

**RAMADOSS & Co**

Chartered Accountants

Reg. No. 02879 S



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T. Nagar, Chennai - 600 017.  
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**Auditor's Report On Quarterly Consolidated Financial Results and Consolidated Year to Date  
Results of the Company Pursuant to the Clause 41 of the Listing Agreement**

To

The Board of Directors,

Zylog Systems Limited

We have audited the quarterly consolidated financial results of Zylog Systems Limited for the quarter ended 31<sup>st</sup> March 2014 and the consolidated year to date results for the period 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014, attached herewith, being submitted by the company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These consolidated quarterly financial results as well as the consolidated year to date financial results have been prepared by Zylog Systems Limited and are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated financial statements, which have been prepared in accordance with the accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of ZSL, Inc (Overseas Branch, situated in New Jersey, United States of America) and 6 subsidiaries included in the consolidated quarterly financial results and consolidated year to date results, whose consolidated financial statements reflect total revenue of Rs. 49,805.69 lakhs for the year ended 31<sup>st</sup> March 2014. Those financial statements and other financial information have been audited by others whose reports have been furnished to us, and our opinion on the quarterly financial results and the year to date results, to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

*Company is yet to deposit unpaid dividend of unpaid dividend Rs.14,20,40,520/- ( including promoters).*



IN our opinion and to the best of our information and according to the explanations given to us these Consolidated quarterly financial results as well as the consolidated year to date results:

(i) include the quarterly financial results and year to date of the following entities (list of entities included in consolidation):

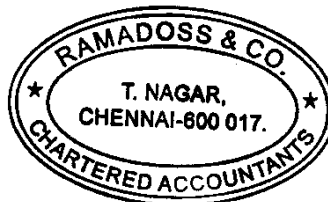
1. ZSL Inc (Overseas Branch, situated in New Jersey, United States of America)
2. Algorithm Solution Private Limited
3. Vishwa Vikas Services Limited
4. Zylog Systems (India) Limited
5. Zylog Systems (Canada) Limited
6. Zylog Systems BV Limited
7. Zylog Systems Asia Pacific Pte Ltd.

(ii) have been presented in accordance with the requirements of clause 41 of the Listing Agreement In this regard; and

(iii) give a true and fair view of the consolidated net profit/loss and other financial information for the quarter ended 31<sup>st</sup> March 2014 as well as the consolidated year to date results for the period from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014.

Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the consolidated number of shares as well as percentage of shareholdings in respect of aggregate amount of consolidated public shareholdings, as furnished by the company in terms of clause 35 of the Listing Agreement and found the same to be correct.

Chennai – 600 017  
Date: 30<sup>th</sup> May, 2014



For Ramadoss & CO  
Chartered Accountants  
FR NO .002879S

*K Ramadoss*

Partner  
K. Ramadoss  
M No: 019176

PART - I

(Rs. in lakhs except per share data)

