Logix
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18TH ANNUAL REPORT 2012-2013

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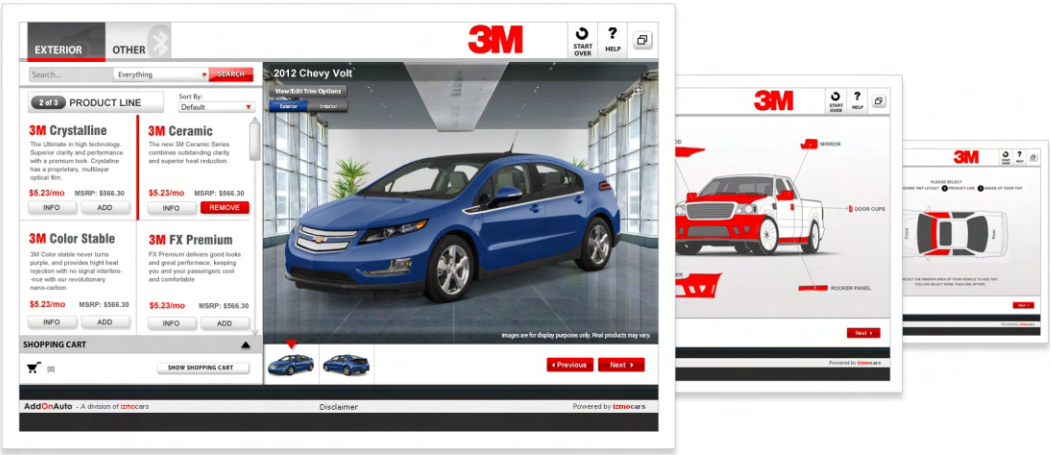
“We received multiple sales and a very positive customer feedback”- 3M



"Yes, we are getting multiple sales as a direct result of AOA and very positive customer feedback.

Most have been on the site and making decisions before even calling us. We are seeing exponential results so far"

3M

Corporate Information

Board of Directors

Mrs. Shashi Soni
Chairperson

Mr. Sanjay Soni
Managing Director

Mr. Vijay Kumar D Gupta
Director

Mr. R N Chawhan
Director

Auditors

Mr. R. Vijayanand
Chartered Accountant
"Sri Sri", F - 303, Temple Trees,

Kanakapura Main Road,

Bangalore - 560078

Share Transfer Agents

Cameo Corporate Services Limited
"Subramanian Building", V 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@logixworld.com

Websites

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

INDIA

Bangalore Unit- 2

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

Sales & Marketing Offices

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

Delhi
Logix Microsystems Limited
3rd Floor A-10,
Lajpat Nagar- Part-II
New Delhi – 110 024
Tel : 91-11-46575529

U.S.A

Corporate Headquarters

San Francisco
318, Brannan Street,
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 of izmocars

Mr. Sidney Haider
Vice-President (AddOnAuto)

Core Management Team - India

Mr. Ashok Padhye
Chief Operating Officer

Mr. Gopi SD
Senior Manager-Finance and Accounts & Compliance Officer

Mr. Radha Krishna Kotha
Head-Online Marketing Services

Mr. Akula Sathya Kiran
Head-Web Division

Notice

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED WILL BE HELD AT 9.30 A.M ON MONDAY THE 30TH DAY OF SEPTEMBER, 2013, AT BHARATIYA VIDYA BHAVAN, RACE COURSE ROAD, BANGALORE – 560 001, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 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 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 authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment(s) or modification(s) thereof and subject to the approval of the Central Government, if required, consent of the members of the Company be and is hereby accorded to appoint Mrs. Shashi Soni as Chairperson & Wholetime Director of the Company with effect from 1st October 2013 to 30th September 2016 for a period of 3 (three) years on such remuneration as set out below:

   Salary: Rs.15,526/- PM (Rupees Fifteen Thousand Five Hundred and Twenty Six only) per month (effective from 01.10.2013 to 30.09.2016)

   Commission: Not more than 1% of the net profits of the Company.

   Perquisites: As detailed hereinafter restricted to an amount equal to the annual salary or Rs.3,60,000/- (Rupees Three Lakh Sixty Thousand only) per annum, whichever is less, unless the context otherwise requires, the perquisites are classified into three categories "A", "B" and "C" as follows:

   Category "A":

   Housing: The expenditure incurred by the Company on providing furnished residential accommodation for the Appointee shall be subject to the ceiling of 50% (Fifty percent) of the Appointee's salary over and above 10% (Ten percent) of the Appointee's salary.

   Alternatively

   In case, the Company provides the accommodation, the Company shall deduct 10% salary of the Appointee.

Notice

Alternatively

In case, no accommodation is provided by the Company, the Appointee shall be entitled to House Rent Allowance, subject to a ceiling of 50% (Fifty percent) of salary payable to the Appointee.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Rules, 1962 as amended from time to time; however, such expenditure shall be subject to a ceiling of 10%(Ten percent) of the Appointee's annual salary each year.

Medical Reimbursement: Expenses incurred for the Appointee and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

Leave Travel Concession: For Appointee and family once in a year, while on leave, in accordance with the rules and regulations applicable to senior managers of the company from time to time.

Personal Accident Insurance: Premium not to exceed Rs. 4,000/- (Rupees Four Thousand only) per annum.

Explanation: For the purpose of category "A", Family means spouse, dependent children and dependent parents of the Appointee.

Category "B":

Contribution to Provident Fund, Superannuation Fund or Annuity Fund : These will be in accordance with the schemes applicable to senior managers of the Company from time to time and will not be included in the computation of ceiling on perquisites mentioned above to the extent they either singly or put together are not taxable under the Income Tax Act, 1961 and as amended from time to time.

Gratuity: In accordance with the rules and regulations applicable to senior managers of the Company from time to time but not exceeding half month's salary for each completed year of service.

Encashment of Leave at the end of the tenure : In accordance with the rules and regulations applicable to senior managers of the Company from time to time, the monetary equivalent of such encashed leave shall not be included in the computation of the ceiling of the perquisites.

Category "C":

Provision of car for use on Company's business and telephone at residence shall not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the Appointee.

MINIMUM REMUNERATION:

In the event of absence or inadequacy of profits in any Financial Year during the tenure of her appointment, the Wholetime Director may be paid the substantive remuneration as stated above as the Minimum Remuneration subject to however that unless approved by the Shareholders and the Central Government, as may be necessary, the amount of salary, commission, perquisites and other allowances payable to the Chairperson & Wholetime Director shall be subject to the limits prescribed under Part II of Schedule XIII of the Companies Act, 1956, as may be in force for the time being.

Notice

Further, in the event of any Statutory Amendments or modifications or relaxation by the Central Government to Schedule XIII of the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites, allowances, etc., with such prescribed limit or ceiling and any arrangement between the Company and Mrs. Shashi Soni be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT either party can give three months notice in the event of termination of the said post/arrangement.

FURTHER RESOLVED THAT in the event of Mrs. Shashi Soni ceasing to be the Director due to any causes whatsoever, she shall forthwith cease to be the Wholetime Director and shall not be eligible for any compensation for loss of office.

RESOLVED FURTHER THAT the Chairperson & Wholetime Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committees thereof."

This may be deemed as abstract under Section 302 of the Companies Act, 1956, of the terms and conditions of appointment of Mrs. Shashi Soni as Chairperson & Wholetime Director.

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

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act,1956 or any amendment(s) or modification(s) thereof and subject to the approval of the Central Government, if required, Mr. Sanjay Soni be and is hereby reappointed as Managing Director of the Company with effect from 1st April, 2013 to 31st March, 2016 for a period of 3(three) years on such remuneration as set out below:

   1. Mr. Sanjay Soni- Managing Director with effect from 01.04.2013 for a period of 3 years.
   2. Salary : Rs. 40,00,000/- (Rupees Forty Lakh only) per annum.
   3. Commission not more than 1% of the net profits of the Company.
   4. Perquisites as detailed hereinafter restricted to an amount equal to the annual salary or Rs. 20,00,000/- (Rupees Twenty Lakh only) per annum, which ever is less. Unless the context otherwise requires, the perquisites are classified into three categories "A", "B" and "C" as follows:

   Category "A":

   The expenditure incurred by the Company on providing furnished residential accommodation for the Appointee shall be subject to a ceiling of 60% (Sixty percent) of the Appointee's salary over and above 10% payable by the Appointee himself.

   Alternatively:

   In case the Company provides the accommodation, the Company shall deduct 10% of the salary of the Appointee.

   Alternatively:

   In case no accommodation is provided by the Company, the Appointee shall be entitled to House Rent Allowance, subject to a ceiling of 60% (Sixty percent) of salary payable to the Appointee.

Notice

Explanation:

I. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Rules, 1962, as amended from time to time. However, such expenditure shall be subject to a ceiling of 10% (Ten percent) of the Appointee's annual salary each year.

II. Medical Reimbursement: Expenses incurred for the Appointee and his family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

III. Leave Travel Concession: For Appointee and his family once in a year, while on leave, in accordance with the rules and regulations applicable to senior managers of the Company from time to time.

IV. Personal Accident Insurance: Premium not to exceed Rs. 25,000/- (Rupees Twenty Five Thousand only) per annum.

Explanation:

For the purpose of category "A", 'Family' means: Spouse, dependent children and dependent parents of the Appointee.

Category "B":

I. Contribution to Provident Fund, Superannuation Fund and Annuity Fund: These will be in accordance with the schemes applicable to senior managers of the Company from time to time and will not be included in the computation of ceiling on perquisites mentioned above to the extent they either singly or put together are not taxable under the Income Tax Act, 1961 as amended from time to time.

II. Gratuity: In accordance with the rules and regulations applicable to senior managers of the Company from time to time but not exceeding half months salary for each completed year of service.

III. Encashment of Leave at the end of the tenure: In accordance with the rules and regulations applicable to the senior manager of the Company from time to time, the monetary equivalent of such encashment leave shall not be included in the computation of the ceiling on perquisites.

Category "C":

Provision of car for the use of Company's business and telephone at residence shall not be considered as perquisites. Personal long distance calls and use of car for personal use shall be billed to the Appointee.

MINIMUM REMUNERATION:

In the event of absence or inadequacy of profits in any Financial Year during the tenure of his appointment, the Managing Director may be paid the substantive remuneration as stated above as the Minimum Remuneration subject to however that unless approved by the Shareholders and the Central Government, as may be necessary, the amount of salary, commission, perquisites and other allowances payable to the Managing Director shall be subject to the limits prescribed under Part II of Schedule XIII of the Companies Act, 1956, as may be in force for the time being.

Notice

Further, in the event of any Statutory Amendments or modifications or relaxation by the Central Government to Schedule XIII of the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites, allowances, etc., within such prescribed limit or ceiling and any arrangement between the Company and Mr. Sanjay Soni be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT either party can give three months notice in the event of termination of the said post/arrangement.

FURTHER RESOLVED THAT in the event of Mr. Sanjay Soni ceasing to be the Managing Director due to any causes whatsoever, he shall not be eligible for any compensation for loss of office.

RESOLVED FURTHER THAT the Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committees thereof."

This may be deemed as abstract under Section 302 of the Companies Act, 1956 of the terms and conditions of appointment of Mr. Sanjay Soni as Managing Director.

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(1A) 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 2013 [ESOP 2013] 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.

Notice

Provided the total number of options to be granted under ESOP 2013 shall not exceed 10,00,000 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 2013 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."

7. 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(1A) 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 2013 {ESOP 2013} 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.

Notice

Provided the total number of options to be granted under ESOP 2013 shall not exceed 10,00,000 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 2013 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."

By order of the Board
for Logix Microsystems Limited

Place: Bangalore
Date: 2nd September, 2013

Sanjay Soni
Managing Director

Notice

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed on 30.09.2013 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 Shareholdings 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 Limited, "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. Unclaimed dividends have been transferred to the General Revenue Account of the Central Government. Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, the Dividend declared for the year ended 31st March 2005, if any, and for any financial year ending thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund established by the Central Government. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which are unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

Notice

11. Members are requested to bring their copy of the Annual Report for the Meeting.
12. Pursuant to SEBI notification no. MED/ DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA to enable/effect transfer of Shares in physical form.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

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

1.	Name :	Mr. R N Chawhan
	Age :	65 years
	Qualifications :	Master's Degree in Commerce from Karnataka University and 'Programme on Investment Appraisal and Management' from Harvard University.
	Expertise :	Over 35 years of experience in premier Financial Institutions engaged in promotion of small,medium and large industries.
	Other Directorships :	1. VWF Industries Private Limited 2. Sika Interplant Systems Limited 3. Benaka Sponge Iron Private Limited 4. Bhuwalka Steel Industries Limited 5. Sikka N Sikka Engineers Private Limited 6. Sikka Tourism Private Limited
	Membership in Committees:	1. Member of Audit Committee - Sika Interplant Systems Limited 2. Member of Share Transfer Committee - Sika Interplant Systems Limited 3. Member of Audit Committee - Bhuwalka Steel Industries Limited

Attendance record of Mr.R N Chawhan, Director seeking reappointment (1.4.2012-31.3.2013)

No. of Meetings held :	05
No. of Meetings attended :	05

By order of the Board
for Logix Microsystems Limited

Place: Bangalore
Date: 2nd September, 2013

Sanjay Soni
Managing Director

Notice

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

Item No. 4:

Mrs. Shashi Soni is one of the initial Directors of your Company, has been Chairperson and has been actively involved with the affairs of the Company from the beginning. She was instrumental in the significant growth of the Company and has good amount of experience in the line of the business.

It is proposed to reappoint Mrs. Shashi Soni as Chairperson and Wholetime Director of the Company with such terms and conditions as mentioned in the aforesaid resolution. Your Board recommends that the aforesaid resolution be approve by the members.

This may be deemed as abstract under Section 302 of the Companies Act, 1956 of the terms and conditions of appointment of Mrs. Shashi Soni as Chairperson & Wholetime Director.

Apart from Mrs. Shashi Soni, Mr. Sanjay Soni being 'relative' may be deemed to be interested or concerned in the resolution.

Item No. 5:

Mr. Sanjay Soni was appointed as Managing Director for 3 years with effect from 1.4.2010 to 31.3.2013. Considering the background, his experience and the need of the Company, based on the recommendations of the Remuneration Committee, your Board at it's meeting convened on 6th February, 2013, has appointed him as Managing Director for 3 years with effect from 1.4.2013 to 31.3.2016. Mr. Soni is one of the Promoters of your Company and has been actively involved in the affairs of the Company from the beginning. He has been steering the Company from the beginning through tough times and has now worked hard to ensure that the Company has achieved respectable business position.

Mr. Soni is a Graduate in Commerce and has undertaken extensive studies in IT related fields for the last over one decade. He has undergone Post Graduate Program from the Indian Institute of Management (IIM-B), Bangalore. He has wide exposure to International Finance and Banking and has authored books on related fields.

Your Board recommends that the afore mentioned resolution be approved by the Members.

This may be deemed as abstract under Section 302 of the Companies Act, 1956, of the terms and conditions of appointment of Mr. Sanjay Soni as Managing Director.

Apart from Mr. Sanjay Soni, Mrs. Shashi Soni being 'relative' may be deemed to be interested or concerned in the resolution.

Notice

Item No. 6 and 7:

Your Company has been uniformly adopting the philosophy of Stock Option to its employees with a view to encourage 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 2013.

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 2013 scheme shall not exceed 20% 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 Wholetime 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 Wholetime Directors or not) of the 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 2013 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.

