

CERTIFICATION BY MANAGING DIRECTOR

I, Sanjay Soni, Managing Director of Logix Microsystems Limited certify that :

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

Place : Bangalore
Date : September 3rd, 2011

Sanjay Soni
Managing Director

CERTIFICATE

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

To
The Members
Logix Microsystems Limited
Bangalore.

1. I have examined the compliance of the conditions of Corporate Governance by Logix Microsystems Limited for the year ended 31st March, 2011, as stipulated in the Clause 49 of the Listing Agreement of the said Company with the Stock Exchange, Mumbai/ National Stock Exchange of India Ltd.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement subject to compliance with the composition of the Audit Committee.
4. I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
5. I state that in respect of investors grievances received during the year ended 31st March 2011, no investor grievances are pending against the Company as on 31st March 2011, as per the records maintained by the Company and as stated by the Registrar and Share Transfer Agent.

Place : Bangalore
Date : September 3rd, 2011

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

FINANCIAL STATEMENTS

Auditors' Report

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

1. We have audited the attached balance sheet of M/s LOGIX MICROSYSTEMS LIMITED, BANGALORE ("the Company") as at March 31, 2011 and the profit & loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we further enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. We further report that:
 - (i) In the absence of a comprehensive system of documentation for recording the stage of completion and related costs, we are unable to comment on the basis of valuation of software work-in-progress valued Nil & Rs. 1.98 crores as at 31st March 11 & 31st March 10 respectively and its consequent impact, if any, on the Profit & Loss account and Balance Sheet.
 - (ii) Attention is drawn to Note No 14(b) in Schedule 22 as regards remuneration paid to the managing director is in excess of limits prescribed under the the Companies Act.
 - (iii) Attention is drawn to Note No. 15 in Schedule 22 as regards reversal of interest accrued on Inter Corporate deposits. Further, Loans and advances as at 31st March 2011 includes a sum of Rs. 216 lacs of accrued interest on Inter-Corporate deposits which is long overdue and pending confirmation. Management is of the opinion that the same would be recovered in full and accordingly no provision towards possible non-recovery has been made in respect of the same. In the absence of confirmation for the same, we are unable to comment on the recoverability of the aforesaid amounts.
 - (iv) Attention is drawn to Note 28 in Schedule 22. The impact of stock based compensation to employees has not been recognized during the year. In the absence of comprehensive records pertaining to administration of various ESOP schemes, we are unable to comment on the impact of the same on the Profit & Loss account and the Balance Sheet as at 31st March 2011.
 - (v) Long term investments as at the Balance Sheet date include Rs.153 crores in wholly owned subsidiaries, which are carried at cost. In the absence of independently reviewed / audited financial statements in respect of these subsidiaries (including their step down subsidiaries), we are unable to carry out necessary procedures to reliably examine if there has been a permanent decline in the carrying value of the stated investments. We are therefore unable to comment on the impact, if any, on the Profit & Loss account and the adequacy of Reserve for Diminution in value of long term Investments as at the Balance Sheet date.
5. Subject to the above and further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information (except that as reported in Para 4 above) and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet and the Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - (d) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit & Loss account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 except as regards accounting for Super Annuation expenses on a cash basis as disclosed in Note 1(j) in Schedule 22.
6. Subject to above and further subject to the Notes on accounts in general and in particular Note 6 of Schedule 22, as regards non-disclosure of 'Statement of Investments' as required, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account and Cash Flow Statement read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
7. On the basis of written representations received from the Directors, as at March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as at March 31, 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

(Unnikrishnan M)

Partner

Place: Bangalore

Date: September 3rd, 2011

Membership No : 205703

ANNEXURE TO THE

Auditors' Report

THE ANNEXURE REFERRED TO IN THE AUDITORS' REPORT TO THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED ("THE COMPANY") FOR THE YEAR ENDED MARCH 31, 2011.

(Referred to in paragraph 3 thereof)

i. Fixed Assets:

- a) We are given to understand that, the Company is in the process of updating its records showing full particulars including quantitative details and situation of its Fixed Assets.
- b) The Company has a regular system of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets, subject to a need for strengthening of the process of reconciliation with the fixed assets register. No Material discrepancies were noticed on verification during the year.
- c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii. Inventory:

- a) According to information and explanations given to us, the management has conducted physical verification of inventory at reasonable intervals.
- b) In our opinion and according to the information and explanation given to us, the procedure being followed by the management with regard to physical verification of inventory is reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventory. As explained to us, no material discrepancies were noted on physical verification.
- iii. During the year, the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently the related clauses iii (b, c, d, f & g) are not applicable.
- iv. In our opinion and according to information and explanations given to us, having regard to the explanations that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of material and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the

company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have not observed nor have been informed of any continuing failure to correct major weaknesses in internal controls in these areas.

