.10 each (Previous Year 12,053,573 shares of Rs. 10 each) [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 <b>120,986,730</b>	120,986,730 <b>120,986,730</b>
<b>2</b>	<b>RESERVES AND SURPLUS</b>			
<b>a</b>	<b>Securities Premium Account</b>			
	Opening Balance	1,447,293,217		1,444,837,698
	Additions during the year:			
	Premium on Employee stock options exercised	-	2,455,519	
			<b>1,447,293,217</b>	<b>1,447,293,217</b>
<b>b</b>	<b>General Reserve</b>			
	Opening Balance	6,339,532		6,339,532
	Add: Transferred from Profit & Loss account	-		-
			<b>6,339,532</b>	<b>6,339,532</b>
<b>c</b>	<b>Stock option outstanding account</b>	26,536,741		26,536,744
	Less: Deferred employee compensation expenses (Refer note No.28 in Schedule 22)	(2,653,674)	<b>23,883,067</b>	<b>23,883,070</b>
<b>d</b>	<b>Balance in Profit &amp; Loss Account</b>		<b>35,804,140</b>	<b>20,967,416</b>
			<b>1,513,319,956</b>	<b>1,498,483,235</b>

## Schedules Forming Part of

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>3</b>	<b>SECURED LOANS</b>			
	<b>a. Term Loans</b>			
	<b>i)</b> Term Loan from State Bank of Mysore including Interest (Secured against first charge on movable and immovable property, Second charge on Other guarantee by Promoter Directors)		-	7,499,820
	<b>b.</b> Hire Purchase Loans (Secured against hypothecation of vehicles and personal guarantee by Promoter Directors)		-	794,296
	<b>Total (A)</b>		-	<b>8,294,116</b>
	<b>Working Capital Loans</b>			
	<b>c.</b> 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 the promoter Directors)			
	Open Cash Credit	10,625,806		1,374,981
	Packing Credit	101,857,050		102,379,119
			<b>112,482,856</b>	<b>103,754,100</b>
	<b>Total (B)</b>		<b>112,482,856</b>	<b>103,754,100</b>
	<b>Grand Total (A+B)</b>		<b>112,482,856</b>	<b>112,048,216</b>

**4 FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost on 01.04.2010 Rs.	Additions Rs.	Deletions/ Transfer Rs.	Cost on 31.03.2011 Rs.	Upto 31.03.2010 Rs.	Deletions/ Transfer Rs.	For the year Rs.	Upto 31.03.2011 Rs.	WDV on 31.03.2011 Rs.	WDV on 31.03.2010 Rs.
1 Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2 Buildings	49,178,564	-	-	49,178,564	9,630,574	-	3,954,799	13,585,373	35,593,191	39,547,990
3 Computers	34,694,978	465,672	147,500	35,013,150	28,404,783	147,500	2,684,620	30,941,903	4,071,247	6,290,195
4 Plant and Machinery	6,704,768	166,933	-	6,871,701	5,674,948	-	164,775	5,839,723	1,031,978	1,029,820
5 Office Equipments	5,978,751	13,400	-	5,992,151	4,019,663	-	273,969	4,293,632	1,698,519	1,959,088
6 Diesel Generators	1,953,787	-	-	1,953,787	1,074,634	-	122,290	1,196,924	756,863	879,153
7 Electrical Installations	4,565,447	-	600	4,564,847	2,239,949	600	420,915	2,660,264	1,904,583	2,325,498
8 Furniture & Fittings	4,528,690	7,669	-	4,536,359	3,913,962	-	112,277	4,026,239	510,120	614,728
9 Software	64,989,145	267,657	-	65,256,802	62,003,893	-	2,261,689	64,265,582	991,220	2,985,252
10 Interiors	7,708,528	-	-	7,708,528	6,518,076	-	215,472	6,733,548	974,980	1,190,452
11 Vehicles	15,200,121	-	-	15,200,121	9,723,083	-	1,418,005	11,141,088	4,059,033	5,477,038
12 Canteen Structure	301,039	-	-	301,039	301,039	-	-	301,039	-	-
<b>Total</b>	<b>200,478,103</b>	<b>921,331</b>	<b>148,100</b>	<b>201,251,328</b>	<b>133,504,604</b>	<b>148,100</b>	<b>11,628,812</b>	<b>144,985,315</b>	<b>56,266,013</b>	<b>66,973,493</b>
Previous Year	196,082,286	4,944,668	548,851	200,478,103	119,047,092	468,317	14,925,830	133,504,606	66,973,498	77,035,194

## Schedules Forming Part of THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>5</b>	<b>INVESTMENTS</b>			
<b>a</b>	In subsidiaries (Unquoted, at cost)			
	1,904,915 Equity Shares (Previous Year 1,904,915) of Singapore Dollars 1 each in Midrange Software Pte Ltd , Singapore (formerly Logix Microsystems (S) Pte. Ltd.,Singapore) (Refer Note No. 4 of Schedule 22)		55,123,998	55,123,998
	100,000 Equity Shares @ USD 195.01 each (Previous Year 99,272 @ USD 195.01 ) each in Logix Americas Inc., (Refer Note No.5 (a) of Schedule 22)		838,454,545	838,454,545
	Share Application Money pending allotment -Logix Americas Inc., (USD 1,18,27,100) (Refer Note No.5 (a) of Schedule 22)		550,248,416	244,590,166
	65,500 Equity Shares of USD 1 each in Logix Microsystems Inc., USA		3,071,845	3,071,845
	Share Application Money Pending allotment - Izmo Europe BVBA, Belgium (EURO 1,359,093 Equity Shares of EURO 1 (Previous Year EURO 1,208,093) (Refer Note No.5(b) in Schedule 22)		88,877,287	80,082,777
			<b>1,535,776,091</b>	<b>1,221,323,331</b>
	Less: Reserve for Diminution in value of Investment		(3,071,845)	(3,071,845)
			<b>1,532,704,246</b>	<b>1,218,251,486</b>
<b>b</b>	Other Investments(Quoted: Short term @ Lower of Cost or Market Value)			
	(i) In Mutual Funds	-	19,594,425	
	Less: Diminution in value	-	-	19,594,425
	(ii) In Equity Shares	2,772,875	69,048,491	
	Less: Diminution in value	422,674	2,350,201	58,547,486
	(iii) In Debentures	-	10,437,295	
	Less: Diminution in value	-	334,008	10,103,288
	(iv) In Inter Corporate Deposits		13,000,000	80,850,000
	(Refer note No.15 in Schedule 22)		<b>15,350,201</b>	<b>169,095,199</b>
	<b>Total (A+B)</b>		<b>1,548,054,447</b>	<b>1,387,346,686</b>
<b>6</b>	<b>INVENTORIES</b>			
	(as valued and certified by the Management)			
<b>a</b>	Stock in Trade		356,313	-
<b>b</b>	Software Work-in-process		-	19,871,000
	<b>Total</b>		<b>356,313</b>	<b>19,871,000</b>

## Schedules Forming Part of

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>7</b>	<b>SUNDRY DEBTORS</b> (Unsecured)			
a.	Debts outstanding for a period exceeding 6 Months			
-	Considered Good	46,879,406		116,216,761
-	Considered Doubtful	-		-
	(Refer note No.22 in Schedule 22)		46,879,406	116,216,761
b.	Other Debts (Considered Good)		267,182,217	135,976,271
			<b>314,061,623</b>	<b>252,193,032</b>
<b>8</b>	<b>CASH &amp; BANK BALANCES</b>			
a.	Cash on Hand		44,518	62,216
b.	Balances with Scheduled Banks			
i)	Current Account		4,234,722	2,757,705
ii)	Fixed Deposits including interest accrued thereon		218,973	243,822
			<b>4,498,213</b>	<b>3,063,743</b>
<b>9</b>	<b>OTHER CURRENT ASSETS</b>			
	Deposits : Others		5,030,149	4,923,627
			<b>5,030,149</b>	<b>4,923,627</b>
<b>10</b>	<b>LOANS &amp; ADVANCES</b> (Unsecured, considered good)			
	Advances Recoverable in Cash or in Kind or for value to be received:			
	Advances to Suppliers & for Expenses		2,590,117	889,744
	MAT Credit Entitlement		8,347,286	5,347,286
	Income-tax Paid at Source		2,357,182	2,971,985
	Income Tax refund receivable		2,182,441	2,182,441
	Other Advances		28,886,696	40,194,742
			<b>44,363,722</b>	<b>51,586,198</b>
<b>11</b>	<b>CURRENT LIABILITIES</b>			
	Creditors for capital Goods		2,443,220	2,694,647
	Sundry Creditors		184,214,086	20,883,571
	Other Liabilities (Refer Note No. 8 in Schedule 22)		10,000	10,000
	Liabilities for Expenses		7,810,515	1,199,762
	Statutory Dues		7,324,995	2,381,007
	Liability Towards Investment in Subsidiary (Refer Note No. 4 in Schedule 22)		2,507,000	2,507,000
	Unclaimed Dividend		1,785,009	1,879,183
	Rent Deposit		7,291,550	7,291,550
	Deferred Income		3,742,631	4,760,200
			<b>217,129,006</b>	<b>43,606,920</b>

