

07th February, 2018

To The Secretary Bombay Stock Exchange Limited Phiroze Jee Jee Bhoy 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,

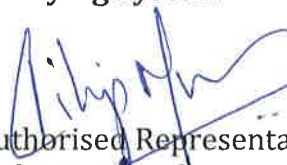
SUB: OUTCOME OF BOARD MEETING

This is to inform that at the Meeting of the Board of Directors of the Company held on Wednesday, at 3:30 PM, February 07, 2017 at the registered office of the company, the Board of Director

1. Approved the Un-Audited Standalone and Consolidated Financials for the quarter ended 31st December, 2017.
2. The Board discussed the status of the application filed by Administrator seeking permission of the Hon'ble High Court, Madras to conduct the 22nd Annual General Meeting for the Financial Year 2016-17 which is pending before the Hon'ble High Court, Madras. The Board was informed by the counsel representing the company that the matter is pending for the order, which shall be passed at any time.

The meeting concluded on 22:00 HRS

Yours faithfully,
For **Zylog Systems Limited**


Authorised Representative
(Dilip R Misser)



* in Lakhs except per share data

Statement of Consolidated Financial Results for the Quarter and Nine Months Ended Dec 31, 2017

Sl No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Mar 31, 2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	Revenue from operations	3,825.81	5,085.19	5,788.09	13,099.51	16,508.42	22,146.60
	Other income	(42.27)	112.51	(111.57)	83.94	29.00	93.75
	Total Revenue	3,783.54	5,197.70	5,676.52	13,183.45	16,537.42	22,240.35
2	Expenses						
	Cost of materials consumed	0.00	0.00	0.00	0.00	0.00	0.00
	Purchases of Stock-in-trade	0.00	0.00	0.00	0.00	0.00	0.00
	Changes in Inventories of finished goods & WIP	0.00	0.00	0.00	0.00	0.00	0.00
	Employee Benefit Expenses	773.25	876.83	1,139.36	2,524.78	2,996.43	3,723.15
	Project related expenses	3,002.77	2,837.29	3,085.05	8,809.16	9,536.02	13,048.73
	Finance costs	32.75	37.34	0.96	91.26	10.52	47.28
	Depreciation and amortisation expense	123.24	126.62	172.52	376.32	549.43	706.37
	Other expenses	527.61	1,191.06	932.48	2,358.03	3,144.54	4,285.33
	Total Expenses	4,459.62	5,069.14	5,330.37	14,159.55	16,236.94	21,810.86
3		(676.08)	128.56	346.15	(976.10)	300.48	429.45
	Profit/(Loss) before exceptional items and tax (1-2)						
4	Exceptional Items/ Prior period Items	6.80	545.89	0.48	554.02	(21.75)	(21.01)
5	Profit/(Loss) before tax (3-4)	(682.88)	(417.33)	345.67	(1,530.12)	322.23	450.46
6	Tax expense						
	Current tax	27.45	57.14	2.01	105.71	53.19	73.26
	Deferred tax	21.23	23.72	70.72	73.79	166.03	211.52
	Total Tax Expense	48.68	80.86	72.73	179.50	219.22	284.78
7	Profit/(Loss) for the period (5-6)	(731.56)	(498.19)	272.94	(1,709.62)	103.01	165.68
8	Other Comprehensive Income (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00
9	Total Comprehensive Income for the period (7+8)	(731.56)	(498.19)	272.94	(1,709.62)	103.01	165.68
10	Paid-up equity share capital (of Rs.5/- each)	2,949.64	2,949.64	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	(99,634.78)	(98,769.32)	(98,155.43)	(99,634.78)	(98,155.42)	(98,478.92)
12	Earnings per share (of Rs.5/- each)(not annualised)						
	(a) Basic	(1.24)	(0.84)	0.46	(2.90)	0.17	0.28
	(b) Diluted	(1.24)	(0.84)	0.46	(2.90)	0.17	0.28

