

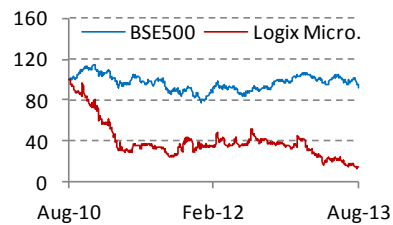
Logix Microsystems Ltd.

Market data

Current price*	Rs 7.2 (BSE)
Market cap *	Rs 87.1 m
Face value	Rs 10
BSE Code	532341
No. of shares	12.1 m
Free float	81.1%
52 week H/L*	Rs 24.5 /6.5

*as on 6th August 13

Rs 100 invested is now worth



Stock price performance

	Logix Micro.	BSE-500
1-Yr	-65.6%	0.7%
3-Yr	-86.1%	-7.9%
5-Yr	-94.0%	15.7%

Shareholding (June-2013)

Category	(%)
Promoters	19.0
DII's	0.0
FII's	11.1
Others	69.9
Total	100.0

Report prepared by

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Company overview

Incorporated in 1995, Logix Microsystems provides niche product portfolio of software and web solutions to automotive dealers. The company provides customised web marketing platforms, including online stores, car animation and graphics, and online marketing tools. It provides its offerings through division automotive, media solutions and enterprise products.

Logix Microsystems targets the automotive retail markets of the US, Europe, and Singapore and Asia. It markets in the US by izmocars, in Europe by izmoEurope, and in India by Carazoo. It is one of the leaders into interactive automotive solutions and offers hi-tech automotive e-retailing solutions targeted mainly at the automotive retail market.

Interactive automotive solution includes full-featured interactive online stores, car animation and graphics, comprehensive online marketing programs, sales performance coaching, in-store accessories sales, online service management solutions, among others.

Logix has various verticals like izmostudio, a visual tools and comprehensive library of automotive content, izmopedia's CarSite is into online media presence that add value media companies' offerings like newspaper, magazine, TV and radio. izmoReader, e-Reader device that includes a comprehensive publishing and advertising system.

Company strengths

- The company offers a niche product portfolio.
- Logix has a client base of over 600 that includes Fortune 100 OEMs (original equipment manufacturers) and some of the largest automotive retail groups in the world.
- Recently it added 3M and Best Buy as its clients in the US.

Industry overview

The world's consumers are becoming much more intelligent about how they determine what they will buy, where they will buy it and who they will buy it from. Instant access to online research, social media reviews and detailed product information provides power to the consumer for purchases of all kinds. This is especially true for automotive consumers whose purchases are large, expensive and needed to last for years. Given worldwide economic instability, consumers remain cautious about big and discretionary purchases and are equipping themselves to make the best possible investment in a car and parts that are capable of fitting into their lives now and for years to come. Their new levels of demand for customer service, technology and customization have brought the automotive industry to a new crossroads.

Empowered consumers are now rapidly pushing OEMs to develop closer relationships up and down the value chain. The dealer and the OEM must now partner to share data to create a 360-degree view of the consumer as well as to streamline their purchasing processes. OEMs also need to facilitate a tighter relationship with their suppliers to create a lean and sustainable supply chain despite an increase in products and offerings. Bottom line is that consumer demands are dictating the need for a new business model.

Financials at a glance

(Rs m)	FY09	FY10	FY11	FY12	FY13
Sales	521	365	493	179	169
Sales growth (%)		-30.0%	35.0%	-63.7%	-5.3%
Operating profit	36	-21	34	27	49
Operating profit margin (%)	6.9%	-5.7%	6.8%	15.0%	29.2%
Net profit	62	11	11	6	7
Net profit margin (%)	11.8%	2.9%	2.2%	3.4%	4.4%
No. of shares (m)	12.05	12.10	12.10	12.10	12.10
Balance Sheet					
Current assets	347	414	423	211	211
Fixed assets	945	1,318	1,670	48	43
Investments	529	307	8	1,603	1,603
Other assets	1	1	19	5	5
Total Assets	1,823	2,040	2,120	1,867	1,862
Current liabilities	163	208	435	213	205
Net worth	1,623	1,619	1,669	1,617	1,624
Long term debt	22	109	0	21	13
Other liabilities	14	105	16	17	19
Total liabilities	1,823	2,040	2,119	1,867	1,862