- v. a) In the absence of updated registers being made available for our verification during the course of audit we are unable to comment as to whether, the particulars of all contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) Further to our comment in (a) above, we are unable to comment about transactions made in pursuance of such contracts or arrangements and exceeding Rs. 5 lacs in respect of any party during the year, and the prices having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted deposits from the public during the year and thus the provisions of section 58A and 58AA is not applicable.
- vii. Though the company has an internal audit process, the same is to be strengthened to make it commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the Services rendered by the Company.
- ix. a) The Company is generally regular in depositing undisputed applicable statutory dues including Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities subject to certain delays in remittance of Provident Fund, Sales Tax, Tax deducted at Source and Service Tax. There were no related amounts outstanding for a period exceeding six months from the date they became payable as at the year-end.
- b) In our opinion and according to information and explanations given to us, there are no dues of Provident Fund, Wealth Tax, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute.
- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi. According to the information and explanations given to us and on the basis of examination of books of accounts, the Company has not defaulted in repayment of dues to financial institutions or banks during the year.
- xii. Adequate documents and records are maintained in cases where the company has granted loans and advances on the

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

- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
- xiv. The Company makes investments in Shares, Mutual Fund units and other Investments for which proper records have been maintained for the transactions and contracts; and timely entries have been made for the same. These investments have been held by the company in its own name. The investment register required to be maintained under Section 372A (5)(a) of the Companies Act is in the process of being updated.
- xv. As explained to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The company has not raised any term loans during the year and hence this clause is not applicable for the year.
- xvii. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the explanations given to us, there are no funds raised on a short

term basis which have been used for long term investments.

- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. No debentures have been issued by the company during the year and thus creation of securities for the same is not applicable to the company.
- xx. The clause as regards end-use of the funds raised by way of issue of equity shares is not applicable for the year.
- xxi. As explained to us and based on our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place: Bangalore
Date: September 3rd, 2011

(Unnikrishnan M)
Partner
Membership No : 205703

Balance Sheet

AS AT 31ST MARCH, 2011

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

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

for and on behalf of the Board

Sanjay Soni
Managing Director

Bangalore
September 3rd, 2011

Shashi Soni
Chairperson

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

Unnikrishnan M.
Partner

Membership No. 205703

Profit and Loss Account

FOR THE YEAR ENDED 31ST MARCH, 2011

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

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

for and on behalf of the Board

Sanjay Soni
Managing Director

Bangalore
September 3rd, 2011

Shashi Soni
Chairperson

As per our Report of even date

for **VASAN & SAMPATH**
Chartered Accountants

Unnikrishnan M.
Partner

Membership No. 205703

Schedules Forming Part of

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1	SHARE CAPITAL			
a	Authorized Capital			
	13,200,000 Equity Shares of Rs.10 each (Previous Year 1,320,00,00 Shares of Rs.10 each)		132,000,000	132,000,000
b	Issued, Subscribed and Paid-up Capital			
	12,098,673 Equity Shares of Rs.10 each (Previous Year 12,053,573 shares of Rs. 10 each) [Of the above shares, 100,000 (previous year:100,000) shares of Rs. 10 each are allotted as fully paid up by way of issue of Bonus shares (issued in 1999-00) and 530,973 shares allotted as fully paid up pursuant to a contract, without payments being received in cash (issued in 2005-06)]		120,986,730 120,986,730	120,986,730 120,986,730
2	RESERVES AND SURPLUS			
a	Securities Premium Account			
	Opening Balance	1,447,293,217		1,444,837,698
	Additions during the year:			
	Premium on Employee stock options exercised	-		2,455,519
			1,447,293,217	1,447,293,217
b	General Reserve			
	Opening Balance	6,339,532		6,339,532
	Add: Transferred from Profit & Loss account	-		-
			6,339,532	6,339,532
c	Stock option outstanding account	26,536,741		26,536,744
	Less: Deferred employee compensation expenses (Refer note No.28 in Schedule 22)	(2,653,674)		(2,653,674)
			23,883,067	23,883,070
d	Balance in Profit & Loss Account		35,804,140	20,967,416
			1,513,319,956	1,498,483,235