## Schedules Forming Part of THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
12	<b>PROVISIONS</b>			
	Provision for taxation		3,300,000	3,800,000
	Provision for Gratuity		3,260,280	3,875,510
	Provision for Compensated absences		3,116,470	4,101,030
			<b>9,676,750</b>	<b>11,776,540</b>
13	<b>SOFTWARE SALES &amp; SERVICES</b>			
	Domestic		232,091,691	29,901,997
	Exports (Refer Note No. 24 in Schedule 22)		173,769,489	228,020,594
			<b>405,861,180</b>	<b>257,922,591</b>
14	<b>OTHER INCOME</b>			
	Interest on Bank Deposits & other deposits			
	(IDS Rs 64,822-Previous Year Rs 1,765,519)(Refer Note No. 15 in Schedule 22)		10,541	10,848,814
	Income from Investments (Net) (Refer Note No. 6 & 25 in Schedule 22)		10,804,350	39,674,112
	Rental Income		8,749,860	8,749,860
	Profit on sale of Assets		148,100	158,468
	Exchange Rate Difference		680,447	-
	Miscellaneous Income		1,106,164	723,442
			<b>21,499,462</b>	<b>60,154,696</b>
15	<b>INCREASE/(DECREASE) IN STOCKS/ WIP</b>			
	<b>Opening Stock</b>			
	Stock in Trade		-	1,412,364
	Software Work in Process		19,871,000	63,170,640
	<b>Total (A)</b>		<b>19,871,000</b>	<b>64,583,004</b>
	<b>Closing Stock</b>			
	Stock in Trade		356,313	-
	Software Work in Process		-	19,871,000
	<b>Total (B)</b>		<b>356,313</b>	<b>19,871,000</b>
	Increase/(Decrease) in Stocks/WIP (B-A)		<b>(19,514,687)</b>	<b>(44,712,004)</b>
16	<b>DIRECT COST OF OPERATIONS</b>			
	Cost of Purchases for Resale		215,647,237	15,527,269
	Customs duty		972,123	137,799
			<b>216,619,360</b>	<b>15,665,068</b>
17	<b>SALARIES &amp; BENEFITS TO EMPLOYEES</b>			
	Salaries & Benefits		105,007,148	129,232,850
	Provident Fund Contribution		2,636,894	3,170,275
	Gratuity (Refer Note No. 29 in Schedule 22)		(145)	963,221
			<b>107,643,897</b>	<b>133,366,346</b>

**Schedules Forming Part of**

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.3.2010 Rs.
<b>18</b>	<b>ADMINISTRATIVE EXPENSES</b>			
	Remuneration to Directors ( <i>Refer Note No.14 in Schedule 22</i> )		5,775,912	6,157,533
	Directors Sitting Fees		2,000	1,500
	Books & Periodicals		8,709	7,467
	Corporate expenses		451,927	422,730
	Electricity, Generator & Water Charges		3,246,647	3,474,450
	Insurance		3,362,508	5,905,358
	Membership & Subscription		778,703	196,634
	Miscellaneous Expenses		289,951	710,907
	Office Expenses		619,513	518,663
	Postage & Telecommunication		4,496,291	4,113,982
	Professional, Legal & Consultancy Charges		9,678,049	5,352,298
	Printing & Stationery		676,100	742,494
	Rent		6,061,504	6,091,522
	Rates & Taxes		438,240	957,579
	Repairs & Maintenance		960,133	2,129,308
	Recruitment expenses		232,529	4,170
	Security Charges		921,983	832,072
	STPI - Service Charges		287,500	507,500
	Traveling & Conveyance		6,574,741	13,267,678
	Vehicle Maintenance		734,743	591,542
	Exchange Rate Difference		-	22,206,865
			<b>45,597,683</b>	<b>74,192,252</b>
<b>19</b>	<b>SELLING EXPENSES</b>			
	Advertisement Expenses		4,000,003	2,522,266
	Business Promotion		659,205	687,697
	Exhibition & Seminar Expenses		4,628	417,200
	Discounts and Incentives		-	24,817
	Entertainment Expenses		59,517	76,550
	Other selling expenses		63,160	-
			<b>4,786,513</b>	<b>3,728,530</b>
<b>20</b>	<b>FINANCIAL EXPENSES</b>			
	Interest on Term Loan		211,442	1,656,478
	Interest on Working Capital Facilities		5,148,050	2,760,652
	Interest on Hire Purchase Loans		21,958	194,210
	Bank Charges		461,720	1,148,053
	Financial Charges		43,171	30,755
			<b>5,886,341</b>	<b>5,790,148</b>
<b>21</b>	<b>PROVISION AGAINST INVESTMENTS</b>			
	Provision against Investments ( <i>Refer Note No.6 in Schedule 22</i> )		422,674	7,597,938
			<b>422,674</b>	<b>7,597,938</b>

## Schedules Forming Part of

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

### 22 NOTES ON ACCOUNTS

#### 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 received from the customers towards the unexpired portion of such contracts is treated as advance received." "Dividend Income & Interest Income" Dividend income is recognized when the right to receive dividend is established and Interest income is accrued at the applicable interest rate."

##### c Inventory Valuation

Trading Stock have been valued at the lower of cost or net realizable value. Software Work-in Process is valued at the cost incurred on the specific project up to the date of Balance Sheet pending achievement of requisite 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 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 management's 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.

## 3 Contingent Liabilities

(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	1,270,937	1,000,000
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	-	-
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.	-	-
iii) Unexpired Letters of Credit	1,634,016	1,908,902
iv) Warranty Costs on Software Sale*	Not Quantified	Not Quantified
v) "Other money for which the company is contingently liable: "Service Tax not charged on rental income and interest thereon for FY 2008-09 and 2009-10 based on a judgement by Honourable Delhi High Court "	1,985,472	1,717,857

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

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.

5 a) During the year under review, the Company has made an additional investment of Rs. 3,056.58 Lakhs (USD 6,654,000) in the form of equity in its subsidiary Logix Americas Inc., which is the holding company for the US

## m Provisions & Contingent Liabilities

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

## 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.

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

subsidiaries for which shares have been allotted. 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 and IzmoMedia, the subsidiaries of Logix Americas Inc.

b) In addition to the above, the Company has invested in the equity of Izmo Europe BVBA, Belgium of Rs.87.95 Lakhs (€ 151,000) during the year. The share allotment against the same is pending as at the Balance Sheet date

## 6 Investments. (Amount in Lakhs)

Particulars	Current Year	Previous Year
1) Investment in Shares (Quoted)		
Aggregate Book Value	27.73	565.25
Market Value	23.70	543.32
2) Investment in Mutual Funds*		
Aggregate Book Value	-	196.73
Market Value	-	220.67
3) Investment in Debentures		
Aggregate Book Value	-	104.37
Market Value	-	101.03

\*Consequent to the decrease in the value of current investments, the company has provided for loss arising on the diminution (Market to Market) amounting to Rs. 4.23 lakhs (Previous year Rs. 108.35 Lakhs) as at the year end.

7 The balances in the share refund account and the related bank account was pending reconciliation. As such, a sum of Rs. 21.35 thousand representing the confirmed balance has been transferred to the Investor Education & Protection Fund account. The Balance of Rs. 5.12 Lakhs is in the process of reconciliation.

8 In accordance with Section 205C of Companies Act, 1956, Share Warrant Application money, pending allotment and due for refund amounting to Rs.10,000 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.

## 9 Payments to Auditors

(Amount in Rs.)

Particulars	Current Year	Previous Year
Audit Fees	215,000	211,632
Taxation matters	45,000	42,686
Professional Charges*	212,664	192,522
<b>Total</b>	<b>472,664</b>	<b>446,840</b>

\* Including Statutory Certification fees

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

Particulars	Current Year	Previous Year
Purchases	10,547,012	12,782,459
Capital Goods	329,562	100,986
<b>Total</b>	<b>10,876,574</b>	<b>12,883,445</b>

## 11 Expenditure in Foreign Currency (accrual basis) (Amount in Rs.)

Particulars	Current Year	Previous Year
Purchases	9,396,113	12,366,539
Capital goods	329,562	100,986
Foreign Travel	1,504,365	6,679,632
Rebate on Export sales	-	-
<b>Total</b>	<b>11,230,040</b>	<b>19,147,157</b>

## 12 Earnings in Foreign Currency (accrual basis) (Amount in Rs.)

Particulars	Current Year	Previous Year
Software Exports & Consultancy	173,769,489	228,020,594
Reimbursements in respect of Marketing costs	184,108	342,035

## 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	-	7,963	7,882	81
Previous Year				
Software	-	7,570	7,570	-

## 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
<b>Total</b>	<b>6,196,032</b>	<b>6,196,032</b>

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.

