TRIGYN
technologies

Quality System
Quality
Endorsed
Company

ANNUAL REPORT 2002 - 2003

BOARD OF DIRECTORS

TUSHAR VAIDYA

RAMKRISHNA BHAGWAT

SANJAY PATKAR

MADHAV KALE

PINGALI RADHAKRISHNA
(Appointed w.e.f. January 6, 2003)

CHIEF FINANCIAL OFFICER

SUDARSHAN K. S.

COMPANY SECRETARY

SAMIR KAMAT

AUDITORS

RSM & CO.,
CHARTERED ACCOUNTANTS

SOLICITORS

CRAWFORD BAYLEY & CO.

INTERNAL AUDITORS

V. S. PARANJAPE & CO.
CHARTERED ACCOUNTANTS

BANKERS

GLOBAL TRUST BANK LIMITED

REGISTERED / CORPORATE OFFICE

UNIT 27, SDF-I, SEEPZ - SEZ
ANDHERI (E), MUMBAI 400 096

US OFFICE

1, METROPLEX DRIVE,
EDISON, NJ 08817,
USA

SINGAPORE OFFICE

1, NORTH BRIDGE ROAD,
19 - 04 / 05, HIGH STREET CENTRE,
SINGAPORE 179094.

Quality Policy

At TRIGYN Technologies Limited, the management and the employees are committed to secure a long-term partnership with each customer. We are into the business of providing Custom Engineered Software Solutions, Product Development, Consulting Assignments, Software Migration & Maintenance. We want to be the preferred supplier of the products and services that we offer. We intend doing this by:

- Ensuring that all products and services will provide complete satisfaction through meeting or exceeding the mutually agreed requirements and expectations consistently.
- Fostering a team environment where quality is everyone's responsibility.
- Promoting a philosophy of continuous improvement embraced by each and every employee.
- Inculcate awareness in all our employees to be responsible for what they produce.

Goals:

- ☞ To maintain and continuously improve Quality System based on ISO 9001-2000 standards.
- ☞ Achieve SEI - CMM Level 5.
- ☞ Introduce / Inculcate TQM culture & Business Excellence to achieve:
- Customer Delight
- Empowered Employees
- Higher Revenues
- Lower Costs

DIRECTORS' REPORT

Your Directors present the seventeenth Annual Report and audited statement of accounts of Trigyn Technologies Limited for the year ended March 31, 2003.

Financial Results

(Rs. in Million)

Item	Year ended March 31, 2003	Year ended March 31, 2002
Income from Operations	**146.86**	417.88
Other Income	**13.72**	43.52
Gross Revenue	**160.58**	461.40
Interest	**94.93**	66.66
Depreciation	**37.01**	44.70
Other Expenditure including Personnel Costs	**219.49**	604.00
Provision For Tax	-	-
Income Tax for earlier years	**10.28**	-
Prior Period adjustments – interest in lieu of preference share dividend for 2002	**32.50**	-
Profit /(Loss) after Tax and Prior Period adjustments	**(233.64)**	(253.96)
Exceptional items	**2594.54**	3534.67
Net Profit / (Loss) after Exceptional items	**(2828.18)**	(3788.63)
Appropriations :		
Proposed Dividend - Equity shares	-	-
Proposed Dividend - Preference shares	-	-
Profit / (Loss) after Appropriations	**(2828.18)**	(3788.63)
Add : Profit and Loss account, brought forward	**(3449.45)**	295.04
Transfer from General Reserve	-	44.13
Profit and Loss Account, carried forward	**(6277.63)**	(3449.45)

Operations :

The Company had yet another bad year on the operational front and could achieve a total income of Rs.160.58 million as against Rs.461.40 million in the previous year. The topline was adversely affected due to softened US market where the operations of the Company are predominant. During the year the Company opened a branch at Singapore to services a key client in the financial services sector. This would enable the Company to source its revenues from other than US and ensure steady stream of inflow. Other than this, the projects were limited either to extensions or upgradations and revolved around in-hand customers only without any further investments. The interest component was on a considerable higher side compared to the previous year. The cash flow position was tight overall and various cost management and rationalization measures were taken by the Company to improve within. On request by the Company, the Global Trust Bank, Bangalore has agreed to reschedule the terms and conditions of the loans obtained by the Company in the fiscal 2001. This re-scheduling inter alia would be in the form of reduction of interest and re-schedulement of the term loan installments as under :

- Outstanding term loan principal amount aggregating Rs.336.5 million would be payable over 54 months by way of 12 quarterly installments, the first installment commencing from December 2004 with the moratorium period being upto September 2004.
- Interest would be paid at regular monthly intervals with the rate being reduced to 12.50 % p.a. from 16.00 % p.a. earlier.

Dividend:

In view of loss suffered during the year, the Board of Directors are unable to recommend payment of dividend.

