

## Corporate Information

### Board of Directors

Mrs. Shashi Soni  
Chairperson  
Mr. Sanjay Soni  
Managing Director  
Mr. Vijay Kumar D Gupta  
Director  
Dr. Devindra Kumar Bhatia  
Director  
Mr. R N Chawhan  
Director

### Auditors

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

### Share Transfer Agents

Cameo Corporate Services Limited  
"Subramanian Building", Vth Floor,  
1, Club House Road, Chennai - 02  
Tel : 91-44-28460390 - 94  
Fax: 91-44-28460129  
E-mail: cameo@cameoindia.com

### Bankers

State Bank of Mysore,  
Bangalore Main Branch,  
Bangalore – 560 009.

### Registered & Corporate Office

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

### Websites

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

### INDIA

Bangalore Unit- 2  
Logix Microsystems Limited  
Bilekahalli Industrial Area,  
Banneraghatta Road,  
Bangalore - 560 076, India  
Tel : 91-80-67125400 to 5407

Bangalore Unit- 3  
Logix Microsystems Limited  
2nd Floor, Bhrmahalingeshwara  
Complex, 493/3, Airport Road  
Bangalore - 560 008, India  
Tel : 91-80-25296532 / 41256413  
Fax : 91-80-25210668

Bangalore Unit- 4  
Logix Microsystems Ltd.,  
Unit IV Plot No.84, 1st Floor – A,  
EPIP, Whitefield Industrial Area,  
Bangalore – 560 066.  
Tel : 91-80-67125400 to 5407  
Fax : 91-80-67125408

### Sales & Marketing Offices

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

Hyderabad  
Logix Microsystems Limited,  
Flat No. 201, 2nd Floor, Indira Heights  
Apartment, H.No.6-3-587,  
Venkataramana Colony  
Khairthabad, Behind CARE Hospital  
Banjara Hills, Hyderabad – 500004  
Tel : 91-40-64631500

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

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

### U.S.A

#### Corporate Headquarters

San Francisco  
665 3rd Street, Suite 320,  
San Francisco, CA 94107  
Tel : 415.694.6000  
Fax : 415.495.2955

Photography Studio, Long Beach  
3940 E. Gilman Street  
Long Beach, CA 90815  
Tel : 562.597.5740  
Fax : 562.597.9616

Chattanooga Office  
1 Central Plaza  
Chattanooga, TN 37450  
5959 Shallowford Road,  
Suite 309, Chattanooga,  
TN 37450  
Tel : 888.756.4084

Philadelphia Office  
Pennsauken, NJ  
2500 McClelland Blvd. Suite 210,  
Pennsauken, NJ 08109

### EUROPE

Brussels Office  
Schaarbeeklei 525  
B-1800 Vilvoorde,  
Belgium

### Core Management Team - USA

**Mr. Tej Soni**  
President & Founder of izmocars

**Mr. Mike Martinez**  
Chief Sales & Marketing Officer

**Mr. Sidney Haider**  
Vice-President (AddOnAuto)

**Mr. Debankur Das**  
Vice-President (Engineering)

**Ms. Saphura Long**  
Vice-President (izmoCRM)

**Ms. Miriam McDermott**  
Vice-President (Online Services)

### Core Management Team - India

**Mr. Ashok Padhye**  
Chief Operating Officer

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

**Mrs. Suguna Jayashankar**  
Head – Human Resources

**Mr. Bhaskarjyoti Das**  
Associate Vice President - Engineering

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

**Mr. Pankaj Patel**  
Vice-President (Carazoo)

**Mr. Kaushik Bhaumik**  
Head – Creative

# Employees @ Logix

At Work



At Play



## Notice

NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF LOGIX MICROSYSTEMS LIMITED WILL BE HELD ON WEDNESDAY, THE, 29th DAY OF SEPTEMBER 2010 AT 10.00 AM AT BHARATIYA VIDYA BHAVAN, RACE COURSE ROAD, BANGALORE – 560 001 TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vijay Kumar D Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Devindra Kumar Bhatia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Roop Sing Chawhan who was appointed as Additional Director of the Company on 29.1.2010 by the Board of Directors and who holds office up to the date of this Meeting be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections

198 269 309 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification there of and subject to the approval of the Central Government, if required, Mrs. Shashi Soni be and is hereby appointed as Chairperson & Wholetime Director of the Company with effect from 1st October, 2010 to 30.09.2013 for a period of 3 (three) years on such remuneration as set out below:

Salary Rs. 15,526/- PM (Rupees Fifteen Thousand Five hundred and twenty six only) per month (effective 01.10.2010 to 30.09.2013).

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

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

#### Category “A”:

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

#### Alternatively

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

#### Alternatively

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

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Rules, 1962 as amended from time to time; however, such expenditure shall be subject to a ceiling of

## Notice

10% (Ten percent) of the appointee's annual salary each year.

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

**Leave Travel Concession:** For appointee and family once in a year, while on leave, in accordance with the rules and regulations applicable to Senior Managers of the Company from time to time.

**Personal Accident Insurance:** Premium not to exceed Rs. 4000/- (Rupees four thousand only) per annum.

**Explanation:** for the purpose of category "A", Family means spouse, dependent children and dependent parents of the appointee.

**Category "B":**

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

**Gratuity –** In accordance with the Rules and Regulations applicable to Senior Managers of the Company from time to time but not exceeding half month's salary for each completed year of service.

**Encashment of Leave at the end of the tenure -** In accordance with the rules and regulations applicable to Senior Managers of the Company from time to time, the monetary equivalent of such encashed leave shall not be included in the computation of the ceiling of perquisites referred to in paragraph 3.

**Category "C":**

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

### MINIMUM REMUNERATION:

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

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

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

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

The Chairperson & Whole time Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committees thereof.

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

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

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“RESOLVED THAT pursuant to the provisions of Sections 198 269 309 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification thereof and subject to the approval of the Central Government, if required, Mr. Sanjay Soni be and is hereby reappointed as Managing Director of the Company with effect from 1st April, 2010 to 31st March, 2013 for a period of 3 (three) years on such remuneration as set out below:

1. Mr. Sanjay Soni - Managing Director with effect from 1.4.2010 for a period of 3 years.
2. Salary without any changes: Rs.40,00,000/- (Rupees Forty Lakhs only) per annum.
3. Commission not more than 1% of the net profits of the Company.
4. Perquisites as detailed hereinafter restricted to an amount equal to the annual salary or Rs.20,00,000/- (Rupees Twenty Lakhs only) per annum, which ever is less. Unless the context otherwise requires, the perquisites are classified into three categories "A", "B" and "C" as follows:

Category “A “:

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

Alternatively:

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

Alternatively:

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

Explanation:

- I) The Expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Rules, 1962 as amended from time to time however, such expenditure shall be subject to a ceiling of 10% (Ten Percent) of the appointee's annual salary each year.
- II) Medical Reimbursement: Expenses incurred for the appointee and his family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- III) Leave Travel Concession: For appointee and his family once in a year, while on leave, in accordance with the Rules and Regulations applicable to Senior Managers of the Company from time to time.
- IV) Personal Accident Insurance: Premium not to exceed Rs.25,000/- (Rupees Twenty Five Thousand only) per annum.

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

Category “B”:

- I) Contribution to Provident Fund, Superannuation Fund and Annuity Fund: These will be in accordance with the schemes applicable to Senior Managers of the Company from time to time and will not be included in the computation of ceiling on perquisites mentioned above to the extent they either singly or put together are not taxable under the Income Tax Act, 1961 as amended from time to time.
- II) Gratuity: In accordance with the Rules and Regulations applicable to Senior Managers of the Company from time to time but not exceeding half months salary for each completed year of service.
- III) Encashment of Leave at the end of the tenure: In accordance with the rules and regulations applicable to the Senior Manager of the Company from time to time, the monetary equivalent of such encashment leave shall

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not be included in the computation of the ceiling on perquisites referred to in paragraph.

Category “C”:

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

### MINIMUM REMUNERATION

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

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

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

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

The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committees thereof."

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

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

“RESOLVED THAT pursuant to the provisions of Section 81(1-A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, prescribed by the Securities and Exchange Board of India including Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, or any other relevant authority, from time to time, subject to such approvals, consents, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee including the Compensation Committee and the Compensation Sub-Committee) be and is hereby authorized on behalf of the Company to grant from time to time options under the Stock Option Scheme viz. Employee Stock Option Plan 2010 {ESOP 2010} to apply for Equity Shares and / or warrants with an option for conversion into Equity Shares/Equity linked Securities convertible into Equity Shares of the Company to or for the benefit of such person/persons who are in the permanent employment of the Company and consequently create, issue, offer and allot at any time and from time to time, Equity Shares in terms of such options, the options and the consequential issue, offer and allotment of Shares shall be at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide.

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Provided the total number of options to be granted under ESOP 2010 shall not exceed 500,000 Equity Shares of Rs.10/- each or such limits as may be prescribed/stipulated under any of the Statutes/Regulatory Guidelines of the total shares issued by the Company on the date(s) of grant of such options and that these resolutions shall have effect on and from this date.

RESOLVED FURTHER THAT subject to the terms stated herein, the Equity Shares ESOP 2010 shall in all respects rank pari passu inter-se as also with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer or grant of options, issue or allotment of Equity Shares pursuant to the options granted, or securities or instruments representing the same, as described above, under any Employee Stock Option Scheme, the Board be

and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s) (including power to amend, vary, or modify any of the terms and conditions of the scheme, the grant of options, issue or allotment of Equity Shares pursuant to the options granted), without being required to seek any further consent or approval of the members, in its sole discretion as it may deem fit."

By order of the Board  
for Logix Microsystems Limited

Place: Bangalore  
Date: September 4th, 2010

Sanjay Soni  
Managing Director

## Notice

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed on 29.09.2010 for the purpose of Annual General Meeting.
3. Members holding shares in the same name or same order of names under different Ledger Folios are required to send all their share certificates to the Company's Share Transfer Agent at Chennai for consolidating all such share holdings into one Folio to facilitate better service.
4. Members are requested to note that the Company's Equity Shares have been notified for compulsory dematerialization for all investors. Members are requested to open a depository account in their names with a Depository Participant to dematerialize their holdings. This would be necessary for facilitating the transaction of our Equity Shares in all Stock Exchanges connected to the Depository System.
5. Members holding shares in physical form only are requested to inform the changes if any, in their registered addresses to the Company's Share Transfer Agent, Cameo Corporate Services Ltd., "Subramanian Building", V Floor, # 1, Club House Road, Chennai – 600 002.
6. Members holding shares in electronic form should address all their correspondence to their respective Depository Participant (DP) only, regarding change of address, change of Bank account/ change of Bank, nomination etc., and not to the Company. The Company will not act on any direct request from such members holding shares in electronic form for change/deletion in bank details.
7. Members may please address all their documents/correspondence relating to the Equity Shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated above.  
  
For convenience of members, an attendance slip is annexed to the proxy form.
9. Members are requested to affix their signature at the space provided and fill up all the particulars i.e., DP details, Client ID No. /Folio Numbers and hand over the attendance slip at the place of the meeting.
10. Un-claimed dividends have been transferred to the General Revenue Account of the Central Government. Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, the Dividend declared for the year ended 31st March 2003 and for any financial year ending thereafter, which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund established by the Central Government. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which are unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
11. Members are requested to bring their copy of the Annual Report for the Meeting.
12. Pursuant to SEBI notification no. MED/ DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA to enable/effect transfer of Shares in physical form.

### INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

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



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1. Name : Mr. Vijay Kumar D Gupta  
 Age : 67 years  
 Qualifications : Bsc  
 Expertise : 29 years of industrial experience  
 Other Directorships : Nil  
 Membership in Committees : Chairman of Audit Committee & Remuneration Committee of the Company

Attendance record of Mr. Vijay Kumar D Gupta, Director seeking re-appointment (1.4.2009-31.3.2010)

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr. Vijay Kumar D Gupta	5	4

2. Name : Mr. Devindra Kumar Bhatia  
 Age : 76 years  
 Qualifications : MA (Maths), MA (Economics), Ph.D (Economics) and CAIIB  
 Expertise : Has 39 years of experience in the following fields:
- Professor at various premier Indian and Foreign Institutes such as Jamna Lal Bajaj Institute of Management Studies, National Institute of Fashion Technology, Bloomsburg University of Pennsylvania, USA.
  - He also served as Editor to Reserve Bank of India Monthly Bulletin and was a member of Editorial Committee of RBI.
  - Served as International

Monetary Fund's Advisor to Bank Indonesia, Jakarta

Other Directorships : Nil

Membership in Committees : Member of Audit Committee of the Company

Attendance record of Mr. Devindra Kumar Bhatia, Director seeking re-appointment (1.4.2009-31.3.2010)

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr. Devindra Kumar Bhatia	5	3

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

Item no. 5

Mr. Roop Sing Chawhan was appointed as Additional Director on 29.1.2010. Mr. Roop Sing Chawhan has over 35 years of experience in premier financial institutions i.e. KSIIDC and KSFC, engaged in promotion of small, medium and large industries.

He shouldered responsibilities at senior management levels in key areas of operations mainly, comprising of project appraisals, project implementation & monitoring, recovery of loans, rehabilitation of sick industries, developing various packages and policies for promotion and acceleration of industrial investment in the state. He was also heading the equity investment & disinvestment departments, promotion & development of mega infrastructure projects such as, Bangalore International Airport Project, Sea ports, urban infrastructure projects, holding International Conferences for attracting Investments, Development of Venture capital funds and Specialized Institutes.

His vast experience in various fields will contribute substantially to the progress of the Company. Your Board is of the firm belief that Mr. Chawhan's association with the

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Company will help in enhancing its knowledge base considerably.

The Company has received notice from a Shareholder under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Chawhan.

Apart from Mr. Roop Sing Chawhan himself, no other Director is interested or concerned in the Resolution.

Item no. 6

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

It is proposed to re appoint Mrs. Shashi Soni as Whole time Director of the Company with such terms and conditions as mentioned in the aforesaid resolution.

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

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

Item no. 7

Mr. Sanjay Soni was appointed as Managing Director for 3 years with effect from 1.4.2007 to 31.3.2010. Mr. Soni is one of the Promoters of your Company and has been actively involved with the affairs of the Company from the beginning. He has been steering the Company from the beginning through tough times and has now worked hard to ensure that the Company has achieved respectable business position.

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

Considering the background, his experience and the need of the Company, based on the recommendations of the Remuneration Committee, your Board has appointed him as Managing Director for 3 years with effect from 1.4.2010 to 31.3.2013 and recommends that the same be approved by the Members.

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

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

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### GENERAL INFORMATION:

1. Nature of Industry Services.	Information Technology & Information Technology Enabled
2. Date of commencement of commercial production	18.9.1995 (Date of Certificate of Commencement of Business)
3. Financial performance based on given indicators	For the year ended 31.3.2010 Turnover and other income Rs.31.80 Crores Profit before income tax Rs.3.30 Crores Net worth Rs.173.06 Crores
4. Export performance and net foreign exchange collaborations	The Company's export income was Rs.22.80 Crores in 2009-10.
5. Foreign investment or collaborations, if any	NIL

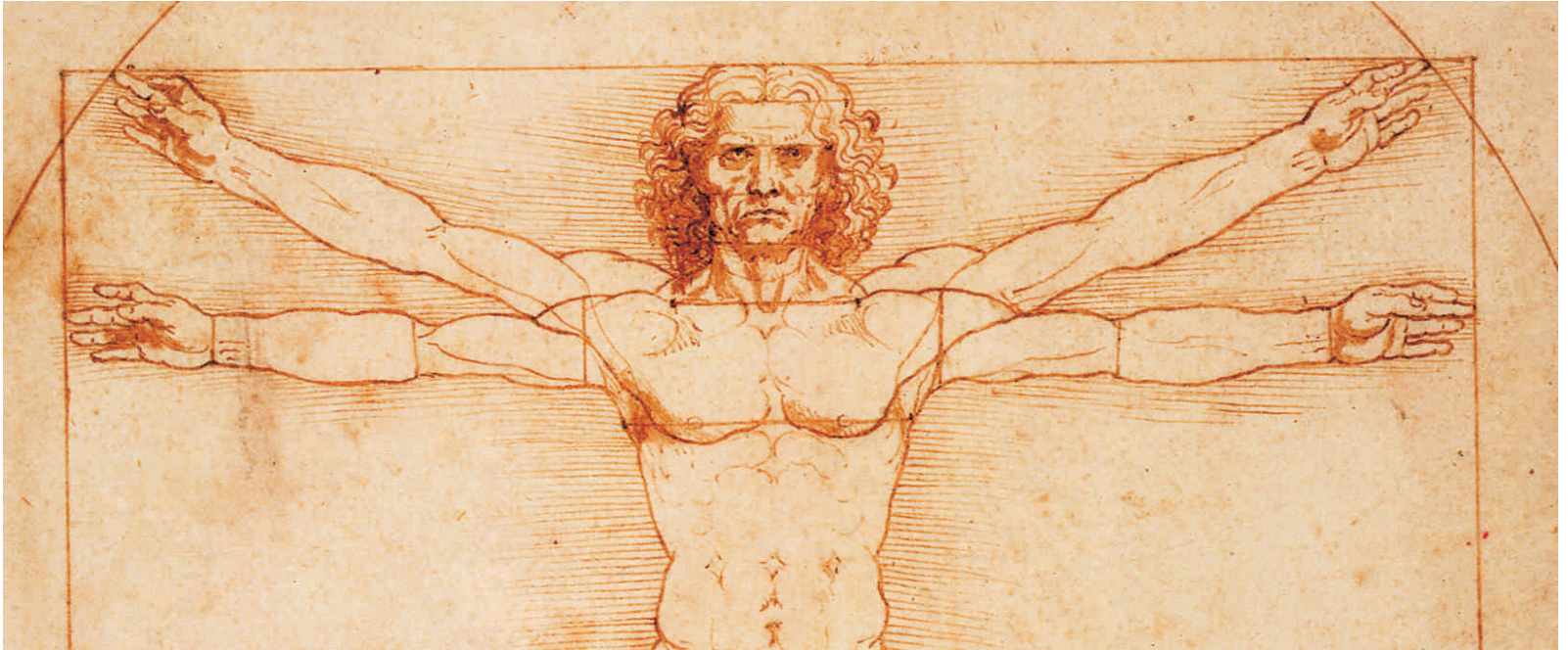
### INFORMATION ABOUT THE APPOINTEES :

1. Name of the Director	Mrs. Shashi Soni	Mr. Sanjay Soni
2. Background details	She has more than 35 years of business experience in diverse industries such as entertainment, industrial gases and transportation.	Mr. Sanjay Soni was appointed as Managing Director from the beginning of commercial operations. His term having expired, the Board approved him as Managing Director based on recommendation of the remuneration Committee.
3. Past remuneration	Rs 1.86 Lakhs	Rs 48 Lakhs
4. Job profile and her/his suitability	Vast knowledge of business and expertise in dealing with HR and Administrative matters.	Mr. Sanjay Soni is re-appointed as Managing Director of the Company. He being a promoter Director has involved in the Management and headed the Company since its incorporation. He is a Graduate in Commerce and has undertaken extensive studies in IT related fields for the last over one decade. He has undergone Post Graduate Program from the Indian Institute of Management ( IIM-B ), Bangalore. He has wide exposure to International Finance and Banking and has authored books on related fields.
5. Remuneration proposed	Rs 1.86 Lakhs	Rs 60 Lakhs
6. Pecuniary relationship / relationship with the managerial personnel, if any	NIL	Mr. Sanjay Soni is one of the promoters of the Company. At present his mother Mrs. Shashi Soni is Chairperson of the Company.