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, consequently, the figures for the quarter and nine month ended 31-Dec-16 as prepared under IGAAP have been restated to make them comparable.
- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its Meeting held on 7-Feb-18.
- The parent and subsidiary companies has not made provisions for interest for all the borrowings since the company could not obtain the confirmation of balance from the lenders.
- The government project executed by the parent company for the Transport department of Karnataka has been transferred to another implementation Partner by the Main bidder M/s. Rosmerta Technologies. The company is planning to initiate legal action against the main bidder for their action. Meanwhile, the company has not recognised the revenue for this project @ Rs. 150 lakhs per month from April 2017 due to this reason.
- The main bidder has made a complaint to the PMO office on the parent company for non-payment of PF to the employees engaged for the government projects. The employees engaged for the project are not the employees of the company but the employees of the outsourced company to whom the payments were made in full. The outsourced company should have made the statutory payments. The company has filed a written reply with the PF department from whom the company has received the notice.
- In the branch financials of US branch an amount of USD 969,598 which was booked as unbilled revenue in the earlier years has been reversed during the half year which should have been reversed in the previous period this along with an amount of USD 104,459.58 representing payment made to a vendor which pertains to the previous year were regrouped along with other items under prior period adjustments.

- 7 In the financials of US branch, the payroll cost for one pay period amounting to \$423,728 was not accounted in the half year ended 30th Sep 2017, which came light after an audit and stands rectified in the third quarter of FY2017-18. Due to this, the employee benefit cost has gone up over the previous quarter.
- 8 The finance charges shown in the P&L arise out of factoring of client invoices which is used for US operations.
- 9 The new management of the parent company were not able to get control over the Singapore Subdiary 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 9 months period ended 31-Dec-17 includes only 3 months financials of the Singapore subsidiary ended 30-Jun-17, as the 9 months financials of the subsidiary company was not made available to the company for
- 10 For the above said reasons, the parent company has provided for 95% of the investment amount made in the Singapore subsidiary M/s. Zylog Systems Asia Pacific Pte Ltd as dimunition value, which is grouped under 'Operation and other Expenses'.
- 11 The parent and subsidiary companies 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 Dec 2017) have been made fully.
- 12 The parent and subsidiary companies has provided contingent liabilities for the tax demands raised by the government departments amounting to Rs. 52,722.76 lakhs as of 31st Dec 2017.
- 13 The parent and subsidiary companies has 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.
- 14 The parent company has also provided contingent liabilities for Rs.239.00 lakhs for the corporate guarantees given to the banks on behlaf of its subsidiary companies for the loans availed by them from the banks.
- 15 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).
- 16 Previous period figures are regrouped / reclassified, to confirm to the current period classification.

For Zylog Systems Limited

Place Chennai
Date 7-Feb-18




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

ZYLOG SYSTEMS LIMITED (CONSOLIDATED)

Reconciliation of Profit as per IGAAP and Ind AS (for the Nine Months period ended 31-Dec-2016)

(Rs. In Lakhs)

Particulars	IGAAP	Effect of transitional to Ind-AS	Ind AS
Revenue from operations	16,508.42	-	16,508.42
Other income	29.00	-	29.00
Total Revenue	16,537.42	-	16,537.42
Expenses :			
Cost of materials consumed	-	-	-
Purchases of Stock-in-trade	-	-	-
Changes in Inventories of finished goods, Stock-in-trade and work-in-progress	-	-	-
Employee Benefit Expenses	2,996.43	-	2,996.43
Project related expenses	9,536.02	-	9,536.02
Operation and other Expenses	3,144.54	-	3,144.54
Finance Cost	10.52	-	10.52
Depreciation / Amortisation	549.43	-	549.43
Total Expenses	16,236.94	-	16,236.94
Profit Before Prior Period and Exceptional Items	300.48	-	300.48
Exceptional Item/ Prior period Items	(21.75)	-	(21.75)
Profit Before Prior Period and Extraordinary Items	322.23	-	322.23
Extraordinary Items	-	-	-
Profit/(Loss) before tax	322.23	-	322.23
Tax expenses:			
Current tax	53.19	-	53.19
Deferred tax	166.03	-	166.03
Total Tax Expense	219.22	-	219.22
Net profit after tax, before share of profit of associates	103.01	-	103.01
Share of profit of associates	-	-	-
Profit/(Loss) for the from discontinued operations	103.01	-	103.01

Place: Chennai

Date: 7- Feb-18



For Zylog Systems Limited



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



CHARTERED ACCOUNTANT

T.R. Sarathy

Chartered Accountant
6, Sapthagiri Colony,
Ashok Nagar,
Chennai 600 083.