Note: Financial results are consolidated wherever applicable else standalone

Company Fundamentals

Parameters	FY11	FY12	FY13
Sales per share (Rs)	40.7	14.8	14.0
Sales/Net fixed assets (x)	0.3	3.7	4.0
Operating profit margin (%)	6.8%	15.0%	29.2%
Net profit margin (%)	2.2%	3.4%	4.4%
Inventory days	0.3	0.3	0.6
Debtor days	175.1	341.6	374.8
Fully diluted earnings per share (Rs)	0.9	0.5	0.6
Dividend payout (%)	0.0	0.0	0.0
Debt to equity Ratio (x)	0.0	0.0	0.0
ROE (%)	0.6	0.4	0.5
ROCE (%)	1.0	2.2	1.6
Earnings per share (Rs)	0.9	0.5	0.6

Comparative Parameters

FY13	Logix Microsystems	Sasken Communication
Performance metrics		
Sales (Rs m)	169	4,748
PAT (Rs m)	7	319
OPM (%)	29.2%	8.8%
NPM (%)	4.4%	6.7%
ROE (%)	0.5%	7.6%
ROCE (%)	1.6%	9.5%
EPS (Rs)	0.6	15.2
Valuation metrics		
Current price (Rs)	7.2	108.5
Price to earnings (x)	11.7	7.1
Price to book value (x)	0.1	0.5

Quarter Result Trend

	Qtr ending	Mar-12	Jun-12	Sep-12	Dec-12
Net sales	(Rs m)	85.0	94.0	64.0	80.0
Gross profit	(Rs m)	18.0	32.0	17.0	28.0
Gross profit margin	(%)	21.2	34.0	26.6	35.0
Net profit	(Rs m)	11.0	60.0	7.0	8.0
Net profit margin	(%)	12.9	63.8	10.9	10.0

Note: Quarter results exclude extraordinary / exceptional items | Wherever the results are consolidated we have taken consolidated numbers else standalone. NA = Not applicable. NM = Not meaningful

Latest Financial Result Performance Review

Rs m	FY12	FY13	YoY ch
Net Sales	178.8	169.6	-5.1%
Other income	34.0	45.8	34.7%
Total Income	212.8	215.4	1.2%
Expenses	151.4	119.9	-20.8%
Gross profit	27.4	49.7	
Depreciation	8.3	6.3	-24.3%
Interest	28.3	14.8	-47.6%
Profit before tax	8.7	12.2	39.7%
Tax	2.1	4.7	124.8%
Profit after tax	6.6	7.4	12.6%
Gross profit margin	15.3%	29.3%	
Effective tax rate	24.1%	38.8%	
Net profit margin	3.7%	4.4%	

Note: The company has not reported it 3 months results for the quarter ended March 2013. So we have taken results' comparison of FY13 to that of FY12.

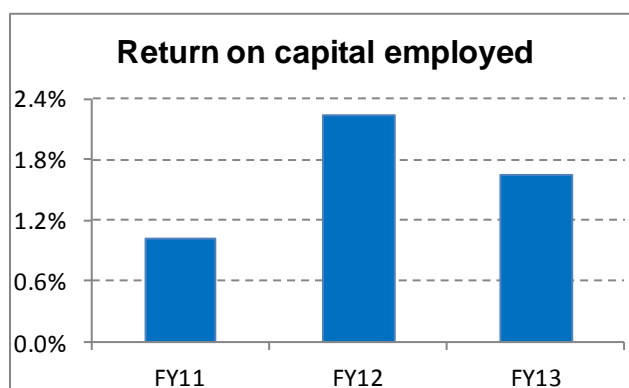
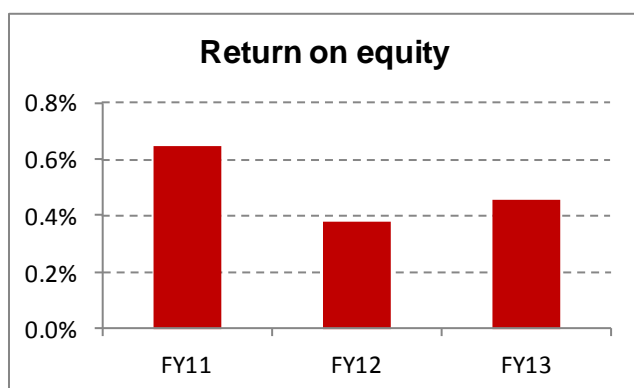
Result performance review