Schedules Forming Part of

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

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

4 FIXED ASSETS

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

Schedules Forming Part of

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
5	INVESTMENTS			
a	In subsidiaries (Unquoted, at cost)			
	1,904,915 Equity Shares (Previous Year 1,904,915) of Singapore Dollars 1 each in Midrange Software Pte Ltd, Singapore (formerly Logix Microsystems (S) Pte. Ltd.,Singapore) (Refer Note No. 4 of Schedule 22)		55,123,998	55,123,998
	100,000 Equity Shares @ USD 195.01 each (Previous Year 99,272 @ USD 195.01) each in Logix Americas Inc., (Refer Note No.5 (a) of Schedule 22)		838,454,545	838,454,545
	Share Application Money pending allotment -Logix Americas Inc., (USD 1,18,27,100) (Refer Note No.5 (a) of Schedule 22)		550,248,416	244,590,166
	65,500 Equity Shares of USD 1 each in Logix Microsystems Inc., USA		3,071,845	3,071,845
	Share Application Money Pending allotment - Izmo Europe BVBA, Belgium (EURO 1,359,093 Equity Shares of EURO 1 (Previous Year EURO 1,208,093) (Refer Note No.5(b) in Schedule 22)		88,877,287	80,082,777
			1,535,776,091	1,221,323,331
	Less: Reserve for Diminution in value of Investment		(3,071,845)	(3,071,845)
			1,532,704,246	1,218,251,486
b	Other Investments(Quoted: Short term @ Lower of Cost or Market Value)			
(i)	In Mutual Funds	-		19,594,425
	Less: Diminution in value	-	-	19,594,425
(ii)	In Equity Shares	2,772,875		69,048,491
	Less: Diminution in value	422,674	2,350,201	10,501,005
				58,547,486
(iii)	In Debentures	-		10,437,295
	Less: Diminution in value	-	-	334,008
				10,103,288
(iv)	In Inter Corporate Deposits		13,000,000	80,850,000
	(Refer note No.15 in Schedule 22)		15,350,201	169,095,199
	Total (A+B)		1,548,054,447	1,387,346,686
6	INVENTORIES			
	(as valued and certified by the Management)			
a	Stock in Trade		356,313	-
b	Software Work-in-process		-	19,871,000
	Total		356,313	19,871,000

Schedules Forming Part of

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

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

Schedules Forming Part of

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011

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

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

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

Schedules Forming Part of**THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011****22 NOTES ON ACCOUNTS****1 Significant Accounting Policies****a Basis of Preparation**

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

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

b Revenue Recognition

"Izmo Cars Solutions" Revenue from fixed price software contracts are recognized principally on the basis of completed mile-stones as specified in the contracts. Revenue from software development and service on time basis is recognized as per terms of specified contracts. "Enterprise Connectivity & Security" Revenue from sale of hardware and software products is recognized on the dispatch of goods from the company's premises/transfer of Licenses. "Income from Maintenance Contracts is accounted for in the ratio of the period expired to the total period of contract and the amount received from the customers towards the unexpired portion of such contracts is treated as advance received." Dividend Income & Interest Income "Dividend income is recognized when the right to receive dividend is established and Interest income is accrued at the applicable interest rate."

c Inventory Valuation

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

d Fixed Assets

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

e Depreciation

Depreciation is provided at the rates prescribed in Schedule XIV of the Companies Act 1956, under Written Down Value Method. Depreciation is charged on prorata basis on the additions during the year. Intangible assets are

amortized over a period of 3-5 years.

f Investments

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

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

g Foreign Currency Transactions

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

h Borrowing Cost

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

i Taxation

Provision for Income-tax has been made at the current tax rates at the higher of that on the basis of estimated assessable income or on the basis of Section 115 J B of the Income Tax Act, 1961

Deferred tax is recognized subject to consideration of prudence, on timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit is recognized using current tax rates. Deferred tax assets/liabilities are reviewed as at each Balance sheet date.

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

j Retirement/ Employee Benefits

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

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

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

Other Employee benefits are accounted for on accrual basis.