Notice

(f) Exercise Period and Procedure for Exercise:

The exercise period shall commence from the date of vesting and expire not later than 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: 2nd September 2013

Sanjay Soni
Managing Director

Notice

GENERAL INFORMATION:

1.Nature of Industry	Information Technology & Information Technology Enabled
2.Date of commencement of commercial production	18.9.1995 (Date of Certificate of Commencement of Business)
3.Financial performance based on given indicators	For the year ended 31.3.2013 Turnover and other income Rs.21.51 Crores Profit before income tax Rs.1.21 Crores Net worth Rs.162.40 Crores
4.Export performance and net foreign exchange collaborations	The Company's export income was Rs. 14.52 Crores in 2012-13.
5.Foreign investment or collaborations, if any	NIL

INFORMATION ABOUT THE APPOINTEES:

1. Name of the Director	Mrs. Shashi Soni	Mr. Sanjay Soni
2.Background details	She has about 40 years of business experience in diverse industries such as entertainment, industrial gases and transportation	Mr. Sanjay Soni was appointed as Managing Director from the beginning of commercial operations. His term having expired, the Board approved him as Managing Director based on recommendation of the Remuneration Committee.
3.Past remuneration	Rs 1.86 Lakhs per annum	Rs 60 Lakhs per annum
4.Job profile and her/his suitability	Vast knowledge of business and expertise in dealing with HR and Administrative matters.	Mr. Sanjay Soni is reappointed as Managing Director of the Company. He being a promoter Director has been involved in the Management and headed the Company since its incorporation. He is a Graduate in Commerce and has undertaken extensive studies in IT related fields for the last over one decade. He has undergone Post Graduate Program from the Indian Institute of Management (IIM-B), Bangalore. He has wide exposure to International Finance and Banking and has authored books on related fields.
5.Remuneration proposed	Rs 1.86 Lakhs per annum	Rs 60 Lakhs per annum
6.Pecuniary relationship / relationship with the managerial personnel, if any	Mrs. Shashi Soni is one of the promoters of the Company. At present her son Mr. Sanjay Soni is Managing Director of the Company.	Mr. Sanjay Soni is one of the promoters of the Company. At present his mother Mrs. Shashi Soni is Chairperson of the Company.

The Chicago Picasso

Before the Picasso sculpture, public sculptural artwork in Chicago was mainly of historical figures. But Picasso's cubist genius changed that overnight, and "The Chicago Picasso" became the perfect creative backdrop for Dylan's "The Times They Are a-Changin".

Photograph by J. Crocker, Creative Commons Licence

First they ignore you
Then they laugh at you
Then they fight you
Then you win.

- Mahatma Gandhi

Directors' Report

Dear Shareholder,

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Statements of accounts for the year ended 31st March, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS :

Financial Highlights:

Rs. in Lakhs

PARTICULARS	2012 - 2013	2011 - 2012
Revenue from Operations	1,693.55	1,786.62
Other Income	457.71	340.08
Total Revenue	2,151.26	2,127.70
Direct Cost of operations	156.26	283.06
Increase/ (Decrease) in Stocks/ WIP	(1.63)	2.24
Employee Benefit Expenses	730.28	871.73
Financial Expences	148.29	283.06
Depreciation	62.67	82.78
Other Expences	313.90	356.84
Total Expences	1,409.77	1,879.72
Profit before Tax & Exceptional Item	741.49	247.97
Reversal of Vested Stock Option		238.63
Reversal of Interest receivable as Doubtful	(230.04)	
Rebate on Export	(398.97)	(399.40)
Profit before Tax	121.47	87.40
Profit After Tax	74.30	40.65

Performance:

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

The other income has shown an increase primarily on account of the foreign exchange gains accruing on account of the fall in INR. Since 90% of the company's income is derived from exports, the continued depreciation in the INR is positive for the company.

Analysis of Expenses:

The direct cost of operations in FY 12-13 are significantly lower than FY 11-12. This is primarily on account of the lower sales of Enterprise Connectivity Products.

The company has reduced its employee headcount substantially in FY 12-13 as compared to the previous year. This has resulted in the sharply lower employee costs for the company. The company is continuing to reduce its employee strength by increasing productivity within the company.

Directors' Report

Financial costs have nearly halved as compared to the previous year. This is on account of better working capital management and improvement in the receivables cycle. This should reduce further in the current year. Other expenses have also fallen by 10% over the previous year. This is a healthy trend and as the company keeps the focus on cost reduction, this will continue to show a declining trend.

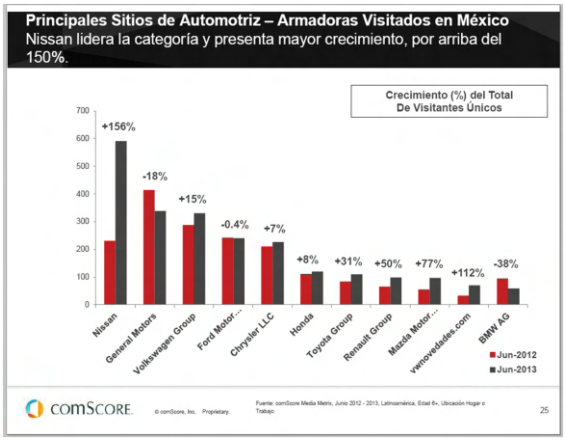
Profitability:

The company's Profit BeforeTax and exceptional items has recorded an increase of more than 200% over the previous year. The Company has written back unrecovered interest of Rs. 2.30 crores as a matter of abundant caution. A one-time rebate on exports has been given to the company's US subsidiary due to the precarious state of the economy in the US and EU regions.

The Company's Profit AfterTax has increased by more than 160% over the previous year. This has been achieved despite the company's major markets US and Europe facing severe headwinds on the economic front. The company hopes to improve the performance further in the current year.

Business Overview:

A ComScore report on the online performance of Mexican Automotive brands says it all. Among the top five most visited automotive brands, Nissan came first with a growth of 150%, which is about 10 times more than the other top 5 brands in the list.



NISSAN on top, powered by izmo: ComScore

What the ComScore report did not mention was the fact that Nissan's online growth was driven entirely by izmocars, which powers 155 Nissan dealer websites in Mexico. With 206 automotive dealer websites in various production stages, izmocars is the leader in the Mexican market.

Back in the United States, AddOnAuto, the virtual Accessories Company of izmocars and the #1 accessories sales solution in the country, was signed up by 3M and BESTBUY, both Fortune 500 companies, to provide virtual selling solutions, marking izmo's entry into the big ticket aftermarket accessories space. The company has already tied up with Nissan and Toyota to provide interactive accessories marketing, as well as directly providing dealers the AOA virtual accessories sales solution that helps sell millions of dollars worth of accessories every year.

In the Automotive imagery and interactive marketing space, izmocars continued serving AOL, Yahoo, Microsoft, GM, Toyota, and Mitsubishi Motors, as well as US News, JATO, Data One, DME, Evolio, Auto 123, Auction123, Autonations, HighGear Media, ADS, Dealer eProcess, Vincentric, Go Moto, Auto Bytel, Source Interlink, CostCo, AmericanFamily, JDPA, Imagespan, SnapSort, Mojo, AutoNet, KUKUI, Carqualifier (Autobid), Media One Utah, and App Soft Development.

In France, izmoEurope went live with 30 automotive websites for the Lamerault Group, 19 websites for the Metin Group, and 4 websites for the Kayser Group. With more than a 100 websites in the making for another prominent European auto dealer chain, izmoEurope is the fastest growing Online Solution Provider in the French market, with a brand portfolio including Audi, Citroen, Dacia, FIAT, KIA, Nissan, Peugeot, Renault, Skoda, Suzuki, Toyota, and Volkswagen.

With North American markets well on their way to pre-2007 sales levels and Western European markets showing clear signs of recovery, izmocars is well positioned to capitalize on the emerging opportunities in both continents.

Directors' Report

USA :

Leaving a torturous half-decade of depressed sales and struggling dealerships behind, US Automotive retail has finally arrived, and is all set to close the year in the vicinity of 16 million vehicle sales. The industry's sales pace for July is on track for its best year since 2007, when 16.1 million vehicles were sold. An encouraging trend about the recovery is that it rides on true innovation, and not incentives, according to J.D. Power and Associates. During the first six months of the year, prices on new vehicles rose 3%, as a result of new and exciting vehicles entering the market. True to the trend, OEMs are now disinclined to offer lavish incentives that hurt resale values.

In July alone, the US automotive industry sold 6,57,404 cars, an increase of 12.6% over the same month last year. GM deliveries rose 16% in July, with all four of its brands advancing. Honda sales increased 21% and Toyota sales by 17%, overtaking Ford Motor Co. for the third place in vehicle sales. Light vehicle sales for Ford, Chrysler, and Nissan gained 11%.

Light-duty truck sales, including SUVs and Crossovers, stood at 6,57,790, an increase of 15.4% over July 2012. SUV sales rose to 1,23,719 units, an increase of 17.1%, and Crossover sales touched 283,130 units, an increase of 15.3%. American pick up sales is also increasing by leaps and bounds. Sales of Ford's F-Series trucks climbed 23 % to 60,449. GM's Chevy Silverado truck sales surged 45% to 42,080 units, and Chrysler's Ram pickup sales increased 31% to 31,314 units.

Traditionally, Trucks and SUVs are the most accessorized vehicles in the US and the sales surge in these categories is expected to drive demand for AddOnAuto, the market leader in interactive accessories sales.

Results Driven Growth at Dealerships:

The sustained growth of automotive sales was reflected in dealerships as well. There was a net increase of 95 dealerships in 2012, bringing the total to 17,635 dealerships, according to NADA State of the Industry Report 2013. On Average, dollar sales increased 9.5%, and 2 employees were added to the workforce at dealerships.

With the automotive industry driving in top gear and taking the lead in pulling USA out of recession, the present growth in the number of dealerships is expected to go up significantly by the end of the year.

Again, new vehicle net profit rose to $111 from $23 in 2011. For the average dealer, dealership revenue grew by 9.20% and new-vehicle revenue by 12.80% in 2012. The new-vehicle department profitability as a percentage of gross profit increased to 30.40% from 28.80% in 2011 and the used-vehicle department profitability as a percentage of gross profit rose to 25.60 % from 25.40 % in 2011. The share of gross profit held by the service and parts department fell to 44 % from 45.80 % in 2011, but the share held by F&I and service contracts rose to 36.90 % from 33.80 % in 2011.

Dealers are now keeping a tight leash on expenses, spending money only in areas that deliver measurable results and pruning down drastically in areas where returns are sluggish or cannot be effectively measured. Dealer advertising is a case-in-point.

New-vehicle dealers spent nearly $7.2 billion on advertising in 2012, up from $6.4 billion in 2011. However, the average ad expense per new vehicle sold fell to $621, down 1.10% from 2011. Dealer budgets for newspapers dropped by nearly 30 percentage points over the last decade, with the average dealership spent 26.50% of advertising dollars on Internet ads, up from 24.80% in 2011. Radio had a 15.90% share, which is the same as 2011, while television increased slightly to 20.20% from 20.10%.

The shift in industry outlook from “sales at any cost” to revenue and profit focused operations have opened up tremendous opportunities for online solution providers like izmocars, to lead with innovative solutions that will drive workforce productivity, customer centric dealer operations increasingly driven by online customer interactions, and revenue diversification focused on optimizing profit per car sale, by adding value in terms of accessories, service, parts and insurance, and customer references.

Take profit diversification, for instance. Dealerships across the country are prioritizing on adding value to new car sales, since new car margins are wafer thin.

Directors' Report

Download AOA Accessories Trend Report 2013

Enter accessories, which is a huge profit multiplier in dealerships which are equipped and trained to sell accessories. The 150 dealerships across the country who participated in the AddOnAuto Trend Report 2013 study sold $56 million in accessories in 2012. Using the AOA Virtual Accessories Confugarator, these dealers sold more than 50% of the customers who were presented with accessories. Profits were astounding: with gross profits averaging 48.40%.

Increasingly, a larger share of revenues and profit are also coming from service, body shop, long term customer relationship cycles, and referrals.

Customer Centric Business Innovation:

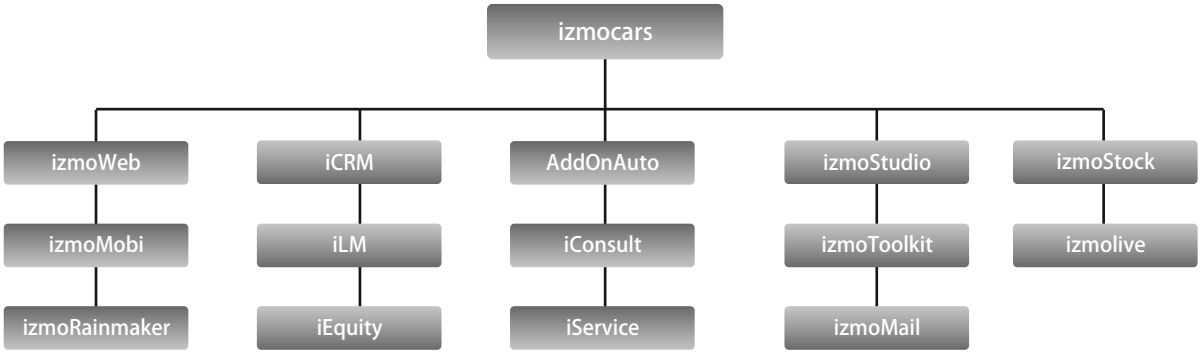
Connected and empowered customers continued to drive US auto retail, with more than 85% of prospective buyers researching cars on the Internet and more than 80% going on Facebook before stepping into a dealership. As a result, dealerships are now focused on building long-term relationships with customers and prospects that create value for both. The new revenue opportunities in these dealerships are mainly in accessories, service, and customer relationship management.

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

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

Toyota and Nissan had already opted for AOA, and the company made a recent breakthrough by converting 3M and BESTBUY, both Fortune 500 companies. Automotive manufacturers are increasingly evincing strong interest in izmo solutions. Negotiations are on with several automotive OEMs.

Izmocars Solutions :



Directors' Report

AddOnAuto

In-store Accessories Sales

Related Products

iConsult
Sales Performance Coaching

iService
Sales Performance Coaching for Service

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

Visual Accessories Configurator

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

Virtual Inventory

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

www.izmocars.com/solutions/aoa.html

izmoWeb

Intelligent Web Design

Related Products

izmoMobi
Mobile Websites

IzmoToolkit
Internet Tools for Successful Auto Business

izmoMail
Interactive Customer Communication

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

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

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

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

www.izmocars.com/solutions/izmoweb.html

Directors' Report

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

izmoRainmaker

Organic Online Marketing

Related Products

izmoWeb
Intelligent Web Design

iLM
Internet Lead Management

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

izmoRainmaker Offers:

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

www.izmocars.com/solutions/izmorainmaker.html

Directors' Report

iCRM
Customer Relationship Management

Related Products

iLM
Internet Lead Management

iEquity
Actionable Customer Intelligence

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

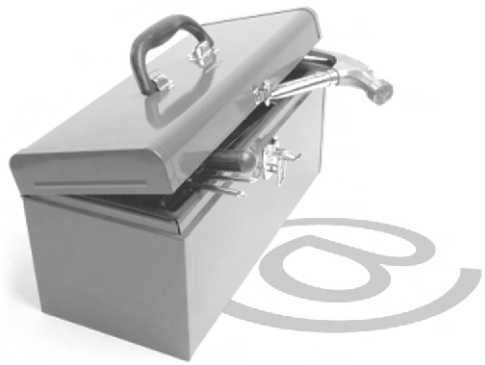
iCRM is delivered as a service, is completely Web- based and contains the following core functionalities:

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

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

www.izmocars.com/solutions/icrm.html

iService
Online Service Booking and Management



Related Products

iConsult
Sales Performance Coaching

iLM
Internet Lead Management

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

iService Helps dealers achieve:

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

www.izmocars.com/solutions/iservice.html

Directors' Report

izmoStudio

Automotive Imagery & Animation

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

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

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

www.izmostudio.com

Related Products

izmoStock	IzmoToolkit	IzmoMail
Automotive Stock Photography	Internet Tools for Successful Auto Business	Interactive Customer Communication

Europe - On the Path to Recovery :

The European car market grew 5% in July, supporting a recovery in the second half of 2013. Registrations of new cars in Europe rose 4.80 % compared to the same month a year ago to 1.02 million vehicles, according to data published by the German Auto Industry Association VDA. Passenger car registrations increased in Germany, UK, France and Spain last month.

Sales in Germany, the region's biggest economy, were up 2%.

UK registrations increased by 13% and industry association SMMT raised its forecast for the full year, predicting growth of 8% to 2.22 million vehicles instead of the 3% increase foreseen earlier. UK sales have risen by 10% in the first seven months, helped by 0% financing and price discounts. Demand in the UK continued to expand because of improvements in both private and fleet sales in July.

French car sales rose 1%, the first increase in almost two years, as new models and dealer discounts attracted customers. Car sales in Spain rose 15%, supported by a government-backed scrappage program. On the other hand, Italian car sales fell by 2%, which is the smallest contraction in almost two years.

The sustained downtrend in the market has resulted in web focused business restructuring in dealerships across Western Europe, with traditional marketing practices giving way to a more efficient web-centric, customer-focused sales and business retention strategy.

