

13th August, 2018

To The Secretary Bombay Stock Exchange Limited Phiroze Jee Jee Bhoj Towers Dalal Street, Mumbai 400 001	To The Manager, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East),Mumbai - 400 051
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Sir,

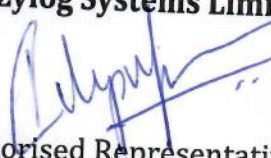
SUB: OUTCOME OF BOARD MEETING

This is to inform that at the Meeting of the Board of Directors of the Company held on Monday, at 3:30 PM, August 13, 2018 at the registered office of the company, the Board of Directors

1. Approved the Un-Audited Standalone and Consolidated Financials for the quarter ended 30th June, 2018.
2. The Board discussed and took note of the Order passed by the Hon'ble High Court of the Madras directing the Company to conduct the Annual General Meeting for the FY 2016-17 & FY 2017-18 on or before 30.09.2018.

The meeting concluded on 21:00 HRS

Yours faithfully,
For **Zylog Systems Limited**


Authorised Representative
(Dilip R Misser)



Rs. in Lakhs except per share data

Statement of Standalone Unaudited Financials Results for the Quarter Ended 30th June 2018					
Sl No.	Particulars	Quarter Ended			Year Ended
		Jun 30, 2018 (Unaudited)	Mar 31, 2018 (Audited)	Jun 30, 2017 (Unaudited)	Mar 31, 2018 (Audited)
1	Revenue from operations				
	Revenue from operations	2,047.41	3,041.99	2,458.41	10,165.58
	Other income	25.06	15.84	1.09	94.35
	Total Revenue	2,072.47	3,057.83	2,459.50	10,259.93
2	Expenses				
	Cost of materials consumed	0.00	0.00	0.00	0.00
	Purchases of Stock-in-trade	0.00	0.00	0.00	0.00
	Changes in Inventories of finished goods and WIP	0.00	0.00	0.00	0.00
	Employee Benefit Expenses	157.11	259.70	290.19	1,017.92
	Project related expenses	1,653.54	1,784.14	1,834.74	6,965.57
	Finance costs	38.16	24.86	21.14	113.36
	Depreciation and amortisation expense	52.04	76.38	75.95	304.86
	Other expenses	269.52	524.97	331.38	1,614.04
	Total Expenses	2,170.37	2,670.05	2,553.40	10,015.75
3	Profit/(Loss) before exceptional items and tax (1-2)	(97.90)	387.78	(93.90)	244.18
4	Exceptional Items/ Prior period Items	(12.68)	942.45	(0.07)	2,085.97
5	Profit/(Loss) before tax (3-4)	(85.22)	(554.67)	(93.83)	(1,841.79)
6	Tax expense				
	Current tax	0.00	(13.46)	1.94	0.00
	Deferred tax	10.82	22.24	21.95	87.81
	Total Tax Expense	10.82	8.78	23.89	87.81
7	Profit/(Loss) for the period (5-6)	(96.04)	(563.45)	(117.72)	(1,929.60)
8	Other Comprehensive Income (net of tax)	0.00	0.00	0.00	0.00
9	Total Comprehensive Income for the period (7+8)	(96.04)	(563.45)	(117.72)	(1,929.60)
10	Paid-up equity share capital (of Rs.5/- each)	2,949.64	2,949.64	2,949.64	2,949.64
11	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	(91,850.98)	(91,754.93)	(88,738.10)	(91,754.93)
12	Earnings per share (of Rs.5/- each)(not annualised)				
	(a) Basic	(0.16)	(0.96)	(0.20)	(3.27)
	(b) Diluted	(0.16)	(0.96)	(0.20)	(3.27)

Notes :

- The Company has adopted the Indian Accounting Standards (Ind AS) from Apr 1, 2017 and these financial statements have been prepared in accordance with the recognition and measurement principles laid down in the said standards.
- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its Meeting held on 13-Aug-18.
- Comparison can be made between Q1, 2019 and Q1, 2018. There is a reduction of about Rs.4 Crores in revenue in Q1 of 2019 when compared to Q1 of 2018. This is mainly on account of fall in revenue of consulting business in the US.
- The company has not made provisions for interest for all the borrowings since the company could not obtain the confirmation of balance from the lenders.
- The finance charges shown in the P&L arise out of factoring of client invoices which is used for US operations.
- The company has settled a few private financiers through one time settlement route. Consequently cases held by these financiers against the company have been withdrawn.
- The acts of the erstwhile management during the period Jan'11 to Dec'12 are being currently investigated by various regulatory authorities in india.
- Revenue items pertaining to the previous period are grouped under Prior period items
- The company has unpaid Statutory dues pertaining to the period the company was under the erstwhile management till Nov 2015. The Statutory payments for the current period (Dec 2015 till Jun 2018) have been paid fully.