Statement of Consolidated Audited Financial Results						
Sl No.	Particulars	Quarter Ended			Year Ended	
		Mar 31, 2014	Dec 31, 2013	Mar 31, 2013	Mar 31, 2014	Mar 31, 2013
1	<b>Income from operations</b>					
	(a) Net sales/income from operations	17,583.19	45,211.74	56,122.15	166,778.09	249,964.52
	(b) Other operating income	-	-	-	-	-
	<b>Total income from operations (net)</b>	<b>17,583.19</b>	<b>45,211.74</b>	<b>56,122.15</b>	<b>166,778.09</b>	<b>249,964.52</b>
2	<b>Expenses</b>					
	(a) Employee benefit and operation expenses	19,379.43	41,441.58	41,357.22	148,701.85	180,637.64
	(b) Other expenses	12,582.92	11,900.88	6,028.78	46,926.96	33,215.19
	(c) Depreciation and amortisation expense	13,615.56	7,021.81	5,730.29	34,082.82	18,588.53
	<b>Total expenses</b>	<b>45,577.90</b>	<b>60,364.27</b>	<b>53,116.29</b>	<b>229,711.62</b>	<b>232,441.36</b>
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(27,994.71)	(15,152.53)	3,005.86	(62,933.53)	17,523.16
4	Other income	(1,718.36)	(1,991.34)	(1,151.11)	9,341.85	1,748.42
5	<b>Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)</b>	<b>(29,713.06)</b>	<b>(17,143.87)</b>	<b>1,854.76</b>	<b>(53,591.67)</b>	<b>19,271.58</b>
6	Finance costs	888.29	1,048.18	4,768.34	5,231.57	10,874.72
7	<b>Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 - 6)</b>	<b>(30,601.36)</b>	<b>(18,192.05)</b>	<b>(2,913.58)</b>	<b>(58,823.25)</b>	<b>8,396.86</b>
8	Exceptional items	(40.02)	28.81	37.58	(117.72)	(0.33)
9	<b>Profit / (Loss) from ordinary activities before tax (7 + 8)</b>	<b>(30,561.34)</b>	<b>(18,220.86)</b>	<b>(2,951.16)</b>	<b>(58,705.53)</b>	<b>8,397.19</b>
10	Tax expense	1,949.40	1,312.96	1,384.53	1,144.52	8,098.43
11	<b>Net Profit / (Loss) from ordinary activities after tax (9 - 10)</b>	<b>(32,510.73)</b>	<b>(19,533.82)</b>	<b>(4,335.69)</b>	<b>(59,850.04)</b>	<b>298.76</b>
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	<b>Net Profit / (Loss) for the period (11 + 12)</b>	<b>(32,510.73)</b>	<b>(19,533.82)</b>	<b>(4,335.69)</b>	<b>(59,850.04)</b>	<b>298.76</b>
14	Share of profit / (loss) of associates	-	-	-	-	-
15	<b>Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13 + 14 + 15)</b>	<b>(32,510.73)</b>	<b>(19,533.82)</b>	<b>(4,335.69)</b>	<b>(59,850.04)</b>	<b>298.76</b>
16	Paid-up equity share capital (Face value of ` 5 each)	2949.64	2949.64	1,644.64	2,949.64	1,644.64
17	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	39,021.00	79,349.06	89,512.71	39,021.00	89,512.71
18.i	<b>Earnings per share (before extraordinary items) (of ` 5/- each) (not annualised):</b>					
	(a) Basic ( ` )	(55.11)	(33.11)	(13.18)	(101.45)	0.91
	(b) Diluted ( ` )	(55.11)	(33.11)	(13.18)	(101.45)	0.91
18.ii	<b>Earnings per share (after extraordinary items) (of ` 5/- each) (not annualised):</b>					
	(a) Basic ( ` )	(55.11)	(33.11)	(13.18)	(101.45)	0.91
	(b) Diluted ( ` )	(55.11)	(33.11)	(13.18)	(101.45)	0.91



PART II						
Select Information for the Quarter and Year Ended 31/03/2014						
SI No	Particulars	Quarter Ended			Year Ended	
		Mar 31, 2014	Dec 31, 2013	Mar 31, 2013	Mar 31, 2014	Mar 31, 2013
<b>A</b>	<b>PARTICULARS OF SHAREHOLDING</b>					
1	Public shareholding:					
	Number of shares	57335955	56682823	26111637	57335955	26111637
	Percentage of shareholding	97.19%	96.08%	79.38	97.19%	79.38
2	Promoters and Promoter Group Shareholding					
	a) Pledged / Encumbered					
	Number of shares	1356737	2009869	6481055	1356737	6481055
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	81.88%	87.01%	95.57%	81.88%	95.57%
	Percentage of shares (as a % of the total share capital of the company)	2.30%	3.41%	19.70%	2.30%	19.70%
	b) Non - encumbered					
	Number of shares	300148	300148	300148	300148	300148
	Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	18.11%	12.99%	4.43%	18.11%	4.43%
	Percentage of shares (as a % of the total share capital of the company)	.51%	.51%	.91%	.51%	.91%

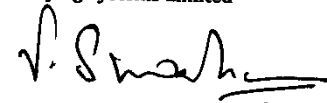
B	Particulars	Quarter Ended 31/03/2014
	Pending at the beginning of the quarter	
	Received during the quarter	29
	Disposed of during the quarter	2
	Remaining unresolved at the end of the quarter * (As of this date of Board Meeting un-resolved new queries is 12)	0
		31*

**Notes:**

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective Meetings held on May 30, 2014.
- The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year and the year to date figures up to the third quarter of the financial year, for which the limited review reports of the statutory auditor on the three previous quarters were submitted to the Exchange.
- Prior period figures are regrouped / reclassified wherever necessary.
- During the year investments in two of its wholly subsidiaries since divested to its own other wholly owned subsidiaries, hence not considered for consolidation. Previous year's consolidated figures are not comparable to this years figure.
- During the current year bad debts to the tune of Rs 213.11 crores were written off.
- Interest on loans accounted as provided by the lenders.