Since the attrition rate in the software industry is significant,

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

k Intangible Assets

Intangible assets, mainly software, are capitalized at cost. Based on the 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.

n Employee Stock Option Plan

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

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

3 Contingent Liabilities

(Amount in Rs.)

Particulars	Current Year	Previous Year
Money for which the company is contingently liable:		
i) Performance Guarantees (STPI - customs duty)	499,836	499,836
ii) "Claims against the company, not acknowledged as debts :"		
a) Claims by vendors, etc	1,270,937	1,000,000
b) There are certain claims made against the Company by former employees, which are a subject matter of arbitration proceedings. In the view of the management of the Company these claims are not tenable. No provision has been made for such claims pending completion of legal proceedings as the amount of claims are currently not ascertainable	-	-
c) Contingent liability in respect of claim in respect of Service Tax on software sales made by the company, the amount of which is not quantified.	-	-
iii) Unexpired Letters of Credit	1,634,016	1,908,902
iv) Warranty Costs on Software Sale*	Not Quantified	Not Quantified
v) "Other money for which the company is contingently liable: "Service Tax not charged on rental income and interest thereon for FY 2008-09 and 2009-10 based on a judgement by Honourable Delhi High Court "	1,985,472	1,717,857

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

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

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

subsidiaries for which shares have been allotted. The investment in Logix Americas Inc., has in-turn been invested by way of equity and loans in Homestar Systems Inc., Homestar LLC, Izmo CRM and IzmoMedia, the subsidiaries of Logix Americas Inc.

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

6 Investments. (Amount in Lakhs)

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

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

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

8 In accordance with Section 205C of Companies Act, 1956, Share Warrant Application money, pending allotment and due for refund amounting to Rs.10,000 remaining unpaid since 29th September 2007 will be transferred to Investor Education and Protection Fund after the completion of 7 years from the date of payment falling due.

9 Payments to Auditors

(Amount in Rs.)

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

* Including Statutory Certification fees

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

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

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

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

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

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

13 Quantitative Details of Trading (In Nos.)

(as furnished by the management)

Particulars	Opening Stock	Purchases/Sales Returns	Sales/Purchase Returns/Disposals	Closing Stock
Current Year				
Software	-	7,963	7,882	81
Previous Year				
Software	-	7,570	7,570	-

14 Managerial Remuneration (Amount in Rs.)

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

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

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

b) Directors remuneration for the current year includes a sum of Rs.42.76 Lakhs paid to the managing director in accordance with the limits approved by the shareholders at the AGM held on 29th September 2010 but in excess of the limits prescribed under the Companies Act. The similar excess remuneration for the previous periods (from FY 2007-08 onwards) amounts to Rs. 105.39 lacs. The Company had applied for the requisite approval from the Central Government which had not been granted, but the management is confident of obtaining the approval and is in the process of filing revised application for the same. Pending outcome of the same, these amounts continue to be considered as an expense.

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

16 The Company's Singapore subsidiary, Midrange Software Pte Ltd has made a provision of SGD 162,000 in their books towards director's remuneration payable in respect of services rendered by Mr. Sanjay Soni. As per the understanding the same would be paid to M/s. Logix Microsystems Ltd, the holding Company in accordance with Sec 314 (1) (ii) of the Companies Act.

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

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

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

working of diluted EPS in accordance with AS-20.

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

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

(Amount in lakhs)

Particulars	Gross			Amortization			Net	
	Opening	Addition	Total	Opening	for the year	Total	Opening	Closing
(a) Internally Generated Software	40.00	-	40.00	40.00	0.00	40.00	0.00	0.00
(b) Acquired Softwares	609.89	2.68	612.57	580.03	22.62	602.65	29.86	9.92
	649.89	2.68	652.57	620.03	22.62	642.65	29.86	9.92

19 Lease-Operating Lease

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

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

(Amount in Rs.)

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

20 Current Value of subsidiaries investment

Investment in Midrange Software Pte Ltd,

The Company has invested an amount of SGD 1,904,915 in Midrange Software Pte Ltd, Singapore. Midrange has turned around in the recent years and has an accumulated reserve of

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

Investment in Logix Americas Inc.

The Company has invested an amount of USD 31,328,100 in its subsidiary Logix Americas Inc. which in turn holds 98% of the equity in Homestar Systems Inc, which is the holding company for the operating companies i.e. Homestar Systems Inc., Homestar LLC, Izmo CRM and IzmoMedia, the subsidiaries of Logix Americas Inc. The management has obtained an independent valuation of its operating enterprises in the US. Based on the same and further based

on the management's view on the prospects in the region, the management does not envisage any decline in the value of the investments and consider it appropriate to have the carrying value at par in respect of its investments in Logix America Inc as well.