Ph: 9381735153

Email: sarathy20260@gmail.com

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 31st December 2017, 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.130.53 crs for the nine months ended 31st December 2017. 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: 7th Feb 2018

T. R. Sarathy
Chartered Accountant
Membership No. 025982



Rs. in Lakhs except per share data

Statement of Standalone Financial Results for the Quarter and Nine Months Ended Dec 31, 2017						
Sl No.	Particulars	Quarter Ended			Nine Months Ended	
		Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Revenue from operations					
	Revenue from operations	2,077.03	2,588.15	3,536.81	7,123.59	10,407.98
	Other income	(39.83)	117.25	(62.09)	78.51	70.51
	Total Revenue	2,037.20	2,705.40	3,474.72	7,202.10	10,478.49
2	Expenses					
	Cost of materials consumed	0.00	0.00	0.00	0.00	0.00
	Purchases of Stock-in-trade	0.00	0.00	0.00	0.00	0.00
	Changes in Inventories of finished goods and WIP	0.00	0.00	0.00	0.00	0.00
	Employee Benefit Expenses	207.87	260.16	372.01	758.22	1,081.94
	Project related expenses	1,836.70	1,509.99	2,007.83	5,181.43	6,170.53
	Finance costs	30.02	37.34	0.96	88.50	10.52
	Depreciation and amortisation expense	76.54	75.99	112.03	228.48	378.71
	Other expenses	336.70	1,015.68	721.04	1,683.76	2,367.42
	Total Expenses	2,487.83	2,899.16	3,213.87	7,940.39	10,009.12
3	Profit/(Loss) before exceptional items and tax (1-2)	(450.63)	(193.76)	260.85	(738.29)	469.37
4	Exceptional Items/ Prior period Items	3.06	545.84	0.00	548.83	3.35
5	Profit/(Loss) before tax (3-4)	(453.69)	(739.60)	260.86	(1,287.12)	466.02
6	Tax expense					
	Current tax	9.27	2.25	(5.32)	13.46	18.62
	Deferred tax	21.69	21.93	65.68	65.57	160.99
	Total Tax Expense	30.96	24.18	60.36	79.03	179.61
7	Profit/(Loss) for the period (5-6)	(484.65)	(763.78)	200.50	(1,366.15)	286.41
8	Other Comprehensive Income (net of tax)					
9	Total Comprehensive Income for the period (7+8)	(484.65)	(763.78)	200.50	(1,366.15)	286.41
10	Paid-up equity share capital (of Rs.5/- each)	2,949.64	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	(89,986.53)	(89,501.88)	(88,105.49)	(89,986.53)	(88,105.49)
12	Earnings per share (of Rs.5/- each)(not annualised)					
	(a) Basic	(0.82)	(1.29)	0.34	(2.32)	0.49
	(b) Diluted	(0.82)	(1.29)	0.34	(2.32)	0.49

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, consequently, the figures for the quarter and nine month ended 31-Dec-16 as prepared under IGAAP have been restated to make them comparable.
- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at its Meeting held on 7-Feb-18.
- 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 government project executed by the company for the Transport department of Karnataka has been transferred to another implementation Partner by the Main bidder M/s. Rosmerta Technologies. The company is planning to initiate legal action against the main bidder for their action. Meanwhile, the company has not recognised the revenue for this project @ Rs. 150 lakhs per month from April 2017 due to this reason.
- The main bidder has made a complaint to the PMO office on the company for non-payment of PF to the employees engaged for the government projects. The employees engaged for the project are not the employees of the company but the employees of the outsourced company to whom the payments were made in full. The outsourced company should have made the statutory payments. The company has filed a written reply with the PF department from whom the company has received the notice.
- In the financials of US branch an amount of USD 969,598 which was booked as unbilled revenue in the earlier years has been reversed during the half year which should have been reversed in the previous period this along with an amount of USD 104,459.58 representing payment made to a vendor which pertains to the previous year were regrouped along with other items under prior period adjustments.