Statement of Standalone Audited Financials	Quarter Ended			Year Ended	
	31-Mar-14	31-Dec-13	31-Mar-13	31-Mar-14	31-Mar-13
Income (Net Sales)	14,326.05	28,737.46	35,679.37	108,832.02	153,261.77
Profit before tax	(20,163.48)	(14,264.41)	(2,812.82)	(42,906.33)	6,565.47
Profit after tax	(22,115.90)	(15,374.97)	(4,122.07)	(44,315.97)	(808.88)

For Zylog Systems Limited

  
 Chairman & CEO

Place: Chennai  
Date: May 30, 2014



**Statement of Audited Standalone Financial Results** ( in Lakhs except per share data)

S.N.	Particulars	Quarter Ended			Year Ended	
		Mar 31, 2014	Dec 31, 2013	Mar 31, 2013	Mar 31, 2014	Mar 31, 2013
1	Income from operations					
	(a) Net sales/income from operations	14,326.05	28,737.46	35,679.37	108,832.02	153,261.77
	(b) Other operating income	-	-	-	-	-
	Total income from operations (net)	14,326.05	28,737.46	35,679.37	108,832.02	153,261.77
2	Expenses					
	(a) Employee benefits expense	14,976.32	23,707.46	23,230.75	91,143.29	96,475.70
	(b) Other expenses	11,474.48	11,096.85	6,303.98	43,114.87	28,944.66
	(c) Depreciation and amortisation expense+	5,843.59	5,843.80	4,812.02	23,146.56	14,972.63
	Total expenses	32,294.39	40,648.12	34,346.75	157,404.72	140,392.99
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(17,968.34)	(11,910.65)	1,332.62	(48,572.70)	12,868.78
4	Other income	(1,940.66)	(1,913.57)	(1,172.63)	8,567.81	1,363.02
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)	(19,909.00)	(13,824.22)	159.99	(40,004.89)	14,231.80
6	Finance costs	265.79	440.19	2,944.92	2,912.44	7,359.55
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 - 6)	(20,174.79)	(14,264.41)	(2,784.93)	(42,917.33)	6,872.25
8	Exceptional items	(11.31)	-	27.89	(11.00)	306.78
9	Profit / (Loss) from ordinary activities before tax (7 - 8)	(20,163.48)	(14,264.41)	(2,812.82)	(42,906.33)	6,565.47
10	Tax expense	1,952.42	1,110.56	1,309.25	1,409.64	7,374.35
11	Net Profit / (Loss) from ordinary activities after tax (9 - 10)	(22,115.90)	(15,374.97)	(4,122.07)	(44,315.97)	(808.88)
12	Extraordinary items	-	-	-	-	-
13	Net Profit / (Loss) for the period (11 + 12)	(22,115.90)	(15,374.97)	(4,122.07)	(44,315.97)	(808.88)
14	Share of profit / (loss) of associates	-	-	-	-	-
15	Minority interest *	-	-	-	-	-
16	Net Profit / (Loss) after taxes and share of profit / (loss) of associates (13 + 14 + 15)	(22,115.90)	(15,374.97)	(4,122.07)	(44,315.97)	(808.88)
17	Paid-up equity share capital (Face Value of ` 5/- each)	2,949.64	2,949.64	1,644.64	2,949.64	1,644.64
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	47,823.14	69,939.04	80,307.96	47,823.14	80,307.96
19.i	Earnings per share (before extraordinary items) (of ` 5/- each) (not annualised):					
	(a) Basic	(37.49)	(26.06)	(12.53)	(75.12)	(2.46)
	(b) Diluted	(37.49)	(26.06)	(12.53)	(75.12)	(2.46)
19.ii	Earnings per share (after extraordinary items) (of ` 5/- each) (not annualised):					
	(a) Basic	(37.49)	(26.06)	(12.53)	(75.12)	(2.46)
	(b) Diluted	(37.49)	(26.06)	(12.53)	(75.12)	(2.46)