Investment in Izmo Europe BVBA Belgium

The Company has invested an amount of EURO 1,359,094 in its subsidiary Izmo Europe BVBA Belgium till 31st March 2011.

21 List of Related Parties

a Enterprises Controlled by the Company

Midrange Software Pte Ltd, Singapore
(formerly Logix Microsystems (S) Pte. Ltd. Singapore)
Logix Americas Inc., USA
Izmo Europe BVBA
Homestar Systems Inc. USA
Homestar LLC., USA
Izmo Media, USA
Izmo CRM, USA

Wholly Owned Subsidiary

Wholly Owned Subsidiary

Wholly Owned Subsidiary

98% held by M/s. Logix Americas Inc., USA

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

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

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

b Key Management Personnel

Mr. Sanjay Soni
Mr. Tej Soni

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

Deep Heritage
Deep Oxygen Private Limited, India
Si2 Microsystems Ltd.,
Digipro Design Automation & Marketing Pvt Ltd.,
Deep Engineers & Consultants
SL Business Center

(Amount in Lakhs)

Nature of Transactions	Subsidiary Companies		Key Management Personnel		Enterprises in which Key Management Personnel 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	-	-	-	-	0.06	0.84
Si2 Microsystems Ltd.,	-	-	-	-	237.79	20.74
Digipro Design Automation & Marketing Pvt Ltd.,	-	-	-	-	2,017.42	-
Remuneration	-	-	61.96	61.96	-	-
S.L.Business Centre	-	-	-	-	3.94	6.28
Software Sales & Service Exports						
Homestar LLC	-	1,657.82	-	-	-	-
Homestar Systems Inc	1,728.23	610.31	-	-	-	-
Midrange Software Pte Ltd.,	-	1.49	-	-	-	-
Si2 Microsystems Ltd.,	-	-	-	-	2,041.89	2.39
Digipro Design Automation & Marketing Pvt Ltd.,	-	-	-	-	129.52	-
Rental Income						
Si2 Microsystems Ltd.,	-	-	-	-	51.50	51.50
Digipro Design Automation & Marketing Pvt Ltd.,	-	-	-	-	36.00	36.00
Investment in Equity						
Logix Americas Inc	3,056.58	2,516.87	-	-	-	-
Midrange Software Pte Ltd.,	-	-	-	-	-	-
Izmo Europe BVBA	87.95	299.01	-	-	-	-
Receivables						
Homestar LLC	497.44	1,864.51	-	-	-	-
Homestar Systems Inc	974.82	591.93	-	-	-	-
Si2 Microsystems Ltd.,	-	-	-	-	1,487.40	8.33
Payables						
Homestar LLC	21.17	21.28	-	-	-	-
Homestar Systems Inc	3.23	-	-	-	-	-
Midrange Software Pte Ltd.,	29.45	7.71	-	-	-	-
S.L.Business Centre	-	-	-	-	0.29	0.01
Si2 Microsystems Ltd.,(Investments)	-	-	-	-	32.00	-
Digipro Design Automation & Marketing Pvt Ltd.,	-	-	-	-	1,463.66	-

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

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

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

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

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

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

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

26 Provision Taxation:

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

The Deferred tax balance comprises of the following:

(Amount in Lakhs)

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

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

27 Segment Reporting

Primary Segments

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

i) Enterprise Connectivity & Security

ii) Izmo Cars Solutions

(Amount in Lakhs)

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

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

28 Employees Stock Options (ESOP)

a) Employees Stock Options (ESOP) 2006:

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

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

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

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

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

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

b) Employees Stock Options (ESOP) 2007:

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

employees till date.

c) Employees Stock Options (ESOP) 2009:

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

d) Employees Stock Options (ESOP) 2010:

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

29 Defined Benefit Plans

a. Gratuity

b. Leave Encashment

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

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

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

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

c) Amount recognized in Balance Sheet (Amount in lakhs)

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

d) Net periodic gratuity cost (Amount in lakhs)