As a result, izmoEurope, the European subsidiary of your company, was able to achieve a breakthrough in France. Lamirault, a prominent dealer group in France is now powered by izmoEurope, with 30 websites currently live. Izmo is serving the Metin group with 19 websites, and the Kayser Group with 4 websites. More than a 100 dealer websites are now in various stages of design and production for another prominent automotive group in France. izmoEurope is already powering a premium Aston Martin dealership in Belgium, and negotiations are in advanced stages with several OEMs.

The izmo interactive visual marketing division in conjunction with the izmo automotive studio located in Brussels is currently serving JDPA, EUCON, EUROPCAR, EUROTAX (Global), HERTZ (France, UK, Italy, Spain and Germany), Orange Wheels, Tusker Direct (UK), MEINAUTO (Germany), ELLITE, ACHETER SA VOITURE, AUTOREDUC, Lamerault, Metin, Kayser (France), CAREVILLE, Click Your Car (Belgium) and Terberg Leasing (Netherlands).

Directors' Report

Indian Automotive Industry at the crossroads :

For the first time in the last 12 years, the Indian auto industry registered a domestic sales slide of 8% in July, and the two-wheeler market remained more or less flat. Fluctuating fuel prices and high interest rates remain huge impediments to fast-paced growth in retail auto sales.

Market leader Maruti Suzuki managed to sell 83,299 vehicles in July, registering a growth of 1.3% over July 2012. Hyundai Motor India Limited, the country's second largest car manufacturer and the largest passenger car exporter sold 48,704 vehicles in the same month, a marginal decrease over the 52,845 vehicles sold during the same month last year. Mahindra & Mahindra registered a sales volume of 37,096 vehicles, a drop of over 21.17%.

With 14,470 vehicles sold during July, Toyota Kirloskar Motor reported a 10% decrease in sales, against 16,062 vehicles sold in the same month last year. Tata Motors has reported sales of 87,566 vehicles, less than 14% over the same month last year.

To cope with the downturn and fierce competition, car dealers are now increasingly turning to web-based technology solutions. Carazoo, the only Automotive solutions provider in the Indian market to provide 360 degree auto retail solutions, from the motortrend.in Auto Portal to Virtual Dealer Showrooms complete with virtual vehicle walk-arounds and interiors, is now experiencing fast-paced growth. The Carazoo suite of solutions also include online marketing, Accessories Sales, CRM and Lead Management Solutions.

Market Opportunity and Growth Strategy :

USA

The Total dollar sales at US new-car dealerships increased by 9.20% in 2012, the third full year of post-recession growth. New car sales showed a 12.80% increase in revenue, while used car sales registered a 7.10% increase in revenue, a 1.60% increase in transaction prices, and a 12% gross margin on retail used-car selling prices.

Online, Connected and Networked:

The average dealer in the US is now enthusiastic about online sales and dealer operations, thanks largely to the high cost of traditional advertising as well as OEM initiatives to take dealerships online. New-vehicle dealers spent nearly $7.2 billion on advertising in 2012, up from $6.4 billion in 2011. In 2012, the average dealership spent 26.50% of advertising budgets on online advertising and promotions, up from 24.80% in 2011.

As a result of restructured advertising expenses, the average ad expense per new vehicle sold fell to $621, down 1.10% from 2011. It is not a coincidence that in the past 10 years, dealer budgets for newspapers have dropped by 30%.

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

With an average internet advertising spend to the tune of $90,106 per dealer, this represents an annual market opportunity of approximately US $ 1,589,019,310 in recurring high margin revenue.

European Union:

By 2013, izmocars Europe BVBA has been able to expand its client-base to include JDPA, EUCON, EUROPCAR, EUROTAX (Global) HERTZ (France, UK, Italy, Spain and Germany) Orange Wheels, Tusker Direct (UK), MEINAUTO (Germany), Lamerault, ELLITE, ACHETER SA VOITURE, AUTOREDUC, Metin, Kayser (France), CAREVILLE, Click Your Car (Belgium) and Terberg Leasing (Netherlands). Services now being offered include studio services, custom photography, interactive virtual dealership websites, retouched used car image portfolio, lead management, and accessories sales.

Directors' Report

Carazoo:

Carazoo, now a 51%-49% Joint Venture between Motortrend, a leading global automotive portal and publications group and Logix Microsystems Limited, has achieved impressive growth in the last fiscal. Inside just 3 months of launch, the rebranded motortrend.in portal clocked 554,317 page views in July 2013, up from 410,604 page views in June

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

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

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

With 117 online showrooms currently live and several in various stages of production, Carazoo is the dominant player in the car dealer website space. The Carazoo website portfolio includes 37 Maruti Suzuki dealer websites, 16 Volkswagen dealer websites, 11 Hyundai dealer websites, 9 Honda websites, 9 Mahindra websites, 7 Chevrolet websites, 5 Ford websites, 4 Renault websites, 3 Tata Motors websites, 3 Nissan websites, 2 Skoda websites, and a Jaguar and Landrover website, besides Bajaj, Hero and Honda websites in the 2-wheeler segment, group websites, and Trucks & Tractors websites. Some of these Carazoo-powered online showrooms are: Mody Group, VVC Mahindra (Hyderabad),, Kun Group (Chennai), Bimal Auto, KHT Group (Bangalore), Premier Group (Kolkata) and Asset Group (Pune).

Growth Paths:

The increase in US consumer demand for new cars resulted in enhanced spends on innovative marketing solutions and platforms where results were attractive and measurable. Consequently, izmocars saw rapid growth in segments like accessories sales.

Forays into other high-potential markets like Europe and Asia have started producing results for izmocars, since all of izmocars solutions can be adopted across geographies.

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

Growth Strategies:

Izmocars is uniquely positioned as the innovation leader in US automotive retail, providing solutions like AddOnAuto, an accessories sales solution which is now the market leader in the US; apart from market-leading interactive selling tools and automotive photography. izmocars aims to consolidate market position and thought leadership as the only end-to-end Automotive e-Solutions Provider in the 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.

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 of GM, Ford, Toyota, Mitsubishi, Nissan, Aston Martin, Renault and Hyundai. Negotiations are at an advanced stage with several OEMs and dealer groups in Western Europe and Latin America.

Directors' Report

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, 2013, 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:

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

FIXED DEPOSITS:

Your Company has not accepted any deposits.

HUMAN RESOURCES:

As on March 31, 2013 the employee strength was 167. This includes staff in India and in overseas offices.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. R N Chawhan, Director of the Company retires by rotation and is eligible for reappointment.

Mr. Sanjay Soni was appointed as Managing Director of the Company for a period of three years with effect from 1st April 2010 to 31st March 2013. The Board at its meeting held on 6th February 2013 reappointed him as Managing Director for a further period of three years commencing from1st April 2013 till 31st March 2016 subject to the approval of the members of the Company and the Central Government (since his remuneration exceeds the limits prescribed in the Schedule XIII).

The term of Chairperson as Wholetime Director of the Company expires on 30th September 2013. It is recommended to appoint her as Wholetime Director for three years with effect from 1st October 2013.

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:

Mr. R Vijayanand, Chartered Accountant, the retiring Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and is eligible for reappointment. The Company has received a certificate from him that his reappointment, 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 2nd September, 2013, relevant notes on accounts are self explanatory.

Directors' Report

PARTICULARS OF EMPLOYEES:

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

Name	Age (Yrs)	Designation & Nature of Duties	Remuneration Per annum	Qualification	Experiance	Date of Joining	Details of last employment
Sanjay Soni	45 years	Managing Directors	Rs.60,00,000/-*	MBA from IIM	19 years	18-09-1995	Business

*includes all allowance and perquisites

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:

a. These statements have been prepared in conformity with generally accepted accounting principles and appropriate accounting standards.

b. Judgments and estimates that are reasonable and prudent have been made where necessary.

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

d. 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.

e. The Company's Statutory Auditors, Mr. R Vijayanand, Chartered Accountant, have audited the financial statements in accordance with generally accepted auditing standards and practices as indicated in his 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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

A. Conservation of Energy :

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

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

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

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

Directors' Report

C. Foreign Exchange Earnings & Outgo :

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

Earnings	–	Rs.1451.87 Lakh (PY Rs.1,377.97 Lakh)
Outgo	–	Rs.536.07 Lakh (PY Rs.508.77 Lakh)

ACKNOWLEDGMENT:

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

By order of the Board
for Logix Microsystems Limited

Place: Bangalore
Date: 2nd September, 2013

Shashi Soni
Chairperson

Directors' Report

ANNEXURE A

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2012-13

Name of Subsidiary	Izmo Europe BVBA	Logix America Inc. and its subsidiaries	Midrange Software Pte Ltd
1. The Financial year of the Subsidiary Company Ended on	31.03.2013	31.03.2013	31.03.2013
2. Date from which they become Subsidiary	27.06.2008	26.06.2000	10.01.2000
3. Number of Shares held by Logix Microsystems Limited with its nominees in the Subsidiaries as at 31.03.2013 9(including Shares pending allotment)	1,359,093	1,00,000Equity 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 31.03.2013	100%	100%	100%
4. The net aggregate amount of the Profit/(loss) so far as it concerns the members of the Holding Company		1,00,000Equity shares of US $195.01 each fully paid up.	1,904,915 Equity Shares of Singapore $1 each fully paid up.
* Not dealit with in the Holding Company's Accounts			
(a) For the Financial year ended 31.03.2013	(EUR 290,091,1.25)	USD 3,515,872,.80	(SGD 52,172.85)
(b) For the previous Financial years of the Subsidary Companies since they became the Holding Company's Subsidaries.	(EUR 1,597,646.00)	USD 8,287,951.44	(SGD 29,604.00)
*Deal with in the Holding Company's accounts			
(a) For the Financial year ended 31.03.2013	NIL	NIL	NIL
(b) For the previous Financial years of the Subsidary Companies since they became the Holding Company's Subsidaries.	NIL	NIL	NIL

Particulars	Izmo Europe BVBA	Logix Americas Inc and its Subsidiaries	Midrange Software Pte Ltd
(a) Capital	EUR 1,359,039.00	USD 32,849,100.00	SGD1,904,915.00
(b) Reserves	(EUR 1,597,646.00)	USD 8,287,951.44	-SGD 29,604.00
(c) Total Assets	EUR 430,729.00	USD 41,675,681.00	SGD 3,000,355.00
(d) Total Liabilities	EUR 669,282.00	USD 538,629.56	SGD 1,125,044.00
(e) Detailsof investment (except in case of investment in subsidiaries)	EUR 0.00	USD 0.00	SGD 0.00
(f) Turnover	EUR 256,485.50	USD 4,983,099.70	SGD 270,809.00
(g) ProfitBefore Taxation	(EUR 290,091.25)	USD 3,515,872.80	(SGD 52,173)
(h) Provision for Taxation	EUR 0.00	USD 0.00	SGD 0.00
(i) Profit after taxation	(EUR 290,091.25)	USD 3,515,872.80	(SGD 52,173)
(j) Proposed Dividend	EUR0.00	USD 0.00	SGD 0.00

Report on Corporate Governance

1. Company's Philosophy on Code of Governance

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

2.Board of Directors

The Board of Directors of the Company is comprised of

1. Non-executive Directors and
2. Executive Directors

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

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

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

During the year 5 Board Meetings were held on 15.05.2012, 14.08.2012, 04.09.2012, 05.11.2012 and 06.02.2013.

3. Audit Committee

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

The functions of Audit Committee are as follows:

(a) To oversee the Company's financial reporting process and disclosure of its financial information;

(b) 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;

(d) Compliance with Accounting Standards;

(e) Compliance with the Stock Exchange and legal requirements concerning financial statement and related party transactions, if any;

(f) To review the Company's financial and risk management policies;

(g) Discuss with the Internal Auditors any significant findings for follow-up thereon;

(h) To review the quarterly, half yearly and annual financial statement before submission to the Board of Directors.

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

The Audit Committee is comprised of the following Directors:

1) Mr. Vijay Kumar D Gupta – Chairman
2) Mrs. Shashi Soni – Member
3) Mr. R N Chawhan

The Audit Committee has met 5 times during the year under review on 15.05.2012, 14.08.2012, 04.09.2012,05.11.2012 and 06.02.2013.

Mr. Vijay Kumar D Gupta, Mrs. Shashi Soni and

Mr.RN Chawhan have attended all the 5 meetings.

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

4.Share Transfer Committee :

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

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

The Share Transfer Committee is comprised of the following Directors:

1.Mr. Sanjay Soni – Chairman

2.Mrs. Shashi Soni - Member

Report on Corporate Governance

5.Remuneration Committee :

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 one Non-executive Director and one Executive Director.

The Remuneration Committee is comprised of the following Directors:

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

The Remuneration Committee met once during the year under review on 06-02-2013.

3. Remuneration Policy

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

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

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

4. Details of remuneration for the year 2012 – 2013:

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

6. Shareholders' Grievances Committee :

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

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7.General Body Meeting:

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

Year	Venue	Date	Time
2009-10	Bharatiya Vidya Bhavan Race Course Road	29.09.2010	10.00 AM
2010-11	Hotel Chalukya Race Course Road	29.09.2011	4.30 PM
2011- 12	Bharatiya Vidya Bhavan Race Course Road	29.09.2012	9.30 AM

8. Postal Ballot:

There was no situation which warranted proposal of any resolution by Postal Ballot

9. Disclosures:

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

10. Means of Communication:

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

11. Disclosures regarding Suspense Account pursuant to SEBI Circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated 24.4.2009:

As per the above mentioned Circular, Clause 5A stands for shares issued pursuant to the public issues or any other issue which remain unclaimed and are lying in the escrow account and any unclaimed benefits like Dividend, Bonus shares etc. on such shares, which are to be credited to the Demat Suspense Account. Your Company is taking steps to streamline all the requirements.

12.General Shareholders Information:

Annual General Meeting is proposed to be held on Monday, the 30th day of September 2013 at 9.30 A.M at Hotel Bharatiya Vidya Bhavan, Race Course Road, Bangalore – 560 001.

Report on Corporate Governance

· Dates of book closure: 30th September 2013.
· Listing of Equity Shares on Stock Exchanges at National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE)
· Listing fees for the year 2012-2013 has been paid to National Stock Exchange and the Stock Exchange, Mumbai.

· Scrip Code at:

National Stock Exchange – LOGIX MICRO

The Stock Exchange, Mumbai - 532341

· Registrar and Share Transfer Agent and Share Transfer System:

Cameo Corporate Services Limited

"Subramanian Building", 5th Floor,

1, Club House Road, Chennai – 600 002.

Tel: 044-28460390

Fax: 044-28460129

Email: cameogm@satyam.net.in

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

Shareholders' correspondence should be addressed to the Company's Registrar and Share Transfer Agents. Members may also write to the Compliance Officer at the Registered Office of the Company as stated below:

Mr. Gopi S D

Senior Manager – Finance & Accounts

& Compliance Officer

P.O. Box 7620, 177/2C, Billekahalli Industrial Area,

Bannerghatta Road, Bangalore – 560 076.

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

· Distribution of Shareholding as on 31.03.2013 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Up to 100	3,596	50.78	2,62,502	2.17
101 - 500	2,146	30.30	6,38,558	5.27
501 - 1000	614	8.67	5,07,703	4.20
1001 - 2000	334	4.72	5,12,920	4.24
2001 - 3000	137	1.93	3,53,914	2.93
3001 - 4000	48	0.68	1,70,561	1.41
4001 - 5000	43	0.61	2,04,363	1.69
5001 - 10000	78	1.10	85,69,285	4.71
10001 & above	86	1.21	8,78,867	73.38
TOTAL	7,082	100.00	1,20,98,673	100.00

· Shareholding Pattern as on 31.03.2013 :

CATEGORY	NO. OF HOLDERS	TOTAL SHARES	% TO EQUITY
Resident	6,743	65,46,432	54.11
FII	2	13,48,248	11.14
NRI	81	1,32,655	1.10
Corporate Body	227	15,72,228	13.00
Clearing Member	18	2,02,505	1.67
Promoters	11	22,96,605	18.98
TOTAL	7,082	1,20,98,673	100.00

Report on Corporate Governance

· Dematerialisation of shares:

As on 31.03.2013, 97.95% of the Company's total Share Capital was held in dematerialised form. The Demat ISIN No. in NSDL & CDSL is INE 848A01014.