By order of the Board  
for Logix Microsystems Limited

Place: Bangalore  
Date: September 4th, 2010

Sanjay Soni  
Managing Director



The "Vitruvian Man" by Leonardo da Vinci

*" Design is the fundamental soul  
of a man-made creation that  
ends up expressing itself in  
successive outer layers of the  
product or service. "*

*- Steve Jobs*

## Directors' Report

Dear Shareholder,

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the Audited statements of accounts for the year ended 31st March 2010.

### MANAGEMENT DISCUSSION & ANALYSIS

#### Financial Highlights:

Amount in Lakhs Rs.

Particulars	Year ended March 31, 2010 (Audited) Stand-alone	Year ended March 31, 2009 (Audited) Stand-alone
Net Sales/Income from Software Services	2,579.22	2,543.34
Other Income	601.55	656.38
<b>Total Income</b>	<b>3,180.77</b>	<b>3,199.71</b>
Expenditure		
A. Decrease/(Increase) in Work-in-Progress	444.71	(46.74)
B. Direct Costs	156.65	217.01
C. Staff Cost	1,333.66	1,274.32
D. Other Expenditure	779.21	974.96
Interest	57.90	62.21
<b>Gross Profit/(Loss) after Interest but before Depreciation, Tax and write-offs</b>	<b>406.23</b>	<b>717.96</b>
Depreciation	149.26	163.13
<b>Profit before Provision and Write-offs</b>	<b>256.97</b>	<b>554.83</b>
Provision against Investments	75.98	325.67
<b>Profit before Taxation</b>	<b>180.99</b>	<b>229.16</b>
Provision for Taxation	30.66	(2.65)
Prior Period Expenses	7.42	0
<b>Net Profit</b>	<b>142.91</b>	<b>231.81</b>

## Directors' Report

### PERFORMANCE

The performance for the year has been greatly impacted by the recession in the United States, the Company's major market.

While sales of Enterprise Connectivity Solutions exhibited a 5% increase over FY 2008-09, international sales of izmocars products recorded a drop of approximately 2.28% as compared to FY 2008-09. Income from the Indian portal Carazoo showed an impressive jump of 59% in 2009-10 as compared to the previous year.

Sales in Europe was 45,676 Euros in FY 2009-10. The European studio was commissioned in April 2009 and the creation of the European catalogue has taken nearly a year. We could begin monetization of the European catalogue only by November, 2009.

Your Company faced very challenging headwinds in FY 2009-10 due to its largest market falling deeper into recession. The US Automotive market had its worst year since 1997, selling only 10.70 million cars in 2009. The number of car dealerships also saw a sharp fall from 24,000 + in 2008 to around 18,000 by the end of 2009. This sharp drop in the number of auto dealerships is unprecedented in US history.

As a result of the above, FY 2009-10 saw the Company's customer base shrinking further to 600 customers by March 2010. Your Company had 1,100 customers at the end of December 2007. This translates into an erosion of nearly 40% in its customer base.

The US economy is recovering, albeit very slowly. Your Directors expect GDP growth to be approximately 2.5% in 2010. However, the sales of automobiles has picked up in the United States. Most of the large automotive manufacturers are reporting profits as they have reduced costs significantly and sales have picked up. Therefore, the current FY 2010-11 should see a significant improvement in the company's customer base.

### Analysis of Expenses

Operating expenses (other than provision for bad debts) have risen by 5.80% over last year. This has been led by an increase of 4.66% in employee costs over the previous year.

There has been a 28.29% increase in administrative expenses. Compensating this to some extent has been a reduction in selling expenses over the previous year by nearly 45%. Financial expenses have fallen by 6.93% over the last year.

The Company has made a provision of Rs. 75.97 lakhs towards reduction in value of investments. This figure is much lower than the previous year. This indicates that the valuation of the company's investments has increased substantially in FY 2009-10.

### Profitability

The profitability of the Company has been significantly impacted in FY 2009-10. The drop in top line could not be compensated by a corresponding decrease in total expenses. As a result, the profit before tax has fallen by nearly 20% as compared to the previous year. Your company has made a tax provision of approximately Rs. 30 lakhs. This has caused the profit after tax to be around 35% less than the previous year.

Your company expects the declining trend to reverse in the current year. Costs have been reduced in India, the US and even Europe to a large extent, the impact of which would be felt in the current year. Sales are also on an uptrend and we expect to close this year with at least a 30-40% increase over FY 2009-10.

## Directors' Report

### BUSINESS OVERVIEW of the US Automotive Industry

In U.S. automotive retail, the silver lining is now turning into the daylight of opportunity. The “Detroit Big 3” – GM, Ford, and Chrysler – are reporting increased sales, and the JD Power forecast is presently pegging sales for the current year to reach 11.6 million vehicles, up from 10.4 million vehicles sold in 2009.

For GM, last July was the 10th straight month of rising sales. Sales of Chevrolet, Buick, GMC and Cadillac have risen 31%. The 1.3 billion dollar second quarter profit of the company was its best in the last 6 years, and GM has repaid its \$6.7 billion loan to the U.S. government five years ahead of schedule. Prospects are looking so good that within less than a year after emerging from chapter-11 protection, GM is all set to go public again with the biggest IPO in U.S. automotive history.

At Ford, July sales totaled 170,411 units, up 22.6% against the same month last year. So far in 2010, Ford's sales are up by a robust 22.6%. Demand for the Ford Mustang in the performance segment rose by 43%, while Ford Taurus sales rose by 187%. The company also reported that its retail market share increased for the 21st time in the last 22 months.

Chrysler marked the fourth consecutive month of year-over-year sales increases, moving 93,313 vehicles, an increase of 5%. 13 Chrysler Group vehicle lines showed improved sales. The company produced an operating profit in the first quarter of 2010, for the first time since the economic crisis.

Nissan North America reported July sales of 82,337, up 14.6%, with the Nissan division rising 12.1% and Infiniti soaring 37.6%. Toyota sold 169,224 vehicles and Honda 112,437 vehicles in July, both reporting decline in sales.

### Not Business as Usual

Overall, the recovery of the U.S. automotive sector has been faster than expected, but everyone, from the OEM leadership to dealers to investors, agree that business is not going to be the same again.

Intense competition and cost-optimization is now forcing dealers to diversify revenue channels. Dealers are no longer looking at traditional sales avenues alone to shore up bottom-lines. As a result, accessories and service are now top-priorities for automotive dealers.

The fact that AddOnAuto (AOA), the Accessories Sales Solution of izmocars, added 50 dealerships in less than 90 days speaks volumes about the importance that dealers now attach to profit diversification.

The new diversification strategy is paying rich dividends to the early adopters. Before implementing AOA, Rick Case Honda was selling about \$40,000 worth of accessories every month. In July, the dealership sold \$159,117 worth of accessories, earning \$646.82 on average from every vehicle sold. Moran's Acton Toyota sold \$125,000 worth of accessories within 2 months of implementing the solution, and is now sustaining the sales trend for over a year.

Car dealers are also exploring multi-brand vehicle service as a lucrative profit channel and customer acquisition strategy. With sophisticated service and diagnostic tools cutting down service time to less than half or less, most dealers have the extra capacity to accommodate other brands. Since 70% of service time is consumed by basic maintenance of tires, brakes, batteries and hoses, multi-brand service does not pose insurmountable technology challenges to most dealers. izmocars is also poised for an entry in this lucrative segment with iService, the only comprehensive service management tool available in the U.S.

Dealers, often motivated and subsidized by OEMs, are also investing in technology and training to acquire, retain, and leverage customers. Most dealerships are implementing Customer Relationship Management Solutions or Lead Management Solutions.

The U.S Energy department alternate energy initiative and funding to the tune of \$8 billion to automotive manufacturers and suppliers to build electric and hybrid vehicle batteries is expected to impact the automotive industry in the near future, further fueling the technology orientation at the retail end, as well as in Manufacturer – Dealer linkages.

## Directors' Report

### Logix: The Innovation Edge

For your Company, the time is now truly ripe to leverage the business and technology capabilities acquired over eight years of trail blazing leadership as the only end-to-end automotive retail solutions provider in the U.S. izmocars, the wholly owned U.S. subsidiary of your company is now the only solutions provider in the U.S. who can provide the entire suite of solutions required by dealers to profit from the economic recovery. The izmo solution suite for auto dealers now include “Virtual Showroom” Websites, Online Marketing, Automotive CRM and ILM, Data Mining, Accessories Sales, Service Management, and Dealership Performance Consulting.

As a result, manufacturers are increasingly evincing strong interest in the izmo solutions suite, and negotiations are at an advanced stage with several automotive OEMs.

### izmocars Solutions

#### izmo Big Winner Web Package

The izmocars Big Winner Web Package comprises of :

izmoWeb	:	Automotive Online Store for Auto Dealers
izmoMobi	:	Mobile Website
izmoRainmaker	:	Online Marketing Solution
AddOnAuto	:	In-store Accessories Sales
izmoTele Trak	:	Call Management & Tracking

#### izmo Profit Maximizer

The izmocars Profit Maximizer Package comprises of :

iCRM	:	Automotive Customer Relationship Management
iEquity	:	Database Sales Solution
izmoTeleTrak	:	Call Management & Tracking

#### izmo Service Booster

The izmocars Service Booster Package comprises of :

AddOnAuto	:	In-store Accessories Sales
iService	:	Online Service Booking and Management
izmoTeleTrak	:	Call Management & Tracking

#### izmo Money Machine

The izmocars Money Machine Package comprises of :

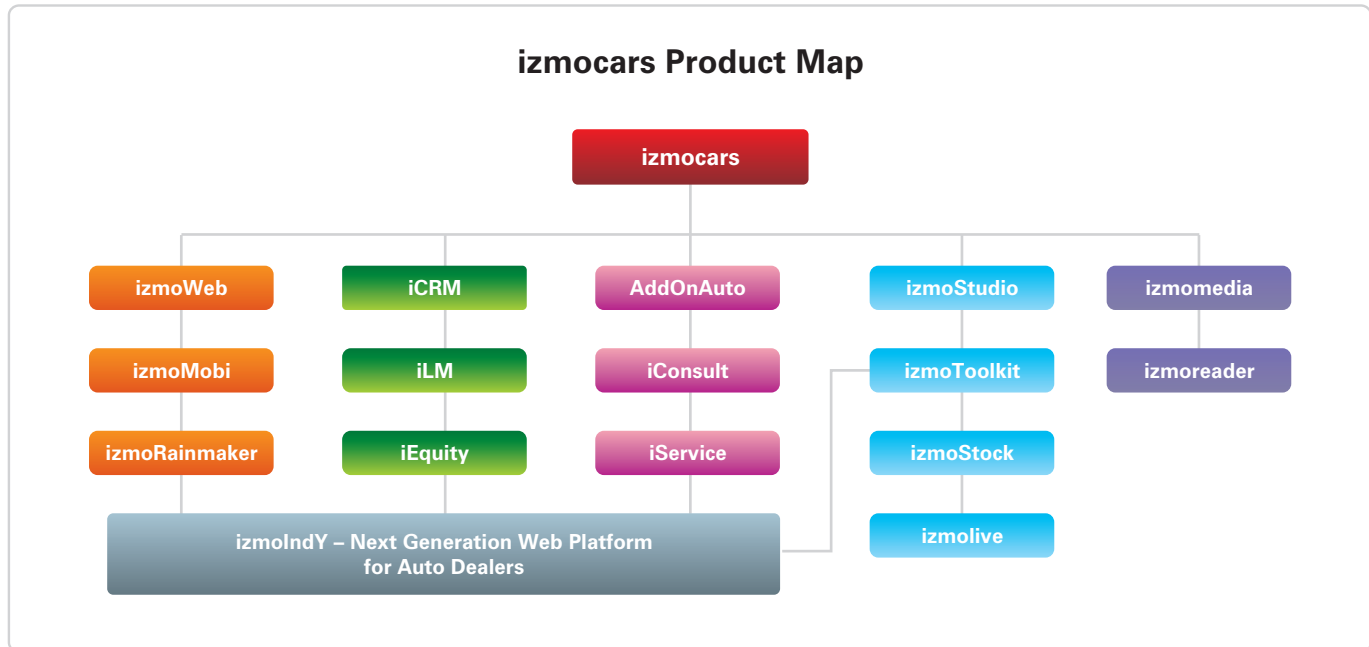
izmoWeb	:	Automotive Online Store for Auto Dealers
AddOnAuto	:	In-store Accessories Sales
iConsult	:	Sales Performance Coaching

#### izmo Sales Success

The izmocars Sales Success Package comprises of :

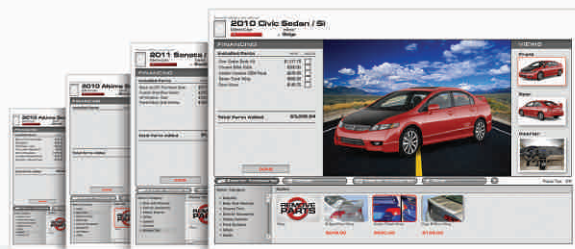
izmoWeb	:	Automotive Online Store for Auto Dealers
iConsult	:	Sales Performance Coaching
izmoMail	:	Monthly Email Marketing Templates





## AddOnAuto

In-store Accessories Sales



#### Related Products

**iConsult**  
Sales Performance Coaching

**iService**  
Online Service Booking and Management

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

#### Visual Accessories Configurator

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

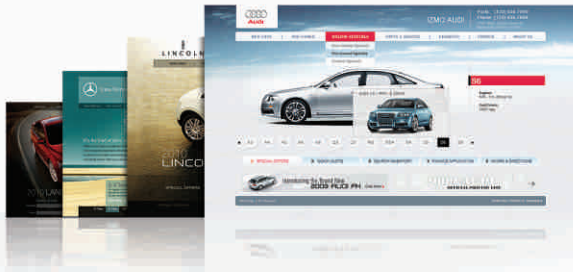
#### Virtual Inventory

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

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

## izmoWeb

Intelligent Web Design



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

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

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

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

### Related Products

**izmoMobi**  
Mobile Websites

**izmoToolkit**  
Internet Tools for Successful  
Auto Business

**izmoMail**  
Interactive Customer  
Communication

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

## izmoMobi

Mobile Websites



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

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

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

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

### Related Products

**izmoWeb**  
Intelligent Web Design

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

## izmoRainmaker

Organic Online Marketing



### Related Products

**izmoWeb**  
Intelligent Web Design

**iLM**  
Internet Lead Management

izmoRainmaker is a powerful combination of a dedicated marketing team, creativity, technology, and izmo's Internet tools, working to help you grow your dealership's revenue while increasing your ROI.

izmoRainmaker is a complete interactive marketing solution built exclusively for the auto industry by online marketing experts. The izmoRainmaker solution gives your business online marketing expertise with:

- Creative Services
- Interactive Marketing Campaigns
- Organic Search Engine Optimization
- Social Media Marketing
- Website Optimization
- Online Brand Marketing
- Research & Data Analysis

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

## iCRM

Customer Relationship Management



### Related Products

**iLM**  
Internet Lead Management

**iEquity**  
Actionable Customer Intelligence

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

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

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

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

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

## iService

Online Service Booking and Management



### Related Products

#### iConsult

Sales Performance Coaching

#### iLM

Internet Lead Management

iService is a comprehensive Automotive Service Management System which enables dealerships to build their own Service Profit Center. iService captures the methodologies and processes used by the best service advisors in the industry and delivers it in a software solution that can be used by anyone.