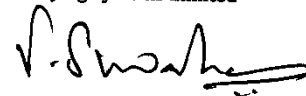
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<b>A</b>	<b>PARTICULARS OF SHAREHOLDING</b>					
1	Public shareholding:					
	Number of shares	57335955	56682823	26111637	57335955	26111637
	Percentage of shareholding	97.19%	96.08%	79.38%	97.19%	79.38%
2	Shareholding					
	a) Pledged / Encumbered					
	Number of shares	1356737	2009869	6481055	1356737	6481055
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	81.88%	87.01%	95.57%	81.88%	95.57%
	Percentage of shares (as a % of the total share capital of the company)	2.30%	3.41%	19.70%	2.30%	19.70%
	b) Non - encumbered					
	Number of shares	300148	300148	300148	300148	300148
	Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	18.11%	12.99%	4.43%	18.11%	4.43%
	Percentage of shares (as a % of the total share capital of the company)	.51%	.51%	.91%	.51%	.91%

B	Particulars	Quarter Ended 31/03/2014
	Pending at the beginning of the quarter	
	Received during the quarter	29
	Disposed of during the quarter	2
	Remaining unresolved at the end of the quarter * (As of this date of Board Meeting un-resolved new queries is 12)	0
		31*

**Notes:**

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective Meetings held on May 30, 2014.
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- 6 Interest on loans accounted as provided by the lenders.

For Zylog Systems Limited



Chairman & CEO

Place: Chennai  
Date : May 30, 2014



**Annexure-IX of Clause 41**

( in lakhs)			
Standalone statement of assets and liabilities			
	Particulars	Year Ended	
		Mar 31, 2014	Mar 31, 2013
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Shareholders' funds</b>		
	(a) Share capital	2,949.64	1,644.64
	(b) Reserves and surplus	47,823.14	80,307.96
	<b>Sub-total - Shareholders' funds</b>	<b>50,772.78</b>	<b>81,952.60</b>
<b>2</b>	<b>Non-current liabilities</b>		
	(a) Long-term borrowings	14,441.42	13,994.50
	(b) Deferred tax liabilities (net)	2,854.61	2,036.04
	(c) Long-term provisions	325.58	262.76
	(d) Other noncurrent liabilities	3.00	3.00
	<b>Sub-total - Non-current liabilities</b>	<b>17,624.61</b>	<b>16,296.30</b>
<b>3</b>	<b>Current liabilities</b>		
	(a) Short-term borrowings	79,974.18	54,798.91
	(b) Trade payables	1,257.78	2,056.13
	(c) Short-term provisions	22.00	62.82
	(d) Other current liabilities	15,548.33	24,507.80
	<b>Sub-total - Current liabilities</b>	<b>96,802.29</b>	<b>81,425.66</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>165,199.68</b>	<b>179,674.56</b>
<b>B</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets</b>		
	(a) Fixed assets	53,401.16	54,534.68
	(b) Goodwill on consolidation	-	-
	(c) Non-current investments	13,590.53	15,524.35
	(d) Deferred tax assets (net)	-	-
	(e) Long-term loans and advances	379.79	480.17
	(f) Other non-current assets	526.76	7,484.02
	<b>Sub-total - Non-current assets</b>	<b>67,898.24</b>	<b>78,023.22</b>
<b>2</b>	<b>Current assets</b>		
	(a) Current investments	0.55	0.55
	(b) Inventories	-	32.06
	(c) Trade receivables	47,879.75	50,721.50
	(d) Cash and cash balances	127.08	4,058.60
	(e) Short-term loans and advances	42,313.48	32,862.50
	(f) Other current assets	6,980.58	13,976.14
	<b>Sub-total - Current assets</b>	<b>97,301.44</b>	<b>101,651.35</b>
	<b>TOTAL - ASSETS</b>	<b>165,199.68</b>	<b>179,674.56</b>