Address for correspondence :

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

P.O. Box 7620, 177/2C, Billekahalli Industrial Area

Bannerghatta Road, Bangalore – 560 076

Tel : +91-80-6712 5400 to 5409

Fax : +91-80-6712 5425

· **Shareholder correspondence should be addressed to:**

Cameo Corporate Services Limited

"Subramanian Building", V Floor,

1, Club House Road, Chennai – 600 002

Tel: 044-28460390-94

Fax: 044-28460129

Email: cameogm@satyam.net.in

Contact person: Mr. Narashiman

· **Stock market price data for the year 2012-2013 on BSE :**

Month	High	Low
April - 2012	23.85	17.60
May - 2012	22.20	17.20
June - 2012	28.30	18.00
July - 2012	26.15	19.00
August - 2012	24.50	18.70
September - 2012	21.90	17.00
October - 2012	20.50	18.10
November - 2012	19.70	16.15
December - 2012	23.95	17.00
January - 2013	22.45	15.00
February - 2013	16.90	13.30
March - 2013	14.90	8.00

· **Stock market price data for the year 2012-2013 on NSE :**

Month	High	Low
April - 2012	24.35	17.45
May - 2012	21.05	16.50
June - 2012	28.20	17.70
July - 2012	27.00	18.60
August - 2012	26.00	18.00
September - 2012	21.50	17.90
October - 2012	20.30	17.50
November - 2012	19.00	16.45
December - 2012	23.90	16.75
January - 2013	22.30	15.00
February - 2013	17.00	13.15
March - 2013	15.45	8.20

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

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

By Order of the Board
for Logix Microsystems Limited

Place : Bangalore
Date : 2nd September, 2013

Shashi Soni
Chairperson

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: 2nd September, 2013

Sanjay Soni
Managing Director

CERTIFICATE

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

To:

The Members of

Logix Microsystems Limited

Bangalore

I have examined the compliance of the conditions of Corporate Governance by Logix Microsystems Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange Mumbai/National Stock Exchange of India Limited, in India.

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

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

I state that in respect of investors' grievances received during the year ended 31st March, 2013, no investor grievances are pending against the Company as on 31st March, 2013, as per the records maintained by the Company and as stated by the Registrar and Share Transfer Agent.

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

Place: Bangalore
Date: 2nd September, 2013

Manjunatha Reddy
CP No. 7259 Membership No. 19957

Auditors' Report

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

Report on the Financial Statements

1. I have audited the attached Balance Sheet of M/s LOGIX MICROSYSTEMS LIMITED, BANGALORE Limited ('the Company') as at March 31, 2013 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

6. I further report that:

   (i) Attention is drawn to Note No 24.14(b) as regards remuneration paid to the managing director is in excess of limits prescribed under the Companies Act,1956.

   (ii) Short Term Loans and advances as at 31st March 2013 includes a sum of Rs. 51.42 lacs of accrued interest on Inter-Corporate Deposits (ICD), which is long overdue and pending confirmation. Management is of the opinion that the same would be recovered in full and accordingly no provision towards possible non-recovery has been made in respect of the same. In the absence of confirmation for the same, I am unable to comment on the recoverability of the aforesaid amounts.

   (iii) Attention is drawn to Note No 24.30 as regards to reversal of interest receivable as doubtful. This includes ICD related receivable of Rs.230.04 lacs which is secured against pledge of shares, which as at the Balance Sheet date had a market value of Rs. 29.94 lacs which was lower than the outstanding balance. The management is of the view that interest is no longer receivable accordingly provision towards possible non-recovery has been made in respect of the same.

   (iv) Attention is drawn to Note No 24.19 as regards Investment in Subsidiaries including Share Application Money pending allotment, Long term investments as at the Balance Sheet date include Rs.160.40 crores in wholly owned subsidiaries, including share application pending allotment, which are carried at cost. In the absence of independently reviewed / audited financial statements in respect of these subsidiaries (including their step down subsidiaries), we are unable to carry out necessary procedures to reliably examine if there has been a permanent decline in the carrying value of the stated investments. We are therefore unable to comment on the impact, if any, on the Profit & Loss account and the adequacy of Reserve for Diminution in value of long term Investments as at the Balance Sheet date.

   (v) Attention is drawn to Note No.24.23 as regards Exceptional expense recognized during the year. During the current financial year the company consequent to the commercial negotiations with its subsidiary Homestar Inc has accepted mutually to offer a rebate on exports of Rs. 389.96 lacs.

   (vi) Attention is drawn to Note No.24.29 as regards balances of Sundry Debtors, Loans and Advances are subject to reconciliation and confirmation.

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

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

   (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2013;

   (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

   (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

9. As required by Section 227(3) of the Act, I report that::
   i. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
   ii. In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
   iii. The financial statements dealt with by this report are in agreement with the books of account
   iv. {Except for the effects of the matter(s) described in paragraph 6 above}, in my opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
   v. On the basis of the written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

R.Vijayanand
Chartered Accountant
Membership No: 202118
Bangalore
Date : 2nd September, 2013

ANNEXURE TO THE

Auditors' Report

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

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

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

II. Inventory:
   (a) According to information and explanations given to me, the management has conducted physical verification of inventory at reasonable intervals.
   (b) In my opinion and according to the information and explanation given to me, 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 my opinion and according to the information and explanations given to me, the company has maintained proper records of inventory. As explained to me, no material discrepancies were noted on physical verification.

III. Loans Granted:
   (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii) (d) of the Order are not applicable
   (b) In respect of the loans granted to the other company, no repayment schedule has been defined and no interest is charged on such loan, and in my opinion it is not prima facie prejudicial to the interest of the company. Consequently, clause iii(c) and iii(d) of the Order are not applicable.
   (c) The Company has availed an interest free unsecured loan of Rs.23.26 lacs from director during the year.
   (d) In respect of the loans taken from director, no re-payment schedule has been defined and no interest is paid on such

loan, and in my opinion is not prima prejudicial to the interest of the company.

(e) During the year, the company has availed an interest free unsecured loan of Rs.41.33 lacs from Carazoo Online Solutions Pvt Ltd., a subsidiary of the company

(f) In respect of the loans availed from other company, no repayment schedule has been defined and no interest is charged on such loan, and in my opinion it is not prima facie prejudicial to the interest of the company. Consequently, clause iii(c) and iii(d) of the Order are not applicable

IV. In my opinion and according to information and explanations given to me, having regard to the explanations that certain items purchased are of special nature for which suitable alternative smyces do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of material and fixed assets and for the sale of goods. Further, on the basis of my examination of the books and records of the company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to me, I have not observed nor have been informed of any continuing failure to correct major weaknesses in internal controls in these areas.

V. (a)In the absence of updated registers being made available for my verification during the course of audit I 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 my comment in (a) above, I am 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 any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

VII. The Company has an internal audit system, the scope and coverage of which, in my opinion, requires to be further enhanced to be commensurate with its size and the nature of its business.

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

IX. (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, service tax, custom duty and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases.

Further, Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Date of Payment
Service Tax	Output Service tax 12.36%	40,09,140	April 2011 to March 2012	Amount not paid till date
Service Tax	Output Service tax 12.36%	8,56,241	April 2012 to September 2012	Amount of 3,95,298 has been paid till date
Income Tax Act, 1961	TDS on foreign Payments	14,40,111	April 2012 to March 2013	An amount of 3,95,298 has been paid on various dates
Income Tax Act, 1961	TDS on Salaries and Director Remuneration	12,63,658	April 2011 to March 2012	Amount not paid till date
Income Tax Act, 1961	TDS on Salaries and Director Remuneration	19,65,924	April 2012 to September 2012	Amount not paid till date
The Employee Provident Funds and Miscellaneous Provisions Act,1952	Employer and Employee Contribution	3,68,021	April 2011 to March 2012	Amount not paid till date
The Employee Provident Funds and Miscellaneous Provisions Act,1952	Employer and Employee Contribution	20,50,740	April 2012 to September 2012	Amount not paid till date

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

Name of the statute	Nature of dues	Amount (Rs)	Amount Paid Under Protest (Rs)	Period to which the amount relates	Forum where dispute is pending
Karnataka Value added Tax Act, 2003	Central Sales Tax	227.93 lacs	NIL	F. Y 2005-06	Commissioner of Commercial Taxes-Karnataka
Income Tax Act, 1961	Transfer Pricing			F.Y 2008-0	Dispute Resolution Panel

(c) The Company during the year has not made remittance towards Withholding tax dues with respect to Salaries and payments made to Non residents under the provisions of Income tax Act,1961 and has not made remittance towards service Tax dues under the Provisions of Finance Act 2005. Further provisions for interest on account of the above dues have not been provided for in the books of account.

(d) As regards provision for current year taxation the company is in the process of making payment towards withholding tax dues under the provisions of Income Tax Act,1961 and provident fund dues under the provisions of Provident Fund

Act,1952. Management is of the opinion that Dues with respect to withholding taxes and Provident fund dues shall be paid in full before the due date of filing of Income tax returns and accordingly no disallowance under the provisions of Income Tax Act,1961 shall be attracted in respect of the same.

X. In my opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

XI. According to the information and explanations given to me and on the basis of examination of books of accounts, I observe that the Company has defaulted in repayment of term loans instalments amounting to Rs.53.76 lacs (Principal amount of Rs.33.75 lacs and Interest of Rs.20.00 lacs) payable from September to March 2013 and Rs. 68.65 lacs towards other credit facilities payable from September 2011

XII. The company has granted a loan (Inter Corporate Deposit) on the basis of security by way of pledge of shares with an outstanding (including interest) of Rs. 218 lacs against which the market value of pledged security was only Rs. 29.94 lacs as at the year end, in respect of which adequate documents showing the pledge of assets in FMV Value of the company were unavailable. Further the Company has provided provision for the said amount in the books of account.

XIII. In my opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.

XIV. The Company makes investments in Shares and other Investments for which proper records have been maintained for the transactions and contracts; and timely entries have been made for the same. These investments have been held by the company in its own name. The investment register required to be maintained under Section 372A (5)(a) of the Companies Act is in the process of being updated.

XV. As explained to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

XVI. The company has obtained a corporate loan during the year for general corporate purposes, the terms of sanction for which does not specify stipulations regarding the purpose for which the same is to be applied.

XVII. On the basis of an overall examination of the balance sheet of the company, in my 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. During the year, the Company has not made any preferential allotment of shares to (parties /and companies) covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

XIX. The Company has neither issued nor had any outstanding debentures during the year. The Company has issued unsecured, convertible debentures to its holding Company . Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

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 me and based on my 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 cmyse of my audit.

R.Vijayanand
Chartered Accountant
Membership No.: 202118
Bangalore
Date: 2nd September, 2013

Balance Sheet
As at 31st March, 2013

	Note No.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	120,986,730	120,986,730
Reserves and Surplus	2	1,503,012,140	1,495,581,980
		1,623,998,870	**1,616,568,710**
Non-Current Liabilities			
Long Term Borrowings	3	13,335,633	20,843,064
Other Long Term Liabilities	4	14,468,550	11,148,550
Long Term Provisions	4A	4,633,480	5,403,610
		32,437,663	**37,395,224**
Current Liabilities			
Short Term Borrowings	5	122,908,179	134,661,276
Trade Payables	6	21,715,795	22,299,875
Other Current Liabilities	7	56,136,771	54,071,713
Short Term Provisions	8	4,364,640	2,066,036
		205,125,385	**213,098,900**
TOTAL		**1,861,561,918**	**1,867,062,834**
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		42,791,170	48,008,625
Intangible Assets		28,550	85,377
Non-Current Investments	10	1,602,978,996	1,602,978,996
Deferred Tax Assets (Net)		2,041,970	1,296,131
Long Term Loans & Advances	11	3,213,732	4,074,164
		1,651,054,418	**1,656,443,293**
Current Assets			
Current Investments	12	-	37,410
Inventories	13	295,359	131,964
Trade Receivables	14	173,920,418	167,279,524
Cash and Bank Balances	15	4,854,430	2,268,694
Short Term Loans & Advances	16	31,437,293	40,901,949
		210,507,500	**210,619,541**
TOTAL		**1,861,561,918**	**1,867,062,834**

Notes to Accounts & Significant Accounting policies **1 to 24**

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

for and on behalf of the Board

As per our Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountants
Membership No.202118

Place: Bangalore
2nd September, 2013

Statement of Profit and Loss

For the year ended 31st March, 2013

	Note No.		Year ended March 31, 2013 Rs.		Year ended March 31, 2012 Rs.
INCOME					
Revenue from Operations	17		169,355,223		178,762,142
Other Income	18		45,771,254		34,008,262
TOTAL REVENUE			**215,126,477**		**212,770,404**
EXPENDITURE					
Direct Cost of Operation	19		15,625,399		28,306,023
(Increase)/Decrease in Stocks/Work-in-Progress	20		(163,395)		224,349
Employee Benefit Expenses	21		73,028,709		87,173,780
Financial Costs	22		14,828,693		28,306,220
Depreciation/Amortisation Expenses			6,267,443		8,278,131
Other Expenses	23		31,390,271		35,684,227
TOTAL EXPENSES			**140,977,121**		**187,972,730**
Profit Before Tax & Exceptional item			**74,149,356**		**24,797,674**
Exceptional Items					
Reversal of employee compensation (expiry of vested stock options) (Ref Note 24.28)			-		23,883,067
Reversal of Interest receivable as doubtful			(23,004,553)		-
Rebate on Export (refer Note.24.23)			(38,996,849)		(39,940,831)
Profit Before Tax			**12,147,954**		**8,739,909**
Profit from continuing operation before tax		**12,147,954**		**6,170,079**	
Tax Expenses of Continuing Operations					
Current Tax		(3,927,917)		(1,133,836)	
Less: MAT Credit Adjustment		(1,535,716)		(1,302,614)	
Deferred Tax		745,839		331,313	
Profit from Continuing operations after tax (A)			**7,430,160**		4,064,942
DISCONTINUING OPERATIONS					
Profit/(Loss) for the year from discontinuing operations (Refer Note No. 24.27)		-		2,569,830	
Tax Expenses of discontinuing operations		-		(489,681)	
Profit from Discontinuing operations after tax (B)					2,080,149
Net Profit for the Year (A+B)			**7,430,160**		**6,145,091**
Earnings Per Share of Face Value Rs. 10/- each					
Basic			0.61		0.51
Diluted			0.61		0.51
(Refer Note No.24.16)					
Notes to Accounts & Significant Accounting Policies	1 to 24				

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

for and on behalf of the Board **As per our Report of even date**

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountants
Membership No.202118

Place: Bangalore
2nd September, 2013

Cash Flow Statement

For the year ended 31st March, 2013

	March 31, 2013 Rs.	March 31, 2012 Rs.
A. Cash Flow from Operating Activities		
Net Profit Before Taxation	12,147,954	8,739,909
Adjustments for:		
Depreciation	6,267,443	8,278,131
Interest Expense	17,438,775	13,402,354
Interest Income	(1,319,922)	(2,523,352)
Rental Income	(13,147,279)	(11,081,776)
Provision against Investment	-	-
(Profit)/ Loss on short term investments, includes dividend income(net of related expenses)	(18,557)	(21,007)
Profit on Sale of Assets	(200,885)	(317,000)
ESOP balance W/off	-	(23,883,067)
Forex (gain) / loss (Net)	(8,637,394)	(15,526,007)
Operating Profit Before Working Capital Changes	**12,530,136**	**(22,931,814)**
Movements in Working Capital :		
(Increase)/Decrease in Trade Receivables	(6,640,894)	149,727,039
(Increase)/Decrease in Current Investment	37,410	15,312,791
(Increase)/Decrease in Inventories	(163,395)	224,349
(Increase)/Decrease in short term Loans and Advances	18,102,050	18,987,780
Increase/(Decrease) in Current Liabilities and Provisions	(9,509,231)	(113,188,656)
Cash Generated from Operations	**14,356,076**	**48,131,489**
Direct Taxes paid (Net of Refunds)	(3,927,917)	(3,223,517)
Net cash from Operating Activities	**10,428,159**	**44,907,972**
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(1,834,981)	(106,120)
Proceeds from Sale of Fixed Assets	1,042,705	317,000
Rental deposit for builidings received	3,320,000	1,350,000
(Profit)/ Loss on short term investments, includes dividend income(net of related expenses)	18,557	21,007
Investment in Subsidiaries	-	(70,274,751)
Long term loans & Advances	860,432	955,985
Long term Provisions	(770,130)	(446,450)
Rental Income	13,147,279	11,081,776
Interest Received	1,319,922	2,523,352
Net cash used in Investing Activities	**17,103,784**	**(54,578,201)**
C. Cash Flows from Financing Activities		
Long Term Borrowings (Term loan & others)	(7,507,431)	20,843,064
Proceeds from issue of share capital (net of expenses)	-	-
Interest paid	(17,438,775)	(13,402,354)
Net Cash used in Financing Activities	**(24,946,206)**	**7,440,710**
Net increase in Cash and Cash Equivalents (A + B + C)	**2,585,736**	**(2,229,519)**
Cash and Cash Equivalents at the Beginning of the Year	**2,268,694**	**4,498,213**
Cash and Cash Equivalents at the End of the Year	**4,854,430**	**2,268,694**
Components of Cash and Cash Equivalents	**March 31, 2013**	**March 31, 2012**
Balances with Scheduled Banks		
- In Current Account	1,692,384	259,292
- In EEFC Account		
Cash on Hand	8,236	29,738
Earmarked balance with banks (Unpaid dividend)	1,783,810	1,783,810
Deposit with Bank	1,370,000	195,854
	4,854,430	**2,268,694**

for and on behalf of the Board

As per our Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountants
Membership No.202118