Computation of net profits in accordance with relevant provisions of the Companies Act, 1956 has not been disclosed as no Commission as a percentage of profits is payable to the Directors.

b) Directors remuneration for the current year includes a sum of Rs.42.76 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. 105.39 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.

15 During the year, interest on Inter Corporate Deposits were changed from 10% Simple Interest p.a. to 7% Compound Interest p.a. with retrospective effect. This leads to a reversal of Rs.55.75 lacs of interest income recognised earlier.

16 The Company's Singapore subsidiary, Midrange Software Pte Ltd has made a provision of 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.

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

Particulars		After Extraordinary items		Before Extraordinary items	
		2010-2011	2009-2010	2010-2011	2009-2010
Basic					
Net Profit after tax attributable to Equity share holders (Rs)	A	14,836,724	14,290,760	14,836,724	14,290,760
Weighted average number of equity shares outstanding*	B	12,098,673	12,078,162	12,098,673	12,078,162
Basic EPS (Rs)	A/B	1.23	1.18	1.23	1.18
Diluted					
Net Profit after tax attributable to Equity share holders (Rs)	A	14,836,724	14,290,760	14,836,724	14,290,760
Weighted average number of equity shares outstanding*	B	12,098,673	12,078,162	12,098,673	12,078,162
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	D=B+C	12,098,673	12,078,162	12,098,673	12,078,162
Diluted EPS (Rs)	A/D	1.23	1.18	1.23	1.18
Face value per share (Rs)		10	10	10	10

Note: Potential equity share that could arise on conversion of ESOP's outstanding under 2006 plan are not resulting into dilution of EPS. Hence they have not been considered in

working of diluted EPS in accordance with AS-20.

\*Adjusted for issue of Shares Under ESOP 2004 and 2006 Plan during the Year 2009-10.

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

(Amount in 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	609.89	2.68	612.57	580.03	22.62	602.65	29.86	9.92
	<b>649.89</b>	<b>2.68</b>	<b>652.57</b>	<b>620.03</b>	<b>22.62</b>	<b>642.65</b>	<b>29.86</b>	<b>9.92</b>

## 19 Lease-Operating Lease

The Company is obligated under cancelable lease for the office space that is renewable on a periodic basis at the option of

both the lessor and lessee. Rental expenses under cancelable operating leases for the year ended 31 March 2011 are as follows.

(Amount in Rs.)

Particulars	Current Year	Previous Year
Minimum Lease Payment	6,061,504	6,091,522
Contingent Rent	-	-
Amount due within 1 Year	5,391,207	5,923,824
Amount due later than 1 Year & not later than 5 Years	28,471,327	35,060,337

## 20 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 turned around in the recent years and has an accumulated reserve of

SGD 48,886. Based on the management's perception of the growth prospects and the performance of Midrange, in the opinion of the Management, there is no diminution in the value of the investment.

## Investment in Logix Americas Inc.

The Company has invested an amount of USD 31,328,100 in its subsidiary Logix Americas Inc. which in turn holds 98% of the equity in Homestar Systems Inc, which is the holding company for the operating companies i.e. Homestar Systems Inc., Homestar LLC, Izmo CRM and IzmoMedia, the subsidiaries of Logix Americas Inc. The management has 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 1,359,094 in its subsidiary Izmo Europe BVBA Belgium till 31st March 2011.

## 21 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

### b Key Management Personnel

Mr. Sanjay Soni

Mr. Tej Soni

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

Deep Heritage

Deep Oxygen Private Limited, India

Si2 Microsystems Ltd.,

Digipro Design Automation & Marketing Pvt Ltd.,

Deep Engineers & Consultants

SL Business Center

(Amount in Lakhs)

Nature of Transactions	Subsidiary Companies		Key Management Personnel		Enterprises in which Key Management Personnel their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Purchase of Goods/Services/Rentals/ Re-imbursement of Expenses/Investment</b>						
Deep Heritage	-	-	-	-	0.06	0.84
Si2 Microsystems Ltd.,	-	-	-	-	237.79	20.74
Digipro Design Automation & Marketing Pvt Ltd.,	-	-	-	-	2,017.42	-
Remuneration	-	-	61.96	61.96	-	-
S.L.Business Centre	-	-	-	-	3.94	6.28
<b>Software Sales &amp; Service Exports</b>						
Homestar LLC	-	1,657.82	-	-	-	-
Homestar Systems Inc	1,728.23	610.31	-	-	-	-
Midrange Software Pte Ltd.,	-	1.49	-	-	-	-
Si2 Microsystems Ltd.,	-	-	-	-	2,041.89	2.39
Digipro Design Automation & Marketing Pvt Ltd.,	-	-	-	-	129.52	-
<b>Rental Income</b>						
Si2 Microsystems Ltd.,	-	-	-	-	51.50	51.50
Digipro Design Automation & Marketing Pvt Ltd.,	-	-	-	-	36.00	36.00
<b>Investment in Equity</b>						
Logix Americas Inc	3,056.58	2,516.87	-	-	-	-
Midrange Software Pte Ltd.,	-	-	-	-	-	-
Izmo Europe BVBA	87.95	299.01	-	-	-	-
<b>Receivables</b>						
Homestar LLC	497.44	1,864.51	-	-	-	-
Homestar Systems Inc	974.82	591.93	-	-	-	-
Si2 Microsystems Ltd.,	-	-	-	-	1,487.40	8.33
<b>Payables</b>						
Homestar LLC	21.17	21.28	-	-	-	-
Homestar Systems Inc	3.23	-	-	-	-	-
Midrange Software Pte Ltd.,	29.45	7.71	-	-	-	-
S.L.Business Centre	-	-	-	-	0.29	0.01
Si2 Microsystems Ltd.,(Investments)	-	-	-	-	32.00	-
Digipro Design Automation & Marketing Pvt Ltd.,	-	-	-	-	1,463.66	-

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

(Amount in Lakhs)

Particulars	As at 31.03.2011		As at 31.03.2010	
	Closing Balance Rs.	Maximum balance during the year Rs.	Closing Balance Rs.	Maximum balance during the year Rs.
Homestar LLC., USA	497.44	1,864.51	1,864.51	2,743.46
Homestar Systems Inc	974.82	1,398.80	591.93	591.93

Sundry Debtors includes a sum of Rs. 8.59 Lakhs of overseas receivables outstanding for over 180 days as at the Balance Sheet date.

23 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 The current financial year experienced US and global recession and the effect is still continuing. In addition to this, US auto industry experienced a severe downturn resulting in bankruptcy/ closure of several automobile dealers who happened to be the clients of Homestar LLC and Homestar Systems Inc. The subsidiaries have established the fact to the satisfaction to the company that due to the above factors they have had revenue reversals / cancellation of contracts amounting to Rs 2.17 Crores during the financial year. As per the terms of the agreement between parent company and the Homestar LLC / Homestar Systems Inc, it has been agreed the loss arising due to factors mentioned above will be borne by the parent company.

- 25 Income from Investments comprises of: (Amount in Lakhs)

Particulars	Current Year Rs.	Previous Year Rs.
Dividend	1.83	9.65
Profit / (Loss) on sale of investments	106.22	387.09
<b>Total</b>	<b>108.05</b>	<b>396.74</b>

- 26 Provision Taxation:

Provision for current tax has been made considering the taxes on book profits and income from short term capital gains and the exemption that the company is eligible for in respect of profits from its STPI operations.

The Deferred tax balance comprises of the following:

(Amount in Lakhs)		
Particulars	Current Year Rs.	Previous Year Rs.
<b>Deferred Tax Asset/ (Liabilities)</b>		
Depreciation	10.23	9.44
Leave Salary/Gratuity	(0.67)	-
Timing differences u/s 40(a)(ia) of Income Tax Act, 1961	0.08	-
<b>Total</b>	<b>9.64</b>	<b>9.44</b>

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

- 27 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) Enterprise Connectivity & Security

- ii) Izmo Cars Solutions

(Amount in Lakhs)

Particulars	Current Year	Previous Year
<b>Revenue:</b>		
Export	1737.69	2280.21
Domestic	2320.92	299.02
<b>Net Income from Operations</b>	<b>4058.61</b>	<b>2579.23</b>
Add: Income from Exceptional Items/Other Income	210.77	525.57
<b>Profit before Depreciation/Tax/ Interest/Amortization :</b>		
-from Exports	388.06	312.02
-from Domestic	(271.07)	(449.44)
Income from Exceptional Items/ Other Income	210.77	525.57
<b>Total</b>	<b>327.76</b>	<b>388.15</b>
Less: (1) Interest	58.86	57.90
(2) Other Unallocated Expenses	-	-
(3) Depreciation/ Amortization	116.29	149.26
<b>Profit Before Taxation</b>	<b>152.61</b>	<b>180.99</b>

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.