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

e) Principal actuarial assumptions

Amount in lakhs

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

- f) The discount rate is based on the market yield available on Government bonds at the accounting date with a term that matches the liabilities.
- g) The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors.
- h) the employees are assumed to retire at the age of 60 years.
- i) The mortality rate considered are as per the published rates in the LIC (1994-96) mortality tables.
- 30 During the FY 2009-10, the Company through its subsidiary Homestar Systems Inc had acquired a 51% stake in AOA Izmo LLC, a California based company. The required permission under the Foreign Exchange Management Act, was obtained. The company had taken all the necessary initiatives to get these Shares listed on the Stock Exchanges; however, the listing of the said shares could not happen due to reasons beyond control of the Company and due to certain technical issues raised by Stock Exchanges. Therefore the Board after in-depth deliberations, decided to withdraw the proposal of allotment of shares to AOA Izmo LLC, USA.

31 Transfer Pricing

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

The Company has carried out a Transfer pricing study during the year based on which the Company's management is of the opinion that these international transactions are at arm's length and believes that the transfer pricing legislation will not have any impact on the Financial statements for the year ended March 2011, particularly on their amount of tax expense and that of the provision for taxation.

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

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

for and on behalf of the Board

Sanjay Soni
Managing Director
Bangalore
September 3rd, 2011

Shashi Soni
Chairperson

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

Unnikrishnan M.
Partner
Membership No. 205703

Balance Sheet Abstract and Company's General Business Profile

[Rs. '000]

I Registration Details

Registration No.	18734	State Code	08
Balance Sheet Date	31.03.2011		

II Capital raised during the year

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

III Position of Mobilisation of Funds & Deployment of Funds

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

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

Application of funds

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

IV Performance of the Company

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

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

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

As per our Report of even date

for and on behalf of the Board

for **VASAN & SAMPATH**
Chartered Accountants**Sanjay Soni**
Managing Director**Shashi Soni**
Chairperson**Unnikrishnan M.**
PartnerPlace : Bangalore
Date : September 3rd, 2011

Membership No. 205703

Cashflow Statement

FOR THE YEAR ENDED 31ST MARCH, 2011

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

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

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

for and on behalf of the Board

As per our Report of even date

for **VASAN & SAMPATH**

Chartered Accountants

Firm Registration No. 004542S

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

Ummikrishnan M.
Partner

Bangalore
September 3rd, 2011

Membership No. 205703

Auditors' Report on Consolidated Financial Statements

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

1. We have examined the attached consolidated balance sheet of Logix Microsystems Limited ("the Company") and its subsidiaries (the company and its subsidiaries constitute "the group") as at 31st March, 2011 and the Consolidated Profit and Loss Account for the year then ended annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We Report that,
 - i. We did not audit the financial statements of the subsidiaries. Financial statements of the subsidiaries are as furnished and certified by the management reflecting total net worth of Rs 108.70 crores as at 31st March, 2011 and total gross revenues of Rs.25.97 crores for the year then ended are unaudited and have been certified by the management.
 - ii. The financial statements of subsidiary of Logix Americas Inc i.e. Get Logix L.L.C., USA, has not been considered for the purpose of this consolidated financial statements.
 - iii. Attention is drawn to Note No. 2 in Schedule 24, in respect of non-uniformity of accounting policies adopted; and Note No. 1(g) in Schedule 26 in respect of the revenue items being translated at average rates as at the year end instead of average rates during the year; changes arising from re-statement of opening balances of subsidiaries the effect of which on the consolidated financial statements has not been quantified.
 - iv. The impact of minority interest on net income as also on net assets of subsidiaries has not been identified. Accordingly, related adjustments and disclosures required to the consolidated financial statements have not been carried out.
- v. The Consolidated Cash Flow statement has not been compiled.
- vi. In the absence of a comprehensive system of allocation/ recording of related costs, we are unable to comment on the basis of valuation of software work- in-progress valued at Nil and Rs.1.98 crores as at the 31st March 11 and 31st March 10 respectively.
- vii. Loans and advances as at 31st March 2011 includes a sum of Rs. 216 lacs of accrued interest on Inter-Corporate deposits which is long overdue and pending confirmation. Management is of the opinion that the same would be recovered in full and accordingly no provision towards possible non-recovery has been made in respect of the same. In the absence of confirmation for the same, we are unable to comment on the recoverability of the aforesaid amounts.
- viii. The impact of stock based compensation to employees has not been recognized during the year. In the absence of comprehensive records pertaining to administration of various ESOP schemes, we are unable to comment on the impact of the same on the Profit & Loss account and the Balance Sheet as at 31st March 2011.
4. Subject to the above and further subject the Notes forming part of the consolidated financial statements, we report that:
 - i. The consolidated financial statements have been prepared by the Company on the basis of the separate financial statements of Logix Microsystems Limited and its subsidiaries included in the consolidated financial statements.
 - ii. Consequent to our comments in para 3 above and on the consideration of the significant impact of the same on the attached consolidated financial statements, we are unable to comment as to whether:
 - a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Logix Microsystems Limited and its subsidiaries as at 31st March, 2011; and
 - b. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Logix Microsystems Limited and its subsidiaries for the year then ended.