- iService provides dealerships with a complete system for managing their fixed operations and generating profits from their service departments.
- The System is comprised of a technology platform that incorporates the best practices required for successful service management, and a process training program designed to enable service staff to successfully manage a service department.
- The iService Customer Web Appointment Interface makes it simple for customers to schedule and manage online Service appointments.

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

## izmoStudio

Automotive Imagery & Animation



### Related Products

#### izmoStock

Automotive Stock  
Photography

#### izmoToolkit

Internet Tools for Successful  
Auto Business

#### izmoMail

Interactive Customer  
Communication

izmoStudio is the Leading provider of Digital Imagery and Interactive Media Solutions for the Automotive vertical, since 2002. izmoStudio produces High Quality Photographic Images and Digital Animations for the North American and EU markets, covering all major makes and models.

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

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

[www.izmostudio.com](http://www.izmostudio.com)

**Your company also offers:**

- iConsult : Dealership performance consulting and coaching solution
- iLM : Internet lead management solution for auto dealers
- iEquity : Database marketing solution for dealers
- izmoStock : Automotive Stock Imagery comprising of standardized picture sets
- izmolive : Virtual-reality interior walk-throughs for reality and auto dealers
- izmoMedia : Automotive Portals for traditional media – Newspapers, TV, Radio, etc.
- izmoReader : Device independent eReader app and digital publication system that works on PCs, Macs, iPhone, iPad, Android, and more
- Carazoo : The Award winning Indian Automotive Portal and Automotive Solutions provider

**Supporting Divisions**

These frontline Divisions offering cutting-edge Automotive Retail solutions are supported by the Engineering Group in the US and the Software Development Center in India, for rapid solutions delivery and customer response.

**Sunrise Year for the Indian Automotive Industry**

The year 2010 is widely forecasted to be the sunrise year of the Indian automotive industry.

The Market leader, Maruti Suzuki, is investing Rs. 5.4 billion to double its existing production capability of 2.5 million vehicles. The company sold a total of 100,857 vehicles in July, up 29% from the same month last year. Domestic sales in July were the highest ever.

The home grown Tata Motors is now a Fortune 500 company, selling 90,646 automotives in July, a growth of 36% over the same month last year. Cumulative sales between April and July 2010 are 339,824, higher by 46% compared to the corresponding period in 2009-10.

Ford India's sales surged by a best ever 307% to 8,739 units in July, led by Ford Figo. General Motors also showed impressive growth, up 45 %, selling 7,124 cars in July.

Strong sales were recorded in the premium segments as well. Mercedes-Benz sold 521 vehicles in July, up 79% from last year. Brands like Porsche and Audi are now setting up dealerships in Indian B-cities and mini-metros.

The Indian car market is projected to grow 15% through 2011, and is expected to top the world by 2050, with 611 million cars on the road.

To cope with fast paced growth and fierce competition, car dealers are now increasingly turning to web based technology solutions. Websites that function like online business cards are now passé, with consumers looking for the Virtual Dealership experience on dealer websites.

Carazoo, the only automotive solutions provider in the Indian market to provide virtual dealer showrooms complete with interactive vehicle walk-arounds and interiors, is now experiencing fast-paced growth, with the company crossing the 50 dealer milestone in July. The Carazoo suite of solutions also include Online Marketing, Accessories Sales, CRM and ILM systems, and Dealer Performance Consulting.

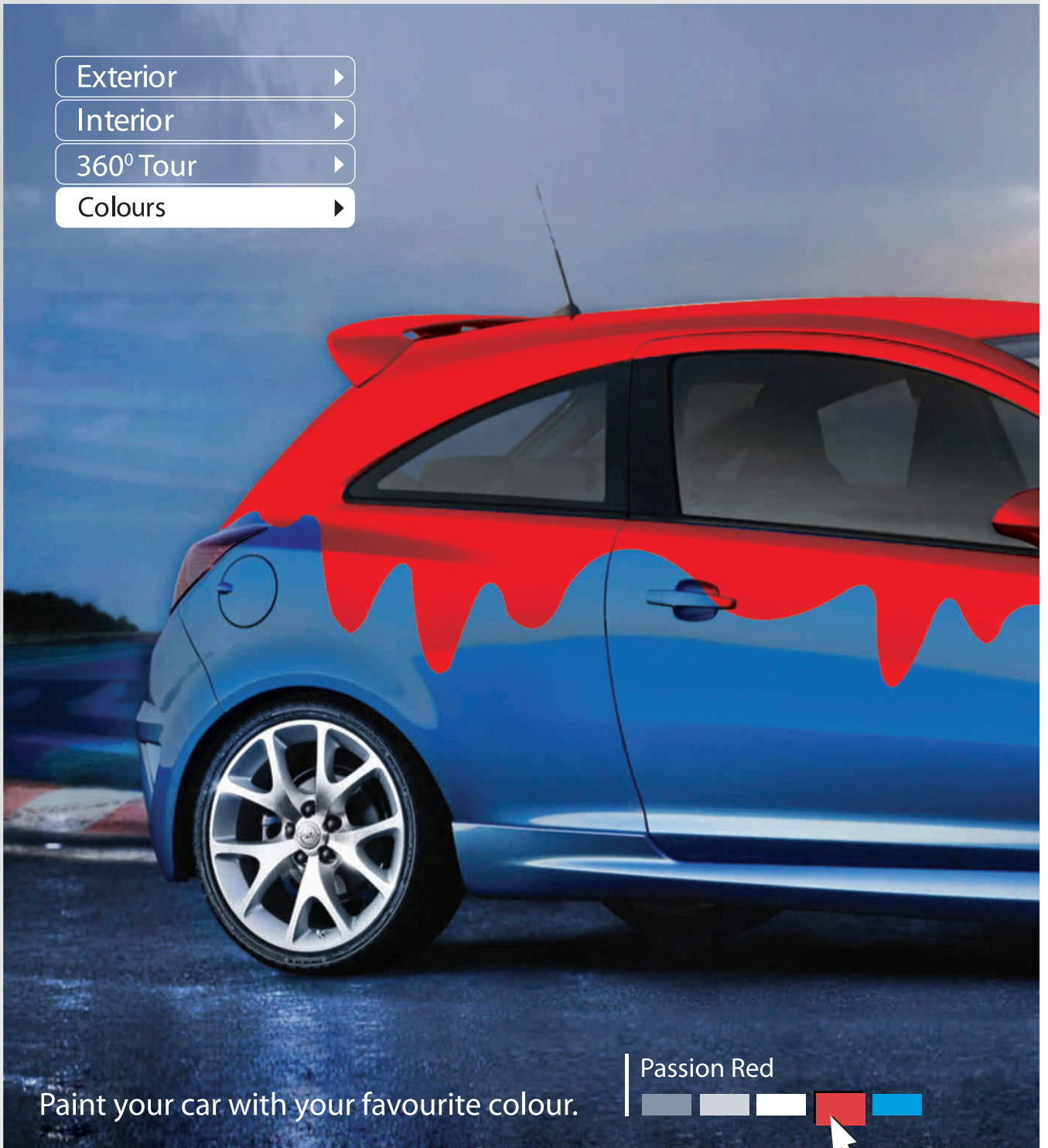
Carazoo has been recently recognized by Google in a case-study.

Exterior ▶

Interior ▶

360° Tour ▶

Colours ▶



Paint your car with your favourite colour.

Passion Red



**Car Choice, simplified.**

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

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

- Overview
- Photos
- 360° Tour**
- Compare Cars
- Review
- e-Brochure
- Specifications



**CLICK. COMPARE. CHOOSE.**

## Some of our Online Showrooms

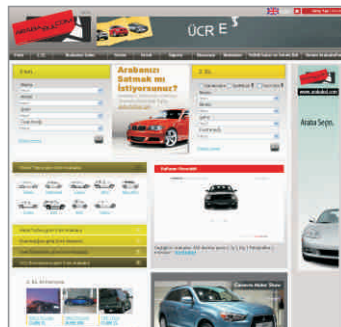
Carazoo.com have designed many "Online Showroom" web portals for various clients in India and Europe including the Prestige Group (Realty), Arababul (Turkish Car Portal), Sagar Automobiles, Bimal Automobiles, the Kataria Group, FortPoint Automotive, NBS Mahindra, Balaji Cars, etc., to name a few.

### Realty



[www.prestigeconstructions.com](http://www.prestigeconstructions.com)

### Automotive Portals



[www.arababul.com](http://www.arababul.com)



[www.carazoo.com](http://www.carazoo.com)

### Automobile Websites



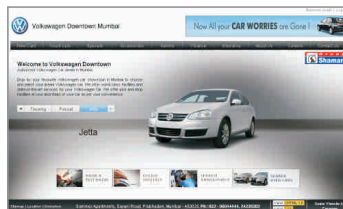
[www.avkchevrolet.com](http://www.avkchevrolet.com)



[www.aryahonda.com](http://www.aryahonda.com)



[www.rishabhhyundai.co.in](http://www.rishabhhyundai.co.in)



[www.volkswagendowntown.com](http://www.volkswagendowntown.com)



[www.js4wheel.com](http://www.js4wheel.com)



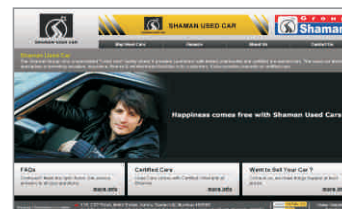
[www.shreejiford.com](http://www.shreejiford.com)



[www.tridenthyundai.com](http://www.tridenthyundai.com)



[www.mycarmaruti.com](http://www.mycarmaruti.com)



[www.shamanusedcars.com](http://www.shamanusedcars.com)



# Directors' Report

## Vision 2012: \$50 million in the year 2012

### Market Opportunity and Growth Strategy

#### U.S.A

The 18,460 new-car dealerships doing business in the U.S. generated \$487 billion in annual sales last year, selling \$10.4 million new vehicles; nearly \$15 million used vehicles, and generating \$76 billion in parts and service, states the NADA State-of-the Industry Report 2010. Car dealerships remain one of the biggest employment avenues in the U.S., with nearly a million people in their payrolls.

The economic downturn triggered a shift in the advertising and marketing spend of dealers, valued at \$5.4 billion in 2009. Dealers now spend more than 22 percent of advertising dollars on the Web. The early adopters among dealers are now moving into the social media space, triggering demand for social media centric online marketing solutions and CRM systems that can tap into social media audiences.

With reduced margins on new car sales eating into bottom-line profits, dealers are increasingly turning to cost-optimization, customer retention, and alternate revenue sources like accessories and online service management to stay profitable.

The complexity of the online portfolio of the typical U.S. car dealer presents a unique market opportunity for izmocars, which is the only online solutions provider who can equip dealers with the entire range of services required to run a profitable dealership. These services include high-converting, instantly editable interactive websites, social media friendly online marketing, dealer CRM and ILM systems with data mining capabilities and social media plug-ins, virtual accessories systems that add six figure monthly incomes to dealer bottom-lines, online vehicle service scheduling and management systems that encourage customer self-service and at the same time, optimize shop-floor loading and manpower scheduling to get more done with less, and a dealer performance consulting system that ties it all together to create a highly profitable, customer-retaining, future-friendly dealership.

This vision of izmocars – the full service digital dealership, is now finally a reality whose time has come. Even now, solutions like AOA, the izmocars accessories sales solution, is seeing exponential growth, and we expect this trend to pick up, with dealers increasingly breaking free from disparate providers of stand-alone services.

With an average monthly spend for digital services to the tune of \$30,000 per dealer, this represents an annual market opportunity of approximately US \$ 553.8 million in recurring high margin revenue.

In addition to new car dealerships, there are approximately 40,000 used car dealerships in the U.S. with potential applications for the Company's offering. Combined, this represents a total annual market opportunity in excess of US\$1 billion.

#### European Union

Your directors are proud to report that within an year of commencing operations with a state-of-the art photography studio in Brussels, izmocars Europe BVBA has been able to expand its client-base to include Aston Martin, Toyota, Mitsubishi, Renault, Hyundai, and Chevrolet Europe in the OEM segment, as well as Euro RSCG and Rabitt/Striker, Mantree, 11ho9, D'ieten, Lites, And Mein auto. Services now being offered include studio services, custom photography, automotive websites, and izmoToolkit.

The studio is the first stage of our expansion into Europe, and the full izmocars solutions suite will be launched shortly in the European market, which is a lucrative market for Online Automotive Sales Solutions.

The European Automobile Manufacturer's Association (ACEA) pegs new car registrations in June 2010 at 1,341,092 vehicles. January to June, 7,285,487 new cars were registered, or 0.2% more than over the same period a year ago. Among the main markets, the UK (+19.90%), Italy (+2.90%), France (+5.40%), and Spain (+39.50%) posted growth.

## Directors' Report

Dealer adoption of online selling is still at a nascent stage in the EU, and we are confident of pioneering the online retail drive in the market.

### Carazoo

Carazoo, the Indian portal and Automotive Solutions Provider of Logix Microsystems Limited, has achieved impressive growth in the last fiscal and is one of the most popular automobile portals in India. Visitors have crossed the 4,00,000 per month mark, a jump of over 200 % over the last year. Leads generated per month have increased to around 21,000 which is a jump of 50 %. The Carazoo portal completed 3 years in August 2010.

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

Carazoo.com is India's only Car portal that provides a multi-brand online showroom experience to prospective car buyers. Visitors can request to test drive any car and also get car dealers to chase their business. Carazoo was the first to introduce the concept of online showrooms for car dealers in India. Continuing its success with the initial car dealer online showrooms, it has now designed and developed more online showrooms for leading dealers, and had recently crossed the 50 store mark. Some of these Carazoo-powered online showrooms are: Bimal Auto, Sagar Auto, Kataria Automobiles, Fortpoint Automotive, Trident Automotive Group, and Shaman Auto Group.

Carazoo is also offering online marketing solutions to auto dealers. Google recently acknowledged the online advertising prowess of Carazoo in a case-study.

Carazoo also developed [www.arababul.com](http://www.arababul.com), Turkey's first car portal with interactive animations for a client in Istanbul, Turkey.

### Growth Paths

With the U.S. consumer demand for new cars steadily increasing in the second-half of 2009 and into the current year, dealer profitability is up by more than 43.7 percent, resulting in more spend on innovative marketing solutions and platforms. Consequently, izmocars saw rapid growth in segments like accessories sales.

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

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

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

### Growth Strategies

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

## Directors' Report

Izmocars is also well-positioned as the innovation leader of the Industry, providing solutions like AddOnAuto, an accessories sales solution which is now being rapidly adopted by dealers.

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

### Recent Developments

#### New Products

##### **izmoIndY**

Logix Microsystems has launched the IndY Platform, a revolutionary project that enables auto dealers to manage all of their digital needs with one login, and is in the process of migrating all of the izmo solutions suite to the new platform. IndY is an integral part of the Vision 2012 growth strategy of the company.

##### **izmoreader**

izmoreader is a device-independent eReader app and digital publishing and advertising platform which enables users to access the digital version of books and magazines, newspapers, and journals, etc. from their PCs or laptops, iPads, iPhones, or any other compatible device, in a format which is easy to read, manage, and archive.

## Awards and Recognition

### A Deloitte Technology Fast 500 Company, Three Times in a Row

Logix Microsystems Limited is now featured in the prestigious Deloitte Technology Fast 500 Asia Pacific Ranking and CEO Survey 2009, the List of top 500 technology companies in the Asia Pacific compiled by Deloitte, one of the largest professional services firms in the world. The ranking acknowledges and profiles the top 500 technology companies in Asia Pacific, according to their revenue performance over the last three years. Your company has now been profiled in the Deloitte Technology Fast 500 Asia Pacific Ranking and CEO Survey three times in a row.

### AddOnAuto Featured in Wards Dealer Business, Automotive News, and Dealer Marketing Magazine

AddOnAuto, the In-Store Accessories Sales Solution of izmocars was featured in Wards Dealer Business, Automotive News, Dealer Marketing Magazine, and OEM newsletters.

## SUBSIDIARIES

The Ministry of Corporate Affairs has exempted the Company from publishing the financial of the subsidiary companies vide their approval communication no. 47/438/2010- CL-III dated 17th August 2010 in terms of the provisions of section 212 of the Companies Act, 1956. However, the particulars as stipulated therein have been furnished in the Annexure A to this Report.

## DIVIDEND

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

## FIXED DEPOSITS

Your Company has not accepted any deposits.

## HUMAN RESOURCES

As on March 31, 2010 the employee strength was 380. This includes staff in India and in overseas offices.

## Directors' Report

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Vijay Kumar D Gupta, and Dr. Devindra Kumar Bhatia, Directors of the Company retire by rotation and are eligible for re-appointment.

During the year under review, Dr. Angus Friday resigned from the Board. Your Board of Directors inducted Mr. R N Chawhan as Director to continue with the optimized. His knowledge and experience will be of significant value to the Company. His name has been proposed by a member to the Office of Director and the Board recommends his appointment as Director.

### Audit Committee

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

### Auditors

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

### Auditors' Report

As regards the comments of the Auditors in their Report dated September 04th, 2010 relevant notes on accounts are self explanatory.

### Particulars of Employees

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

### Directors' Responsibility Statement

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

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

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

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

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

### Going Concern

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

## Directors' Report

### Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings And Outgo

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

#### A. Conservation of Energy

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

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

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

Research and Development continues to be given very high priority in Software Technology in the area of automotive retail.