- 28 Employees Stock Options (ESOP)

## a) Employees Stock Options (ESOP) 2006:

During the year 2006-07, the Company introduced ESOP-2006, an employee stock option scheme for grant of equity shares of Rs.10/- each which was approved at the EGM of the Company held on 27th September 2006. The scheme was implemented during 2007-08 after receipt of the requisite statutory approvals. Accordingly options for 264500 shares of Rs.10/- each were granted to eligible employees. The options would vest over a period of 3 years from the date of grant i.e.Sept 2006 as under:

Year	Date of Vesting	No. of Options
1	2008-09	79,350
2	2009-10	79,350
3	2010-11	105,800

In accordance with the SEBI Guidelines the Company has adopted the intrinsic value method for the purpose of accounting share based compensation cost. Under the intrinsic value method, the difference between the market price of the shares on the grant date(or as near thereto) and exercise price is considered as intrinsic value of options and amortized on the straight-line basis over the vesting period as employee share based compensation cost. Options under this program have been

granted to employees at an exercise price of Rs 100 per option.

The Company has not disclosed the impact on net results and EPS (both basic and diluted) had the fair value method been used for accounting the share based compensation cost.

Particulars	Nos.
No of options outstanding at the year beginning	174,000
Add: Options granted during the year	-
Less: Options forfeited/cancelled during the year	-
Options exercised during the year	-
Options Expired/lapsed during the year	-
Options outstanding at the end of the year	174,000

b) Employees Stock Options (ESOP) 2007:

The Company during the year 2006-07 had introduced ESOP 2007 scheme and had taken the approval of its members at the EGM held on 28th September 2007 for 200,000 shares. No options have been granted under this scheme to any of the

a) Change in defined benefit obligation

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Projected Benefit Obligation at the beginning of the year	38.76	29.90	41.01	39.80
Current Service Cost	13.31	13.41	14.20	14.57
Interest Cost	2.82	2.27	2.41	2.81
Actuarial (gain)/loss on obligations	(16.40)	(6.05)	(4.71)	(96.65)
Benefits Paid	(6.15)	(0.77)	(21.75)	(65.08)
Projected Benefit obligation at the end of the year	32.60	38.76	31.16	41.01

b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31, 2011.

c) Amount recognized in Balance Sheet

(Amount in lakhs)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Present Value of the obligation as at the end of the year	38.76	29.90	31.16	39.80
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	38.76	29.90	31.16	39.80
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	38.76	29.90	31.16	39.80

d) Net periodic gratuity cost

(Amount in lakhs)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	13.31	13.41	14.20	14.57
Interest Cost	2.82	2.27	2.41	2.81
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	(16.40)	6.05	4.71	(9.67)
Expenses recognized in the statement of Profit and Loss	(0.15)	9.63	11.90	7.72

employees till date.

c) Employees Stock Options (ESOP) 2009:

The Company during the year 2008-09 had introduced ESOP 2009 scheme and had taken the approval of its members at the EGM held on 29th September 2009 for 400,000 shares. No options have been granted under this scheme to any of the employees till date.

d) Employees Stock Options (ESOP) 2010:

The Company during the year 2009-10 had introduced ESOP 2010 scheme and had taken the approval of its members at the EGM held on 29th September 2010 for 500,000 shares. No options have been granted under this scheme to any of the employees till date.

29 Defined Benefit Plans

a. Gratuity

b. Leave Encashment

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

e) Principal actuarial assumptions

Amount in lakhs

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rates	8%	8%	8%	8%
Future salary increases	7%	7%	7%	7%

- 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.
- 30 During the FY 2009-10, the Company through its subsidiary Homestar Systems Inc had acquired a 51% stake in AOA Izmo LLC, a California based company. The required permission under the Foreign Exchange Management Act, was obtained. The company had taken all the necessary initiatives to get these Shares listed on the Stock Exchanges; however, the listing of the said shares could not happen due to reasons beyond control of the Company and due to certain technical issues raised by Stock Exchanges. Therefore the Board after in-depth deliberations, decided to withdraw the proposal of allotment of shares to AOA Izmo LLC, USA.

31 Transfer Pricing

The company derives a significant portion of its revenue (Rs.1728.23lakhs) from services, rendered to its subsidiary M/s. Homestar I.J.C, USA, M/s.Homestar Systems Inc & M/s Midrange Software Pte Ltd., Singapore. The revenue in this regard is recognized on the basis of a services agreement with the subsidiary.

The Company has carried out a Transfer pricing study during the 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 2011, particularly on their amount of tax expense and that of the provision for taxation.

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

- 33 All figures have been rounded-off to the nearest Rupee. Previous Year's figures have been re-grouped/reclassified wherever necessary.

for and on behalf of the Board

**Sanjay Soni**  
Managing Director  
Bangalore  
September 3rd, 2011

**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



## Balance Sheet Abstract and Company's General Business Profile

[R s. '000]

**I Registration Details**

Registration No.	18734	State Code	08
Balance Sheet Date	31.03.2011		

**II Capital raised during the year**

Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	-

**III Position of Mobilisation of Funds & Deployment of Funds**

Total Assets	1,746,790	Total Liabilities	1,746,790
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**Sources of funds**

Paid-up Capital	120,987	Reserves & Surplus	1,513,320
Secured Loans	112,483	Unsecured Loans	-

**Application of funds**

Net Fixed Assets	56,266	Investments	1,548,054
Net Current Assets	141,504	Accumulated Losses	-
Deferred Tax	965		

**IV Performance of the Company**

Total Income	407,846	Total Expenditure	380,534
Profit before Tax	15,261	Profit after Tax	14,837
Earnings per Share (Rs.)	1.23	Dividend (%)	-

**V Generic names of three principle products / services of the Company**

Item Code	Not Applicable
Description	Software Development & Consultancy Trading in Computer Hardware / Software

As per our Report of even date

for and on behalf of the Board

for **VASAN & SAMPATH**

Chartered Accountants

**Sanjay Soni**  
Managing Director

**Shashi Soni**  
Chairperson

**Unnikrishnan M.**  
Partner

Place : Bangalore

Date : September 3rd, 2011

Membership No. 205703

## Cashflow Statement

FOR THE YEAR ENDED 31ST MARCH, 2011

	Current Year Rs.	Previous Year Rs.
<b>A CASHFLOW FROM OPERATING ACTIVITIES (Indirect Method)</b>		
Net Profit before tax and extra-ordinary items	15,651,837	18,099,172
Adjustments for:		
a) Depreciation	11,628,812	14,925,830
b) Interest Paid	5,886,341	5,790,148
c) Rental Income	(8,749,860)	(8,749,860)
d) Interest Income	(10,541)	(10,848,814)
e) Provision against investments	422,674	7,597,938
f) (Profit) / Loss on short term investments, Includes dividend income (net of related expenses)	(10,804,350)	(39,674,112)
g) Employee Stock Options	-	9,080,069
h) Bad debts written off	-	524,393
i) (Profit) / Loss on disposal of Fixed Asset	(148,100)	(158,468)
k) Forex gain / loss (on foreign currency loans & bank account)		(4,049,905)
<b>OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL</b>	<b>13,876,813</b>	<b>(7,463,610)</b>
Adjustments for		
1. Prior Period Items	-	(742,210)
2. Income Taxes (Net)	(3,330,109)	8,425,654
3. Increase / (Decrease) in Current Liabilities	153,019,081	301,719
4. Decrease / (Increase) in Inventories	19,514,687	44,712,004
5. Decrease / (Increase) in Trade Receivables	(43,105,109)	(110,063,092)
6. Decrease / (Increase) in Loans, Advances and Deposits (excluding Direct Taxes & Capex advances)	(1,315,505)	(3,066,041)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>138,659,858</b>	<b>(67,895,577)</b>
Interest Paid	(5,886,341)	(5,790,148)
<b>NET CASH INFLOW / OUTFLOW FROM OPERATING ACTIVITIES (A)</b>	<b>132,773,517</b>	<b>(73,685,725)</b>
<b>B CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets & advances on capital account (incl. Pre-operative expenses)	(1,024,653)	(4,638,221)
(Purchase) / Sale of short term Investments	164,138,980	277,739,191
Rent deposit for buildings received	-	-
(Profit) / Loss on short term investments, Includes dividend income (net of related expenses)	10,804,350	39,674,112
Investments in Subsidiaries	(314,452,760)	(281,588,249)
Rental Income	8,749,860	8,749,860
Interest Income	10,541	10,848,814
<b>NET CASH OUTFLOW FOR INVESTING ACTIVITIES (B)</b>	<b>(131,773,682)</b>	<b>50,785,507</b>
<b>C CASHFLOW FROM FINANCING ACTIVITIES</b>		
1. Proceeds from issue of share capital (net of expenses)	(3)	(48,263,997)
3. Increase / (decrease) in secured loan	434,639	75,670,291
5. Dividend paid (excl provision)		(15,066,966)
6. Tax on dividend paid (excl provision)		(2,559,878)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES (C)</b>	<b>434,636</b>	<b>9,779,450</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1,434,472</b>	<b>(13,120,768)</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>3,063,743</b>	<b>16,184,512</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE) (Refer Schedule 8)</b>	<b>4,498,215</b>	<b>3,063,743</b>