- 10 The company has provided contingent liabilities for the tax demands raised by the government departments amounting to Rs. 52,070.21 lakhs as of 30th Jun 2018. However, the company has obtained a relief from Honourable High Court of Madras restraining the Income Tax Department to execute any recovery proceedings on this dues.
- 11 The company has received notices/complaints from income tax department, labour department, PF department for the complaints made by the ex-employees of the company for non-payment of their dues, which are pertaining to the period (till Nov 2015) of the erstwhile management.
- 12 The parent company has also provided contingent liabilities for Rs.239.00 crs for the corporate guarantees given to the banks on behalf of its subsidiary companies for the loans availed by them from the banks.
- 13 The company is engaged primarily in the business of export of Software and IT related services and hence there is no separate reportable segment as per Ind AS 17 (Operating Segments).
- 14 Previous period figures are regrouped / reclassified, to confirm to the current period classification.

Place : Chennai
Date : 13-Aug-18



For Zylog Systems Limited

S. Rajeswaran
Hon'ble Justice Mr. S. Rajeswaran (Retd.)



CHARTERED ACCOUNTANT

T.R. Sarathy

Chartered Accountant

6, Sapthagiri Colony,

Ashok Nagar,

Chennai 600 083.

Ph: 9381735153

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Auditors' Certificate


Review Report to the Board of Directors of Zylog Systems Limited

We have reviewed the accompanying statement of unaudited financial results of **M/s. Zylog Systems Limited** ("the Company") and its subsidiaries (together the Group) for the period ended 30th June 2018, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2016, except for the disclosures regarding 'Public Shareholding', 'Promoter and Promoter Group Share Holding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Engagements to Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Chennai
Date: 13th August 2018


T. R. Sarathy
Chartered Accountants
Membership No: 025982



Rs. in Lakhs except per share data

Statement of Consolidated Financial Results for the Quarter Ended June 30, 2018

Sl No.	Particulars	Quarter Ended			Year Ended
		Jun 30, 2018	Mar 31, 2018	Jun 30, 2017	Mar 31, 2018
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue from operations				
	Revenue from operations	3,514.50	4,511.89	4,188.51	17,611.40
	Other income	20.98	11.05	13.70	94.99
	Total Revenue	3,535.48	4,522.94	4,202.21	17,706.39
2	Expenses				
	Cost of materials consumed	0.00	0.00	0.00	0.00
	Purchases of Stock-in-trade	0.00	0.00	0.00	0.00
	Changes in Inventories of finished goods &WIP	0.00	0.00	0.00	0.00
	Employee Benefit Expenses	1,021.75	1,118.10	874.70	3,642.88
	Project related expenses	2,714.43	2,329.32	2,969.10	11,138.48
	Finance costs	38.87	26.76	21.17	118.02
	Depreciation and amortisation expense	59.81	493.97	126.46	870.29
	Other expenses	440.71	602.64	639.36	2,365.98
	Total Expenses	4,275.57	4,570.79	4,630.79	18,135.65
3	Profit/(Loss) before exceptional items and tax (1-2)	(740.09)	(47.85)	(428.58)	(429.26)
4	Exceptional Items/ Prior period Items	(8.93)	1,040.21	1.33	2,188.92
5	Profit/(Loss) before tax (3-4)	(731.16)	(1,088.06)	(429.91)	(2,618.18)
6	Tax expense				
	Current tax	10.37	(3.02)	21.12	102.69
	Deferred tax	7.19	17.84	28.84	91.63
	Total Tax Expense	17.56	14.82	49.96	194.32
7	Profit/(Loss) for the period (5-6)	(748.72)	(1,102.88)	(479.87)	(2,812.50)
8	Other Comprehensive Income (net of tax)	0.00	0.00	0.00	0.00
9	Total Comprehensive Income for the period (7+8)	(748.72)	(1,102.88)	(479.87)	(2,812.50)
10	Paid-up equity share capital (of Rs.5/- each)	2,949.64	2,949.64	2,949.64	2,949.64
11	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	(103,147.41)	(102,523.06)	(98,903.58)	(102,523.06)
12	Earnings per share (of Rs.5/- each)(not annualised)				
	(a) Basic	(1.27)	(1.87)	(0.81)	(4.77)
	(b) Diluted	(1.27)	(1.87)	(0.81)	(4.77)

Notes :

- The Company has adopted the Indian Accounting Standards (Ind AS) from Apr 1, 2017 and these financial statements have been prepared in accordance with the recognition and measurement principles laid down in the said standards.
- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its Meeting held on 13-Aug-18
- Comparison can be made between Q1, 2019 and Q1, 2018 as AMC Revenues are booked only in the Q4 . There is a reduction of about Rs.7 Crores in revenue in Q1 of 2019 when compared to Q1 of 2018. This is mainly on account of fall in revenue of consulting business in the US and AMC revenues not booked to the extent of AED 1 Mn in Dubai.
- The parent and subsidiary companies have not made provisions for interest for all the borrowings since the company could not obtain the confirmation of balance from the lenders.
- The finance charges shown in the P&L arise out of factoring of client invoices which is used for US operations.
- The company has settled a few private financiers through one time settlement route. Consequently cases held by these financiers against the company have been withdrawn.
- The acts of the erstwhile management during the period Jan'11 to Dec'12 are being currently investigated by various regulatory authorities in india.



