

Revenues Grow by over 50% for Zylog Systems Limited

Registers a topline of Rs. 606 Crore and PAT of Rs. 82.24 Crore for the Fiscal

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Performance Highlights

v Net Profits for this fiscal grew by 52.17% as compared to the last fiscal

v State of the art Offshore Development Centre (ODC) spread across 85,000 sq feet inaugurated in Chennai with a capacity of 850 seats

v Global technical headcount as at 31st March 2008 stands at 1576

Chennai, May 16, 2008: Zylog Systems Limited, a leading technology solutions provider, announced its annual results for the financial year 2007 - 08. For the Year ended March 31, 2008, the revenue from operations stood at Rs. 606 crore (Rs. 403 crore for 2007), up by 50.20% Y-o-Y. Profit after taxes for the Year stood at Rs. 82.24 crore (Rs. 54.04 crore for 2007), up by 52.17% Y-o-Y.

For the fourth quarter, the revenue from operations was Rs. 162.07 crore (Rs. 159.89 crore for Q3 2008) and profit after taxes stood at Rs. 18.36 crore (Rs. 23.44 crore for Q3 2008)

While the Revenue has shown a 1.36% growth over Q3, the dip in PAT levels is mainly on account of the following reasons:

1. An increase investment of Rs 374 lakhs in Software Development Expenses
2. An Increase in investment of Rs. 260 lakhs in Selling & Marketing Expenses

The above additional expenses are for the company's new business solutions initiatives in Pharma and Creative Services verticals. The Revenue benefits for these initiatives would however accrue only during the next financial year 2008-09.

Speaking on the company's performance, **Mr Sudarshan Venkatraman, Chairman & CEO, Zylog Systems Limited**, said, '*We are focussing on acquiring smaller companies offering niche products that compliment our solutions & services capabilities. We believe that this strategy will help us grow better in the coming months. The MOU for acquiring a Dubai based Company in the product space will helps us to set our footprint in the Middle Eastern region and this acquisition will give us ample opportunity for cross selling our capabilities to their marquee clientele. We are investing in newer practices and in newer markets as part of our business solution initiatives within the Consumer Electronics, Pharma and Creative Services practice areas. Further investment is also considered in the technology solutions within VOIP, Enterprise 2.0 and Wifi technologies and we strongly believe, these initiatives would substantially add value to our existing offerings.*'

Mr. Ramanujam Sesharathnam, Managing Director & COO, Zylog Systems Limited, said '*Our results reflect a validation of our robust business model that has helped us to achieve strong growth*

rates. The EBIDTA margins have also seen an improvement of 17.93% for 2008 up from 17.13% for March 31, 2007 despite a challenging external business environment. This was mainly on account of our ability to increase the billing rates by around 5% for this year. We have been able to achieve these growth rates despite rupee appreciating 11% during the year, with the help of a combination of natural hedging and the US dollar working capital facility that we have with our bankers.'

The company's EPS for 2007-08 stood at Rs. 50.01, as compared with Rs. 42.07 for the year 2006-07. The company has 176 active clients, which include three USD 5 million clients and 35 USD 1 million clients. The company also declared Rs. 3 per share as dividend for the year 2008.

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About Zylog Systems:

Zylog Systems Limited (BSE Code: 532883, NSE Code: ZYLOG.NS) is an ISO 9001 certified and CMM Level 5 assessed, provider of Onshore, Offshore & Near shore technology services. Zylog offers a range of I.T. products and solutions to its global customers across multiple verticals like Banking, Insurance, Telecom, etc. Established in 1995, the company presents substantial cost savings and enhanced performance associated with a secure and effectively managed global development model. With a strong presence in U.S., U.K., Singapore, Malaysia and India, and more than 900 employees across the world, Zylog has achieved a turnover of USD 60 million for the year 2005-06 and marching ahead to reach USD 115 million for the current year.

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