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

Place: Bangalore
Date: September 3rd, 2011

Partner
Membership No : 205703

Consolidated Balance Sheet

AS AT 31ST MARCH, 2011

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

for and on behalf of the Board

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

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

Unnikrishnan M.
Partner
Membership No. 205703

Bangalore
September 3rd, 2011

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31ST MARCH, 2011

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

As per our Report of even date

for and on behalf of the Board

for **VASAN & SAMPATH**

Chartered Accountants

Firm Registration No. 004542S

Sanjay Soni
Managing Director

Shashi Soni
Chairperson

Unnikrishnan M.
Partner
Membership No. 205703

Bangalore
September 3rd, 2011

Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

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

Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

4 FIXED ASSETS

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

Schedule	Particulars	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
5	INVESTMENTS			
	a In Subsidiaries (Long term Unquoted, at cost)			
	Investments in Get Logix		8,096,601	8,096,601
	b Other Investments			
	(i) In Mutual Funds	-	19,594,425	
	Less: Dimunition in value	-	-	19,594,425
	(ii) In Equity Shares	2,772,875	69,048,492	
	Less: Dimunition in value	422,674	2,350,201	58,547,487
	(iii) In Debentures	-	10,437,295	
	Less: Dimunition in value	-	334,008	10,103,287
	(iv) In Inter Corp Deposits		13,000,000	80,850,000
	(v) Others		-	129,575,524
			23,446,802	306,767,324
6	INVENTORIES			
	(as valued and certified by the Management)			
	a Stock in Trade		356,313	-
	b Software Work-in-process		-	19,871,000
			356,313	19,871,000
7	SUNDRY DEBTORS			
	(Unsecured)			
	a. Debts outstanding for a period exceeding 6 Months			
	- Considered Good	116,500,085		140,403,040
	- Considered Doubtful	-		-
			116,500,085	140,403,040
	b. Other Debts (Considered Good)		119,956,048	6,073,765
			236,456,133	146,476,805

Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

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

Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

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

Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

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

for and on behalf of the Board

Sanjay Soni
Managing Director
Bangalore
September 3rd, 2011

Shashi Soni
Chairperson

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

Unnikrishnan M.
Partner
Membership No. 205703

Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2011

24 NOTES ON ACCOUNTS

1 Significant Accounting Policies

a Basis of Preparation

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

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

b Revenue Recognition

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

c Inventory Valuation

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

d Fixed Assets

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

e Depreciation

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

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

f Investments

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

g Foreign Currency Transactions

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

h Borrowing Costs

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

i Taxation

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

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

j Retirement/Employee Benefits

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

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

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

Other Employee benefits are accounted for on accrual basis.

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

k Miscellaneous Expenditure

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

l Earnings per Share

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

- m Provisions and Contingent Liabilities: The Company recognizes a provision when there is a present obligation as a result of a past event that probable requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an

outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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

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

The financials statements of subsidiaries used in the consolidated are drawn up to the same reporting date as that of the parent company i.e., year ended 31.03.2011. The financial statements of Get Logix LLC (a subsidiary of Logix Americas Inc) have not been considered for the purpose of these Consolidated Financial Statements. Accounting for investments in subsidiaries is under the equity method.

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

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

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

4 Contingent Liabilities

(in Rs.)

Particulars	Current Year	Previous Year
Money for which the company is contingently liable:		
i) Performance Guarantees	499,836	499,836
ii) Claims against the company		
Not acknowledged as debts	1,270,937	1,000,000
iii) Unexpired Letters of Credit	1,634,016	1,908,902
iv) Warranty Costs on Software Sale*	Not Quantified	Not Quantified
v) Other money for which the company is contingently liable #	1,984,472	1,717,857

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

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

5 Payments to Auditors:

(in Rs.)

