

**Before the Delisting Committee (“Committee”)
Of
National Stock Exchange of India Limited
A Wing, Ground Floor, Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051
held on September 24, 2020**

**In the matter of the company
M/s Zylog Systems Limited**

Members present:

Ms. Sunita Sharma	- Chairperson through Video Conferencing
Ms. Mona Bhide	- Committee Member through Video Conferencing
Mr. K Narasimha Murthy	- Committee Member through Video Conferencing
Mr. Ashok Dhere	- Committee Member
Ms. Priya Subbaraman	- Committee Member

Also Present:

Mr. Vikram Limaye	- Managing Director & CEO through Video Conferencing
Dr. Dinesh Kumar Soni	- Senior Vice President - Regulatory through Video Conferencing
Mr. Suresh Nair	- Vice President - Enforcement
Mr. Dushyant Patadiya	- Manager – Enforcement
Ms. Shubhi Kapoor	- Deputy Manager– Enforcement

1. Background

- 1.1 The Committee was apprised that the trading in equity shares of Zylog Systems Limited (“ZYLOG” or the “Company”) is suspended w.e.f. January 18, 2019, due to non-compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulation”) for two consecutive years i.e. March 31, 2017 and March 31, 2018 as well as non-payment of the fine amount levied for said non-compliance.
- 1.2 The Exchange, by its letter dated December 27, 2018, has informed that the entire promoter shareholding shall be frozen with immediate effect.
- 1.3 The Committee noted that an amount of Rs. 33,66,328/-* being fine for non-compliance of the requirements under Listing Regulations and Rs. 16,41,262/-* towards listing fees for FY 2017-18 till FY 2020-21 is still pending as on September 15, 2020. (*including interest)

2. Show Cause Notice and Public Announcement

- 2.1 Accordingly, the Exchange issued a Show Cause Notice (SCN) vide ref. no. NSE/LIST/96315 dated November 27, 2019, to the company.
- 2.2 Further, in terms of Regulation 22(3) of Delisting Regulations, 2009, a public notice dated November 26, 2019 was also issued intimating the proposed delisting of the equity share from the Exchange platform. The said Public

Notice also invited representation from any person who may be aggrieved by the proposed delisting of the Company.

- 2.3 The Exchange, vide letter dated November 28, 2019, informed the Directors and Promoters of the Company about the proposed delisting of the Company.

3. Reference to previous Delisting Committee meetings held on December 12, 2019 and on March 24, 2020

- a. December 12, 2019:** The matter was placed before the Committee in its meeting held on December 12, 2019. The Committee, taking note of the fact that the company did not file any response to the SCN, adjourned the matter in order to grant an opportunity to the Company to file its response to the SCN.
- b. March 24, 2020:** The Committee noted that in response to the Exchange letter dated March 04, 2020 to appear before the Committee on March 24, 2020, the Company, vide its email dated March 23, 2020, informed that they have appointed M/s MindSprint Legal as their consultant who will be representing on behalf of the Company. The Company sought an adjournment on the grounds of its inability to commute due to situation of pandemic of Corona Virus (COVID – 19) and the order of Lock Down issued by Government of India. The Committee considered the request for the adjournment.

4. Company's Response to the SCN issued by the Exchange

In response to the Exchange show cause notice dated November 27, 2019, Retired Judge Shri, S. Rajeshwaran, appointed as Administrator of the Company Zylog Systems Ltd by the Hon'ble High Court of Madras, submitted a detail response as under:

- a. On July 03, 2014, on a winding up petition filed by IFIN Securities Finance Ltd, the Hon'ble High Court of Madras ordered winding up of the company and appointed a provisional liquidator to take charge of the assets of the company. The Division Bench of the Hon'ble High Court of Madras further directed that all the administrative decisions of the company should be taken in concurrence of Official Liquidator.
- b. On an application filed by the official liquidator of the Company, Justice (Retd) Shri S. Rajeshwaran was appointed as the Administrator of the Company and was handed over the responsibility to continue the Company as a running concern with an intention to overcome the various financial woes of the Company. The tenure of Justice (Retd) Shri S Rajeswaran as the Administrator was extended from time to time and till date and he continues to serve as an Administrator of the Company.
- c. On January 31, 2019, the Administrator filed an interim status report with the Hon'ble High Court conveying the inability to settle the dues before March 31, 2019 and recommending the winding up of the Company. The Administrator, by his report dated June 30, 2019, informed the Hon'ble Court that all the efforts were being taken individually and with the assistance of a team of professionals as well as the official liquidator, to revive the Company. However, after giving a considerable thought and reviewing the situation, the Administrator reported that the Company is no more a going concern with effect from March 2019 and there is no possibility of the revival of the company. The official liquidator also concurred with the views of the Administrator. The Final report recommending the winding up of the Company has been filed by the Administrator on July 11,

- 2019 and the final report recommending the winding up was also filed by the Official Liquidator on August 31, 2019.
- d. The Administrator also informed that all the Independent Directors have tendered their resignations after the filing of the final report in July 2019 and that the Administrator will continue till such time the final order is passed by the Hon'ble High Court of Madras.
 - e. The Administrator has further submitted that they do not see any way or reason for ZSL to avoid this fate of compulsory delisting, since the slightest of chance of its revival has been laid to rest and the final report is already presented to the Hon'ble Court. The Hon'ble High Court, which has now seized of the matter, would be taking up the same for orders upon reopening of the Court after the revocation of the lock down measures by the Central Government.
 - f. In view of the aforesaid factual matrix, the Administrator had submitted that the Company should be delisted at the earliest instance. In this regard, it has submitted that earlier it has requested to re-schedule the personal hearing (scheduled on March 24, 2020) to be held before the Hon'ble Delisting Committee in light of the global pandemic. However, the Central Government has taken a decision of extending the lockdown for an extended period and the future uncertainty of lifting of lockdown, in the immediate future. In order to save time, energy and cost of all the parties involved, it would expedient and appropriate that the NSE proceed ahead with its course of action and not wait for the personal hearing when an effective representation is being filed herein in lieu of the personal hearing.
 - g. In view thereof, the Official Liquidator has submitted that it would be appropriate for the Delisting Committee to proceed with appropriate steps as deemed appropriate in terms of the SEBI (Delisting of Equity Shares) Regulations, 2009.