Place: Bangalore
2nd September, 2013

Notes on Financial Statements

For the year ended 31st March, 2013

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

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 1: SHARE CAPITAL		
Authorised Capital		
13,200,000 Equity Shares of Rs. 10 each, fully paid (Previous Year :13,200,000 Equity Shares of Rs. 10 each fully paid)	**132,000,000**	**132,000,000**
Issued, Subscribed and Paid Up Capital		
12,098,673 Equity Shares of Rs. 10/- each fully paid (Previous Year :12,098,673 Equity Shares of Rs. 10/- each fully paid) [Of the above shares, 100,000 (previous year :100,000) shares of Rs.10 each are allotted as fully paid up by way of issue of Bonus shares (issued in 1999-00) and 530,973 shares allotted as fully paid up pursuant to a contract, without payments being received in cash (issued in 2005-06)]	**120,986,730**	**120,986,730**

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

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	No.of Shares	% held	No.of Shares	% held
SANJAY VEDPRAKASH SONI	1,500,762	12.40	1,605,363	13.27
ASHISH DHAWAN	766,044	6.33	766,044	6.33
FID FUNDS (MAURITIUS) LIMITED	1,162,900	9.61	1,162,900	9.61
RELIGARE FINVEST LTD	-	-	772,500	6.38
AFN LANGRANA SHARE & STOCK BROKERS PVT. LTD.	1,000,998	8.27	1,000,998	8.27

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

Particulars	As at March 31, 2013	As at March 31, 2012
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	12,098,673	12,098,673
Add: Shares issued during the year	-	-
Less: shares cancelled on buy back of Equity Shares	-	-
Equity shares at the end of the year	**12,098,673**	**12,098,673**

Notes on Financial Statements

For the year ended 31st March, 2013

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 2: RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	1,447,293,217	1,447,293,217
Additions during the year:	-	-
	1,447,293,217	**1,447,293,217**
General Reserve		
As per last Balance Sheet	6,339,532	6,339,532
Add: Transfer from Statement of Profit & Loss	-	-
Closing Balance	**6,339,532**	**6,339,532**
Stock option Outstanding Account		
As per last Balance Sheet	-	23,883,067
Less: Deferred employee compensation expenses	-	-
Less: Expiry of vested stock options (Refer Note No. 24.28)	-	(23,883,067)
Surplus		
As per last Balance Sheet	41,949,231	35,804,140
Add: Net Profit after Tax for the year	7,430,160	6,145,091
	49,379,391	**41,949,231**
	1,503,012,140	**1,495,581,980**
Note 3: LONG TERM BORROWINGS		
From Banks-Secured:		
a. Term Loan:		
Term Loan from State Bank of Mysore (including Interest accrued)	13,335,633	20,843,064
	13,335,633	**20,843,064**

i) Security:

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

ii) Terms of repayment of loan:

a) EMI Rs.8,78,556/-

b) Rate of Interest is 17.25% P.A.

c) 35.12 EMI's total amounting to Rs.24,204,602/- due as on Balance Sheet date with maturity of term loan of August, 2015

iii) Defaults as on Balance Sheet date

a) Period of default : Equal to 6.12 months installments of EMI

b) Principal Amount : Rs.3,375,874/-

c) Interest amount : Rs.2,000,350/-

Notes on Financial Statements

For the year ended 31st March, 2013

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 4: OTHER LONG TERM LIABILITIES		
Rental Deposit refundable	11,961,550	8,641,550
Liability towards Investment in Subsidiary	2,507,000	2,507,000
	14,468,550	**11,148,550**
Note 4A: LONG TERM PROVISIONS		
Long Term Provisions for Gratuity	3,091,790	2,985,190
Long Term Provisions for Compensatory Absences	1,541,690	2,418,420
	4,633,480	**5,403,610**
Note 5: SHORT TERM BORROWINGS		
From Banks-Secured:		
Working Capital Facilities from State Bank of Mysore (Secured against first charge on inventories & receivables, immovable property, second charge on moveable assets and personal guarantee by Promoter Directors)		
i) Open Cash Credit	12,377,547	13,831,664
ii) Packing Credit	108,030,632	120,829,611
From Others-Unsecured:		
Bangalore Soft Drinks Pvt Ltd	2,500,000	-
	122,908,178	**134,661,275**
Defaults as on Balance Sheet date:		
Packing Credit		
a) Period of default : 18 Months		
b) Principal amount : Rs. 58,662,641/- (Previous Year : Rs. 102,518,352/-)		
c) Interest amount : Rs. 10,033,387/- (Previous Year : Rs. 3,763,961/-)		
Note 6: TRADE PAYABLES		
Sundry Creditors	21,715,795	22,299,875
	21,715,795	**22,299,875**
Note 7: OTHER CURRENT LIABILITIES		
Current maturities of long term debt	10,868,969	7,647,105
Short term Loans from Related Party (Refer Note No. 24.20)	2,326,948	3,675,000
Unclaimed Dividend	1,783,809	1,783,809
Share Warrant Application Money pending allotment (Refer Note No. 24.8)	330,000	330,000
Statutory dues	17,954,168	15,191,056
Deferred Income	4,331,120	4,431,266
Other payables (mainly comprises of Salary payables)	18,541,757	21,013,477
	56,136,771	**54,071,713**
Note 8: SHORT TERM PROVISIONS		
Provision for Taxation	3,963,000	1,700,000
Short term Provision for Gratuity	242,970	238,890
Short term Provision for Compensated absences	158,670	127,146
	4,364,640	**2,066,036**

Notes on Financial Statements

For the year ended 31st March, 2013

Note 9: FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION /AMORTISATION				NET BLOCK	
	As at 01.04.2012 Rs.	Additions Rs.	Deletions/ Adjustments Rs.	As at 31.03.2013 Rs.	As at 01.04.2012 Rs.	For the year Rs.	Deletions/ Adjustments Rs.	Up to 31.03.2013 Rs.	As at 31.03.2013 Rs.	As at 31.03.2012
Tangible Asset										
1. Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2. Buildings	49,178,564	-	-	49,178,564	17,154,444	3,202,412	-	20,356,856	28,821,708	32,024,120
3. Computers	35,029,770	361,350	1,561,860	33,829,260	32,513,314	1,088,594	1,296,697	32,305,211	1,524,049	2,516,456
4. Plant and Machinery	6,871,701	-	-	6,871,701	5,983,664	123,526	-	6,107,190	764,511	888,037
5. Office Equipments	6,007,151	114,098	-	6,121,249	4,532,453	216,674	-	4,749,127	1,372,122	1,474,698
6. Diesel Generators	1,953,787	97,098	131,818	1,919,067	1,302,492	93,622	131,818	1,264,296	654,771	651,295
7. Electrical Installations	4,564,847	75,100	-	4,639,947	3,005,938	294,117	-	3,300,055	1,339,892	1,558,909
8. Furniture & Fittings	4,443,859	137,335	-	4,581,194	4,026,324	90,096	-	4,116,420	464,774	417,535
9. Interiors	7,708,528	-	-	7,708,528	6,910,503	144,443	-	7,054,946	653,582	798,025
10.Vehicles	14,281,906	1,050,000	1,300,000	14,031,906	11,276,635	957,132	723,343	11,510,424	2,521,482	3,005,271
11. Canteen Structure	301,039	-	-	301,039	301,039	-	-	301,039	-	-
Total (A)	**135,015,431**	**1,834,981**	**2,993,678**	**133,856,734**	**87,006,806**	**6,210,616**	**2,151,858**	**91,065,564**	**42,791,170**	**48,008,625**
Intangible Asset										
12. Software	65,256,802	-	-	65,256,802	65,171,425	56,827	-	65,228,252	28,550	85,377
Total (B)	**65,256,802**	**-**	**-**	**65,256,802**	**65,171,425**	**56,827**	**-**	**65,228,252**	**28,550**	**85,377**
Grand Total (A+B)	**200,272,233**	**1,834,981**	**2,993,678**	**199,113,536**	**152,178,231**	**6,267,443**	**2,151,858**	**156,293,816**	**42,819,720**	**48,094,002**
Previous Year	201,251,328	106,120	1,085,215	200,272,233	144,985,316	8,278,131	1,085,215	152,178,231	48,094,002	56,266,012

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 10: NON-CURRENT INVESTMENTS		
Other than Trade, Unquoted		
Investment in Equity Instruments of Subsidiaries(at Cost)		
i) Investment in Equity Shares of Midrange Software Pte Ltd, Singapore (1,904,915 Equity Shares of face value SGD 1 each fully paid) (Previous Year: 1,904,915 Equity Shares of face value SGD 1 each fully paid) (Refer Note No. 24.4)	**55,123,998**	**55,123,998**
ii) Investment in Equity Shares of Logix Americas Inc., (100,000 Equity Shares of face value USD 195.01 each fully paid) (Previous Year: 100,000 Equity Shares of face value USD 195.01 each fully paid)	838,454,545	838,454,545
iii) Investment in Equity Shares of Logix Microsystems Inc., USA (65,500 Equity Shares of face value USD 1 each fully paid) (Previous Year: 65,500 Equity Shares of face value USD 1 each fully paid)	3,071,845	3,071,845
iv) Investment in Equity Shares of Carazoo Online Services Pvt.Ltd (48,810 Equity Shares of face value Rs.10 each fully paid) (Previous Year: 48,810 Equity Shares of face value Rs.10 each fully paid)	2,040,500	2,040,500
v) Share Application Money pending allotment-Logix America Inc., (USD 13,347,100 :Previous Year: USD 11,827,100) (Refer Note No. 24.5)	618,482,666	618,482,666
vi) Share Application Money pending allotment-Izmo Europe BVBA, Belgium (Euro 1,359,093 Equity Shares of Euro 1 each) (Previous Year: Euro 1,359,093 Equity Shares of Euro 1 Each)	88,877,287	88,877,287
Less: Reserve for Diminution in value of Investment	(3,071,845)	(3,071,845)
	1,602,978,996	**1,602,978,996**

Notes on Financial Statements

For the year ended 31st March, 2013

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 11: LONG TERM LOANS & ADVANCES		
Unsecured, Considered Good		
Deposits	3,213,732	4,074,164
	3,213,732	4,074,164
Note 12: CURRENT INVESTMENTS		
Trade Investments, Quoted: Valued at Lower of Cost or Market Value)		
Investment in Equity Shares of Solid Stone	-	37,410
(Currenty Year: 781 Equity shares of face value Rs.10 each fully paid : Market Value : Rs.40,456/-)		
(Previous Year: 2400 Equity Shares of face value Rs.10 each fully paid : Market Value: Rs.1,14,960/-)		
(Refer Note No. 24.6)		
	-	37,410
Note 13: INVENTORIES		
Stock in Trade	295,359	131,964
Software work-in-Progress	-	-
	295,359	**131,964**
Note 14: TRADE RECEIVABLES		
Debts outstanding for a period exceeding 6 months		
Unsecured, Considered Good	49,029,238	53,874,339
Unsecured, Considered Doubtful	-	-
(Refer Note No. 24.21)		
Other Debts (Unsecured, Considered Good)	124,891,180	113,405,185
	173,920,418	167,279,524
Less: Provision for Doubtful Debts	-	-
	173,920,418	**167,279,524**
Note 15: CASH AND BANK BALANCES		
a. Cash & Cash equivalents		
i) Balances with Scheduled Banks		
Current Account	1,692,384	59,210
EEFC Account	-	200,082
ii) Cash on Hand	8,236	29,738
b. Earmarked balance with banks (Unpaid dividend)	1,783,810	1,783,810
c. Deposit with Banks	1,370,000	195,854
(The above deposit are held as Margin money against Letter of Credit and Bank Guarantee's availed)		
	4,854,430	**2,268,694**
NOTE 16: SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good:		
Loans and advances to related parties (Refer Note No. 24.20)	10,795,573	1,888,700
Employee Loans & Advances	84,800	74,250
MAT Credit Entitlement	5,508,956	7,044,672
Income-tax Paid at Source	4,908,259	3,197,053
Income Tax refund receivable	743,783	531,802
Deposits- Short term	521,432	-
Other Short term Loans & Advances	8,874,490	28,165,472
(primarily comprises of Interest Receivable on Inter-Corporate Deposits amounting to Rs 51,42,322/- (Previous Year Rs 26,981,162/-))		
	31,437,293	**40,901,949**

Notes on Financial Statements

For the year ended 31st March, 2013

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 17: REVENUE FROM OPERATION		
Software Sales & Services		
-Domestic	24,168,444	40,964,739
-Exports	145,186,779	137,797,403
	169,355,223	178,762,142
Note 18: OTHER INCOME		
Interest Income on ICD & Others [TDS: Rs. 13,977/-(Previous Year: Rs.2,337)]	1,319,922	2,523,352
Dividend Income	16,059	2,480
Income from Investments	2,498	21,007
Other Non-operating income		
-Rental Income	13,147,279	11,081,776
-Service Charges received (Carazoo)	6,554,982	-
-Profit on Sale of Fixed Assets	200,885	317,000
-Exchange Gain (Net)	8,637,394	15,526,007
-Reimbursement of expenses	2,429,463	-
-Insurance surrender value received	6,202,219	3,886,857
-Profit on Sale of business	5,714,635	-
-Miscellaneous Income	1,545,918	649,784
	45,771,254	**34,008,262**
Note 19: DIRECT COST OF OPERATION		
Cost of Purchase for Resale	14,722,659	27,414,679
Customs duty	902,740	891,344
	15,625,399	**28,306,023**
Note 20: (INCREASE)/DECREASE IN WORK-IN-PROGRESS		
Opening Stock		
Stock in Trade	131,964	356,313
Software Work in Progress	-	-
Total (A)	**131,964**	**356,313**
Closing Stock		
Stock in Trade	295,359	131,964
Software Work in Progress	-	-
Total (B)	**295,359**	**131,964**
(Increase)/Decrease in Work-in-Progress	(163,395)	224,349
Note 21: EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages (Refer Note No. 24.14)	67,554,051	82,277,570
Contribution to Provident and Other Funds	2,971,507	2,524,924
Staff Welfare Expenses	2,503,151	2,371,286
	73,028,709	87,173,780
Note 22: FINANCIAL COSTS		
Interest Expense	17,438,775	13,402,354
Other Borrowing costs	-	570,000
Net gain or loss on Foreign currency on borrowings cost	(2,610,082)	14,333,866
	14,828,693	28,306,220

Notes on Financial Statements

For the year ended 31st March, 2013

	As at March 31, 20 13 Rs.	As at March 31, 2012 Rs.
Note 23: OTHER EXPENSES		
Directors Sitting Fees	1,500	2,000
Books & Periodicals	1,516	1,265
Corporate Expenses	188,805	238,907
Electricity, Generator & Water Charges	7,162,412	2,562,946
Insurance	1,723,143	2,674,908
Membership & Subscription	160,551	84,452
Miscellaneous Expenses	69,392	267,369
Office Expenses	488,709	430,776
Postage & Telecommunication	1,946,839	3,351,469
Professional, Legal & Consultancy Charges (Refer Note No. 24.9)	2,723,114	3,818,622
Printing & Stationery	320,665	376,020
Rent	6,014,744	6,042,043
Rates & Taxes	608,731	511,794
Repairs & Maintenance	702,920	873,179
Recruitment expenses	-	44,267
Security Charges	825,744	790,272
STPI - Service Charges	32,000	385,000
Traveling & Conveyance	5,943,084	7,110,626
Vehicle Maintenance	829,946	814,691
Bank Charges	318,797	431,525
Bad Debts written off	7,506	135,882
Advertisement Expenses	323,968	3,804,211
Business Promotion	825,166	722,812
Exhibition & Seminar Expenses	39,169	5,000
Discounts and Incentives	-	74,084
Entertainment Expenses	131,849	130,107
	31,390,271	35,684,227

Note on Financial Statements

For the year ended 31st March, 2013

24 NOTES ON ACCOUNTS

24.1 **Significant Accounting Policies**

a **Basis of Preparation**

The financial statements are prepared under the historical cost convention, in accordance with the accounting standards and the provisions of the Companies' Act, 1956 as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

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

b **Revenue Recognition**

"Izmo Cars Solutions

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

Enterprise Connectivity & Security

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

Dividend Income & Interest Income

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

c **Inventory Valuation**

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

d **Fixed Assets**

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

e **Depreciation**

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

f **Investments**

Short Term Investments: It is re-stated at lower of the cost or Market value as at the year end. Subsidiary Companies: Investments held by the company are long term in nature and are stated at cost unless there is a permanent diminution in the value of the Investment.

g **Foreign Currency Transactions**

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

h **Borrowing Cost**

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

i **Taxation**

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

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

j **Retirement/ Employee Benefits**

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

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

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

"Since the attrition rate in the software industry is significant, the company has taken the stand, as in the previous years, not to provide for superannuation benefits to the employees.