Notes : 1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) -3

2. Previous Year's figures have been re-grouped/reclassified wherever necessary.

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

Ummakrishnan M.  
Partner

Bangalore  
September 3rd, 2011

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, 2011 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 108.70 crores as at 31st March, 2011 and total gross revenues of Rs.25.97 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. 2 in Schedule 24, in respect of non-uniformity of accounting policies adopted; and Note No. 1(g) in Schedule 26 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 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. In the absence of a comprehensive system of allocation/ recording of related costs, we are unable to comment on the basis of valuation of software work- in-progress valued at Nil and Rs.1.98 crores as at the 31st March 11 and 31st March 10 respectively.
- vii. Loans and advances as at 31st March 2011 includes a sum of Rs. 216 lacs of accrued interest on Inter-Corporate deposits which is long overdue and pending confirmation. Management is of the opinion that the same would be recovered in full and accordingly no provision towards possible non-recovery has been made in respect of the same. In the absence of confirmation for the same, we are unable to comment on the recoverability of the aforesaid amounts.
- viii. The impact of stock based compensation to employees has not been recognized during the year. In the absence of comprehensive records pertaining to administration of various ESOP schemes, we are unable to comment on the impact of the same on the Profit & Loss account and the Balance Sheet as at 31st March 2011.
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 are unable to comment 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, 2011; 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)

Place: Bangalore  
Date: September 3rd, 2011

Partner  
Membership No : 205703

# Annual Report 2010 - 11

## Consolidated Balance Sheet

AS AT 31ST MARCH, 2011

Particulars	Schedule	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>I SOURCES OF FUNDS</b>				
<b>1 SHARE HOLDERS FUNDS</b>				
Share Capital	1	120,986,730	120,986,730	
Reserves & Surplus	2	1,547,574,238	1,536,793,279	
			<b>1,668,560,968</b>	<b>1,657,780,009</b>
<b>2 LOAN FUNDS</b>				
Secured Loans	3		112,482,856	213,222,705
<b>Total</b>			<b>1,781,043,824</b>	<b>1,871,002,714</b>
<b>II APPLICATION OF FUNDS</b>				
<b>1 FIXED ASSETS</b>	4			
Gross Block		1,994,269,882	1,639,174,412	
Less: Depreciation		355,015,138	320,877,499	
Net Block			1,639,254,744	1,318,296,913
<b>2 INVESTMENTS</b>	5		23,446,802	306,767,324
<b>3 DEFERRED TAX - ASSET</b>			964,818	943,857
<b>4 CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	6	356,313		19,871,000
Sundry Debtors	7	236,456,133		146,476,805
Cash & Bank Balances	8	8,911,458		71,574,750
Other Current Assets	9	28,141,921		21,986,723
Loans & Advances	10	151,266,980		154,131,397
<b>Total A</b>		<b>425,132,805</b>		<b>414,040,675</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilities	11	328,779,821		195,820,091
Provisions	12	9,676,750		11,776,539
<b>Total B</b>		<b>338,456,571</b>		<b>207,596,630</b>
<b>NET CURRENT ASSETS (A-B)</b>			86,676,234	206,444,045
<b>5 MISCELLANEOUS EXPENDITURE</b>	13		30,701,226	38,550,575
(to the extent not written off or adjusted)				
<b>Total</b>			<b>1,781,043,824</b>	<b>1,871,002,714</b>
<b>NOTES FORMING PART OF ACCOUNTS</b>	24			

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  
Membership No. 205703

Bangalore  
September 3rd, 2011

**Consolidated Profit and Loss Account**

FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	Current Year Rs.	Previous Year Rs.
<b>I INCOME</b>			
Software Sales & Service	14	492,773,749	364,956,180
Other Income	15	25,453,836	70,812,815
Increase/(Decrease) in Stocks/ WIP	16	(19,514,687)	(44,712,004)
		<b>498,712,898</b>	<b>391,056,991</b>
<b>II EXPENDITURE</b>			
Direct cost of Operations	17	216,619,360	15,665,068
Salaries and Benefits to Employees	18	136,424,349	178,697,071
Administrative Expenses	19	80,808,591	77,959,312
Selling Expenses	20	5,245,650	4,685,549
Financial Expenses	21	5,984,430	6,879,219
Provision for Bad Debts/Exceptional Items	22	-	23,170,000
		<b>445,082,380</b>	<b>307,056,219</b>
<b>Profit/(Loss) before Depreciation, Write-offs &amp; Amortization</b>		<b>53,630,519</b>	<b>84,000,772</b>
Technical Know-how amortization		18,004,180	33,433,633
Provision against investments	23	422,674	7,597,938
<b>Profit/(Loss) before Depreciation and Tax</b>		<b>35,203,665</b>	<b>42,969,201</b>
Depreciation		23,998,750	28,649,694
<b>Profit/(Loss) for Before Taxation</b>		<b>11,204,915</b>	<b>14,319,507</b>
Current Tax		3,444,912	2,100,545
MAT Credit entitlement		(3,000,000)	622,676
Deferred Tax		(20,961)	342,981
<b>Profit After Tax</b>		<b>10,780,964</b>	<b>11,253,305</b>
Prior Period Expenses/ (Income)		-	742,210
<b>Profit for the year</b>		<b>10,780,964</b>	<b>10,511,095</b>
<b>Profit Carried to Balance Sheet</b>		<b>10,780,964</b>	<b>10,511,095</b>
Notes to the Accounts	24		
Earnings per share (on Rs. 10 per Share)			
Basic		0.89	0.87
Diluted		0.89	0.87

for and on behalf of the Board

**Sanjay Soni**  
Managing Director

**Shashi Soni**  
Chairperson

Bangalore  
September 3rd, 2011

As per our Report of even date

for **VASAN & SAMPATH**  
Chartered Accountants  
Firm Registration No. 004542S

**Unnikrishnan M.**  
Partner  
Membership No. 205703

## Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>1</b>	<b>SHARE CAPITAL</b>			
	<b>a Authorised Capital</b>			
	13200000 Equity Shares of Rs.10 each			
	(Previous Year 13200000 Shares of Rs.10 each)		<b>132,000,000</b>	<b>132,000,000</b>
	<b>b Issued, Subscribed and Paidup Capital</b>			
	12098673 Equity Shares of Rs.10 each			
	(Previous Year 12098673 shares of Rs. 10 each)		120,986,730	120,986,730
			<b>120,986,730</b>	<b>120,986,730</b>
<b>2</b>	<b>RESERVES AND SURPLUS</b>			
	<b>a Share Premium Account</b>			
	Opening Balance	1,447,293,217		1,444,837,698
	Additions during the year			
	Premium on Employee stock options exercised	-		2,455,519
		1,447,293,217		1,447,293,217
	Less: Utilisation towards Pref.Issue Expenses	-		-
			1,447,293,217	1,447,293,217
	<b>b General Reserve</b>			
	Opening Balance	6,339,532		6,339,532
	Add: Transferred from Profit & Loss A/c	-		-
			6,339,532	6,339,532
	<b>c Stock option outstanding account</b>	26,536,740		26,536,744
	Less: Deferred employee compensation expenses	(2,653,674)		(2,653,674)
			23,883,066	23,883,070
	<b>d Profit and Loss Account</b>			
	Opening Balance	59,277,459		48,766,365
	Add: Profit / (Loss) for the year	10,780,964		10,511,095
			70,058,423	59,277,460
			<b>1,547,574,238</b>	<b>1,536,793,279</b>
<b>3</b>	<b>SECURED LOANS</b>			
	<b>Term Loans</b>			
	<b>a Term Loan</b>			
			-	108,674,308
	<b>b Working Capital Loans</b>		112,482,856	103,754,100
	<b>c Hire Purchase Loans</b>			794,297
			<b>112,482,856</b>	<b>213,222,705</b>

## Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

## 4 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost on 01.04.2010	Additions	Deletions/ Transfer	Cost on 31.03.2011	Upto 31.03.2010	Deletions/ Transfer	For the year	Upto 31.03.2011	WDV on 31.03.2011	WDV on 31.03.2010
1 Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2 Buildings	60,336,916	-	-	60,336,916	10,872,257	-	5,251,431	16,123,688	44,213,228	49,464,659
3 Computers	36,626,047	465,672	147,500	36,944,219	30,340,167	147,500	2,684,620	32,877,287	4,066,932	6,285,880
4 Plant and Machinery	6,872,707	166,933	-	7,039,640	5,709,641	-	200,979	5,910,619	1,129,020	1,163,066
5 Office Equipments	66,417,584	1,243,940	-	67,661,524	30,995,887	-	10,237,744	41,233,631	26,427,893	35,421,697
6 Diesel Generators	1,953,787	-	-	1,953,787	1,074,634	-	122,290	1,196,924	756,863	879,153
7 Electrical Installations	4,565,444	-	600	4,564,844	2,239,949	600	420,915	2,660,264	1,904,580	2,325,495
8 Furniture & Fittings	8,533,195	2,126,030	-	10,659,225	5,859,842	-	1,769,430	7,629,272	3,029,953	2,673,353
9 Software	69,415,555	521,817	-	69,937,372	66,517,248	-	2,393,135	68,910,383	1,026,989	2,898,307
10 Interiors	13,853,868	-	-	13,853,868	7,086,191	-	215,472	7,301,663	6,552,205	6,767,677
11 Vehicles	16,300,727	-	-	16,300,727	11,012,376	-	1,113,049	12,125,425	4,175,302	5,288,351
12 Canteen Structure	301,039	-	-	301,039	301,039	-	-	301,039	-	-
13 Technical Know-how	1,197,565,565	350,719,177	-	1,548,284,742	148,868,270	-	9,876,674	158,744,944	1,389,539,798	1,048,697,295
14 Intellectual Property	151,757,700	-	-	151,757,700	-	-	-	-	151,757,700	151,757,700
<b>Total</b>	<b>1,639,174,412</b>	<b>355,243,569</b>	<b>148,100</b>	<b>1,994,269,882</b>	<b>320,877,499</b>	<b>148,100</b>	<b>34,285,739</b>	<b>355,015,138</b>	<b>1,639,254,743</b>	<b>1,318,296,913</b>
Previous Year	1,205,953,182	433,770,081	548,851	1,639,174,412	260,502,139	468,317	60,843,677	320,877,499	1,318,296,913	945,451,043

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>5</b>	<b>INVESTMENTS</b>			
a	In Subsidiaries (Long term Unquoted, at cost)			
	Investments in Get Logix		8,096,601	8,096,601
b	Other Investments			
	(i) In Mutual Funds	-	-	19,594,425
	Less: Diminution in value	-	-	19,594,425
	(ii) In Equity Shares	2,772,875	-	69,048,492
	Less: Diminution in value	422,674	2,350,201	10,501,005
	(iii) In Debentures	-	-	10,437,295
	Less: Diminution in value	-	-	334,008
	(iv) In Inter Corp Deposits		13,000,000	80,850,000
	(v) Others		-	129,575,524
			<b>23,446,802</b>	<b>306,767,324</b>
<b>6</b>	<b>INVENTORIES</b>			
	(as valued and certified by the Management)			
a	Stock in Trade		356,313	-
b	Software Work-in-process		-	19,871,000
			<b>356,313</b>	<b>19,871,000</b>
<b>7</b>	<b>SUNDRY DEBTORS</b>			
	(Unsecured)			
a.	Debts outstanding for a period exceeding 6 Months			
	- Considered Good	116,500,085	-	140,403,040
	- Considered Doubtful	-	-	-
			116,500,085	140,403,040
b.	Other Debts (Considered Good)		119,956,048	6,073,765
			<b>236,456,133</b>	<b>146,476,805</b>

## Schedules Forming Part of the Consolidated Financial Statements AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>8</b>	<b>CASH &amp; BANK BALANCES</b>			
	a. Cash on Hand		44,518	62,216
	b. Balances with Banks			
	i) Current Accounts		8,647,967	71,268,712
	ii) Fixed Deposits including interest accrued thereon		218,973	243,822
			<b>8,911,458</b>	<b>71,574,750</b>
<b>9</b>	<b>OTHER CURRENT ASSETS</b>			
	Deposits - others		28,141,921	21,986,723
			<b>28,141,921</b>	<b>21,986,723</b>
<b>10</b>	<b>LOANS &amp; ADVANCES</b>			
	(Unsecured, considered good)			
	Advances for Suppliers & Expenses		2,590,117	1,261,867
	Income Tax refund receivable		2,182,441	2,182,441
	Income-tax Paid at Source		2,357,182	2,971,985
	MAT Credit Entitlement		8,347,286	5,347,286
	Other Advances		135,789,954	142,367,818
			<b>151,266,980</b>	<b>154,131,397</b>
<b>11</b>	<b>CURRENT LIABILITIES</b>			
	Creditors for Capital Goods		2,443,220	2,694,648
	Sundry Creditors		283,684,137	173,096,741
	Liabilities for Expenses		12,422,340	1,199,762
	Statutory Dues		14,893,934	2,381,007
	Liability Towards Investment in Subsidiary		2,507,000	2,507,000
	Unclaimed Dividend		1,785,009	1,879,183
	Rent Deposit - Refundable		7,291,550	7,291,550
	Deferred Income on Upgradation Charges		3,742,631	4,760,200
	Other liabilities ( Refer Note No.11 in schedule 24)		10,000	10,000
			<b>328,779,821</b>	<b>195,820,091</b>
<b>12</b>	<b>PROVISIONS</b>			
	Provision for Taxation on Corporate Income		3,300,000	3,800,000
	Provision for Gratuity		3,260,280	3,875,510
	Provision for Leave Encashment		3,116,470	4,101,029
			<b>9,676,750</b>	<b>11,776,539</b>



## Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	Current Year Rs.	Rs.	Previous Year Rs..
<b>13</b>	<b>MISCELLANEOUS EXPENDITURE</b>				
	(to the extent not written off or adjusted)				
	<b>Pre-operative Expenses</b>				
	Opening Balance		38,828,733		17,051,505
	Additions during the year		-		23,430,998
			38,828,733		40,482,503
	Less: Expenses charged to Profit & Loss Account		(8,127,507)		(1,931,928)
			<b>30,701,226</b>		<b>38,550,575</b>
<b>14</b>	<b>SOFTWARE SALES</b>				
	Domestic		260,682,058		30,029,524
	Exports		232,091,691		334,926,656
			<b>492,773,749</b>		<b>364,956,180</b>
<b>15</b>	<b>OTHER INCOME</b>				
	Interest on Bank Deposits & others		4,645,363		21,506,933
	Income from Investments (Net)		10,804,350		39,674,112
	Miscellaneous Income		1,254,263		881,910
	Rental Income		8,749,860		8,749,860
			<b>25,453,836</b>		<b>70,812,815</b>
<b>16</b>	<b>INCREASE/(DECREASE) IN STOCKS/ WIP</b>				
	<b>Opening Stock</b>				
	Inventories		19,871,000		-
	Software Work in Process				64,583,004
	<b>Total (A)</b>		<b>19,871,000</b>		<b>64,583,004</b>
	<b>Closing Stock</b>				
	Stock in Trade		-		-
	Software Work in Process		356,313		19,871,000
	<b>Total (B)</b>		<b>356,313</b>		<b>19,871,000</b>
	Increase in Stocks/WIP (B-A)		<b>(19,514,687)</b>		<b>(44,712,004)</b>
<b>17</b>	<b>DIRECT COST OF OPERATIONS</b>				
	Cost of Purchases		215,647,237		15,527,269
	Customs Duty		972,123		137,799
			<b>216,619,360</b>		<b>15,665,068</b>

## Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	Current Year Rs.	Previous Year Rs.
18	<b>SALARIES &amp; BENEFITS TO EMPLOYEES</b>			
	Salaries & Benefits		133,787,600	174,563,575
	Providend Fund Contribution		2,636,894	3,170,275
	Gratuity		(145)	963,221
			<b>136,424,349</b>	<b>178,697,071</b>
19	<b>ADMINISTRATIVE EXPENSES</b>			
	Remuneration to Directors		5,775,912	6,157,533
	Books & Periodicals		8,709	7,467
	Corporate expenses		452,736	423,574
	Directors sitting fees		2,000	1,500
	Consultancy Charges		16,024,416	24,508
	Electricity & Water Charges		3,246,647	3,474,450
	Insurance		3,759,507	4,805,067
	Membership & Subscription		817,909	611,282
	Miscellaneous Expenses		511,750	630,217
	Office Expenses		1,581,826	1,907,804
	Postage & Telecommunication		4,612,820	4,370,325
	Professional, Legal & Consultancy Charges		10,711,301	5,723,844
	Printing & Stationery		682,889	772,046
	Rent		12,125,036	7,576,284
	Rates & Taxes		707,021	2,041,054
	Recruitment charges		235,542	35,603
	Repairs & Maintenance		1,355,100	1,682,088
	Security Charges		1,257,614	832,520
	STPI - Sevice Charges		287,500	507,500
	Travelling & Conveyance		8,909,135	10,177,856
	Vehicle Maintenance		768,464	596,886
	Exchange Rate Difference		6,974,757	25,599,904
			<b>80,808,591</b>	<b>77,959,312</b>
20	<b>SELLING EXPENSES</b>			
	Advertisement Expenses		4,000,210	2,526,223
	Business Promotion		1,115,981	759,916
	Exhibition & Seminar Expenses		4,628	426,629
	Entertainment Expenses		59,517	76,549
	Other Selling expenses		65,314	871,415
	Discounts and Incentives		-	24,817
			<b>5,245,650</b>	<b>4,685,549</b>
21	<b>FINANCIAL EXPENSES</b>			
	Interest on Term Loan		211,442	2,710,296
	Interest on Working Capital		5,152,715	2,760,652
	Interest on Hire Purchase Loans		21,958	194,210
	Bank Charges		555,144	1,183,306
	Other Interest		43,171	30,755
			<b>5,984,430</b>	<b>6,879,219</b>
22	<b>PROVISION FOR BAD DEBTS/EXCEPTIONAL ITEMS</b>		-	<b>23,170,000</b>
23	<b>PROVISION AGAINST INVESTMENTS</b>		<b>422,674</b>	<b>7,597,938</b>

for and on behalf of the Board

Sanjay Soni  
Managing Director  
Bangalore  
September 3rd, 2011

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

## Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

### 24 NOTES ON ACCOUNTS

#### 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 received from the customers towards the unexpired portion of such contracts is treated as advance received. Dividend income is recognized when the right to receive dividend is established.

##### c Inventory Valuation

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

##### d Fixed Assets

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

##### e Depreciation

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

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

##### f Investments

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

##### g Foreign Currency Transactions

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

##### h Borrowing Costs

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

##### i Taxation

Provision for Income-tax of the parent company has been made at the higher of that on the assessable income or on basis of section 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.

## 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.,	USA (By Logix Americas Inc)	100%
Homestar I.J.C.,	USA (By Homestar Systems Inc)	100%
IzmoMedia	USA (By Homestar Systems Inc)	100%
Izmo CRM	USA (By Homestar Systems Inc)	100%
Izmo Euurope BVBA	Belgium (By Logix Microsystems Ltd)	100%

The financials 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 31.03.2011. 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.

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

4 Contingent Liabilities

(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	1,270,937	1,000,000
iii) Unexpired Letters of Credit	1,634,016	1,908,902
iv) Warranty Costs on Software Sale*	Not Quantified	Not Quantified
v) Other money for which the company is contingently liable #	1,984,472	1,717,857

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

# 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

5 Payments to Auditors: (in Rs.)

Particulars	Current Year	Previous Year
Audit Fees	215,000	211,632
Taxation matters	45,000	42,686
Professional Charges	212,664	192,522
<b>Total</b>	<b>472,664</b>	<b>446,840</b>

6 Remuneration to Directors: (in Rs.)

Particulars	Current Year	Previous Year
Salary & allowances	7,588,680	7,588,680
Contribution to Provident Fund	420,132	420,132
<b>Total</b>	<b>8,008,812</b>	<b>8,008,812</b>

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.

Computation of net profits in accordance with relevant provisions of the Companies Act, 1956 has not been disclosed as no Commission as percentage of profits payable to the Directors.

7 During the year, interest on Inter Corporate Deposits were changed from 10% Simple Interest p.a. to 7% Compound Interest p.a. with retrospective effect. This leads to a reversal of Rs.55.75 lacs of interest income recognised earlier.

8 The Company's Singapore subsidiary, Midrange Software Pte Ltd has made a provision of 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.

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

Particulars		After Extraordinary items		Before Extraordinary items	
		2010-2011	2009-2010	2010-2011	2009-2010
<b>Basic</b>					
Net Profit after tax attributable to Equity share holders (Rs)	A	10,780,964	10,511,095	10,780,964	10,511,095
Weighted average number of equity shares outstanding*	B	12,078,162	12,078,162	12,078,162	12,078,162
<b>Basic EPS (Rs)</b>	<b>A/B</b>	<b>0.89</b>	<b>0.87</b>	<b>0.89</b>	<b>0.87</b>
<b>Diluted</b>					
Net Profit after tax attributable to Equity share holders (Rs)	A	10,780,964	10,511,095	10,780,964	10,511,095
Weighted average number of equity shares outstanding*	B	12,078,162	12,078,162	12,078,162	12,078,162
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	D=B+C	12,078,162	12,078,162	12,078,162	12,078,162
<b>Diluted EPS (Rs)</b>	<b>A/D</b>	<b>0.89</b>	<b>0.87</b>	<b>0.89</b>	<b>0.87</b>
Face value per share (Rs)		10	10	10	10

**Note:** Potential equity share that could arise on conversion of ESOP's outstanding under 2006 plan are not resulting into dilution of EPS. Hence they have not been considered in working of diluted EPS in accordance with AS-20.

\*Adjusted for issue of Shares Under ESOP 2004 and 2006 Plan during the Year 2009-10.

## 10 Investments

(Amount in Lakhs)		
Particulars	Current Year	Previous Year
1) Investment in Shares (Quoted)		
Aggregate Book Value	27.73	565.25
Market Value	23.70	543.32
2) Investment in Mutual Funds*		
Aggregate Book Value	-	196.73
Market Value	-	220.67
3) Investment in Debentures		
Aggregate Book Value	-	104.37
Market Value	-	101.03

\*Consequent to the decrease in the value of current investments, the company has provided for loss arising on the diminution (Marked to Market) amounting to Rs. 4.23 lakhs (Previous year Rs. 108.35 Lakhs) as at the year end.

11 In accordance with Section 205C of Companies Act, 1956, Share Warrant Application money, pending allotment and due for refund amounting to Rs. 10,000 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.

12 a Consolidated Related Party disclosure

### Key Management Personnel

Mr. Sanjay Soni

Mr. Tej Soni

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

Deep Heritage

Deep Oxygen Private Limited,

Deep Engineers & Consultants

Si2 Microsystems Ltd.,

Digipro Design Automation & Marketing Pvt Ltd.,

SL Business Centre

(Amount in 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
<b>Purchase of Goods/Services/Rentals</b>				
Deep Heritage	-	-	0.06	0.84
Si2 Microsystems Ltd., India	-	-	237.79	20.74
Digipro Design Automation and Marketing Pvt Ltd	-	-	2017.42	-
Remuneration	61.96	61.96	-	-
<b>Software Sales &amp; Service Exports</b>				
Si2 Microsystems Ltd., India	-	-	2041.89	2.39
Digipro Design Automation and Marketing Pvt Ltd	-	-	129.52	-
<b>Rental Income</b>				
Si2 Microsystems Ltd., India	-	-	51.50	51.50
Digipro Design Automation and Marketing Pvt Ltd	-	-	36.00	36.00
S L Business Centre	-	-	3.94	6.28
<b>Receivables</b>				
Si2 Microsystems Ltd., India	-	-	1487.40	8.33
<b>Payables</b>				
Si2 Microsystems Ltd., India	-	-	32.00	-
S L Business Centre	-	-	0.29	.01
Digipro Design Automation and Marketing Pvt Ltd	-	-	1463.66	-

13 The current financial year experienced US and global recession and the effect is still continuing. In addition to this, US auto industry experienced a severe downturn resulting in bankruptcy/closure of several automobile dealers who happened to be the clients of Homestar LLC and Homestar Systems Inc. The subsidiaries have established the fact to the satisfaction to the company that due to the above factors they have had revenue reversals / cancellation of contracts amounting to Rs 2.17 Crores during the financial year. As per the terms of the agreement between parent company and the Homestar LLC / Homestar

Systems Inc, it has been agreed the loss arising due to factors mentioned above will be borne by the parent company.

14 Income from Investments comprises of:

(Amounts in Lakhs)

Particulars	Current Year	Previous Year
Dividend	1.83	9.65
Profit / (Loss) on sale of investments	106.22	387.09
<b>Total</b>	<b>108.05</b>	<b>396.74</b>

15 The inter company (between holding and subsidiaries and intra-subsidiary) balances as at 31.03.2011 are subject to reconciliation.