5. Proceedings Before Delisting Committee dated September 24, 2020

The matter was placed before the Committee in its meeting held on September 24, 2020. The response to the SCN submitted by Justice S. Rajeswaran (Retd. Judge — High Court of Madras) in his capacity as the Administrator appointed by the Hon'ble High Court of Madras, was placed before the Committee. The Committee took note of the submission in the matter.

6. Committee's Findings and Decision:

- 6.1 The trading in the equity shares of the Company is suspended since January 18, 2019, on account of non-compliances of the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has also not paid the outstanding listing fees and fines.
- 6.2 The non-compliances observed pertain to non-submission of Investor Grievance (Regulation 13(3)), non-submission of Investor Grievance report 27(2), non-submission of Shareholding Pattern (Regulation – 31), non-submission of Financial Results (Regulation 33), non-submission of Annual Report (Regulation-34) and non-reconciliation of Share Capital (Regulation-55A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").
- 6.3 The provisions of Regulations 22 (1) under Chapter V of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009,

provide for delisting of equity shares on any ground as prescribed under Section 21A of the Securities Contracts (Regulation) Act, 1956. The provisions of Rule 21 of the Securities Contracts (Regulation) Rules, 1957, provide for the various grounds due to which the shares of the company can be delisted.

- 6.4 The provisions under the said SCRA Act, 1956, SCR Rules, 1957 and the Delisting Regulations, also require that no order shall be made under the Delisting Regulations, 2009, unless the concerned company has been given a reasonable opportunity of being heard.
- 6.5 The Exchange has given the opportunity to the Company by way of issuance of the SCN dated November 27, 2019 to explain as to why the equity shares of the company should not be delisted.
- 6.6 An opportunity for personal hearing was also granted to the Company. In response to the same, the Administrator appointed by the Hon'ble High Court of Madras, has submitted that the written submission to be considered effective representation filed herein as stated above in lieu of the personal hearing.
- 6.7 The Exchange has also issued a public notice as required under Regulation 22 (3) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in two newspapers viz Business Standard & Navshakti. The Committee notes that no representations or objections have been received in response to the said public notice dated November 26, 2019.
- 6.8 The Company's shares were initially suspended for trading since January 18, 2019, for non-compliance of LODR regulations. It is noted that the Company has failed to intimate the initiation of Liquidation proceedings vide order dated July 3, 2014, to the Exchange which was initially brought on record by the by the legal consultant of the Company M/s MindSprint on March 23, 2020 and subsequently confirmed by the Administrator appointed by the Hon'ble High Court of Madras.
- 6.9 The efforts of reviving the Company by the Administrator did not yield any positive response from the Promoters and the Auditors of the Company and hence, the Administrator along with the Official Liquidator have, considering the situation, filed the final report with the Hon'ble Court recommending the winding up of the company and accordingly, the orders for the same are awaited from the Hon'ble High Court.
- 6.10 The Committee further took note of the submissions of the Administrator that as in so far as the Company (Zylog Systems Limited) is concerned, the official liquidator was appointed on July 3, 2014, by the Hon'ble High Court Madras, which is more than 5 years before the SCN was issued by the NSE and therefore, the company ought to be delisted by operation of law without any implication or restrictions provided under Regulation 24. The Administrator has further submitted that because of continuous non-compliance of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and non-payment of listing fees, Zylog Systems Limited ought to be delisted from NSE in terms of the rules and regulations prescribed by the regulators

6.11 The Committee finds that, in view of the above, since the slightest chance of the revival of the Company has been laid to rest with the filing of the adverse report by the Official Liquidator/ Administrator for winding up of the Company. As Such, the Committee finds that no further purpose could be achieved by continuing the listing of the securities on the Exchange platform.

Decision:

6.12 In view of the above and after taking into consideration the fact and circumstances, the Committee is of the opinion that there are no justifiable grounds for allowing the dealing in securities from the Exchange Platform. The Committee finds that no purpose would be achieved in continuing the Company as listed entity in view of the appointment of the official liquidator and filing of the final report before the Hon'ble High Court

6.13 Accordingly, the Committee, directs that the dealings in the securities of the Company, M/s Zylog Systems Limited be restrained and withdrawn from the Exchange in terms of Regulation 22 (1) of SEBI (Delisting of Equity Shares) Regulation, 2009 read with Rule 21 (b) of the Securities Contract Regulation Rules, 1957.

6.14 The matter was discussed in the Delisting Committee meeting held on September 24, 2020, through video conferencing and at this stage it is neither possible to sign a copy of this order nor a certified copy of the order can be issued by Exchange. Therefore, an electronic copy of this order which is sent from the Exchange's mail id shall be treated as a signed copy for all purposes.

Sd/-
Sunita Sharma
(Chairperson)

Sd/-
Mona Bhide
(Committee
Member)

Sd/-
K Narasimha Murthy
(Committee Member)

Sd/-
Ashok Dhere
(Committee
Member)

Sd/-
Priya Subbaraman
(Committee
Member)

Date: November 27, 2020