Superannuation expenses will be charged to the Profit & Loss Account as and when it is paid. Due to the nature of the industry , the company does not foresee significant expenses under this head in the foreseeable future."

k **Intangible Assets**

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

l **Earnings per Share**

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

m **Provisions & Contingent Liabilities**

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.

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

24.3 (a) Contingent Liabilities (to the extent of which not provided for) (Amount in Rs.)

Particulars	Current Year	Previous Year
Money for which the company is contingently liable:		
i) Performance Guarantees (STPI - customs duty)	70,000	499,836
ii) "Claims against the company, not acknowledged as debts :		
a) Claims by vendors, etc	-	1,383,300
b) There are certain claims made against the Company by former employees, which are a subject matter of arbitration proceedings. In the view of the management of the Company these claims are not tenable. No provision has been made for such claims pending completion of legal proceedings as the amount of claims are currently not ascertainable.	Not Quantified	Not Quantified
c) Contingent liability in respect of claim in respect of Service Tax on software sales made by the company, the amount of which is not quantified.	Not Quantified	Not Quantified
iii) Other money for which the company is contingently liable:		
Service Tax not charged on rental income and interest thereon for FY 2008-09, 2009-10 and partly for FY 2010-11 based on a judgement by Honourable Delhi High Court	-	3,391,333

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

i) Unexpired Letters of Credit	-	1,265,914
ii) Warranty Costs on Software Sale*	Not Quantified	Not Quantified

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

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

24.5 During the financial year 2011-12, the Company has made an additional investment of Rs. 682.34 Lakhs (USD 15,20,000) in the form of equity in its subsidiary Logix Americas Inc., which is the holding company for the US subsidiaries. The share allotment against this as alo portion of previous investments same is pending as at the Balance Sheet and reflected as 'Share Application Money pending allotment'. The investment in Logix Americas Inc., has in-turn been invested by way of equity and loans in Homestar Systems Inc., Homestar LLC, Izmo CRM and IzmoMedia, the step-down subsidiaries of Logix Americas Inc.

24.6 Investments (Amount in Rs.)

Particulars	Current Year	Previous Year
Investment in Shares (Quoted)		
Aggregate Book Value	-	37,410
Market Value	-	39,831

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

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

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

Particulars	Current Year	Previous Year
Audit Fees	220,000	200,600
Taxation Matters	80,000	82,425
Professional charges *	141,500	186,050
Total	**441,500**	**469,075**

* Including Statutory Certification fees

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

Particulars	Current Year	Previous Year
Purchases	14,868,209	9,784,970
Capital Goods	-	-
Total	**14,868,209**	**9,784,970**

24.11 Expenditure in Foreign Currency (Amount in Rs.)

Particulars	Current Year	Previous Year
Purchases	13,922,408	8,826,541
Capital Goods	-	-
Foreign Travel	687,917	2,109,269
Rebate on Export	38,996,849	39,940,831
Total	**53,607,174**	**50,876,641**

24.12 Earnings in Foreign Currency (Amount in Rs.)

Particulars	Current Year	Previous Year
Software Exports & Consultancy	145,291,143	137,797,403
Reimbursements in respect of Marketing costs	-	-

24.13 Quantitative Details of Trading (In Nos) (as furnished by the management)

Particulars	Opening Stock	Purchases/ Sales Returns	Sales/Purchase Returns/Disposals	Closing Stock
Current Year Software	6	34	26	14
Previous Year Software	81	4,606	4,681	6

24.14 Managerial Remuneration (Amount in Rs.)

Particulars	Current Year	Previous Year
Salary & Allowances	5,775,912	5,775,900
Contribution to Provident Fund	420,132	420,132
Total	**6,196,044**	**6,196,032**

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

b) Directors remuneration for the current year includes a sum of Rs.31.96 Lakhs paid to the managing director in accordance with the limits approved by the shareholders at the AGM held on 29th September 2010 but in excess of the limits prescribed under the Companies Act. The similar excess remuneration for the previous periods (from FY 2007-08 onwards) amounts to Rs. 149.42 lacs. The Company had applied for the requisite approval from the Central Government which had not been granted, but the management is confident of obtaining the approval and is in the process of filing revised application for the same. Pending outcome of the same, these amounts continue to be considered as an expense.

24.15 The Company's Singapore subsidiary , Midrange Software Pte Ltd carries an accumulated provision of SGD 270,000 (Previous year: SGD 216,000), in their books towards director's remuneration payable in respect of services rendered by Mr. Sanjay Soni. As per the understanding, the same would be paid to M/s. Logix Microsystems Ltd, the holding Company in accordance with Sec 314 (1) (ii) of the Companies Act.

24.16 Earning per Share:

Particulars		After extraordinary items		Before extraordinary items	
		2012 - 2013	2011 - 2012	2012 - 2013	2011 - 2012
Basic					
Net Profit after tax attributable to Equity share holders (Rs)	A	7,430,160	6,145,092	7,430,160	6,145,092
Weighted average number of shares outstanding	B	12,098,673	12,098,673	12,098,673	12,098,673
Basic EPS (Rs)	**A/B**	**0.61**	**0.51**	**0.61**	**0.51**
Diluted					
Net Profit after tax attributable to Equity share holders (Rs)	A	7,430,160	6,145,092	7,430,160	6,145,092
Weighted average number of shares outstanding	B	12,098,673	12,098,673	12,098,673	12,098,673
Add : Weighted average no of potential equity shares on account of ESOP	C	-	-	-	-
Weighted average number of shares outstanding for diluted EPS	D=B+C	12,098,673	12,098,673	12,098,673	12,098,673
Diluted EPS (Rs)	**A/D**	**0.61**	**0.51**	**0.61**	**0.51**
Face value per share (Rs)	**10**	**10**	**10**	**10**	

24.17 The details of intangible assets (software) is as under: (Rs. In Lakhs)

Particulars	Gross			Amortization			Net	
	Opening	Addition	Total	Opening	Addition	Total	Opening	Closing
(a) Internally Generated Software	40.00	-	40.00	40.00	0.00	40.00	0.00	0.00
(b) Acquired Software	612.57	0.00	612.57	611.71	0.57	612.28	0.86	0.29
	652.57	**0.00**	**652.57**	**651.71**	**0.57**	**652.28**	**0.86**	**0.29**

24.18 Lease-Operating Lease

The Company is obligated under cancelable lease for the office space that is renewable on a periodic basis at the option of both the lessor and lessee. Rental expenses under cancelable operating leases for the year ended 31 March 2013 are as follows.

(Amount in Rs.)

Particulars	Current Year	Previous Year
Minimum Lease Payment	28,002,475	24,110,280
Contingent Rent	-	-
Amount due within 1 Year	5,341,320	5,895,944
Amount due later than 1 Year & not later than 5 Years	22,661,155	18,214,336

24.19 Current Value of subsidiaries investment

Investment in Midrange Software Pte. Ltd.,

The Company has invested an amount of SGD 1,904,915 in Midrange Software Pte Ltd, Singapore. Midrange has incurred losses during recent years and has an accumulated loss of SGD 29,604. However, based on the management's perception of the growth prospects and the performance of Midrange, in the opinion of the management there is no permanent diminution in value of the investment.

Investment in Logix Americas Inc.

The Company has invested an amount of USD 32,848,100 in its subsidiary Logix Americas Inc till 31st March 2013. which is the holding company for the operating companies i.e.Homestar, Izmo CRM and IzmoMedia, the subsidiaries of Logix Americas Inc. The management had obtained an independent valuation of is operating enterprises in the US. Based on the same and further based on the management's view on the prospects in the region, the management does not envisage any decline in the value of the investments and consider it appropriate to have the carrying value at par in respect of its investments in Logix America Inc as well.

Investment in Izmo Europe BVBA Belgium

The Company has invested an amount of EURO 1,359,093 in its subsidiary Izmo Europe IVBA Belgium till 31st March 2013. Izmo Europe BVBA has incurred losses during the recent years and has an accumulated loss of EURO 1,597,646. However, based on the management's perception of the growth prospects and the performance of Izmo Europe, in the opinion of the management there is no permanent diminution in value of the investment.

24.20 List of Related Parties

a) Enterprises Controlled by the Company

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

b) Key Management Personnel

Mr. Sanjay Soni
Mr. Tej Soni

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

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

(Amount in Lakhs.)

Nature of Transactions	Subsidiary Companies		Key Management Personnel		Enterprises in which Key Management Personnel or their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services/Rentals/Re-imbursement of Expenses/Investment						
Deep Heritage	-	-	-	-	-	-
Si2 Microsystems Pvt Ltd.,	-	-	-	-	43.68	172.89
Digipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	-	-
Remuneration	-	-	61.96	61.96	-	-
S.L.Business Centre	-	-	-	-	3.60	3.60
Software Sales & Service Exports						
Homestar Systems Inc	1,450.03	1,338.05	-	-	-	-
Midrange Software Pte Ltd.,	3.27	30.89	-	-	-	-
Si2 Microsystems Pvt Ltd.,	-	-	-	-	-	0.55
Digipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	-	168.70
Rental Income						
Si2 Microsystems Pvt Ltd.,	-	-	-	-	51.50	51.50
Digipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	36.00	36.00
Investment in Equity						
Logix Americas Inc	-	682.34	-	-	-	-
Midrange Software Pte Ltd.,	-	-	-	-	-	-
Izmo Europe BVBA	-	-	-	-	-	-
Carazoo Online Solutions Pvt Ltd.	-	20.41	-	-	-	-
Receivables						
Homestar LLC	-	-	-	-	-	-
Homestar Systems Inc	1,726.56	1,623.96	-	-	-	-
Si2 Microsystems Pvt Ltd., India	-	-	-	-	50.80	14.53
Carazoo Online Solutions Pvt Ltd	-	3.76	-	-	-	-
Midrange Software Pte Ltd.,	8.02	-	-	-	-	-
Payables						
Homestar LLC	11.37	10.67	-	-	-	-
Homestar Systems Inc	-	-	-	-	-	-
Midrange Software Pte Ltd.,	-	29.81	-	-	-	-
S.L.Business Centre	-	-	-	-	0.57	0.29
Si2 Microsystems Pvt Ltd.,	-	-	-	-	-	32.00
Digipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	10.94	5.94
Carazoo Online Solutions Pvt Ltd	41.33	48.64	-	-	-	-
Unsecured Loan (from Sanjay Soni)	-	-	23.27	36.75	-	-

24.21 Sundry Debtors includes the following amounts in respect of dues from Subsidiaries: (Amount in Lakhs.)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Closing Balance Rs.	Maximum Balance during the year Rs.	Closing Balance Rs.	Maximum Balance during the year Rs.
Homestar LLC., USA	-	-	-	497.44
Homestar Systems Inc	1,726.56	1,780.10	1,623.96	2,023.69

Sundry Debtors includes a sum of Rs. 4.90 crores of overseas receivables outstanding for over 180 days as at the Balance Sheet date.

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

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

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

Particulars	Current Year	Previous Year
Dividend	16,059	2,480
Profit / (Loss) on sale of investments	2,498	21,007
Total	**18,557**	**23,487**

24.25 Provision Taxation:

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

The Deferred tax balance comprises of the following:

(Amount in Lakhs.)

Particulars	Current Year	Previous Year
Deferred Tax Asset\(Liabilities)		
Depreciation	4.16	5.43
Leave Salary & Gratuity	3.29	(1.25)
Timing differences u/s 40(a) (ia) of Income Tax Act, 1961	-	(0.86)
Total	**7.46**	**3.31**

"In terms of the Guidance note on accounting for credit available in respect of Minimum Alternative Tax(MAT) under the Income Tax Act 1961, issued by the ICAI, the excess of MAT over normal current tax payable has been recognized as an asset by way of credit to the profit & loss account as MAT credit entitlement. The MAT credit charge of Rs.15.36 lakhs as appearing in the statement of Profit and Loss is after netting off Rs.21.53 lakhs, written off subsequent to the completion of Tax Assessment for FY 2006-07 and as per the Assessment order issued by the Tax Authorities."

24.26 Segment Reporting

Primary Segments

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

i) Export ii) Domestic

(Amount in Lakhs.)

Particulars	Current Year	Previous Year
Revenue:		
Export	1452.91	1377.97
Domestic	240.64	409.65
Net Income from Operations	**1693.55**	**1787.62**
Add: Income from Exceptional Items/Other Income	-162.30	178.76
Profit before Depreciation/Tax/ Interest/Amortization :		
-from Exports	589.62	472.53
-from Domestic	(93.33)	(193.12)
Income from Exceptional Items/Other Income	(162.30)	178.76
Total	**333.99**	**458.18**
Less: (1) Interest	151.47	287.38
(2) Other Unallocated Expenses	0.00	0.00
(3) Depreciation/ Amortization	62.67	82.78
Profit Before Taxation	**119.85**	**88.02**

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

24.27 Defined Benefit Plans

a. Gratuity

b. Leave Encashment

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

(a) Change in defined benefit obligation (Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Projected Benefit Obligation at the beginning of the year	32.24	32.60	27.47	31.16
Current Service Cost	7.06	9.41	7.06	9.24
Interest Cost	2.77	2.54	2.36	2.23
Actuarial (gain)/loss on obligations	(8.72)	(10.68)	(19.89)	(8.64)
Benefits Paid	-	(1.64)	-	(6.52)
Projected Benefit obligation at the end of the year	33.35	32.24	17.00	27.47

(b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31,2013

(c) Amount recognized in Balance Sheet

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Present Value of the obligation as at the end of the year	33.35	32.24	17.00	27.4722
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	33.35	32.24	17.00	27.47
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	33.35	32.24	17.00	27.47

(d) Net periodic gratuity cost

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	7.06	9.41	7.06	9.2369
Interest Cost	2.77	2.54	2.36	2.23
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	(8.72)	(10.68)	(19.89)	(8.64)
Expenses recognized in the statement of Profit and Loss	1.11	1.27	(10.47)	2.83

(e) Principal actuarial assumptions

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

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

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

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

(i) The mortality rate considered are as per the published rates in the LIC (1994-96) mortality tables.

24.28 Transfer Pricing

The company derives a significant portion of its revenue (Rs.1450.03 lakhs) from services, rendered to its subsidiary M/s. Homestar LLC, USA, M/s.Homestar Systems Inc & M/s Midrange Software Pte Ltd., Singapore. The revenue in this regard is recognized on the basis of a services agreement with the subsidiary or Purchase Orders raised by the subsidiary.

The Company has carried out a Transfer pricing study during the previous year based on which the Company's management is of the opinion that these international transactions are at arm's length and believes that the transfer pricing legislation will not have any impact on the Financial statements for the year ended March 2013, particularly on their amount of tax expense and that of the provision for taxation.