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

6 Remuneration to Directors:

(in Rs.)

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

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

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

8 The Company's Singapore subsidiary, Midrange Software Pte Ltd has made a provision of SGD 162,000 in their books towards director's remuneration payable in respect of services rendered by Mr. Sanjay Soni. As per the understanding the same would be paid to M/s. Logix Microsystems Ltd, the holding Company in accordance with Sec 314 (1) (ii) of the Companies Act.

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

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

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

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

10 Investments

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

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

11 In accordance with Section 205C of Companies Act, 1956, Share Warrant Application money, pending allotment and due for refund amounting to Rs. 10,000 remaining unpaid since 29th September 2007 will be transferred to Investor Education and Protection Fund after the completion of 7 years from the date of payment falling due.

12 a Consolidated Related Party disclosure

Key Management Personnel

Mr. Sanjay Soni

Mr. Tej Soni

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

Deep Heritage

Deep Oxygen Private Limited,

Deep Engineers & Consultants

Si2 Microsystems Ltd.,

Digipro Design Automation & Marketing Pvt Ltd.,

SL Business Centre

(Amount in Lakhs)

Nature of Transactions	Key Management Personnel		Enterprises in which Key Management Personnel their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year
Purchase of Goods/Services/Rentals				
Deep Heritage	-	-	0.06	0.84
Si2 Microsystems Ltd., India	-	-	237.79	20.74
Digipro Design Automation and Marketing Pvt Ltd	-	-	2017.42	-
Remuneration	61.96	61.96	-	-
Software Sales & Service Exports				
Si2 Microsystems Ltd., India	-	-	2041.89	2.39
Digipro Design Automation and Marketing Pvt Ltd	-	-	129.52	-
Rental Income				
Si2 Microsystems Ltd., India	-	-	51.50	51.50
Digipro Design Automation and Marketing Pvt Ltd	-	-	36.00	36.00
S L Business Centre	-	-	3.94	6.28
Receivables				
Si2 Microsystems Ltd., India	-	-	1487.40	8.33
Payables				
Si2 Microsystems Ltd., India	-	-	32.00	-
S L Business Centre	-	-	0.29	.01
Digipro Design Automation and Marketing Pvt Ltd	-	-	1463.66	-

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

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

14 Income from Investments comprises of:

(Amounts in Lakhs)

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

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

16 Employees Stock Options (ESOP)

A Employee Stock Options (ESOP) 2006:

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

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

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

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

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

a) Change in defined benefit obligation

(Amount in Lakhs.)

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

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

used for accounting the share based compensation cost.

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

B Employee Stock Options (ESOP) 2007:

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

C Employees Stock Options (ESOP) 2009:

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

D Employees Stock Options (ESOP) 2010:

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

17 Defined Benefit Plans

a Gratuity

b Leave Encashment

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

c) Amount recognized in Balance Sheet

(Amount in Lakhs.)

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

d) Net periodic gratuity cost

(Amount in Lakhs.)

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

e) Principal actuarial assumptions

(Amount in Lakhs.)

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

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

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

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

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

18 Transfer Pricing

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

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

The Company has carried out a Transfer pricing study during the year based on which the Company's management is of the opinion that these international transactions are at arm's length and believes that the transfer pricing legislation will not have any impact on the Financial statements for the year ended March 2011, particularly on their amount of tax expense and that of the provision for taxation.

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

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

for and on behalf of the Board

Sanjay Soni
Managing Director

Bangalore
September 3rd, 2011

Shashi Soni
Chairperson

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

Unnikrishnan M.
Partner

Membership No. 205703

LOGIX MICROSYSTEMS LIMITED

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

ATTENDANCE SLIP

Name of the Member :

Address :

Folio Number :

Client ID* :

DP.ID* :

* Applicable for investors holding shares in electronic form

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

Signature of the attending Member/Proxy :

NO GIFTS WILL BE DISTRIBUTED AT THE AGM

LOGIX MICROSYSTEMS LIMITED

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

PROXY FORM

I/ We
of being a member/members of Logix Microsystems Limited hereby
appoint
of or failing him
of as my/our proxy to vote for me/us and on my/our behalf at the
16th Annual General Meeting to be held on 29th September, 2011 at 4.30 P.M or at any adjournment thereof.

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

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.

NO GIFTS WILL BE DISTRIBUTED AT THE AGM