#### C. Foreign Exchange Earnings & Outgo

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

Earnings – Rs 2,283.62 Lakhs

Outgo – Rs 191.47 Lakhs

### Acknowledgment

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

for Logix Microsystems Limited

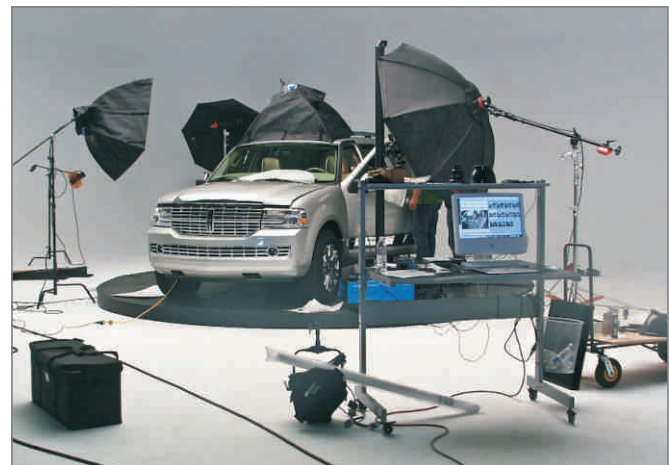
Place: Bangalore

Date: September 4th ,2010

Shashi Soni

Chairperson

### izmoStudio in action



## Annexure

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

Particulars	ESOP 2004	ESOP 2006
1 Total number of options under the Scheme	214300	264500
2 Options granted during the year	Nil*	41700
3 Pricing Formula	75% of the market price at the date of grant or average of the daily high and low of the closing price, whichever is lower	Rs.40
4 Options vested during the year	Nil	79350
5 Option exercised	3400	41700
6 Total Number of shares arising as a result of exercise of options	3400	41700
7 Options lapsed/forfeited during the year	5300	25500
8 Variation of terms of options	Nil	Nil
9 Money realised by exercise of options (Rs.)	68,000	1,668,000
10 Total Number of options in force	Nil	174000
11 (a) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during the year	Nil	Nil
(b) Identified employees who were granted options equal to or exceeding 1% of the Issued capital (excluding outstanding warrants and conversions) of the Company during the year	Nil	Nil
12 Diluted earnings per share pursuant to issue of shares on exercise of options calculated in accordance (with Accounting Standards (AS) 20, Earnings per share)	1.18	1.18

\* Options Granted for 2004 —300000 Shares

\* Options Granted for 2006 —400000 Shares

## Annexure A

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2009-10

Name of Subsidiary	Izmo Europe BVBA	Logix Americas Inc.	Midrange Software Pte Ltd	izmo Media	izmo CRM	Homestar Systems Inc.
1. The Financial year of the Subsidiary Companies ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
2. Date from which they became Subsidiary companies	27.06.2008	26.6.2000	10.1.2000	23.02.2007	11.07.2007	29.12.2006
3. Number of shares held by Logix Microsystems Ltd with its nominees in the Subsidiaries as at 31.03.2010 (Including Shares pending allotment)	1,208,093 Euro	# 100,000 Equity Shares of US \$ 195.01 each fully paid up	1,904,915 Equity Shares of Singapore \$ 1 each fully paid up	* 1,000 Equity Shares of US \$ 1 each fully paid up	* 1,000 Equity Shares of US \$ 1 each fully paid up	@ 100,000 Equity Shares of US \$ 1 each fully paid up
Extent of interest of Holding Company as at 31.03.2010	100%	100%	100%	100%	100%	98%
4. The net aggregate amount of the Profit/(Loss) so far as it concerns the members of the Holding Company. * Not dealt with in the Holding Company's Accounts						
(a) For the Financial year ended 31.03.2010	Euro (240,544)	(US\$ 39)	S \$ 215,533	US \$ 299,589	US \$ 542,155	(US \$ 818,700)
(b) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries.	Nil	(US \$ 314)	(S \$ 187,750)	US \$ 992,822	US \$ 848,675	(US \$ 241)
* Dealt with in the Holding Company's accounts						
(a) For the Financial year ended 31.03.2010		NIL	NIL	NIL	NIL	NIL
(b) For the previous Financial years of the Subsidiary companies since they became the Holding Company's Subsidiaries		NIL	NIL	NIL	NIL	NIL

# Held both by Logix Microsystems Ltd and Midrange Software Pte Ltd

\* Held by Homestar Systems Inc

@ Held by Logix Americas Inc.

Rs. in INR

Sn	Particulars	Izmo Europe BVBA	Logix Americas Inc	Mid Range Software Pte Ltd	Izmo Media	Izmo CRM	Homestar Systems Inc
(a)	Capital	80,082,777	1,083,044,711	55,123,998	44,980	44,980	44,980
(b)	Reserves	-	-	-	-	-	-
(c)	Total Assets	24,536,285	90,734,226	226,611,918	62,718,867	167,282,142	513,716,206
(d)	Total Liabilities	24,536,285	90,734,226	226,611,918	62,718,867	167,282,142	513,716,206
(e)	Details of Investment (except in case of investment in the subsidiaries)	-	-	-	-	-	-
(f)	Turnover	2,888,568	-	523,736	18,333,820	28,852,404	217,371,625
(g)	Profit before Taxation	(16,995,909)	(1,754)	15,841,984	13,474,011	24,383,417	(36,821,024)
(h)	Provision for Taxation	-	-	-	-	-	-
(i)	Profit after Taxation	(16,995,909)	(1,754)	15,841,984	13,474,011	24,383,417	(36,821,024)
(j)	Proposed Dividend	-	-	-	-	-	-

## Annexure: Report on Corporate Governance

### 1. Company's Philosophy on Code of Corporate Governance

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

### 2. Directors

The Board of Directors of the Company is comprised of

#### 2 Independent Non-Executive Director

##### 1 Non-executive Director and

##### 3 Executive Directors

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

Name of the Director	Category	No. of Board Meetings Attended	Last AGM Attendance (Yes/No)	Relationship with other Directors
Shashi Soni	Executive	5	Yes	Yes
Sanjay Soni	Executive	5	Yes	Yes
Dr. Angus Friday*	Non-Executive	NONE	No	No
Vijay Kumar D Gupta	Non-Executive	3	Yes	No
Dr. Devinder Kumar Bhatia	Director	4	No	No
R N Chawhan#	Non-Executive	-	No	No

\*Ceased to be Director w.e.f. 29.1.2010.

#Appointed w.e.f. 29.1.2010.

Number of Board Meetings held and the date on which held

During the year 5 Board Meetings were held on 17.4.2009, 30.7.2009, 28.8.2009, 13.10.2009 and 29.1.2010.

### 3. Audit Committee

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

The functions of Audit Committee are as follows:

- To oversee the Company's financial reporting process and disclosure of its financial information;

- To recommend the appointment of Statutory Auditors and fixation of the audit fee;
- To review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit function, major accounting policies, practices and entries;
- Compliance with Accounting Standards;
- Compliance with the Stock Exchange and legal requirements concerning financial statement and related party transactions, if any;
- To review the Company's financial and risk management policies;
- Discuss with the Internal Auditors any significant findings for follow-up thereon;
- To review the quarterly, half yearly and annual financial statement before submission to the Board of Directors.

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

The Audit Committee is comprised of the following Directors:

- Mr. Vijay Kumar D Gupta - Chairman
- Dr. Angus Friday - Member\*
- Mrs. Shashi Soni - Member
- Dr. Devinder Kumar Bhatia - Member

\*Ceased to be w.e.f. 29.1.2010.

The Audit Committee has met Five times during the year under review on 17.4.2009, 30.7.2009, 28.8.2009, 13.10.2009 and 28.1.2010. Mrs. Shashi Soni has attended all the five meetings. Mr. Vijay Kumar D Gupta has attended 4 meetings. Dr. DK Bhatia has attended 3 meetings. Dr. Angus Friday is stationed abroad; he was not able to attend any of the Meetings.



## Annexure: Report on Corporate Governance

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

### 4. Share Transfer Committee

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

The Committee comprises of the Chairman, who is an Executive Director and another Member, who is also an Executive Director. During the year the Committee had 5 meetings.

### 5. Remuneration Committee

#### 1. Terms of Reference

To review, assess and recommend the appointment and remuneration of executive directors and senior employees of the Company from time to time, periodically review the remuneration package of the executive directors/senior employees and recommend suitable revision to the Board.

#### 2. Composition

The Committee comprises 2 Non-executive Directors and one Executive Director. One meeting was held during the year.

The Remuneration Committee is comprised of the following Directors:

1. Mr. Vijay Kumar D Gupta Chairman
2. Dr. Angus Friday - Member\*
3. Mrs. Shashi Soni - Member

\*Ceased to be Director w.e.f. 29.1.2010.

The Remuneration Committee met once during the year under review

#### 3. Remuneration Policy

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

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

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

#### 4. Details of remuneration for the year 2009-10:

Name of Director	Remuneration Amount in Rs	Sitting Fees Amount in Rs
Mr. Sanjay Soni	60,00,000	NA
Mrs. Shashi Soni	196,044	NA
Dr. Angus Friday*	NA	Nil
Mr. Vijay Kumar Gupta	NA	Nil
Dr. Divendra Kumar Bhatia	NA	1500

\*Ceased to be Director w.e.f. 29.1.2010.

#### 5. Shareholders' Grievances Committee

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

#### 6. General Body Meeting

For the financial year 2008-2009, Annual General Meeting was held on 29.9.2009 at 4.30 pm at the Bharatiya Vidya Bhavan, Race Course Road, Bangalore. During the year under review no Extra-Ordinary General Meeting was held

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

Year	Venue	Date	Time
2006 - 2007	Bharatiya Vidya Bhavan Race Course Road	28.9.2007	9.30 AM
2007 - 2008	Bharatiya Vidya Bhavan Race Course Road	30.9.2008	4.30 PM
2008 - 2009	Bharatiya Vidya Bhavan Race Course Road	29.9.2009	4.30 PM

#### 7. POSTAL BALLOT:

During the year, consent of the members of the Company was sought by Special Resolutions through Postal Ballot as under:-

## Annexure: Report on Corporate Governance

Particulars of Postal Ballot	Date of Approval of Resolutions by Postal Ballot	No. of Valid Postal Ballots	No. of Invalid Postal Ballots	Votes in favour of the Resolution	Votes against the Resolution
Special Resolution pursuant to Section 81 (1A) of the Companies Act, 1956, approving to issue and allot on a preferential basis 125,000 (One Lakh Twenty Five Thousand) fully paid Equity Shares of nominal value of Rs.10/- (Rupees Ten Only) at a price of Rs.320/- (Rupees Three Hundred Twenty Only) per share, which includes a premium of Rs.310/- (Rupees Three Hundred Ten Only) to Add-on-Auto LLC, USA.	02.02.2010	19	0	16	3

Mr. Vijayakrishna K.T, Practicing Company Secretary, was appointed as Scrutinizer for conducting the Postal Ballot voting process for the above resolutions.

The Postal Ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

Any special resolutions which are required to be conducted through Postal Ballot will be conducted as per prevailing Law.

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

#### 9. Means of Communication:

Quarterly results are published in daily newspapers viz, Business Line/Economics Times/ Business Standard/Times of India/Mint/Kannada Prabha/Sanje Vani. These quarterly results are also made available at the website of the Company [www.logixworld.com](http://www.logixworld.com).

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

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

#### 11. General Shareholders Information:

- Annual General Meeting is proposed to be held on Wednesday, the 29th day of September 2010 at 10.00 am at Bharatiya Vidya Bhavan, Race Course Road, Bangalore – 560 001.
- Dates of book closure: 29th September 2010
- Listing of Equity Shares on Stock Exchanges at: National Stock Exchange (NSE) & the Stock Exchange, Mumbai (BSE)
- Listing fees for the year 2009-2010 has been paid to National Stock Exchange & the Stock Exchange, Mumbai.

## Annexure: Report on Corporate Governance

- Scrip Code at:

National Stock Exchange – LOGIX MICRO  
The Stock Exchange, Mumbai - 532341

- Registrar and Share Transfer Agent and Share Transfer System:

Cameo Corporate Services Limited  
“Subramanian Building”, 5th Floor,  
1, Club House Road, Chennai – 600 002.  
Tel: 044-28460390  
Fax: 044-28460129  
Email: cameogm@satyam.net.in

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

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

Mr. Narayan Rao Badanidiyoor  
Finance Controller & Compliance Officer  
P.O. Box 7620, 177/2C, Billekahalli Industrial Area  
Bannerghatta Road, Bangalore – 560 076

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

### Distribution of Shareholding as on 31.03.2010:

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of share holding
Upto 100	3856	59.88	282883	2.33
101 – 500	1736	26.99	501675	4.15
501 – 1000	427	6.64	355591	2.94
1001 – 2000	185	2.88	277533	2.29
2001 – 3000	63	0.98	162141	1.34
3001 – 4000	41	0.64	145594	1.2
4001 – 5000	25	0.39	117566	0.97
5001 – 10000	41	0.64	303360	2.51
10001 and above	63	0.98	9952330	82.26
<b>Total</b>	<b>6437</b>	<b>100</b>	<b>12098673</b>	<b>100</b>

- Shareholders Pattern as on 31.03.2010:

Category	No. of Shares held	Percentage of shareholding
Indian Promoters	2580795	21.33
Banks, Financial Institutions	500	0.00
FII's	3742257	30.94
NRI's/OCB	65566	0.54
Other Bodies –Corporate	2408199	19.90
Indian Public	3291942	27.21
Others (Clearing Member)	9414	0.08
<b>Total</b>	<b>12098673</b>	<b>100</b>

- Dematerialisation of shares:

As on 31.03.2010, 97.93% of the Company's total Share Capital was held in dematerialised form. The Demat ISIN No. in NSDL & CDSL is INE 848A01014

- Address for correspondence:

The Company's Registered Office & Corporate Office is situated at:  
P.O. Box 7620, 177/2C, Billekahalli Industrial Area  
Bannerghatta Road, Bangalore – 560 076  
Tel : +91-80-6712 5400 to 5407, Fax : +91-80-6712 5408

## Annexure: Report on Corporate Governance

Shareholder correspondence should be addressed to :

Cameo Corporate Services Limited  
 "Subramanian Building", Vth Floor  
 1, Club House Road, Chennai – 600 002  
 Tel: 044-28460390-94  
 Fax: 044-28460129  
 Email: cameogm@satyam.net.in

Contact person: Ms. Jay Kalyani

• Stock Market price data for the year 2009 - 2010 on BSE:

Month	High	Low
April – 2009	58.65	41.5
May – 2009	74.85	48.5
June – 2009	89.50	64.8
July – 2009	71.80	55.20
August – 2009	92.80	65.00
September – 2009	82.50	68.50
October – 2009	76.65	58.00
November – 2009	65.55	50.00
December – 2009	65.00	49.00
January – 2010	68.35	50.10
February – 2010	57.00	47.15
March – 2010	56.75	45.10

For Logix Microsystems Limited

Place : Bangalore  
 Date : September 4th, 2010

Shashi Soni  
 Chairperson

## Annexure

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

Name & Designation	Mr. Sanjay Soni Managing Director	Mr Ashok Narayan Padhye Chief Operating Officer
Qualification	MBA & B Com	B Tech, IIT (Kharagpur)
Age	42 years	51 years
Gross Remuneration *	Rs. 60,00,000/-	-
Gross Remuneration #	-	Rs. 31,89,674/-
Date of Commencement	18.09.1995	23.06.2008
Total Experience	16 years	25 years
Last Employment	Business	Delivery Leader, Mphasis Ltd
Share holding as on 31.03.2010	13.53%	0.06%

\* Remuneration includes all allowances & perquisites

# Remuneration includes all allowances & perquisites excluding Employees Stock Options

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

## CERTIFICATION BY MANAGING DIRECTOR

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

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

Place : Bangalore  
Date : September 4th, 2010

Sanjay Soni  
Managing Director

## CERTIFICATE

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, 2010, 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 2010, no investor grievances are pending against the Company as on 31st March 2010, as per the records maintained by the Company and as stated by the Registrar and Share Transfer Agent.

Place : Bangalore  
Date : September 4th, 2010

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

## Auditors' Report

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

1. We have audited the attached balance sheet of M/s LOGIX MICROSYSTEMS LIMITED, BANGALORE ("the Company") as at March 31, 2010 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 products work-in-progress valued at Rs. 1.98 crores & Rs.6.31 crores as at 31st March 10 & 31st March 09 respectively and its consequent impact, if any, on the Profit & Loss account and Balance Sheet.
  - (ii) As detailed in Note No 13(b) in Schedule 22, the remuneration paid to the managing director is in excess of limits prescribed under the Schedule XII of the Companies Act by an amount of Rs. 0.41Crores. The company has not obtained the prior approval of the central government for the same.
  - (iii) Long term investments as at the Balance Sheet date include Rs.116 crores in wholly owned subsidiaries at US and Belgium, which are carried at cost. We are given to understand that the accounts of the same are not subject to audit or limited review. 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 4 above, we report that:
  - (a) we have obtained all the information 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 A(j) in Schedule 22.
5. 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, 2010;
  - 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.
6. On the basis of written representations received from the Directors, as at March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as at March 31, 2010, 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 4th, 2010

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, 2010.

- 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 our opinion and according to the information and explanations given to us, the particulars of 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) In our opinion and according to information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding Rs. 5 lacs in respect of any party during the year, which have been made at prices which are not reasonable 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 Provident Fund, Sales tax, Wealth Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities subject to certain delays in remittance of 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.
- 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. In our opinion, and according to the information and explanations given to us, on an overall basis, during the year, the term loans taken by the Company have been applied for the purposes for which they were obtained.
- 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. Accordingly, paragraph 4 (xix) of the Order is not applicable.
- 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 end-use of the funds raised by way of issue of equity shares have been disclosed in the notes forming part of the financial statements.
- xxi. As explained to us and based on our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India, no fraud on or by the Company has been noticed or reported during the course of our audit..