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

24.30 Reversal of interest receivable as doubtful : This includes ICD related receivable of Rs.230.04 lacs which is secured against pledge of shares, which as at the Balance Sheet date had a market value of Rs. 29.94 lacs which was lower than the outstanding balance. The management is of the view that interest is no longer receivable accordingly provision towards possible non-recovery has been made in respect of the same.

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

for and on behalf of the Board

As per our Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountants
Membership No.202118

Place: Bangalore
2nd September, 2013

Auditors' Report 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, 2013 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. 175.37 crores as at 31st March, 2013 and total revenue from operations of Rs.32.79 crores for the year then ended are unaudited and have been certified by the management.
   ii. The financial statements of subsidiary of Logix Americas Inc i.e. Get Logix L.L.C., USA, has not been considered for the purpose of this consolidated financial statements.
   iii. Attention is drawn to Note No.24.2, in respect of non-uniformity of accounting policies adopted; and Note No. 24.1 (g) in respect of the revenue items being translated at average rates as at the year end instead of average rates during the year; changes arising from re-statement of opening balances of subsidiaries, Note No 24.13 regarding non-reconciliation of inter-company balances; the effect of which on the consolidated financial statements has not been quantified.
   iv. The impact of minority interest on net income as also on net assets of subsidiaries has not been identified. Accordingly, related adjustments and disclosures required to the consolidated financial statements have not been carried out.
   v. The Consolidated Cash Flow statement has not been compiled.
   vi. Short Term Loans and advances as at 31st March 2013 includes a sum of Rs. 51.42 lacs of accrued interest on Inter-Corporate Deposits (ICD), which is long overdue and pending confirmation. This includes ICD related receivable of Rs.230.04 lacs which is secured against pledge of shares, which as at the Balance Sheet date had a market value of Rs. 29.94 lacs which was lower than the outstanding balance. Management is of the opinion that the same would be recovered in full and accordingly no provision towards possible non-recovery has been made in respect of the same. In the absence of confirmation for the same, we are unable to comment on the recoverability of the aforesaid amounts.
   vii. Attention is drawn to Note No 24.5 (b) as regards remuneration paid to the managing director is in excess of limits prescribed under the Companies Act.
4. Subject to the above and further subject the Notes forming part of the consolidated financial statements, we report that:
   i. The consolidated financial statements have been prepared by the Company on the basis of the separate financial statements of Logix Microsystems Limited and its subsidiaries included in the consolidated financial statements.
   ii. Consequent to our comments in para 3 above and on the consideration of the significant impact of the same on the attached consolidated financial statements, we do no express an opinion as to whether:
      a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Logix Microsystems Limited and its subsidiaries as at 31st March, 2013; and
      b. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Logix Microsystems Limited and its subsidiaries for the year then ended.

R.Vijayanand
Chartered Accountant
Membership No: 202118
Bangalore
Date : 2nd September, 2013

Consolidated Balance Sheet

As at 31st March, 2013

	Note No.	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	120,986,730	120,986,730
Reserves and Surplus	2	1,632,755,988	1,564,398,996
		1,753,742,718	**1,685,385,726**
Non-Current Liabilities			
Long Term Borrowings	3	13,335,633	20,843,064
Other Long Term Liabilities	4	14,468,550	11,148,550
Long Term Provisions	4A	4,633,480	5,403,610
		32,437,663	**37,395,224**
Current Liabilities			
Short Term Borrowings	5	122,908,178	134,661,276
Trade Payables	6	45,010,907	189,433,946
Other Current Liabilities	7	131,606,441	78,145,517
Short Term Provisions	8	4,364,640	2,066,036
		303,890,166	**404,306,775**
TOTAL		**2,090,070,547**	**2,127,087,725**
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		63,942,772	74,944,828
Intangible Assets		1,874,200,899	1,734,064,982
Non-Current Investments	10	10,137,101	8,096,601
Deferred Tax Assets (Net)		2,041,970	1,296,131
Long Term Loans & Advances	11	18,112,205	18,878,268
		1,968,434,947	**1,837,280,810**
Current Assets			
Current Investments	12	-	37,410
Inventories	13	295,359	131,964
Trade Receivables	14	73,279,212	91,423,872
Cash and Bank Balances	15	7,995,599	4,951,069
Short Term Loans & Advances	16	40,065,431	193,262,600
		121,635,601	**289,806,915**
TOTAL		**2,090,070,547**	**2,127,087,725**

Notes to Accounts & Significant Accounting policies **1 to 24**

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

for and on behalf of the Board

As per our Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountants
Membership No.202118

Place: Bangalore
2nd September, 2013

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2013

	Note No.	Year ended March 31, 2013 Rs.	Year ended March 31, 2012 Rs.
INCOME			
Revenue from Operations	17	327,892,286	334,512,551
Other Income	18	159,719,414	26,325,248
TOTAL REVENUE		**487,611,700**	**360,837,799**
EXPENDITURE			
Direct Cost of Operation	19	25,689,978	31,569,718
(Increase)/Decrease in Stocks/Work-in-Progress	20	(163,395)	224,349
Employee Benefit Expenses	21	124,468,889	134,812,339
Financial Costs	22	14,829,011	28,306,220
Depreciation/Amortisation Expenses		166,160,835	87,058,461
Other Expenses	23	60,547,043	59,447,136
TOTAL EXPENSES		**391,532,360**	**341,418,223**
Profit Before Tax & Exceptional item		**96,079,340**	**19,419,576**
Reversal of employee compensation (expiry of vested stock options) (Ref Note 24.28)		-	23,883,067
Reversal of Interest receivable as doubtful		23,004,553	-
Profit Before Tax		**73,074,787**	**43,302,643**
Tax Expenses			
Current Tax		3,927,917	1,623,517
Less: MAT Credit Adjustment		1,535,716	1,302,614
Deferred Tax		(745,839)	(331,313)
		4,717,794	2,594,818
Net Profit for the Year		**68,356,993**	**40,707,825**
Earnings Per Share of Face Value Rs. 10/- each			
Basic		5.65	3.36
Diluted		5.65	3.36
(Refer Note No.24.16)			
Notes to Accounts & Significant Accounting Policies	1 to 24		

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

for and on behalf of the Board

As per our Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountants
Membership No.202118

Place: Bangalore
2nd September, 2013

Notes on Consolidated Financial Statements

For the year ended 31st March, 2013

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

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 1: SHARE CAPITAL		
Authorised Capital		
13,200,000 Equity Shares of Rs. 10 each, fully paid (Previous Year :13,200,000 Equity Shares of Rs. 10 each fully paid)	**132,000,000**	**132,000,000**
Issued, Subscribed and Paid Up Capital		
12,098,673 Equity Shares of Rs. 10/- each fully paid (Previous Year :12,098,673 Equity Shares of Rs. 10/- each fully paid) [Of the above shares, 100,000 (previous year :100,000) shares of Rs.10 each are allotted as fully paid up by way of issue of Bonus shares (issued in 1999-00) and 530,973 shares allotted as fully paid up pursuant to a contract, without payments being received in cash (issued in 2005-06)]	**120,986,730**	**120,986,730**

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

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	No.of Shares	% held	No.of Shares	% held
SANJAY VEDPRAKASH SONI	1,500,762	12.40	1,605,363	13.27
ASHISH DHAWAN	766,044	6.33	766,044	6.33
FID FUNDS (MAURITIUS) LIMITED	1,162,900	9.61	1,162,900	9.61
RELIGARE FINVEST LTD	-	-	772,500	6.38
AFN LANGRANA SHARE & STOCK BROKERS PVT. LTD.	1,000,998	8.27	1,000,998	8.27

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

Particulars	As at March 31, 2013	As at March 31, 2012
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	12,098,673	12,098,673
Add: Shares issued during the year	-	-
Less: shares cancelled on buy back of Equity Shares	-	-
Equity shares at the end of the year	**12,098,673**	**12,098,673**

Notes on Consolidated Financial Statements

For the year ended 31st March, 2013

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 2: RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	1,447,293,217	1,447,293,217
Additions during the year:	-	-
	1,447,293,217	**1,447,293,217**
General Reserve		
As per last Balance Sheet	6,339,532	6,339,532
Add: Transfer from Statement of Profit & Loss	-	-
Closing Balance	**6,339,532**	**6,339,532**
Stock option Outstanding Account		
As per last Balance Sheet	-	23,883,067
Less: Deferred employee compensation expenses	-	-
Less: Expiry of vested stock options (Refer Note No. 24.28)	-	(23,883,067)
Surplus		
As per last Balance Sheet	110,766,246	70,058,422
Add: Net Profit after Tax for the year	68,356,992	40,707,824
	179,123,239	**110,766,246**
	1,632,755,988	1,564,398,996
Note 3: Long Term Borrowings		
From Banks-Secured:		
a. Term Loan:		
Term Loan from State Bank of Mysore (including Interest accrued)	13,335,633	20,843,064
	13,335,633	**20,843,064**

i) Security:

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

ii) Terms of repayment of loan:

a) EMI Rs.8,78,556/-

b) Rate of Interest is 17.25% P.A.

c) 35.12 EMI's total amounting to Rs.24,204,602/- due as on Balance Sheet date with maturity of term loan of August, 2015

iii) Defaults as on Balance Sheet date

a) Period of default : Equal to 6.12 months installments of EMI

b) Principal Amount : Rs.3,375,874/-

c) Interest amount : Rs.2,000,350/-

Notes on Consolidated Financial Statements

For the year ended 31st March, 2013

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 4: OTHER LONG TERM LIABILITIES		
Rental Deposit refundable	11,961,550	8,641,550
Liability towards Investment in Subsidiary	2,507,000	2,507,000
	14,468,550	**11,148,550**
Note 4A: Long Term Provisions		
Long Term Provisions for Gratuity	3,091,790	2,985,190
Long Term Provisions for Compensatory Absences	1,541,690	2,418,420
	4,633,480	**5,403,610**
Note 5: Short Term Borrowings		
From Banks-Secured:		
Working Capital Facilities from State Bank of Mysore (Secured against first charge on inventories & receivables, immovable property, second charge on moveable assets and personal guarantee by Promoter Directors)		
i) Open Cash Credit	12,377,547	13,831,664
ii) Packing Credit	108,030,632	120,829,611
From Others-Unsecured:		
Bangalore Soft Drinks Pvt Ltd	2,500,000	-
	122,908,178	**134,661,275**
Defaults as on Balance Sheet date:		
Packing Credit		
a) Period of default : 18 Months		
b) Principal amount : Rs. 58,662,641/- (Previous Year : Rs. 102,518,352/-)		
c) Interest amount : Rs. 10,033,387/- (Previous Year : Rs. 3,763,961/-)		
Note 6: Trade Payables		
Sundry Creditors	45,010,907	189,433,946
	45,010,907	**189,433,946**
Note 7: Other Current Liabilities		
Current maturities of long term debt	10,868,969	7,647,105
Short term Loans from Related Party (Refer Note No. 24.20)	2,326,948	3,675,000
Unclaimed Dividend	1,783,809	1,783,809
Share Warrant Application Money pending allotment (Refer Note No. 24.8)	330,000	330,000
Statutory dues	17,954,168	15,191,056
Deferred Income	4,331,120	4,431,266
Other payables (mainly comprises of Salary payables)	94,011,427	45,087,281
	131,606,441	**78,145,517**
Note 8: Short Term Provisions		
Provision for Taxation	3,963,000	1,700,000
Short term Provision for Gratuity	242,970	238,890
Short term Provision for Compensated absences	158,670	127,146
	4,364,640	**2,066,036**

Notes on Consolidated Financial Statements

For the year ended 31st March, 2013

Note 9: FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION /AMORTISATION				NET BLOCK	
	As at 01.04.2012 Rs.	Additions Rs.	Deletions/ Adjustments Rs.	As at 31.03.2013 Rs.	As at 01.04.2012 Rs.	For the year Rs.	Deletions/ Adjust-ments Rs.	Up to 31.03.2013 Rs.	As at 31.03.2013 Rs.	As at 31.03.2012
Tangible Asset										
1. Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2. Buildings	61,484,949	-	-	61,484,949	21,527,329	-	4,386,540	25,913,869	35,571,080	39,957,620.58
3. Computers	35,029,770	361,350	1,561,860	33,829,260	32,513,314	1,296,697	1,088,594	32,305,211	1,524,049	2,516,456.51
4. Plant and Machinery	7,051,808	-	-	7,051,808	6,048,505	-	141,885	6,190,390	861,418	1,003,303.00
5. Office Equipments	7,051,808	-	-	7,051,808	6,048,505	-	141,885	6,190,390	861,418	1,003,303.00
6. Diesel Generators	1,953,787	97,098	131,818	1,919,067	1,302,492	131,818	93,622	1,264,296	654,771	651,294.92
7. Electrical Installations	4,564,847	75,100	-	4,639,947	3,005,938	-	294,117	3,300,055	1,339,892	1,558,909.22
8. Furniture & Fittings	8,313,250	137,335	-	8,450,585	7,325,778	-	466,948	7,792,726	657,859	987,472.18
9. Interiors	16,601,602	-	-	16,601,602	9,940,066	-	1,011,355	10,951,421	5,650,181	6,661,535.99
10.Vehicles	15,273,294	1,050,000	1,300,000	15,023,294	12,268,023	723,343	957,132	12,501,812	2,521,482	3,005,271.17
11. Canteen Structure	301,039	-	-	301,039	301,039	-	-	301,039	-	-
Total (A)	**223,429,622**	**1,834,981**	**2,993,678**	**222,270,925**	**148,408,440**	**2,151,858**	**12,071,571**	**158,328,153**	**63,942,772**	**75,021,182**
Intangible Asset										
12. Software	69,796,204	-	-	69,796,204	69,710,827	-	56,827	69,767,654	28,550	85,377
Technical Know-how	1,784,350,351	294,301,539	-	2,078,651,890	216,290,694	-	147,328,412	363,619,106	1,715,032,784	1,568,059,657
Intelectual Property	151,757,700	-	-	151,757,700	-	-	-	-	151,757,700	151,757,700
Misc.Expenditure	30,701,226	-	-	30,701,226	16,615,336	-	6,704,025	23,319,361	7,381,865	14,085,890
Total (B)	**2,036,605,481**	**294,301,539**	**-**	**2,330,907,020**	**302,616,857**	**-**	**154,089,264**	**456,706,121**	**1,874,200,899**	**1,733,988,624**
Grand Total (A+B)	**2,260,035,103**	**296,136,520**	**2,993,678**	**2,553,177,945**	**451,025,297**	**2,151,858**	**166,160,835**	**615,034,274**	**1,938,143,671**	**1,809,009,806**
Previous Year	2,024,971,108	236,149,215	148,100	2,260,972,223	329,005,006	148,100	34,285,739	363,142,645	1,897,829,578	1,695,966,102

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 10: NON-CURRENT INVESTMENTS		
Other than Trade, Unquoted		
Investments in Get Logix	**8,096,601**	**8,096,601**
Investment in Equity Shares of Carazoo Online Services Pvt.Ltd	**2,040,500**	**-**
(48,810 Equity Shares of face value Rs.10 each fully paid)		
(Previous Year: NIL)		
	10,137,101	**8,096,601**

Notes on Consolidated Financial Statements

For the year ended 31st March, 2013

	As at March 31, 2013 Rs.	As at March 31, 2012 Rs.
Note 11: LONG TERM LOANS & ADVANCES		
Unsecured, Considered Good		
Deposits	18,112,205	18,878,268
	18,112,205	18,878,268
Note 12: CURRENT INVESTMENTS		
Trade Investments, Quoted: Valued at Lower of Cost or Market Value)		
Investment in Equity Shares of Solid Stone	-	37,410
(Currenty Year: 781 Equity shares of face value Rs.10 each fully paid : Market Value : Rs.40,456/-)		
(Previous Year: 2400 Equity Shares of face value Rs.10 each fully paid : Market Value: Rs.1,14,960/-)		
(Refer Note No. 24.6)		
	-	37,410
Note 13: INVENTORIES		
Stock in Trade	295,359	131,964
Software work-in-Progress	-	-
	295,359	**131,964**
Note 14: TRADE RECEIVABLES		
Debts outstanding for a period exceeding 6 months		
Unsecured, Considered Good	60,877,413	79,120,261
Unsecured, Considered Doubtful	-	-
(Refer Note No. 24.21)		
Other Debts (Unsecured, Considered Good)	12,401,799	12,303,611
	73,279,212	91,423,872
Less: Provision for Doubtful Debts	-	-
	73,279,212	**91,423,872**
Note 15: CASH AND BANK BALANCES		
a. Cash & Cash equivalents		
i) Balances with Scheduled Banks		
Current Account	4,833,553	2,589,743
EEFC Account	-	200,082
ii) Cash on Hand	8,236	181,579
b. Earmarked balance with banks (Unpaid dividend)	1,783,810	1,783,810
c. Deposit with Banks	1,370,000	195,854
(The above deposit are held as Margin money against Letter of Credit and Bank Guarantee's availed)		
	7,995,599	**4,951,069**
NOTE 16: SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good:		
Loans and advances to related parties (Refer Note No. 24.20)	10,795,573	1,512,665
Employee Loans & Advances	84,800	74,250
MAT Credit Entitlement	5,508,956	7,044,672
Income-tax Paid at Source	4,908,259	3,197,053
Income Tax refund receivable	743,783	531,802
Deposits- Short term	18,024,061	180,902,158
Other Short term Loans & Advances	8,874,490	28,165,472
	40,065,431	**193,262,600**

