

Zylog Systems Ltd FY13 Revenue at Rs 2,499.65 crore; up 9.98% on Y-o-Y basis

Chennai, 31st May 2013: Zylog Systems Ltd, a Chennai based leading technology Solutions and software service provider announced its fourth quarter and twelve months results ended 31st March 2013.

Performance Highlights

Consolidated Quarterly Review

- Consolidated revenues stood at Rs 561.2 cr; down by 18% on Q-o-Q basis. & down by 17% on YoY basis
- Consolidated Net Profit for the Q4 FY13 stands at Rs 93 Lacs, a decrease of 97.5% on Q-o-Q basis on account of increased interest and depreciation/amortization charges and also a forex loss, compared to a forex gain in the previous quarter.
- EBITDA Margin stood at 17.64% in Q4FY13, up 306 bps from Q3FY13, primarily on account of tighter control of costs.

Consolidated 12month Review

- Consolidated revenues stood at Rs 2,499.65 cr; up by 9.98%. on YoY basis
- Consolidated Net Profit for the FY13 stands at Rs 115.6 cr Vs Rs 205.36 Cr for FY12, a decrease of 43.4%. on YoY basis, mainly due to increase of depreciation/amortization costs to the extent of Rs 53.37 Cr and interest cost increase of Rs 50.39 Cr.
- EBITDA Margin stood at 15.87% in respect of FY13 down 297 bps from FY12 due to certain product development cost has expensed out during this year
- Basic EPS stood at Rs 35.15 for FY13.

Commenting on the results, **Mr. Sudarshan Venkatraman, Chairman & CEO, Zylog Systems Limited**, said *"FY 2013 has been a challenging financial year particularly Q4. The Direct costs vis-à-vis the Revenue have jumped 2.9% year-on-year which was due to re-deployment onsite of costs due to several project and manpower related issues which are in the process of getting resolved during the FY 2014. The PAT has taken a sizeable hit primarily due to substantial increases in interest and depreciation charges. This is due to the fact that fixed asset additions have taken place in the e-Governance business which has led to markedly higher depreciation and amortization charges. The business model of this segment necessitates significant fixed asset investments upfront but revenues are assured for long periods afterwards. The other main and related factor is increased project costs which have also fed through to higher borrowing costs, some of which cannot be capitalized as part of product development cost and therefore had to be expensed through the Profit & Loss Account."*

The Company has remained on its quest for growth. In the domestic sector, a number of customers across industry segments have been added. There has also been an increase in global clientele, who have appreciated the Company's solutions in a highly competitive environment.

The Company has raised USD 20 Million during the first quarter of the FY2014 by diluting its equity capital by way of a GDR offering. This would enable the company to meet its expanding capital expenditure needs for the FY 2014 and would also result in savings in interest costs. Further the same equity funds who invested in the GDR has reposed their faith in the company/management by exercising their Greenshoe option to raise an additional amount of USD 4 million."

About Zylog Systems Limited

Zylog Systems Limited (BSE Code: 532883, NSE Code: ZYLOG.NS) is an ISO 9001 certified and CMM Level 3 assessed provider of Onshore, Offshore & near Shore technology services. Zylog offers a range of IT products and solutions to its global customers across multiple verticals like Banking, Insurance, Telecom, Government, etc. Established in 1995, the Company presents substantial cost savings and enhanced performance associated with a secure and effectively managed global development model. The Company

has strong presence in USA, Canada, Europe, Middle East, Singapore, Malaysia and India.

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