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

(Unnikrishnan M)

Partner

Membership No : 205703

Place: Bangalore  
Date: September 4th, 2010



**Balance Sheet**

AS AT 31ST MARCH, 2010

Particulars	Schedule	Rs.	As at	As at
			31.03.2010	31.03.2009
			Rs.	Rs.
<b>I SOURCES OF FUNDS</b>				
<b>1 SHARE HOLDERS FUNDS</b>				
Share Capital	1	120,986,730	120,535,730	
Reserves & Surplus	2	<u>1,498,483,235</u>	<u>1,473,827,404</u>	
			1,619,469,965	1,594,363,134
<b>2 LOAN FUNDS</b>				
Secured Loans	3		112,048,216	36,377,926
<b>Total</b>			<b><u>1,731,518,181</u></b>	<b><u>1,630,741,060</u></b>
<b>II APPLICATION OF FUNDS</b>				
<b>1 FIXED ASSETS</b>	4			
Gross Block		200,478,103	196,082,287	
Less: Depreciation		<u>133,504,606</u>	<u>119,047,092</u>	
			66,973,497	77,035,195
<b>2 INVESTMENTS</b>	5		1,387,346,686	1,413,148,961
<b>3 DEFERRED TAX ASSET</b>			943,857	1,286,838
<b>4 CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	6	19,871,000	64,583,004	
Sundry Debtors	7	252,193,032	142,654,333	
Cash & Bank Balances	8	3,063,743	16,184,512	
Other Current Assets	9	4,923,627	5,345,987	
Loans & Advances	10	51,586,198	44,626,803	
<b>Total A</b>		<b><u>331,637,600</u></b>	<b><u>273,394,638</u></b>	
LESS: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	11	43,606,920	102,624,001	
Provisions	12	<u>11,776,540</u>	<u>31,500,571</u>	
<b>Total B</b>		<b><u>55,383,460</u></b>	<b><u>134,124,573</u></b>	
NET CURRENT ASSETS (A-B)			276,254,140	139,270,066
<b>Total</b>			<b><u>1,731,518,181</u></b>	<b><u>1,630,741,060</u></b>
Significant accounting policies and Notes to the accounts	22			

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

for and on behalf of the Board

**Sanjay Soni**  
Managing Director

Bangalore  
September 4th, 2010

**Shashi Soni**  
Chairperson

**B. Narayana Rao**  
Finance Controller

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

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

## Profit and Loss Account

FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Schedule	Current Year Rs.	Previous Year Rs.
<b>I INCOME</b>			
Software Sales and Services	13	257,922,591	254,333,601
Other Income	14	60,154,696	65,637,820
Increase/(Decrease) in Work in Process	15	(44,712,004)	4,674,209
<b>Total</b>		<b>273,365,283</b>	<b>324,645,630</b>
<b>EXPENDITURE</b>			
Direct cost of Operations	16	15,665,068	21,700,892
Salaries and Benefits to Employees	17	133,366,346	127,431,700
Administrative Expenses	18	74,192,252	57,833,760
Selling Expenses	19	3,728,530	6,798,034
Financial Expenses	20	5,790,148	6,221,394
Rebate on Export Sales		-	32,864,000
<b>Total</b>		<b>232,742,344</b>	<b>252,849,780</b>
Profit/(Loss) before Depreciation, write offs and amortization		40,622,939	71,795,850
Provision against Investments	21	7,597,938	32,567,147
<b>Profit before Depreciation and Tax</b>		<b>33,025,001</b>	<b>39,228,703</b>
Depreciation		14,925,830	16,312,554
<b>Profit Before Taxation</b>		<b>18,099,172</b>	<b>22,916,149</b>
Fringe Benefit Tax		-	1,318,826
Current Tax		2,100,545	1,725,962
MAT Credit entitlement		622,676	(1,339,962)
Deferred Tax		342,981	(1,970,000)
<b>Profit after Tax</b>		<b>15,032,970</b>	<b>23,181,323</b>
Prior period expenses/(Income)		742,210	-
<b>Profit for the year</b>		<b>14,290,760</b>	<b>23,181,323</b>
Balance in Profit & Loss brought forward		6,676,656	1,701,710
<b>Amount available for appropriation</b>		<b>20,967,416</b>	<b>24,883,033</b>
<b>APPROPRIATIONS</b>			
Dividend			
Final (Proposed)		-	15,066,966
Dividend distribution tax		-	2,559,878
General Reserve		-	579,533
<b>Profit/(Loss) Carried to Balance Sheet</b>		<b>20,967,416</b>	<b>6,676,656</b>
Earnings per share (on Rs.10 per Share)			
Basic		<b>1.18</b>	<b>1.91</b>
Diluted		<b>1.18</b>	<b>1.91</b>
<i>(Refer Note No.15 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

Shashi Soni  
Chairperson

B. Narayana Rao  
Finance Controller

Bangalore  
September 4th, 2010

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 FINANCIAL STATEMENTS AS AT 31ST MARCH, 2010

Schedule	Particulars	Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>1</b>	<b>SHARE CAPITAL</b>			
	<b>a Authorized Capital</b>			
	13,200,000 Equity Shares of Rs.10 each (Previous Year 13,200,000 Shares of Rs.10 each)		<b>132,000,000</b>	<b>132,000,000</b>
	<b>b Issued, Subscribed and Paid-up Capital</b>			
	12,098,673 Equity Shares of Rs.10 each (Previous Year 12,053,573 shares of Rs. 10 each) [Of the above shares, 100,000 (previous year:100,000) shares of Rs. 10 each are allotted as fully paid up by way of issue of Bonus shares (issued in 1999-00) and 530,973 shares allotted as fully paid up pursuant to a contract, without payments being received in cash (issued in 2005-06)]		120,986,730	120,535,730
			<b>120,986,730</b>	<b>120,535,730</b>
<b>2</b>	<b>RESERVES AND SURPLUS</b>			
	<b>a Securities Premium Account</b>			
	Opening Balance	1,444,837,698		1,492,837,698
	Additions during the year:			
	Premium on Employee stock options exercised	2,455,519		-
		<u>1,447,293,217</u>		<u>1,492,837,698</u>
	Less : Reduction in share capital	-		48,000,000
			<u>1,447,293,217</u>	<u>1,444,837,698</u>
	<b>b General Reserve</b>			
	Opening Balance	6,339,533		5,760,000
	Add: Transferred from Profit & Loss account	-		579,533
			<u>6,339,533</u>	<u>6,339,533</u>
	<b>c Stock option outstanding account</b>			
	(Previous year Rs 30,425,745)	26,536,744		30,425,745
	Less: Deferred employee compensation expenses (Previous Year 1,445,229) (Refer Note No. 29 in Schedule 22)	<u>(2,653,675)</u>		<u>(14,452,229)</u>
			<u>23,883,070</u>	<u>15,973,517</u>
	<b>d Balance in Profit &amp; Loss Account</b>		<u>20,967,416</u>	<u>6,676,656</u>
			<b>1,498,483,235</b>	<b>1,473,827,404</b>

**Schedules Forming Part of**  
THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2010

Schedule	Particulars	Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>3</b>	<b>SECURED LOANS</b>			
	<b>a. Term Loans</b>			
	i) Term Loan from Industrial Development Bank of India including Interest accrued & due (Secured against first charge on movable and immovable property at OSDC, second charge on other assets and personal guarantee by Promoter Directors)		-	19,565,523
	ii) Term Loan from State Bank of Mysore including Interest accrued & due (Secured against first charge on current assets of the company including imported software package, receivables etc., Second charge over Immovable property of the company and personal guarantee by Promoter Directors)		7,499,820	-
	<b>b. Hire Purchase Loans</b> (Secured against hypothecation of vehicles and personal guarantee by Promoter Directors)		794,297	2,599,462
	<b>Total (A)</b>		<b>8,294,117</b>	<b>22,164,985</b>
	<b>Working Capital Loans</b>			
	c. Working Capital Facilities from State Bank of Mysore (Secured against first charge on inventories & receivables, equitable mortgage of property, second charge on movable assets and personal guarantee by the Promoter Directors)			
	Open Cash Credit	1,374,981		2,153,820
	Packing Credit	102,379,119		12,059,121
	<b>Total (B)</b>		<b>103,754,100</b>	<b>14,212,941</b>
	<b>Grand Total (A+B)</b>		<b>112,048,216</b>	<b>36,377,926</b>

**4 FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost on 01.04.2009 Rs.	Additions Rs.	Deletions/ Transfer Rs.	Cost on 31.03.2010 Rs.	Upto 31.03.2009 Rs.	Deletions/ Transfer Rs.	For the year Rs.	Upto 31.03.2010 Rs.	WDV on 31.03.2010 Rs.	WDV on 31.03.2009 Rs.
1 Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2 Buildings	49,178,564	-	-	49,178,564	5,236,353	4,394,221	9,630,574	39,547,990	43,942,211	
3 Computers	32,525,998	2,168,987	-	34,694,985	24,672,241	3,732,542	28,404,783	6,290,202	7,853,757	
4 Plant and Machinery	6,591,561	113,206	-	6,704,767	5,525,794	149,154	5,674,948	1,029,819	1,065,767	
5 Office Equipments	5,942,084	36,666	-	5,978,750	3,697,073	322,590	4,019,663	1,959,087	2,245,011	
6 Diesel Generators	1,953,787	-	-	1,953,787	932,585	142,049	1,074,634	879,153	1,021,202	
7 Electrical Installations	3,963,452	601,992	-	4,565,444	1,561,858	678,091	2,239,949	2,325,495	2,401,593	
8 Furniture & Fittings	4,433,682	95,008	-	4,528,690	3,683,098	230,864	3,913,962	614,728	750,584	
9 Software	64,520,090	469,058	-	64,989,148	58,469,795	3,534,098	62,003,893	2,985,255	6,050,295	
10 Interiors	7,548,779	159,751	-	7,708,530	6,266,450	251,626	6,518,077	1,190,454	1,282,328	
11 Vehicles	14,448,971	1,300,000	548,851	15,200,120	8,700,806	468,317	9,723,084	5,477,036	5,748,167	
12 Canteen Structure	301,039	-	-	301,039	301,039	-	301,039	-	-	
<b>Total</b>	<b>196,082,286</b>	<b>4,944,668</b>	<b>548,851</b>	<b>200,478,103</b>	<b>119,047,092</b>	<b>468,317</b>	<b>14,925,830</b>	<b>133,504,606</b>	<b>66,973,498</b>	<b>77,035,194</b>
Previous Year	187,307,346	10,503,404	1,728,462	196,082,286	102,890,185	155,647	16,312,554	119,047,092	77,035,194	84,417,061

**Schedules Forming Part of**  
**THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2010**

Schedule	Particulars	Rs.	As at 31.03.2010 Rs.	Rs.	As at 31.03.2009 Rs.
<b>5</b>	<b>INVESTMENTS</b>				
<b>a</b>	In subsidiaries (Unquoted, at cost)				
	1,904,915 Equity Shares (Previous Year 1,904,915) of Singapore Dollars 1 each in Midrange Software Pte Ltd., Singapore (formerly Logix Microsystems (S) Pte. Ltd., Singapore) (Refer Note No. 4 of Schedule 22)		55,123,998		55,123,998
	100,000 Equity Shares @ USD 195.01 each (Previous Year 99,272 @ USD 195.01) each in Logix Americas Inc., (Refer Note No.5 (a) & (b) of Schedule 22)		838,454,545		831,357,865
	US \$ 5,173,100 Share Application Money pending allotment		244,590,166		-
	65,500 Equity Shares of USD 1 each in Logix Microsystems Inc., USA		3,071,845		3,071,845
	1,208,093 Equity Shares @ Euro 1 (Previous Year Euro 767,775) each in Izmo Europe BVBA, Belgium - Share Application Money pending allotment (Refer Note No.5 (c) in Schedule 22)		80,082,777		50,181,374
			<b>1,221,323,332</b>		<b>939,735,083</b>
	Less: Reserve for Diminution in value of Investment		(3,071,845)		(3,071,845)
			<b>1,218,251,487</b>		<b>936,663,238</b>
<b>b</b>	Other Investments (Quoted: Short term @ Lower of Cost or Market Value)				
(i)	In Mutual Funds	19,594,425		269,426,610	
	Less: Diminution in value	-	19,594,425	15,025,057	254,401,553
(ii)	In Equity Shares	69,048,492		77,136,260	
	Less: Diminution in value	10,501,005	58,547,487	17,542,090	59,594,171
(iii)	In Debentures	10,437,295		-	
	Less: Diminution in value	334,008	10,103,288	-	
(iv)	In Inter Corporate Deposits		80,850,000		162,490,000
	(Refer note No.6 in Schedule 22)		<b>169,095,200</b>		<b>476,485,724</b>
	<b>Total (A+B)</b>		<b>1,387,346,686</b>		<b>1,413,148,961</b>
<b>6</b>	<b>INVENTORIES</b>				
	(as valued and certified by the Management)				
a	Stock in Trade		-		1,412,364
b	Software Work-in-process		19,871,000		63,170,640
	<b>Total</b>		<b>19,871,000</b>		<b>64,583,004</b>

**Schedules Forming Part of**

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2010

Schedule	Particulars	Rs.	As at 31.03.2010 Rs.	Rs.	As at 31.03.2009 Rs.
<b>7</b>	<b>SUNDRY DEBTORS</b> (Unsecured)				
	a. Debts outstanding for a period exceeding 6 Months			45,791,532	
	- Considered Good	116,216,761			
	- Considered Doubtful	-			
	<i>(Refer note No.22 in Schedule 22)</i>		116,216,761		45,791,532
	b. Other Debts (Considered Good)		135,976,272		96,862,801
			<b>252,193,032</b>		<b>142,654,333</b>
<b>8</b>	<b>CASH &amp; BANK BALANCES</b>				
	a. Cash on Hand		62,216		76,948
	b. Balances with Scheduled Banks				
	i) Current Account		2,757,705		13,916,143
	ii) Fixed Deposits including interest accrued thereon		243,822		2,191,422
			<b>3,063,743</b>		<b>16,184,512</b>
<b>9</b>	<b>OTHER CURRENT ASSETS</b>				
	Deposits : Others		4,923,627		5,345,987
			<b>4,923,627</b>		<b>5,345,987</b>
<b>10</b>	<b>LOANS &amp; ADVANCES</b> (Unsecured, considered good)				
	Advances Recoverable in Cash or in Kind or for value to be received:				
	Advance for Capital Goods		-		204,784
	Advances to Suppliers & for Expenses		889,744		1,119,413
	Advance to Subsidiary (Izmo Europe BVBA, Belgium)		-		681,990
	MAT Credit Entitlement		5,347,286		5,969,962
	Income-tax Paid at Source		2,971,985		10,171,931
	Advance Fringe Benefit Tax		-		352,033
	Income Tax refund receivable		2,182,441		2,034,641
	Other Advances <i>(Refer Note No.23 in Schedule 22)</i>		40,194,742		24,092,049
			<b>51,586,198</b>		<b>44,626,803</b>
<b>11</b>	<b>CURRENT LIABILITIES</b>				
	Creditors for capital Goods		2,694,648		2,831,988
	Sundry Creditors		20,883,571		20,378,450
	Other Liabilities <i>(Refer Note No. 21 in Schedule 22)</i>		10,000		50,330,000
	Liabilities for Expenses		1,199,762		9,099,504
	Statutory Dues		2,381,007		2,705,187
	Liability Towards Investment in Subsidiary <i>(Refer Note No. 4 in Schedule 22)</i>		2,507,000		2,507,000
	Interest Accrued but not Due on Term Loans from IDBI		-		179,894
	Unclaimed Dividend		1,879,183		3,995,924
	Rent Deposit		7,291,550		7,291,550
	Deferred Income		4,760,200		3,304,506
			<b>43,606,920</b>		<b>102,624,002</b>

**Schedules Forming Part of**

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2010

Schedule	Particulars	Rs.	As at 31.03.2010 Rs.	Rs.	As at 31.03.2009 Rs.
<b>12</b>	<b>PROVISIONS</b>				
	Provision for taxation		3,800,000		5,785,590
	Provision for FBT		-		1,136,430
	Provision for Gratuity		3,875,510		2,989,527
	Provision for Compensated absences		4,101,030		3,962,180
	Dividend Proposed		-		15,066,966
	Dividend Tax		-		2,559,878
			<b>11,776,540</b>		<b>31,500,571</b>
<b>13</b>	<b>SOFTWARE SALES &amp; SERVICES</b>				
	Domestic		29,901,997		31,814,995
	Exports (Refer Note no. 25 in Schedule 22)		228,020,594		222,518,606
			<b>257,922,591</b>		<b>254,333,601</b>
<b>14</b>	<b>OTHER INCOME</b>				
	Interest on Bank Deposits & other deposits (TDS Rs.1,765,519 - Previous Year Rs.25,570,948)		10,848,814		22,019,869
	Income from Investments (Net) (Refer Note No. 6 & 26 in Schedule 22)		39,674,112		1,425,529
	Rental Income		8,749,860		9,624,930
	Profit on sale of Assets		158,468		-
	Exchange Rate Difference		-		32,325,894
	Miscellaneous Income		723,442		241,598
			<b>60,154,696</b>		<b>65,637,820</b>
<b>15</b>	<b>INCREASE/(DECREASE) IN STOCKS/ WIP</b>				
	<b>Opening Stock</b>				
	Stock in Trade		1,412,364		-
	Software Work in Process		63,170,640		59,908,795
	<b>Total (A)</b>		<b>64,583,004</b>		<b>59,908,795</b>
	<b>Closing Stock</b>				
	Stock in Trade		-		1,412,364
	Software Work in Process		19,871,000		63,170,640
	<b>Total (B)</b>		<b>19,871,000</b>		<b>64,583,004</b>
	Increase in Stocks/WIP (B-A)		<b>(44,712,004)</b>		<b>4,674,209</b>
<b>16</b>	<b>DIRECT COST OF OPERATIONS</b>				
	Cost of Purchases for Resale		15,527,269		21,463,687
	Customs duty		137,799		237,205
			<b>15,665,068</b>		<b>21,700,892</b>
<b>17</b>	<b>SALARIES &amp; BENEFITS TO EMPLOYEES</b>				
	Salaries & Benefits		129,232,850		124,064,741
	Provident Fund Contribution		3,170,275		3,404,217
	Gratuity (Refer Note No. 30 in Schedule 22)		963,221		(37,258)
			<b>133,366,346</b>		<b>127,431,700</b>