Notes on Consolidated Financial Statements

For the year ended 31st March, 2013

	Year Ended March 31, 2013 Rs.	Year Ended March 31, 2012 Rs.
Note 17: REVENUE FROM OPERATION		
Software Sales & Services		
-Domestic	24,168,444	40,964,739
-Exports	303,723,842	293,547,812
	327,892,286	334,512,551
Note 18: OTHER INCOME		
Interest Income on ICD & Others [TDS: Rs. 13,977/-(Previous Year: Rs.2,337)]	1,319,922	2,523,352
Dividend Income	16,059	2,480
Income from Investments	2,498	21,007
Other Non-operating income		
-Rental Income	13,147,279	11,081,776
-Service Charges received (Carazoo)	6,554,982	
-Profit on Sale of Fixed Assets	200,885	317,000
-Exchange Gain (Net)	3,180,832	7,842,993
-Reimbursement of expenses	2,429,463	
-Insurance surrender value received	6,202,219	3,886,857
-Profit on Sale of business	125,119,358	
-Miscellaneous Income	1,545,918	649,783
	159,719,414	**26,325,248**
Note 19: DIRECT COST OF OPERATION		
Cost of Purchase for Resale	24,787,238	30,678,374
Customs duty	902,740	891,344
	25,689,978	**31,569,718**
Note 20: (INCREASE)/DECREASE IN WORK-IN-PROGRESS		
Opening Stock		
Stock in Trade	131,964	356,313
Software Work in Progress	-	-
Total (A)	**131,964**	**356,313**
Closing Stock		
Stock in Trade	295,359	131,964
Software Work in Progress	-	-
Total (B)	295,359	131,964
(Increase)/Decrease in Work-in-Progress	(163,395)	224,349
Note 21: EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages (Refer Note No. 24.14)	118,994,231	129,916,129
Contribution to Provident and Other Funds	2,971,507	2,524,924
Staff Welfare Expenses	2,503,151	2,371,286
	124,468,889	134,812,339
Note 22: FINANCIAL COSTS		
Interest Expense	17,439,093	13,402,354
Other Borrowing costs	-	570,000
Net gain or loss on Foreign currency on borrowings cost	(2,610,082)	14,333,866
	14,829,011	28,306,220

Notes on Consolidated Financial Statements

For the year ended 31st March, 2013

	Year Ended March 31, 20 13 Rs.	Year Ended March 31, 2012 Rs.
Note 23: OTHER EXPENSES		
Directors Sitting Fees	1,500	2,000
Books & Periodicals	1,516	1,265
Corporate Expenses	191,138	276,398
Electricity, Generator & Water Charges	7,162,412	2,562,946
Insurance	2,115,900	3,274,593
Membership & Su bscription	15,339,742	220,746
Miscellaneous Expenses	424,095	797,287
Office Expenses	1,140,510	1,879,554
Postage & Telecommunication	3,395,673	4,324,313
Professional, Legal & Consultancy Charges	6,203,830	6,001,933
Printing & Stationery	328,443	379,851
Rent	13,781,806	13,522,477
Rates & Taxes	1,510,681	1,851,581
Repairs & Maintenance	1,485,180	1,699,318
Recruitment expenses	-	45,469
Security Charges	844,150	800,123
STPI - Service Charges	32,000	385,000
Traveling & Conveyance	6,946,418	8,759,511
Vehicle Maintenance	838,344	1,089,729
Exchange Rate Difference	-3,929,979	4,666,333
Bank Charges	766,496	661,658
Bad Debts written off	7,506	135,882
Advertisement Expenses	356,950	4,400,488
Business Promotion	1,431,713	1,436,986
Exhibition & Seminar Expenses	39,169	5,000
Discounts and Incentives	-	74,084
Entertainment Expenses	131,849	130,107
Other selling expenses	-	62,503
Provision against investments	-	-
	60,547,043	59,447,136

Note on Consolidated Financial Statements

For the year ended 31st March, 2013

24 NOTES ON ACCOUNTS

24.1 Significant Accounting Policies

a Basis of Preparation

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

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

b Revenue Recognition

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

c Inventory Valuation

Trading Stock has been valued at the lower of cost or net realizable value. Software Work-in 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.

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

Name	Country	Ownership/ Control
Midrange Software Pte Ltd	Singapore	100%
Logix Americas Inc.,	USA	100%
Homestar Systems Inc., (By Logix Americas Inc)	USA	100%
Homestar LLC, (By Homestar Systems Inc)	USA	100%
Izmo Europe BVBA (By Logix Microsystems Ltd)	Belgium	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 31.03.2013. The financial statements of Get Logix LLC (a subsidiary of Logix Americas Inc) have not been considered for the purpose of these Consolidated Financial Statements. Accounting for investments in subsidiaries is under the equity method.

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

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

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

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

(in Rs.)

Particulars	Current Year	Previous Year
Money for which the company is contingently liable:		
i) Performance Guarantees	70,000	499,836
ii) Claims against the company Not acknowledged as debts	-	1,383,300
iii) Other money for which the company is contingently liable	-	3391,333
(b) Commitments (to the extent of which not provided for)		
i) Unexpired Letters of Credit	-	1,265,914
ii) Warranty Costs on Software Sale*	Not Quantified	Not Quantified

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

24.5 Remuneration to Directors: (in Rs.)

Particulars	Current Year	Previous Year
Salary & allowances	8,150,292	7,812,400
Contribution to Provident Fund	420,132	420,132
Total	**8,570,424**	**8,008,812**

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

b) Directors remuneration for the current year includes a sum of Rs.31.96 Lakhs paid to the managing director in accordance with the limits approved by the shareholders at the AGM held on 29th September 2010 but in excess of the limits prescribed under the Companies Act. The similar excess remuneration for the previous periods (from FY 2007-08 onwards) amounts to Rs. 149.42 lacs. The Company had applied for the requisite approval from the Central Government which had not been granted, but the management is confident of obtaining the approval and is in the process of filing revised application for the same. Pending outcome of the same, these amounts continue to be considered as an expense.

24.6 The Company's Singapore subsidiary, Midrange Software Pte Ltd has made a provision of SGD 270,000 (Previous year: SGD 216,000), in their books towards director's remuneration payable in respect of services rendered by Mr. Sanjay Soni. As per the understanding the same would be paid to M/s. Logix Microsystems Ltd, the holding Company in accordance with Sec 314 (1) (ii) of the Companies Act.

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

Particulars		After extraordinary items		Before extraordinary items	
		2012 - 2013	2011 - 2012	2012 - 2013	2011 - 2012
Basic					
Net Profit after tax attributable to Equity share holders (Rs)	A	68,356,993	40,707,824	68,356,993	40,707,824
Weighted average number of shares outstanding *	B	12,098,673	12,098,673	12,098,673	12,098,673
Basic EPS (Rs)	**A/B**	**5.65**	**3.36**	**5.65**	**3.36**
Diluted					
Net Profit after tax attributable to Equity share holders (Rs)	A	68,356,993	40,707,824	68,356,993	40,707,824
Weighted average number of shares outstanding	B	12,098,673	12,098,673	12,098,673	12,098,673
Add : Weighted average no of potential equity shares on account of ESOP	C	-	-	-	-
Weighted average number of shares outstanding for diluted EPS	D=B+C	12,098,673	12,098,673	12,098,673	12,098,673
Diluted EPS (Rs)	**A/D**	**5.65**	**3.36**	**5.65**	**3.36**
Face value per share (Rs)		10	10	10	10

24.8 Investments: (Amount in Rs)

Particulars	Current Year	Previous Year
Investment in Shares (Quoted)		
Aggregate Book Value	-	37,410
Market Value	-	39,831

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

24.10 Consolidated Related Party disclosure

a. Key Management Personnel

Mr. Sanjay Soni

Mr. Tej Soni

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

Aries Gases Private Limited

Deep Heritage

Deep Oxygen Private Limited

Deep Investment Advisory Bangalore Private Limited

Deep Engineers & Consultants

Digipro Systems Private Limited

Digipro Design Automation & Marketing Private Limited

SL Business Center

Si2 Microsystems Private Limited

(Amount in Lakhs)

Nature of Translations	Key Management Personnel		Enterprise in which key Management Personnel their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services/Rentals				
Deep Heritage	-	-	-	-
Si2 Microsystems Pvt Ltd	-	-	43.68	172.89
Digipro Design Automation and Marketing Pvt Ltd	-	-	-	-
S L Business Centre	-	-	3.60	3.60
Remuneration	85.70	80.09	-	-
Software Sales & Service Exports				
Si2 Microsystems Pvt Ltd.	-	-	-	0.55
Digipro Design Automation and Marketing Pvt Ltd	-	-	-	168.70
Rental Income				
Si2 Microsystems Pvt Ltd.	-	-	51.50	51.50
Digipro Design Automation and Marketing Pvt Ltd	-	-	36.00	36.00
Receivables				
Si2 Microsystems Pvt Ltd.	-	-	50.80	14.53
Payables				
Si2 Microsystems Pvt Ltd.	-	-	-	32.00
S L Business Centre	-	-	0.57	0.29
Digipro Design Automation and Marketing Pvt Ltd	-	-	10.94	5.94
Unsecured Loan (from Sanjay Soni)	23.27	36.75	-	-

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

24.12 Income from Investments comprises of: (Amount in Rs)

Particulars	Current Year	Previous Year
Dividend	16,059	2,480
Profit / (Loss) on sale of investments	2,498	21,007
Total	18,557	23,487

24.13 The inter company (between holding and subsidiaries and intra-subsidiary) balances as at 31.03.2013are subject to reconciliation.

24.14 Defined Benefit Plans

a Gratuity

b Leave Encashment

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

(a) Change in defined benefit obligation (Amount in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Projected Benefit Obligation at the beginning of the year	32.24	32.60	27.47	31.16
Current Service Cost	7.06	9.41	7.06	9.24
Interest Cost	2.77	2.54	2.36	2.23
Actuarial (gain)/loss on obligations	(8.72)	(10.68)	(19.89)	(8.64)
Benefits Paid	-	(1.64)	-	(6.52)
Projected Benefit obligation at the end of the year	33.35	32.24	17.00	27.47

(b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31, 2013.

(c) Amount recognised in Balance Sheet (Amount in Lakhs)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Present Value of the obligation as at the end of the year	33.35	32.24	17.00	27.47
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	33.35	32.24	17.00	27.47
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	33.35	32.24	17.00	27.47

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

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	7.06	9.41	7.06	9.24
Interest Cost	2.77	2.54	2.36	2.23
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	(8.72)	(10.68)	(19.89)	(8.64)
Expenses recognized in the statement of Profit and Loss	1.11	1.27	(10.47)	2.83

(e) Principal actuarial assumptions

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

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

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

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

(i) The mortality rates considered are as per the published rates in the LIC (1994-96) mortality tables.

24.16 Transfer Pricing

The company derives a significant portion of its revenue (Rs.1450.03lakhs) from services, rendered to its subsidiary M/s. Homestar LLC, USA, M/s. Homestar Systems Inc & M/s Midrange Software Pte Ltd., Singapore. The revenue in this regard is recognized on the basis of a services agreement with the subsidiary.

The Company has carried out a Transfer pricing study during the previous year based on which the Company's management is of the opinion that these international transactions are at arm's length and believes that the transfer pricing legislation will not have any impact on the Financial statements for the year ended March 2013, particularly on their amount of tax expense and that of the provision for taxation.

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

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

for and on behalf of the Board

As per our Report of even date

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

R.Vijayanand
Chartered Accountants
Membership No.202118

Place: Bangalore
2nd September, 2013

LOGIX MICROSYSTEMS LIMITED

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

ATTENDANCE SLIP

Name of the Member :

Address :

Folio Number :

Client ID* :

DP.ID* :

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

I hereby record my presence at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company at Bharatiya Vidya Bhavan, Race Course Road, Bangalore – 560 001 at 9.30 A.M on 30th September, 2013.

Signature of the attending Member/Proxy :

NO GIFTS WILL BE DISTRIBUTED AT THE AGM

LOGIX MICROSYSTEMS LIMITED

Regd Office : P.O. Box. 7620, No. 177/2C, Bilekahalli, Industrial Area,
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 18th Annual General Meeting to be held on 30th September, 2013 at 9.30 A.M or at any adjournment thereof.

Signed this..... day of.....2013

Folio No.:

Client Id*:

DP.Id* :

Number of shares:

Affix Re. 1
Revenue
Stamp

*** 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.

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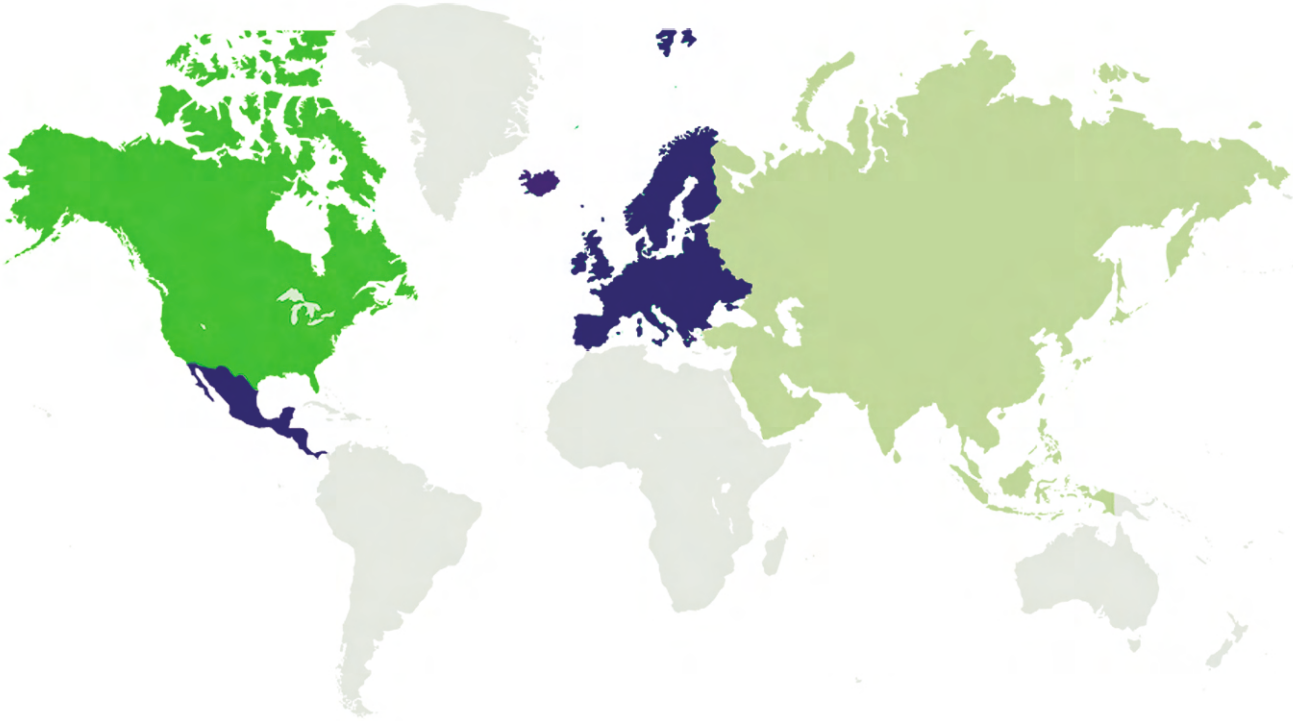

Customer Satisfaction
@ Any Cost

Logix Microsystems Limited

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