- 7 In the financials of US branch, the payroll cost for one pay period amounting to \$423,728 was not accounted in the half year ended 30th Sep 2017, which came light after an audit and stands rectified in the third quarter of FY2017-18. Due to this, the employee benefit cost has gone up over the previous quarter.
- 8 The finance charges shown in the P&L arise out of factoring of client invoices which is used for US operations.
- 9 The new management of the company were not able to get control over the Singapore Subdiary 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 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 9 months period ended 31-Dec-17 includes only 3 months financials of the Singapore subsidiary ended 30-Jun-17, as the 9 months financials of the subsidiary company was not made available to the company for consolidation of accounts.
- 10 For the above said reasons, the company has provided for 95% of the investment amount made in the Singapore subsidiary M/s. Zylog Systems Asia Pacific Pte Ltd as dimunition value, which is grouped under 'Operation and other Expenses'.
- 11 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 Dec 2017) have been made fully.
- 12 The company has provided contingent liabilities for the tax demands raised by the government departments amounting to Rs. 50,200.40 lakhs as of 31st Dec 2017.
- 13 The company has received notices/complaints from revenue department, labour department, PF department for the complaints made by the employees of the company for non-payment of their dues, which are pertaining to the period (till Nov 2015) of the erstwhile management.
- 14 The company has also provided contingent liabilities for Rs.239.00 lakhs for the corporate guarantees given to the banks on behlaf of its subsidiary companies for the loans availed by them from the banks.
- 15 The group company is engaged primarily in the business of export of Software and IT related services and hence there is no séparate reportable segment as per Ind AS 108 (Operating Segments).
- 16 Previous period figures are regrouped / reclassified, to confirm to the current period classification.

Place : Chennai
Date : 7-Feb-18



For Zylog Systems Limited


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

ZYLOG SYSTEMS LIMITED (STANDALONE)

Reconciliation of Profit as per IGAAP and Ind AS (for the nine months period ended 31-Dec-2016)

(Rs. In Lakhs)

Particulars	IGAAP	Effect of transitional to Ind-AS	Ind AS
Revenue from operations	10,407.98	-	10,407.98
Other income	70.51	-	70.51
Total Revenue	10,478.49	-	10,478.49
Expenses :			
Cost of materials consumed	-	-	-
Purchases of Stock-in-trade	-	-	-
Changes in Inventories of finished goods, Stock-in-trade and work-in-progress	-	-	-
Employee Benefit Expenses	1,081.94	-	1,081.94
Project related expenses	6,170.53	-	6,170.53
Operation and other Expenses	2,367.42	-	2,367.42
Finance Cost	10.52	-	10.52
Depreciation / Amortisation	378.71	-	378.71
Total Expenses	10,009.12	-	10,009.12
Profit Before Prior Period and Exceptional Items	469.37	-	469.37
Exceptional Item/ Prior period Items	3.35	-	3.35
Profit Before Prior Period and Extraordinary Items	466.02	-	466.02
Extraordinary Items	-	-	-
Profit/(Loss) before tax	466.02	-	466.02
Tax expenses:			
Current tax	18.62	-	18.62
Deferred tax	160.99	-	160.99
Total Tax Expense	179.61	-	179.61
Net profit after tax, before share of profit of associates	286.41	-	286.41
Share of profit of associates			-
Profit/(Loss) for the from discontinued operations	286.41	-	286.41

Place: Chennai

Date: 7- Feb-18

For Zylog Systems Limited



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



CHARTERED ACCOUNTANT

T.R. Sarathy

Chartered Accountant
6, Sapthagiri Colony,
Ashok Nagar,
Chennai 600 083.

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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 31st Dec 2017, 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: 7th Feb 2018

T. R. Sarathy
Chartered Accountants
Membership No: 025982