**Schedules Forming Part of**  
**THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2010**

Schedule	Particulars	Rs.	As at 31.03.2010 Rs.	Rs.	As at 31.3.2009 Rs.
<b>18</b>	<b>ADMINISTRATIVE EXPENSES</b>				
	Remuneration to Directors		6,157,533		5,807,562
	Directors Sitting Fees		1,500		1,000
	Books & Periodicals		7,467		8,392
	Corporate expenses		422,730		420,290
	Electricity, Generator & Water Charges		3,474,450		3,081,992
	Insurance		5,905,358		4,836,078
	Membership & Subscription		196,634		292,660
	Miscellaneous Expenses		710,907		416,152
	Office Expenses		518,663		413,309
	Postage & Telecommunication		4,113,982		5,272,214
	Professional, Legal & Consultancy Charges		5,352,298		12,436,632
	Printing & Stationery		742,494		954,706
	Rent		6,091,522		5,347,210
	Rates & Taxes		957,579		485,872
	Repairs & Maintenance		2,129,308		1,285,942
	Recruitment expenses		4,170		89,888
	Security Charges		832,072		886,925
	STPI - Service Charges		507,500		300,000
	Traveling & Conveyance		13,267,678		14,886,770
	Vehicle Maintenance		591,542		610,165
	Exchange Rate Difference		22,206,864		-
			<b>74,192,252</b>		<b>57,833,760</b>
<b>19</b>	<b>SELLING EXPENSES</b>				
	Advertisement Expenses		2,522,266		4,208,039
	Business Promotion		687,697		716,004
	Exhibition & Seminar Expenses		417,200		1,782
	Discounts and Incentives		24,817		18,741
	Entertainment Expenses		76,549		6,801
	Other selling expenses		-		62,407
	Bad debts Written off		-		1,784,260
			<b>3,728,530</b>		<b>6,798,034</b>
<b>20</b>	<b>FINANCIAL EXPENSES</b>				
	Interest on Term Loan		1,656,478		3,240,409
	Interest on Working Capital Facilities		2,760,652		1,957,430
	Interest on Hire Purchase Loans		194,210		413,125
	Bank Charges		1,148,053		542,004
	Financial Charges		30,755		68,426
			<b>5,790,148</b>		<b>6,221,394</b>
<b>21</b>	<b>PROVISION AGAINST INVESTMENTS</b>				
	Provision against Investments (Refer Note No.6 in Schedule 22)		7,597,938		32,567,147
			<b>7,597,938</b>		<b>32,567,147</b>



## Schedules Forming Part of

THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2010

### 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 mile-stone on which revenue is recognized subsequent to the date of the Balance Sheet.

##### d Fixed Assets

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

##### e Depreciation

Depreciation is provided at the rates prescribed in Schedule XIV of the Companies Act 1956, under Written Down Value Method. Depreciation is charged on prorata

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

##### f Investments

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

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

##### g Foreign Currency Transactions

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

##### h Borrowing Cost

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

##### i Taxation

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

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

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

##### j Retirement/ Employee Benefits

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

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

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

Other Employee benefits are accounted for on accrual basis.

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

k Intangible Assets

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

l Earnings per Share

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

during the period are adjusted for the effects of all potential dilutive equity shares.

m Provisions & Contingent Liabilities

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

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) Duty on Capital Goods (in STPI Units)	100,000	100,000
ii) Performance Guarantees	499,836	353,216
iii) Claims against the company, not acknowledged as debts	2,717,857	2,189,641
iv) Unexpired Letters of Credit	1,908,902	1,427,995
v) Warranty Costs on Software Sale*	Not Quantified	Not Quantified

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

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.

and the number of outstanding shares reduced from 1,000,000 to 100,000.

c) In addition to the above, the Company has invested in the equity of Izmo Europe BVBA, Belgium of Rs.299.01 Lakhs (€ 440,318) during the year. The share allotment against the same is pending as at the Balance Sheet date

5 a) During the year under review, the Company has made an additional investment of Rs. 2516.87 Lakhs (USD 53,15,100) in the form of equity in its subsidiary Logix Americas Inc., which is the holding company for the US subsidiaries. Out of this investment, for Rs. 2445.90 Lakhs (USD 51,73,100), shares are yet to be 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 Logix Americas Inc, the outstanding shares of the corporation were reverse split 1 to 0.10 as of January 26,2010

6 Investments. (Amount in Lakhs)

Particulars	Current Year	Previous Year
1) Investment in Shares (Quoted)		
Aggregate Book Value	565.25	455.41
Market Value	543.32	268.17
2) Investment in Mutual Funds*		
Aggregate Book Value	196.73	2,716.46
Market Value	220.67	2,544.02
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. 108.35 lakhs (Previous year Rs. 325.67 Lakhs) as at the year end & for a profit of Rs. 35.61 Lakhs arising on Investments in Mutual Funds restated at cost or market value whichever is lower (Previous year excess provision against loss of Mutual fund investments was made).

The Investments in Mutual Funds includes investment under Portfolio Management Scheme. On account of the quantum of transactions, the scrip / unit wise details as required to be disclosed as per Note (I) of Schedule VI has not been furnished.

- 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. 4.90 Lakhs is in the process of reconciliation.

- 8 Payments to Auditors

(Amount in Rs.)

Particulars	Current Year	Previous Year
Audit Fees	211,632	174,901
Taxation matters	42,686	101,831
Professional Charges*	192,522	171,813
<b>Total</b>	<b>446,840</b>	<b>448,545</b>

\* Including Statutory Certification fees

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

Particulars	Current Year	Previous Year
Purchases	12,782,459	21,421,990
Capital Goods	100,986	1,948,632
<b>Total</b>	<b>12,883,445</b>	<b>23,370,622</b>

- 10 Expenditure in Foreign Currency (accrual basis) (Amount in Rs.)

Particulars	Current Year	Previous Year
Purchases	12,366,539	20,667,527
Capital goods	100,986	1,948,632
Foreign Travel	6,679,632	6,970,690
Rebate on Export sales	-	32,864,000
<b>Total</b>	<b>19,147,157</b>	<b>62,450,849</b>

- 11 Earnings in Foreign Currency (actual basis) (Amount in Rs.)

Particulars	Current Year	Previous Year
Software Exports & Consultancy	228,020,594	222,518,606
Reimbursements in respect of Marketing costs	342,035	236,009

- 12 Quantitative Details of Trading (In Nos.)

(as furnished by the management)

Particulars	Opening Stock	Purchases/Sales Returns	Sales/Purchase Returns/Disposals	Closing Stock
Current Year				
Software	6	6,463	6,469	-
Previous Year				
Software	-	7,570	7,564	6

- 13 Managerial Remuneration (Amount in Rs.)

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

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

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

- b) Directors remuneration includes a sum of Rs. 40 Lakhs paid to the managing director in accordance with the limits approved by the shareholders at the AGM held on 28th September 2007 but in excess of the limits prescribed under the Companies Act. The company has initiated the process of obtaining the requisite approval from the Central Government and is confident of receiving the necessary approval and hence has treated the same as an expense during the year.

- 14 The Company's Singapore subsidiary, Midrange Software Pte Ltd has made a provision of SGD 108,000 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.

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

Particulars		After Extraordinary items		Before Extraordinary items	
		Current Year	Previous Year	Current Year	Previous Year
<b>Basic</b>					
Net Profit after tax attributable to Equity share holders (Rs)	A	14,290,760	23,181,323	14,290,760	56,045,323
Weighted average number of equity shares outstanding*	B	12,078,162	12,153,573	12,078,162	12,153,573
<b>Basic EPS (Rs)</b>	<b>A/B</b>	<b>1.18</b>	<b>1.91</b>	<b>1.18</b>	<b>4.61</b>
<b>Diluted</b>					
Net Profit after tax attributable to Equity share holders (Rs)	A	14,290,760	23,181,323	14,290,760	56,045,323
Add: Weighted average number of equity shares outstanding*	B	12,078,162	12,153,573	12,078,162	12,153,573
Weighted average number of potential equity shares on account of ESOP	C	-	5,610	-	5,610
Weighted average number of shares on outstanding for diluted EPS	D=B+C	12,078,162	12,159,183	12,078,162	12,159,183
<b>Diluted EPS (Rs)</b>	<b>A/D</b>	<b>1.18</b>	<b>1.91</b>	<b>1.18</b>	<b>4.61</b>
Face value per share (Rs)		10	10	10	10

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

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.

## 17 The details of intangible Assets (Software) is as under:

(Rs.in lakhs)

Particulars	Gross			Amortization			Net	
	Opening	Addition	Total	Opening	for the year	Total	Opening	Closing
(a) Internally Generated Software	40.00	-	40.00	35.86	4.14	40.00	4.14	0.00
(b) Acquired Softwares	605.19	4.70	609.89	548.83	31.20	580.03	56.36	29.86
	<b>645.19</b>	<b>4.70</b>	<b>649.89</b>	<b>584.69</b>	<b>35.34</b>	<b>620.03</b>	<b>60.50</b>	<b>29.86</b>

## 18 Lease-Operating Lease

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

both the lessor and lessee. Rental expenses under cancelable operating leases for the year ended 31 March 2010 are as follows.

(Amount in Rs.)

Particulars	Current Year	Previous Year
Minimum Lease Payment	6,091,522	5,668,471
Contingent Rent	-	-
Amount due within 1 Year	5,923,824	5,936,488
Amount due later than 1 Year & not later than 5 Years	35,060,337	37,188,648

## 19 Service Tax on Rent

The Company had not charged and provided for service tax on Rent on the basis of Honorable High Court of Delhi Judgement in respect of charging service tax on the rentals of

the Commercial properties to extent of Rs 20.09 lacs. The company is in the process of taking expert opinion with regard to liabilities if any this matter. Accordingly suitable adjustment would be effected in the books of accounts.

## 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 incurred losses during recent years and has an accumulated loss of SGD 141,634. However, based on the management's perception of the growth prospects and the performance of Midrange during FY 2009-10, in the opinion of the management there is no permanent diminution in value of the investment.

Investment in Logix Americas Inc.

The Company has invested an amount of USD 24,674,100 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 Americas Inc as well.

**Investment in Izmo Europe BVBA Belgium**

The Company has invested an amount of EURO 1,208,093 in its subsidiary Izmo Europe BVBA Belgium in 2009.

## 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., India

Digipro Design Automation & Marketing Pvt Ltd.,

Deep Engineers & Consultants

SL Business Center

(Amount in Lakhs)

Nature of Transactions	Subsidiary Companies		Key Management Personnel		Enterprises in which Key Management Personnel their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Purchase of Goods/Services/Rentals/ Re-imbursement of Expenses</b>						
Deep Heritage	-	-	-	-	0.84	0.42
Si2 Microsystems Ltd.,	-	-	-	-	20.74	-
Remuneration	-	-	61.96	61.96	-	-
S.L.Business Centre	-	-	-	-	6.28	4.60
<b>Software Sales &amp; Service Exports</b>						
Homestar LLC	1,657.82	2,217.57	-	-	-	-
Homestar Systems Inc	610.31	-	-	-	-	-
Midrange Software Pte Ltd.,	1.49	-	-	-	-	-
Si2 Microsystems Ltd., India	-	-	-	-	2.39	-
<b>Rental Income</b>						
Si2 Microsystems Ltd., India	-	-	-	-	51.50	60.25
Digipro Design Automation and Marketing Pvt Ltd.,	-	-	-	-	36.00	36.00
<b>Investment in Equity</b>						
Logix Americas Inc	2,516.87	3,298.75	-	-	-	-
Midrange Software Pte Ltd.,	-	-	-	-	-	-
Izmo Europe BVBA	299.01	501.81	-	-	-	-
<b>Receivables</b>						
Homestar LLC	1,864.51	1,405.74	-	-	-	-
Homestar Systems Inc	591.93	-	-	-	-	-
Si2 Microsystems Ltd., India	-	-	-	-	8.33	7.88
Izmo Europe BVBA	-	6.82	-	-	-	-
<b>Payables</b>						
Homestar LLC	21.28	22.95	-	-	-	-
Midrange Software Pte Ltd.,	7.71	10.43	-	-	-	-
S.L.Business Centre	-	-	-	-	0.01	0.45

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

(Amount in Lakhs)

	As at 31.03.2010		As at 31.03.2009	
	Closing Balance Rs.	Maximum balance during the year Rs.	Closing Balance Rs.	Maximum balance during the year Rs.
Homestar LLC., USA	1,864.51	2,743.46	1,405.74	2,035.90
Homestar Systems Inc	591.93	591.93	-	-

Sundry Debtors includes a sum of Rs. 1162.64 Lakhs of overseas receivables outstanding for over 180 days as at the Balance Sheet date.

23 The other advances includes Rs.100.11 lakhs (Previous year Rs. 42.10 lakhs) towards the balances receivable against the short term investments as at March 31, 2010

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

24 Under the Micro, Small and Medium Enterprises

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.

- 25 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 of the company that due to the above factors they have had revenue reversals / cancellation of contracts amounting to Rs 3.25 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.

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

Particulars	Current Year Rs.	Previous Year Rs.
Dividend	9.65	168.00
Profit / (Loss) on sale of investment	387.09	(154.00)
<b>Total</b>	<b>396.74</b>	<b>14.00</b>

- 27 Provision Taxation:

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

The Deferred tax balance comprises of the following:

(Amount in Lakhs)

Particulars	Current Year Rs.	Previous Year Rs.
<b>Deferred Tax Asset/ (Liabilities)</b>		
Timing differences u/s 43B of Income Tax Act, 1961		
Depreciation	9.44	2.21
Leave Salary/Gratuity	-	10.66
	<b>9.44</b>	<b>12.87</b>

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

- 28 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 business segment are the primary reportable segments, comprising of:

- i) Enterprise Connectivity & Security

- ii) Izmo Cars Solutions

(Amount in Lakhs)

Particulars	Current Year	Previous Year
<b>Revenue:</b>		
Enterprise Connectivity & Security	311.10	318.15
Izmo Cars Solutions	2,268.13	2,225.19
<b>Net Income from Operations</b>	<b>2,579.23</b>	<b>2,543.34</b>
Add: Income from Exceptional Items/Other Income	525.57	656.38
<b>Profit before Depreciation/Tax/ Interest/Amortization :</b>		
-from Enterprise Connectivity & Security segment	(169.04)	(1,214.10)
-from Izmo Cars Solutions segment	31.62	1,012.22
Income from Exceptional Items/Other Income	525.57	656.38
<b>Total</b>	<b>388.15</b>	<b>454.50</b>
Less: (1) Interest	57.90	62.21
(2) Other Unallocated Expenses	0.00	0.00
(3) Depreciation/Amortization	149.26	163.13
<b>Profit Before Taxation</b>	<b>180.99</b>	<b>229.16</b>

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

- 29 Employees Stock Options (ESOP) 2004:

a) During the year 2004-05, the Company introduced ESOP-2004, 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 18th June 2004. The scheme was implemented during 2005-06 after receipt of the requisite statutory approvals. Accordingly options for 214,300 shares of Rs.10/- each were granted to eligible employees. The options would vest over a period of 4 years from the date of grant i.e. June 2004 as under:

Year	Date of Vesting	No. of Options
1	2005-06	56,690
2	2006-07	60,490
3	2007-08	74,320
4	2008-09	22,800

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. All options have been issued on the grant date was in the range of Rs.20/- to Rs.30/- per share.

The market price of the share on the grant date was below the exercise price and hence the intrinsic value of the options granted under ESOP 2004 was nil. During the year no options have been exercised.

Particulars	Nos.
No. of options outstanding at the year beginning	8,700
Add: Options granted during the year	-
Less: Options forfeited/cancelled during the year	-
Options exercised during the year	3,400
Options expired/lapsed during the year	5,300
Options outstanding at the end of the year	-

#### Vesting Conditions:

Continuation in services of the Company and such other conditions as may be prescribed by the Company.

#### (b) 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 AGM 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 264,500 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	199,500
Add: Options granted during the year	41,700
Less: Options forfeited/cancelled during the year	25,500
Options exercised during the year	41,700
Options Expired/lapsed during the year	-
Options outstanding at the end of the year	174,000

#### (c) Employees Stock Options (ESOP) 2007:

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

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

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

#### 30 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	29.90	21.43	39.80	19.18
Current Service Cost	13.41	11.97	14.57	11.21
Interest Cost	2.27	1.76	2.81	1.41
Actuarial (gain)/loss on obligations	(6.05)	(4.77)	(96.65)	12.33
Benefits Paid	(0.77)	(0.49)	(65.08)	(4.34)
Projected Benefit obligation at the end of the year	38.76	29.90	41.01	39.80

b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31, 2010.