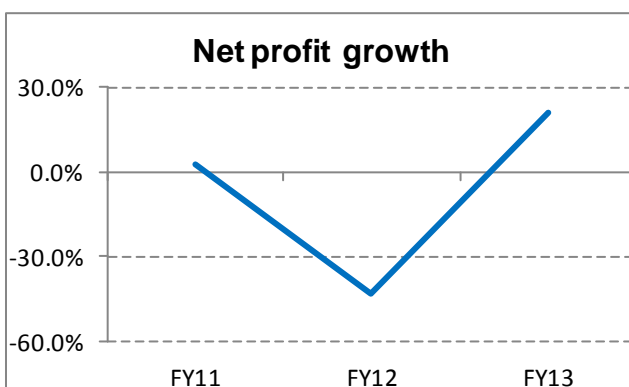
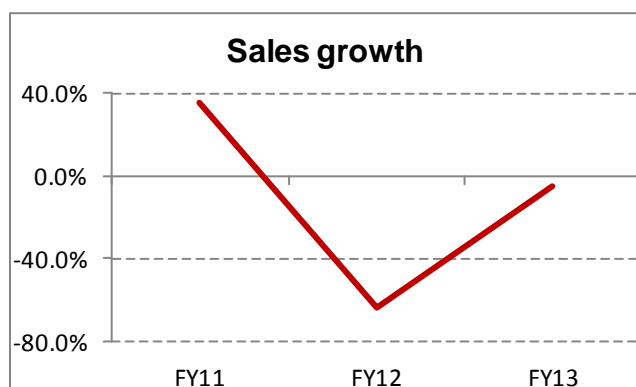
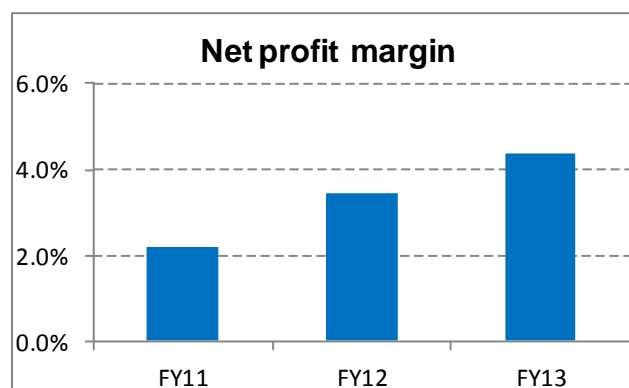
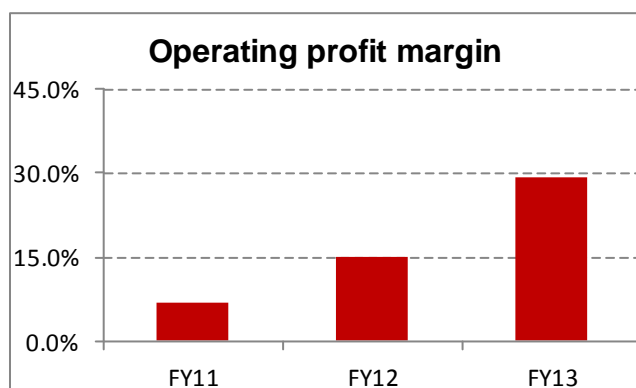
- During full year results ended March 2013, the company's net sales declined by 5% on year on year (YoY) basis.
- The company's other income increased by nearly 35% YoY.
- Expenditure fell by 21% YoY that declined at a greater pace than the fall in the net sales during the period. This led to decline in the expenditure as a percentage of sales.
- Depreciation declined by 24% YoY, while interest declined by nearly 48% YoY.
- At the bottom line, the company's FY13 net profit after tax increased by about 12% YoY to Rs 7.4.

Current valuation

At the current price of Rs 7.2, the company's stock trades at 11.7 times its trailing twelve month earnings.

Charts





Important Message from Equitymaster:

- This report has been prepared exclusively for the BSE Investor Protection initiative.
- The data for this report has been sourced primarily from the company's Annual Report and other publicly available information.
- Equitymaster did not meet the management of this company in person.
- Equitymaster insists that it makes no recommendation by way of presenting this report.
- The only purpose of this report is to present publicly available information on the company to readers in a format that is easy to understand.

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