## 16 Employees Stock Options (ESOP)

### A Employee Stock Options (ESOP) 2006:

During the year 2006-07, the Company introduced ESOP-2006, an employee stock option scheme for grant of equity shares of Rs.10/- each which was approved at the EGM of the Company held on 27th September 2006. The scheme was implemented during 2007-08 after receipt of the requisite statutory approvals. Accordingly options for 264500 shares of Rs.10/- each were granted to eligible employees. The options would vest over a period of 3 years from the date of grant i.e. Sept 2006 as under

Year	Date of Vesting	No of Options
1	2008-09	79,350
2	2009-10	79,350
3	2010-11	105,800

In accordance with the SEBI guidelines the company has adopted the intrinsic value methods for the purpose of accounting share based compensation cost. Under the intrinsic value method, the difference between the market price of the shares on the grant date (or as near thereto) and exercise price is considered as intrinsic value of options and amortised on the straight line basis over the vesting period as employee share based compensation cost.

Options under this program have been granted to employees at an exercise price of Rs.100 per option.

The Company has not disclosed the impact on net results and EPS (both basic and diluted) has the fair value method been

#### a) Change in defined benefit obligation

(Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Projected Benefit Obligation at the beginning of the year	38.76	29.90	41.01	39.80
Current Service Cost	13.31	13.41	14.20	14.57
Interest Cost	2.82	2.27	2.41	2.81
Actuarial (gain)/loss on obligations	(16.40)	(6.05)	(4.71)	(9.67)
Benefits Paid	(6.15)	(0.77)	(21.75)	(65.08)
Projected Benefit obligation at the end of the year	32.60	38.76	31.16	41.01

b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31, 2011.

used for accounting the share based compensation cost.

Particulars	Nos.
No of options outstanding at the year beginning	174,000
Add: Options granted during the year	-
Less: Options forfeited/cancelled during the year	75,500
Options exercised during the year	-
Options expired /lapsed during the year	-
Options outstanding at the end of the year	174,000

### B Employee Stock Options (ESOP) 2007:

The Company during the year under review has introduced ESOP 2007 scheme and has taken the approval of its member at the EGM held on 28th September 2007 for 200,000 shares. No options have been granted under this scheme to any of the employees till date.

### C Employees Stock Options (ESOP) 2009:

The Company during the year 2008-09 had introduced ESOP 2009 scheme and had taken the approval of its members at the EGM held on 29th September 2009 for 400,000 shares. No options have been granted under this scheme to any of the employees till date.

### D Employees Stock Options (ESOP) 2010:

The Company during the year 2009-10 had introduced ESOP 2010 scheme and had taken the approval of its members at the EGM held on 29th September 2010 for 500,000 shares. No options have been granted under this scheme to any of the employees till date.

## 17 Defined Benefit Plans

### a Gratuity

### b Leave Encashment

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

## c) Amount recognized in Balance Sheet

(Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Present Value of the obligation as at the end of the year	38.76	29.90	31.16	39.80
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	38.76	29.90	31.16	39.80
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	38.76	29.90	31.16	39.80

## d) Net periodic gratuity cost

(Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	13.31	13.41	14.20	14.57
Interest Cost	2.82	2.27	2.41	2.81
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	(16.40)	6.05	4.71	(9.67)
Expenses recognized in the statement of Profit and Loss	(0.15)	9.63	11.90	7.72

## e) Principal actuarial assumptions

(Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rates	8%	8%	8%	8%
Future salary increases	7%	7%	7%	7%

- 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.

## 18 Transfer Pricing

The company derives a significant portion of its revenue (Rs.1728.23lakhs) from services, rendered to its subsidiary M/s. Homestar LLC, USA, M/s. Homestar Systems Inc & M/s Midrange

Software Pte Ltd., Singapore. The revenue in this regard is recognized on the basis of a services agreement with the subsidiary.

The Company has carried out a Transfer pricing study during the 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 2011, particularly on their amount of tax expense and that of the provision for taxation.

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

20 All figures have been rounded-off to the nearest Rupee. Previous Year's figures have been re-grouped/reclassified wherever necessary.

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  
September 3rd, 2011

Membership No. 205703



## LOGIX MICROSYSTEMS LIMITED

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

### ATTENDANCE SLIP

Name of the Member :
Address :
Folio Number :
Client ID* :
DPID* :

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

I hereby record my presence at the SIXTEENTH ANNUAL GENERAL MEETING of the Company at Hotel Chalukya, #44, Race Course Road, Bangalore - 560 001 at 4.30 P.M on 29th September, 2011.

Signature of the attending Member/Proxy :
---

**NO GIFTS WILL BE DISTRIBUTED AT THE AGM**

## 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  
16th Annual General Meeting to be held on 29th September, 2011 at 4.30 P.M or at an adjournment thereof.

Signed this..... day of.....2011

Folio No.:	<div style="border: 1px solid black; padding: 5px; text-align: center;">Affix Re. 1 Revenue Stamp</div>
Client Id *:	
DPId*:	
Number of shares :	

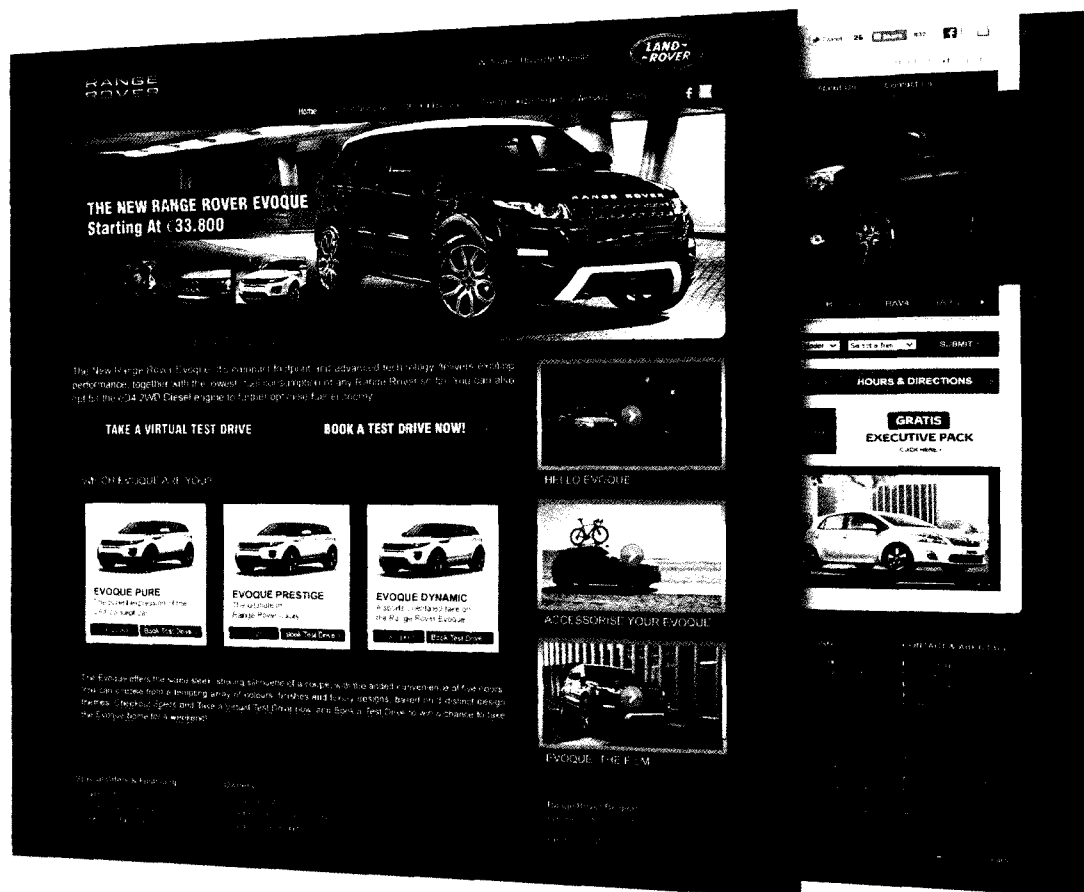
**\* Applicable for investors holding shares in electronic form**

#### 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**

# SUCCESS STORIES



## Hands Down, the Best Company we have Ever Teamed With...

I have been very impressed by the support and backing that your company has provided to make sure we are successful. It really feels like we have a partner in the accessories business.

I was shocked at the level of support your team has provided. Hands down, the best company we have ever teamed with to sell accessories. Also, I must give you kudos on going out and hiring REAL car people to come into our dealership.

**Jason Scott**  
Sales Manager and Accessory Champion  
Precision Toyota



## Logix Microsystems Limited

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[www.logixworld.com](http://www.logixworld.com) | [www.lzmocars.com](http://www.lzmocars.com) | [www.carazoo.com](http://www.carazoo.com)