## 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	29.90	21.43	39.80	19.18
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	29.90	(21.43)	39.80	(19.18)
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	29.90	(21.43)	39.80	(19.18)

## d) Net periodic gratuity cost

Amount in lakhs

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	13.41	11.97	14.57	11.21
Interest Cost	2.27	1.76	2.81	1.41
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	6.05	(4.77)	(96.65)	12.33
Expenses recognized in the statement of Profit and Loss	9.63	8.96	7.72	24.96

## e) Principal actuarial assumptions

Amount in lakhs

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rates	8%	7.7%	8%	7.7%
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.

31 During the year 2008-09, the Company through its subsidiary Homestar Systems Inc has acquired a 51% stake in AOA Izmo LLC, a California based company. This required prior permission under the Foreign Exchange Management Act, which has been obtained after the Balance Sheet date. The company is at present, in the process of obtaining the requisite consent from the stock exchanges which would be prerequisite for issuing the necessary allotment of equity shares. Pending this, the effect of the same on the financials has not been considered as at 31st March 09. It is essentially a Stock Swap deal involving an issue of 125,000 equity shares of Logix

Microsystems Ltd and a cash payment equivalent to Rs 60 Lakhs.

## 32 Transfer Pricing

The company derives a significant portion of its revenue (Rs.2269.62 lakhs) from services, rendered to its subsidiary M/s. Homestar LLC, USA, M/s.Homestar Systems Inc & M/s Midrange Software Pte Ltd., Singapore. The revenue in this regard is recognized on the basis of a services agreement with the subsidiary.

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 31, 2010, particularly on their amount of tax expense and that of the provision for taxation.

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

34 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 4th, 2010

**Shashi Soni**  
Chairperson

**B. Narayana Rao**  
Finance Controller

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]

<b>I Registration Details</b>			
Registration No.	18734	State Code	08
Balance Sheet Date	31.03.2010		
<b>II Capital raised during the year</b>			
Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	-
<b>III Position of Mobilisation of Funds &amp; Deployment of Funds</b>			
Total Assets	1,731,518	Total Liabilities	1,731,518
<b>Sources of funds</b>			
Paid-up Capital	120,987	Reserves & Surplus	1,498,483
Secured Loans	112,048	Unsecured Loans	-
<b>Application of funds</b>			
Net Fixed Assets	66,973	Investments	1,387,347
Net Current Assets	276,254	Miscellaneous Expenditure	-
Deferred Tax	944	Accumulated Losses	-
<b>IV Performance of the Company</b>			
Total Income	273,365	Total Expenditure	232,742
Profit before Tax	18,099	Profit after Tax	15,033
Earnings per Share (Rs.)	1.18	Dividend (%)	-
<b>V Generic names of three principle products / services of the Company</b>			
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  
Firm Registration No. 004542S

**Sanjay Soni**  
Managing Director

**Shashi Soni**  
Chairperson

**B. Narayana Rao**  
Finance Controller

**Unnikrishnan M.**  
Partner

Place : Bangalore  
Date : September 4th, 2010

Membership No. 205703

**Cashflow Statement**

FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year Rs.	Previous Year Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES (Indirect Method)</b>		
Net Profit before tax and extra-ordinary items	18,099,172	55,780,149
Adjustments for:		
a) Depreciation	14,925,830	16,312,554
b) Interest Paid	5,790,148	6,221,394
c) Rental Income	(8,749,860)	(9,624,930)
d) Interest Income	(10,848,814)	(22,019,869)
e) Provision against investments	7,597,938	32,567,147
f) (Profit) / Loss on short term investments, Includes dividend income (net of related expenses)	(39,674,112)	(1,425,529)
g) Employee Stock Options	9,080,069	7,943,865
h) Bad debts written off	524,393	1,784,260
j) (Profit) / Loss on disposal of Fixed Asset	(158,468)	-
k) Forex gain	(4,049,905)	-
<b>OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL</b>	<b>(7,463,610)</b>	<b>87,539,040</b>
Adjustments for		
1. Prior Period Items	(742,210)	-
2. Income Taxes (Net)	8,425,654	(9,618,057)
3. Increase/(Decrease) in Current Liabilities	(49,698,281)	13,453,731
4. Decrease /(Increase) in Inventories	44,712,004	(4,674,209)
5. Decrease /(Increase) in Trade Receivables	(110,063,092)	(67,899,514)
6. Decrease/(Increase) in Loans, Advances and Deposits (excluding Direct Taxes & Capex advances)	(3,066,041)	(2,084,048)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(67,895,577)</b>	<b>16,716,942</b>
Interest Paid (5,790,148)	(6,221,394)	
<b>NET CASH INFLOW / OUTFLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(73,685,725)</b>	<b>10,495,548</b>
<b>B CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets & advances on capital account (incl. Pre-operative expenses)	(4,638,221)	(10,170,444)
(Purchase) / Sale of short Investments	277,739,191	438,563,874
Rent deposit for buildings received	-	7,291,550
(Profit) / Loss on short term investments, Includes dividend income (net of related expenses)	39,674,112	1,425,529
Investments in Subsidiaries	(281,588,249)	(380,738,674)
Rental Income	8,749,860	9,624,930
Interest	10,848,814	22,019,869
<b>NET CASH OUTFLOW FOR INVESTING ACTIVITIES (B)</b>	<b>50,785,507</b>	<b>88,016,634</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
1. Proceeds from issue of share capital (net of expenses)	(48,263,997)	-
2. Increase/(decrease) in secured loan	75,670,291	(31,279,153)
3. Dividend paid (excl provision)	(15,066,966)	(49,014,292)
4. Tax on dividend paid (excl provision)	(2,559,878)	(8,329,979)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES (C)</b>	<b>9,779,450</b>	<b>(88,623,424)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(13,120,768)</b>	<b>9,888,758</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>16,184,512</b>	<b>6,295,753</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE) (Refer Schedule 8)</b>	<b>3,063,743</b>	<b>16,184,512</b>

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

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

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**B. Narayana Rao**  
Finance Controller**Unnikrishnan M.**  
PartnerBangalore  
September 4th, 2010

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, 2010 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. Of these, financial statement of the subsidiary, Midrange Software Pte Ltd. (Singapore), reflecting total net assets of Rs.5.90 crores as at 31st March, 2010 and total gross revenues of Rs.1.12 crores for the year then ended have been audited by other auditors whose audit reports have been furnished to us and our opinion insofar as it related to the amount included in this subsidiary is based solely of the report of the other auditor.
  - ii. Further, financial statements as furnished by the management in respect of all other subsidiaries reflecting total net assets of Rs 117.07 crores as at 31st March, 2010 and total gross revenues of Rs.30.20 crores for the year then ended are unaudited and have been certified by the management.
  - iii. 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.
  - iv. Attention is drawn to Note No. 2 in Schedule 24, in respect of non-uniformity of accounting standards/practices, and

Note No.1(g) in Schedule 24 in respect of the revenue items being translated at average rates as at the year end instead of average rates during the year, the effect of which on the consolidated financial statements has not been quantified.

- v. 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.
- vi. The Consolidated Cash Flow statement has not been compiled.
- vii. 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 Rs.1.98 crores and Rs. 6.31 crores as at the 31st March 10 and 31st March 09 respectively.
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 in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and 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 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, 2010; and
    - b. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Logix Microsystems Limited and its subsidiaries for the year then ended.

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

Partner

Membership No : 205703

Place: Bangalore  
Date: September 4th, 2010

**Consolidated Balance Sheet**

AS AT 31ST MARCH, 2010

Particulars	Schedule	As at	
		31.03.2010	31.03.2009
		Rs.	Rs.
<b>I SOURCES OF FUNDS</b>			
<b>1 SHARE HOLDERS FUNDS</b>			
Share Capital	1	120,986,730	120,535,730
Reserves & Surplus	2	1,536,793,279	1,519,990,333
		1,657,780,009	1,640,526,063
<b>2 LOAN FUNDS</b>			
Secured Loans	3	213,222,705	36,377,926
<b>Total</b>		<b>1,871,002,714</b>	<b>1,676,903,989</b>
<b>II APPLICATION OF FUNDS</b>			
<b>1 FIXED ASSETS</b>	4		
Gross Block		1,639,174,412	1,205,953,182
Less: Depreciation		320,877,499	260,502,139
Net Block		1,318,296,913	945,451,043
<b>2 INVESTMENTS</b>	5	306,767,324	529,024,615
<b>3 DEFERRED TAX - ASSET</b>		943,857	1,286,838
<b>4 CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	6	19,871,000	64,583,004
Sundry Debtors	7	146,476,805	109,143,161
Cash & Bank Balances	8	71,574,750	77,242,609
Other Current Assets	9	21,986,723	11,067,263
Loans & Advances	10	154,131,397	84,723,695
<b>Total A</b>		<b>414,040,675</b>	<b>346,759,732</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	11	195,820,091	133,203,814
Provisions	12	11,776,539	29,465,930
<b>Total B</b>		<b>207,596,630</b>	<b>162,669,744</b>
<b>NET CURRENT ASSETS (A-B)</b>		206,444,045	184,089,988
<b>5 MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)	13	38,550,575	17,051,505
<b>Total</b>		<b>1,871,002,714</b>	<b>1,676,903,989</b>
<b>NOTES FORMING PART OF ACCOUNTS</b>	24		

for and on behalf of the Board

**Sanjay Soni**  
Managing Director

**Shashi Soni**  
Chairperson

**Narayana Rao**  
Finance Controller

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

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

Bangalore  
September 4th 2010

**Consolidated Profit and Loss Account**

FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Schedule	Current Year Rs.	Previous Year Rs.
<b>I INCOME</b>			
Software Sales & Service	14	364,956,180	521,144,882
Other Income	15	70,812,815	67,027,203
Increase/(Decrease) in Stocks/ WIP	16	(44,712,004)	4,674,209
		<b>391,056,991</b>	<b>592,846,294</b>
<b>II EXPENDITURE</b>			
Direct cost of Operations	17	15,665,068	22,004,332
Salaries and Benefits to Employees	18	178,697,071	230,255,083
Administrative Expenses	19	77,959,312	97,413,512
Selling Expenses	20	4,685,549	9,160,868
Financial Expenses	21	6,879,219	9,357,738
Provision for Bad Debts/Exceptional Items	22	23,170,000	42,620,038
		<b>307,056,219</b>	<b>410,811,571</b>
<b>Profit/(Loss) before Depreciation, Write-offs &amp; Amortisation</b>		<b>84,000,772</b>	<b>182,034,723</b>
Technical Know-how amortization		33,433,633	55,980,019
Provision against investments	23	7,597,938	32,567,147
<b>Profit/(Loss) before Depreciation and Tax</b>		<b>42,969,201</b>	<b>93,487,557</b>
Depreciation		28,649,694	26,938,242
Acquisition Cost Written off (One time)		-	5,250,000
<b>Profit/(Loss) for Before Taxation</b>		<b>14,319,507</b>	<b>61,299,315</b>
Fringe Benefit Tax		-	1,318,826
Current Tax		2,100,545	1,725,962
MAT Credit entitlement		622,676	(1,339,962)
Deferred Tax		342,981	(1,970,000)
<b>Profit After Tax</b>		<b>11,253,305</b>	<b>61,564,489</b>
Prior Period Expenses/ (Income)		742,210	-
<b>Profit for the year</b>		<b>10,511,095</b>	<b>61,564,489</b>
Dividend			
Final		-	15,066,966
Dividend Tax		-	2,559,878
Amount transferred to General Reserve		-	579,533
<b>Profit Carried to Balance Sheet</b>		<b>10,511,095</b>	<b>43,358,112</b>
Notes to the Accounts	24		
Earnings per share (on Rs. 10 per Share)			
Basic		<b>0.87</b>	<b>5.50</b>
Diluted		<b>0.87</b>	<b>5.49</b>

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 DirectorShashi Soni  
ChairpersonNarayana Rao  
Finance ControllerUnnikrishnan M.  
Partner  
Membership No. 205703Bangalore  
September 4th 2010

## Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2010

Schedule	Particulars	Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>1</b>	<b>SHARE CAPITAL</b>			
	<b>a Authorised Capital</b>			
	13200000 Equity Shares of Rs.10 each (Previous Year 13200000 Shares of Rs.10 each)		<b>132,000,000</b>	<b>132,000,000</b>
	<b>b Issued, Subscribed and Paidup Capital</b>			
	12098673 Equity Shares of Rs.10 each (Previous Year 12053573 shares of Rs. 10 each)		120,986,730	120,535,730
			<b>120,986,730</b>	<b>120,535,730</b>
<b>2</b>	<b>RESERVES AND SURPLUS</b>			
	<b>a Share Premium Account</b>			
	Opening Balance	1,444,837,698		1,492,837,698
	Additions during the year			
	Premium on Employee stock options exercised	2,455,519		-
		1,447,293,217		1,492,837,698
	Less: Utilisation towards Pref.Issue Expenses	-		48,000,000
			1,447,293,217	1,444,837,698
	<b>b General Reserve</b>			
	Opening Balance	6,339,532		5,760,000
	Add: Transferred from Profit & Loss A/c	-		579,533
			6,339,532	6,339,533
	<b>c Stock option outstanding account</b>			
	Less: Deferred employee comensation expenses	26,536,744 (2,653,674)		30,425,745 14,452,229
			23,883,070	15,973,516
	<b>d Profit and Loss Account</b>			
	Opening Balance	48,766,365		9,481,474
	Add: Profit / (Loss) for the year	10,511,095		43,358,113
			59,277,460	52,839,587
			<b>1,536,793,279</b>	<b>1,519,990,334</b>
<b>3</b>	<b>SECURED LOANS</b>			
	<b>Term Loans</b>			
	<b>a Term Loan</b>		108,674,308	19,565,523
	<b>b Working Capital Loans</b>		103,754,100	14,212,941
	<b>c Hire Purchase Loans</b>		794,297	2,599,462
			<b>213,222,705</b>	<b>36,377,926</b>

## Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2010

### 4 FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost on 01.04.2009	Additions	Deletions/ Transfer	Cost on 31.03.2010	Upto 31.03.2009	Deletions/ Transfer	For the year	Upto 31.03.2010	WDV on 31.03.2010	WDV on 31.03.2009
1 Land	4,674,279	-	-	4,674,279	-	-	-	-	4,674,279	4,674,279
2 Buildings	60,336,916	-	-	60,336,916	5,236,354	-	5,635,903	10,872,257	49,464,659	55,100,562
3 Computers	34,457,060	2,168,987	-	36,626,047	26,607,625	-	3,732,542	30,340,167	6,285,880	7,849,435
4 Plant and Machinery	6,651,736	220,971	-	6,872,707	5,525,794	-	183,847	5,709,641	1,163,066	1,125,942
5 Office Equipments	64,673,067	1,744,517	-	66,417,584	21,221,296	-	9,774,591	30,995,887	35,421,697	43,451,771
6 Diesel Generators	1,953,787	-	-	1,953,787	932,585	-	142,049	1,074,634	879,153	1,021,202
7 Electrical Installations	3,963,452	601,992	-	4,565,444	1,561,858	-	678,091	2,239,949	2,325,495	2,401,594
8 Furniture & Fittings	8,373,304	159,891	-	8,533,195	4,952,469	-	907,373	5,859,842	2,673,353	3,420,835
9 Software	68,884,224	531,331	-	69,415,555	61,522,949	-	4,994,299	66,517,248	2,898,307	7,361,275
10 Interiors	13,666,180	187,688	-	13,853,868	6,266,447	-	819,744	7,086,191	6,767,677	7,399,733
11 Vehicles	15,549,578	1,300,000	548,851	16,300,727	9,699,436	468,317	1,781,256	11,012,376	5,288,351	5,850,142
12 Canteen Structure	301,039	-	-	301,039	301,039	-	-	301,039	-	-
13 Technical Know-how	770,710,860	426,854,705	-	1,197,565,565	116,674,287	-	32,193,983	148,868,270	1,048,697,295	654,036,573
14 Intellectual Property	151,757,700	-	-	151,757,700	-	-	-	-	151,757,700	151,757,700
<b>Total</b>	<b>1,205,953,182</b>	<b>433,770,081</b>	<b>548,851</b>	<b>1,639,174,412</b>	<b>260,502,139</b>	<b>468,317</b>	<b>60,843,677</b>	<b>320,877,499</b>	<b>1,318,296,913</b>	<b>945,451,043</b>
Previous Year	730,686,110	476,995,534	1,728,462	1,205,953,182	177,739,525	155,647	82,918,261	260,502,139	945,451,043	552,946,585

Schedule	Particulars	Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>5</b>	<b>INVESTMENTS</b>			
a	In Subsidiaries (Long term Unquoted, at cost)		-	
	Investments in Get Logix		8,096,601	8,096,601
b	Other Investments			
	(i) In Mutual Funds	19,594,425		269,426,610
	Less: Diminution in value	-	19,594,425	15,025,057
	(ii) In Equity Shares	69,048,492		77,136,260
	Less: Diminution in value	10,501,005	58,547,487	17,542,090
	(iii) In Debentures	10,437,295		-
	Less: Diminution in value	334,008	10,103,288	-
	(iv) In Inter Corp Deposits		80,850,000	162,490,000
	(v) Others		129,575,524	44,442,291
			<b>306,767,324</b>	<b>529,024,615</b>
<b>6</b>	<b>INVENTORIES</b>			
	(as valued and certified by the Management)			
a	Stock in Trade		-	1,412,364
b	Software Work-in-process		19,871,000	63,170,640
			<b>19,871,000</b>	<b>64,583,004</b>
<b>7</b>	<b>SUNDRY DEBTORS</b>			
	(Unsecured)			
a.	Debts outstanding for a period exceeding 6 Months			
	- Considered Good	140,403,040		45,825,373
	- Considered Doubtful	-		42,620,038
		140,403,040		88,445,411
	Less: Provision for Doubtful Debts	-	140,403,040	42,620,038
				45,825,373
b.	Other Debts (Considered Good)		6,073,765	63,317,788
			<b>146,476,805</b>	<b>109,143,161</b>



## Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2010

Schedule	Particulars	Rs.	As at	As at
			31.03.2010	31.03.2009
			Rs.	Rs.
<b>8</b>	<b>CASH &amp; BANK BALANCES</b>			
	a. Cash in Hand		62,216	97,172
	b. Balances with Banks			
	i) Current Accounts		71,268,712	74,954,015
	ii) Fixed Deposits including interest accrued thereon		243,822	2,191,422
			<b>71,574,750</b>	<b>77,242,609</b>
<b>9</b>	<b>OTHER CURRENT ASSETS</b>			
	Deposits -others		21,986,723	11,067,263
			<b>21,986,723</b>	<b>11,067,263</b>
<b>10</b>	<b>LOANS &amp; ADVANCES</b>			
	(Unsecured, considered good)			
	Advances Recoverable in Cash or in Kind or for value to be received:			
	Advance for Capital Goods		-	204,784
	Advances for Suppliers & Expenses		1,261,867	1,119,413
	Income Tax refund receivable		2,182,441	-
	Income Tax Paid at Source		2,971,985	10,171,931
	Advance Fringe Benefit Tax		-	352,033
	MAT Credit Entitlement		5,347,286	5,969,962
	Other Advances (Refer Note No. 16 of Schedule 24)		142,367,818	66,905,572
			<b>154,131,397</b>	<b>84,723,695</b>
<b>11</b>	<b>CURRENT LIABILITIES</b>			
	Creditors for Capital Goods		2,694,648	537,078
	Sundry Creditors		173,096,742	27,273,283
	Liabilities for Expenses		1,199,762	29,137,474
	Statutory Dues		2,381,007	2,705,187
	Liability Towards Investment in Subsidiary		2,507,000	2,507,000
	Interest Accrued but not Due on Term Loans from IDBI		-	179,894
	Unclaimed Dividend		1,879,182	3,995,924
	Rent Deposit - Refundable		7,291,550	7,291,550
	Deferred Income on Upgradation Charges		4,760,200	3,304,506
	Other liabilities		10,000	56,271,918
			<b>195,820,091</b>	<b>133,203,814</b>
<b>12</b>	<b>PROVISIONS</b>			
	Provision for Taxation on Corporate Income		3,800,000	3,750,949
	Provision for FBT		-	1,136,430
	Provision for Gratuity		3,875,510	2,989,527
	Provision for Final Dividend		-	15,066,966
	Dividend Tax		-	2,559,878
	Provision for Leave Encashment		4,101,029	3,962,180
			<b>11,776,539</b>	<b>29,465,930</b>

## Schedules Forming Part of the Consolidated Financial Statements

AS AT 31ST MARCH, 2010

Schedule	Particulars	Rs.	Current Year Rs.	Rs.	Previous Year Rs.
<b>13</b>	<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)				
	<b>Pre-operative Expenses</b>				
	Opening Balance		17,051,505		-
	Additions during the year		23,430,998		17,051,505
			40,482,503		17,051,505
	Less: Expenses charged to Profit & Loss Account		(1,931,928)		-
			<b>38,550,575</b>		<b>17,051,505</b>
<b>14</b>	<b>SOFTWARE SALES</b>				
	Domestic		30,029,524		31,814,995
	Exports		334,926,656		489,329,887
			<b>364,956,180</b>		<b>521,144,882</b>
<b>15</b>	<b>OTHER INCOME</b>				
	Interest on Bank Deposits & others		21,506,933		22,019,869
	Income from Investments (Net)		39,674,112		1,425,529
	Miscellaneous Income		881,910		379,161
	Exchange Rate Difference		-		33,577,714
	Rental Income		8,749,860		9,624,930
			<b>70,812,815</b>		<b>67,027,203</b>
<b>16</b>	<b>INCREASE/(DECREASE) IN STOCKS/ WIP</b>				
	<b>Opening Stock</b>				
	Inventories		-		-
	Software Work in Process		64,583,004		59,908,795
	<b>Total (A)</b>		<b>64,583,004</b>		<b>59,908,795</b>
	<b>Closing Stock</b>				
	Stock in Trade		-		1,412,364
	Software Work in Process		19,871,000		63,170,640
	<b>Total (B)</b>		<b>19,871,000</b>		<b>64,583,004</b>
	Increase in Stocks/WIP (B-A)		<b>(44,712,004)</b>		<b>4,674,209</b>
<b>17</b>	<b>DIRECT COST OF OPERATIONS</b>				
	Cost of Purchases		15,665,068		22,004,332
			<b>15,665,068</b>		<b>22,004,332</b>

**Schedules Forming Part of the Consolidated Financial Statements**

AS AT 31ST MARCH, 2010

Schedule	Particulars	Rs.	Current Year Rs.	Rs.	Previous Year Rs.
<b>18</b>	<b>SALARIES &amp; BENEFITS TO EMPLOYEES</b>				
	Salaries & Benefits		174,563,575		226,888,124
	Provident Fund Contribution		3,170,275		3,404,217
	Gratuity (Refer Note No. 18 of Schedule 24)		963,221		(37,258)
			<b>178,697,071</b>		<b>230,255,083</b>
<b>19</b>	<b>ADMINISTRATIVE EXPENSES</b>				
	Remuneration to Directors		6,157,533		7,620,342
	Books & Periodicals		7,467		8,392
	Corporate expenses		423,574		420,290
	Directors sitting fees		1,500		1,000
	Consultancy Charges		24,508		322,644
	Electricity & Water Charges		3,474,450		3,664,376
	Equipment Hire Charges		-		576,490
	Insurance		4,805,067		6,006,334
	Membership & Subscription		611,282		807,975
	Miscellaneous Expenses		630,218		1,050,362
	Office Expenses		1,907,804		3,602,754
	Postage & Telecommunication		4,370,325		10,104,421
	Professional, Legal & Consultancy Charges		5,723,844		15,404,983
	Printing & Stationery		772,046		2,009,318
	Rent		7,576,284		15,062,234
	Rates & Taxes		2,041,054		8,642,096
	Recruitment charges		35,603		228,345
	Repairs & Maintenance		1,682,088		2,439,533
	Security Charges		832,520		901,558
	STPI - Sevice Charges		507,500		300,000
	Travelling & Conveyance		10,177,856		17,629,900
	Vehicle Maintenance		596,886		610,165
	Exchange Rate Difference		25,599,904		-
			<b>77,959,312</b>		<b>97,413,512</b>
<b>20</b>	<b>SELLING EXPENSES</b>				
	Advertisement Expenses		2,526,223		4,208,039
	Business Promotion		759,916		1,626,418
	Exhibition & Seminar Expenses		426,629		1,782
	Customs Duty		-		237,205
	Entertainment Expenses		76,549		6,801
	Bad Debts/Exceptional Items		-		1,784,260
	Other Selling expenses		871,415		1,277,621
	Discounts and Incentives		24,817		18,741
			<b>4,685,549</b>		<b>9,160,867</b>
<b>21</b>	<b>FINANCIAL EXPENSES</b>				
	Interest on Term Loan		2,710,296		5,966,927
	Interest on Working Capital		2,760,652		1,957,430
	Interest on Hire Purchase Loans		194,210		413,125
	Bank Charges		1,183,306		937,743
	Other Interest		30,755		82,513
			<b>6,879,219</b>		<b>9,357,738</b>
<b>22</b>	<b>PROVISION AGAINST INVESTMENTS</b>		<b>23,170,000</b>		<b>42,620,038</b>
<b>23</b>	<b>PROVISION FOR BAD DEBTS/EXCEPTIONAL ITEMS</b>		<b>7,597,938</b>		<b>32,567,147</b>

for and on behalf of the Board

**Sanjay Soni**  
Managing Director  
Bangalore  
September 4th 2010

**Shashi Soni**  
Chairperson

**Narayana Rao**  
Finance Controller

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, 2010

### 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 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 milestone on which revenue is recognized subsequent to the date of the Balance Sheet.

##### d Fixed Assets

Fixed Assets are stated at the original cost of acquisition

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

##### e Depreciation

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

##### f Investments

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

##### g Foreign Currency Transactions

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

##### h Borrowing Costs

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

##### i Taxation

Provision for Income-tax of the parent company has been made at the higher of that on the assessable income or on basis of section 115 JB of the Income Tax Act, 1961. The deferred tax is recognized subject to consideration of prudence, on timing differences being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or

more subsequent periods. 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 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.

o Proposed Dividend

Dividend recommended, if any, by the Board of Directors are provided for in the accounts pending share holders' approval.

- 2 The consolidated Financial Statement represents the consolidation 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 31.03.2010. 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

Particulars	(in Rs.)	
	Current Year	Previous Year
a Other Money for which the company is contingently liable:		
Duty on Capital Goods (in STPI Units)	100,000	100,000
Performance Guarantees	499,836	353,216
Claims against the company		
Not acknowledged as debts	2,717,857	2,189,641
Unexpired Letters of Credit	1,908,902	14,27,995
Warranty Costs on Software Sale*	Not Quantified	Not Quantified

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

#### 8 Earnings per Share:

Computation of earnings per share (basic & diluted) -

(in Rs.)

Particulars	Current Year		Previous Year	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
<b>Profit after tax</b>	10,511,095	10,511,095	66,814,489	66,814,489
<b>Shares</b>				
Weighted average number of equity shares outstanding during the year	12,078,162	12,078,162	12,153,573	12,153,573
Add: Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	-	-	8,700
Less: No of shares that would have been issued at fair value	-	-	-	(3,090)
Weighted average number of equity shares considered for calculation of earnings per share	12,078,162	12,078,162	12,153,573	12,162,273
<b>Earnings per Share</b>	0.87	0.87	5.50	5.49

#### 5 Payments to Auditors includes: (in Rs.)

Particulars	Current Year	Previous Year
Audit Fees	264,347	228,781
Taxation matters	42,686	101,831

#### 6 Remuneration to Directors: (in Rs.)

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

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

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

7 The Company's Singapore subsidiary, Midrange Software Pte Ltd has made a provision of SGD 54,000 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 Investments

Particulars	(Rs. In Lakhs)	
	Current Year	Previous Year
1) Investment in Shares (Quoted)		
Aggregate Book Value	565.25	455.41
Market Value	543.32	268.29
2) Investment in Mutual Funds		
Aggregate Book Value	196.73	2,716.45
Market Value	220.67	2,544.02
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. 108.35 lakhs (Previous year Rs. 325.67 Lakhs) as at the year end & for a profit of Rs. 35.61 Lakhs arising on Investments in Mutual Funds restated at cost or market value which ever is lower (Previous year excess provision against loss of Mutual fund investments was made)

The Investments in Mutual Funds includes investment under Portfolio Management Scheme. On account of the quantum of transactions, the scrip / unit wise details as required to be disclosed as per Note (l) of Schedule VI has not been furnished.

## 10 The value of the fixed assets includes a sum of Rs 31.21 Lakhs

(Previous Year Rs.53.55 Lakhs) representing assets acquired on hire purchase towards which liability is outstanding is a sum of Rs.7.94 Lakhs (previous year Rs.25.99 Lakhs).

## 11 Service Tax on rent

The Company had not charged and provided for service tax on Rent on the basis of Honorable High Court of Delhi Judgment in respect of charging service tax on the rentals of the Commercial properties to extent of Rs 20.09 lacs. The company is in the process of taking expert opinion with regard to liabilities if any this matter. Accordingly suitable adjustment would be effected in the books of accounts.

## 12 a Consolidated Related Party disclosure

**Key Management Personnel**

Mr. Sanjay Soni

Mrs. Shashi Soni

Mr. Tej Soni

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

Deep Heritage

Deep Oxygen Private Limited, India

Si2 Microsystems Ltd., India

Digipro Design Automation & Marketing Pvt. Ltd.,

Deep Engineers & Consultants

SL Business Center

(Rs. in Lakhs)

Nature of Transactions	Key Management Personnel		Enterprises in which Key Management Personnel their relative have a significant influence	
	Current Year	Previous Year	Current Year	Previous Year
<b>Purchase of Goods/Services/Rentals</b>				
Deep Engineers & Consultants	-	-	0.84	0.42
Si2 Microsystems Ltd., India	-	-	20.74	-
Remuneration	61.96	61.96	-	-
<b>Rental Income</b>				
Si2 Microsystems Ltd., India	-	-	51.50	60.25
Digipro Design Automation and Marketing Pvt Ltd	-	-	36.00	36.00
<b>Receivables</b>				
Homestar LLC	-	-	-	-
Si2 Microsystems Ltd., India	-	-	8.33	7.88
<b>Payables</b>				
Si2 Microsystems Ltd., India	-	-	-	-
Deep Engineers & Consultants	-	-	-	-
Midrange Software Pte Ltd.,	-	-	-	-
S L Business Centre	-	-	.01	0.45

## 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 3.25 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	9.65	168.00
Profit / (Loss) on sale of investments	387.09	(154.00)
<b>Total</b>	<b>396.74</b>	<b>14.00</b>

15 The inter company (between holding and subsidiaries and intra-subsidiary) balances as at 31.03.2010 are subject to reconciliation.

16 The other advances include Rs.100.11 lakhs (Previous year Rs. 42.10 lakhs) towards the balances receivable against the short term investments as at March 31, 2010.

17 Employees Stock Options (ESOP)

A) Employees Stock Options (ESOP) 2004:

During the year 2004-05, the Company introduced ESOP-2004, 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 18th June 2004. The scheme was implemented during 2005-06 after receipt of the requisite statutory approvals. Accordingly options for 214300 shares of Rs.10/- each were granted to eligible employees. The options would vest over a period of 4 years from the date of grant i.e. June 2004 as under:

Year	Date of Vesting	No of Options
1	2005-06	56,690
2	2006-07	60,490
3	2007-08	74,320
4	2008-09	22,800

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. All options have been issued on the grant date was in the range of Rs.20/- to Rs.30/- per share.

The market price of the share on the grant date was below the exercise price and hence the intrinsic value of the options granted under ESOP 2004 was NIL. During the year NO options have been exercised.

Particulars	Nos.
No of options outstanding at the year beginning	8700
Add: Options granted during the year	-
Less: Options forfeited/cancelled during the year	-
Options exercised during the year	3400
Options expired /lapsed during the year	5300
Options outstanding at the end of the year	-

**Vesting Conditions:**

Continuation in services of the company and such other conditions as may be prescribed by the Company.

B) 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 used for accounting the share based compensation cost.

Particulars	Nos
No of options outstanding at the year beginning	199,500
Add: Options granted during the year	41,700
Less: Options forfeited/cancelled during the year	25,500
Options exercised during the year	41,700
Options expired /lapsed during the year	-
Options outstanding at the end of the year	174,000



## C) Employees 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 2,00,000 shares. No options have been granted under this scheme to any of the employees during the year.

## 18 Defined Benefit Plans

- A) Gratuity  
B) Leave Encashment

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

## a) Change in defined benefit obligation

(Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Projected Benefit Obligation at the beginning of the year	29.90	21.43	39.80	19.18
Current Service Cost	13.41	11.97	14.57	11.21
Interest Cost	2.27	1.76	2.81	1.41
Actuarial (gain)/loss on obligations	(6.05)	(4.77)	(96.65)	12.33
Benefits Paid	(0.77)	(0.49)	(65.08)	(4.34)
Projected Benefit obligation at the end of the year	38.76	29.90	41.01	39.80

## 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	29.90	21.43	39.8	19.18
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded status	29.90	(21.43)	39.8	(19.18)
Unrecognized actuarial (gains)/losses	-	-	-	-
Net Liability recognized in the Balance Sheet	29.90	(21.43)	39.8	(19.18)

## d) Net periodic gratuity cost

(Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	13.41	11.97	14.57	11.21
Interest Cost	2.27	1.76	2.81	1.41
Expected return on plan assets	-	-	-	-
Net actuarial (gains)/loss recognized	6.05	(4.77)	(96.65)	12.33
Expenses recognized in the statement of Profit and Loss	9.63	8.96	7.72	24.96

## e) Principal actuarial assumptions

(Amount in Lakhs.)

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rates	8%	7.7%	8%	7.7%
Future salary increases	7%	7%	7%	7%

## D) 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 4,00,000 shares. No options have been granted under this scheme to any of the employees till date.

- b) The fair value of the plan assets is NIL since employee benefits plans are wholly unfunded as on March 31, 2010.

- (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.

#### 19 Transfer Pricing:

The company derives a significant portion of its revenue (Rs.2269.62 lakhs) from services, rendered to its subsidiary M/s. Homestar LLC, USA, M/s.Homestar Systems Inc & M/s Midrange Software Pte Ltd., Singapore. The revenue in this

regard is recognized on the basis of a services agreement with the subsidiary.

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 2010, particularly on their amount of tax expense and that of the provision for taxation

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

21 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 4th, 2010

**Shashi Soni**  
Chairperson

**Narayana Rao**  
Financial Controller

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 FIFTEENTH ANNUAL GENERAL MEETING of the Company at Bharatiya Vidya Bhavan, Race Course Road, Bangalore - 560 001 at 10.00 A.M on 29th September, 2010.

Signature of the attending Member/Proxy :
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**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  
15th Annual General Meeting to be held on 29th September, 2010 at 10.00 A.M or at any adjournment thereof.

Signed this..... day of.....2010

Folio No.: Client Id *: DP.Id* : Number of shares :	<table border="1"> <tr><td>Affix Re. 1 Revenue Stamp</td></tr> </table>	Affix Re. 1 Revenue Stamp
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**