- 8 The new management of the parent company were not able to get control over the Singapore Subdiairy M/s. Zylog Systems Asia Pte Ltd, as the directors of the Singapore subsidiary company have not been cooperating and not providing the information rightlyfully due to the parent company. The subsidiary company did not defend a winding up petition, filed against the company by a vendor, which has resulted in appointment of provisional liquidator. Now, the company is pursuing the legal actions in this aspect. The consolidated financials for the quarter ended 30-Jun-18 does not include the financials of the Singapore subsidiary, as the 3 months financials of the subsidiary was not made available to the company for consolidation of accounts.
- 9 The sole bank of the Europe subsidiary M/s. Zylog Systems (UK) Limited and its subsidiary M/s. Anodas Software Limited HSBC has forcibly closed the bank accounts of these two companies since HSBC has got concerns over the liquidation status of the parent company M/s. Zylog Systems Limited and the ongoing investigations by the Regulatory bodies in India. These two companies could not open accounts with any other bank in UK. Because of these the companies could not get any new business and could not renew the existing business and could not collect the trade receivable from their clients. Due to these the company is doing only a skeleton business in the UK.
- 10 Since there were no bank accounts for M/s. Zylog Systems (UK) Limited and M/s. Anodas Software Limited, the Dubai subsidiary M/s. Ducont FZ LLC was supporting the operations of these two companies till the bank accounts get opened with some other bank. These two companies could not open bank accounts with any other bank, because of this M/s. Ducont FZ LLC also stressed out on the cash flow, Zylog BV has defaulted in its loan commintments.
- 11 Dubai subsidiary M/s. Ducont FZ LLC has strained its relationship with its clients and could not get any new businesses because of the negative news on the social media about the parent company. Though the subsidiary has changed its earlier name M/s. Zylog Systems FZ LLC to Ducont FZ LLC, the subsidiary company is seen as a group company of Zylog by the clients and outsiders in middle east region. The subsidiary's revenue has come down by AED 1 mn compared to the last quarter of the previous year.
- 12 The parent and indian subsidiary companies have unpaid Statutory dues pertaining to the period the company was under the erstwhile management till Nov 2015. The Statutory payments for the current period (Dec 2015 till Jun 2018) have been made fully.
- 13 The company has provided contingent liabilities for the tax demands raised by the government departments amounting to Rs. 54,592.57 lakhs as of 30th Jun 2018. However the company has obtained a relief from Honourable High Court of Madras restraining the Income Tax Department to execute any recovery proceedings on the dues of the parent company.
- 14 The parent and subsidiary companies have received notices/complaints from revenue department, labour department, PF department for the complaints made by the ex-employees of the company for non-payment of their dues, which are pertaining to the period (till Nov 2015) of the erstwhile management.
- 15 The parent company has also provided contingent liabilities for Rs.239.00 crs for the corporate guarantees given to the banks on behlaf of its subsidiary companies for the loans availed by them from the banks.
- 16 The group company is engaged primarily in the business of export of Software and IT related services and hence there is no separate reportable segment as per Ind AS 108 (Operating Segments).
- 17 Previous period figures are regrouped / reclassified, to confirm to the current period classification.

For Zylog Systems Limited

Place Chennai
Date 13-Aug-18





Hon'ble Justice Mr. S. Rajeswaran (Retd.)
Administrator



CHARTERED ACCOUNTANT

T.R. Sarathy

Chartered Accountant

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Ashok Nagar,

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Limited Review Report

Review Report to the Board of Directors of Zylog Systems Limited

1. We have reviewed the accompanying statement of unaudited Consolidated Financial results of M/s. Zylog Systems Limited (“the Company”) and its subsidiaries (together the Group) for the quarter ended 30th June 2018, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2016, except for the disclosures regarding ‘Public Shareholding’, ‘Promoter and Promoter Group Share Holding’ which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company’s Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Engagements to Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. To the extent stated in paragraph 3(a) stated below. We did not review the consolidated financial results of certain component entities that comprise the Group and are included in the accompanying unaudited consolidated financial results.

3(a) We did not review the statement of the unaudited financial results of all subsidiaries and one branch, whose unaudited quarterly financial results reflect to the total revenue of Rs. 37.40 crs for the quarter ended 30th June 2018. These financial statements and other financial information have not been audited by us and we relied upon the financial statements furnished to us and our opinion on the combined financial statements to the extent is based on the Financial Statements given to us.





CHARTERED ACCOUNTANT

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4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Chennai

Date: 13th August 2018

T. R. Sarathy
Chartered Accountant
Membership No. 025982