Subsidiaries:

The Company had in the year 2000 acquired eCapital Solutions (Bermuda) Limited ("EB") through a all swap deal with EB's holding company eCapital Holdings (Bermuda) Limited to whom 7,350,000 equity shares of Rs.10/- each at a premium of Rs.815 per share were allotted. Various EB's subsidiaries engaged in providing software solutions in the areas in telecommunications and finacial services in international markets also came within the fold of the Company due to this transaction. The Company also acquired in January 2001 Applisoft Inc., a US Company for a cash consideration of Rs.421.6 million. However in view of global meltdown, the business performance was not up to the mark and the investments made therein were reviewed by the Company's Management. In the previous year, it was decided to carry these at cost less a 50 % adhoc provision for 'decline other than temporary' in nature. During the year the Company's Management, after making a further internal valuation of the Company's underlying investments have decided to make additional provision in the value of these investments in EB and Applisoft aggregating Rs.2594.54 million. The Company is also considering various options including restructuring exercise under Section 100 of the Companies Act, 1956.

All eVector companies across all locations around the globe have been put under liquidation during the year 2002-03 subject to necessary approvals from the concerned regulatory authorities. For obtaining better leverage the strategic / financial investors investors in eVector have been provided an exit route and the eVector product has been spun back into Trigyn Group for enhanced product re-orientation, market penetration and development, which was being overlooked due to different market strategy by the investors.

The Company has also restructured the UK operations by putting Trigyn Technologies Limited, UK into voluntary liquidation, subject to necessary approvals from regulatory authorities with a view to eliminating the losses on account of UK operations and achieving profitability of UK operations without sacrificing any existing client relationships and / or revenues. The Company continues to serve the existing customers in UK through a branch of Subsidiary, Trigyn Technologies (India) Private Limited which shall to develop and market the eVector solutions independently with better flexibility in terms of product positioning and pricing which the earlier strategic investors could not do due to different individual priorities.

The Company also plans to wind up eCapital Solutions (Mauritius) Limited in line with its restructuring program and explore other restructuring options, including restructuring under section 100 of the Companies Act, 1956.

As required u/s. 212 of the Companies Act, 1956, the financial statements of all the subsidiaries in local currency are enclosed alongwith the Annual Report. The appropriate provision for loss of subsidiaries is made by the company wherever required.

Management Discussion & Analysis :

The Management Discussion & Analysis Report as annexed hereto and forms an integral part of this report.

Depository System:

The Company's shares are already under compulsory dematerialization trading. At present about 97% of the shares of the company are held in dematerialized form.

Fixed Deposits:

The Company has not accepted any fixed deposits and as such, no principal or interest amount is outstanding as on the Balance Sheet date.

Directors Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act 1956, the Directors confirm that :

i) The annual accounts have been prepared as per the applicable accounting standards, along with proper explanations relating to material departures.

ii) Appropriate accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at March 31, 2003 and of the Profit & Loss account for the year ended March 31, 2003.

iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and detecting fraud and other irregularities.

iv) The annual accounts have been prepared on a going concern basis.

Employee Stock Option Plan (ESOP):

The Company places its human resources on the highest pedestal and in a bid to attract, retain and motivate the employees, the Company has 2 Employee Stock Option Plans in force. In 1998, the Company evolved the first Employee Stock Option Plan ("1998 ESOP") under which the eligible employees of the Company and its then sole Subsidiary viz. Leading Edge Infotech Limited were eligible for options at an exercise price of Rs.265/- per equity share, with vesting period of 36 months from the date of grant of option. As on March 31, 2003, 15,625 stock options were outstanding. Thereafter with the acquisition of eCapital Solutions (Bermuda) Limited and its the various underlying Subsidiaries and other Subsidiaries thereafter, a new Employees Stock Option Scheme otherwise known as Employee Stock Option Plan ("2000 ESOP") was formulated by the Company in 2000 in terms of the applicable SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. The 2000 ESOP provides for issue of shares, post conversion of options, upto maximum of 5 % of the paid up capital of the Company. These options would vest equally over a period of four years, with a minimum vesting period of one year from the date of grant of these options. All grants of stock options are presently being made in terms of the 2000 ESOP of the Company.

Given hereunder is the stock option activity during the years ended March 31, 2001, March 31, 2002 and March 31, 2003 :

	Qty.
Balance at April 1, 2000	-
Options granted during the year 2000-01	324,050
Balance at March 31, 2001	324,050
Options granted during the year 2001-02	26,200
Forfeited during the year 2002	(136,451)
Balance at March 31, 2002	213,799
Options granted during the year 2002-03	17,050
Forfeited during the year 2003	(111,899)
Balance during the year March 31, 2003	118,950

During the year 2000-01, on different instances 120,100 options were granted to the employees of the Company and its Subsidiaries at a price less than the market price. In accordance with the SEBI Guidelines, the excess of the market price of the underlying equity share as at the date of grant of option over the exercise price of the options on the date of grant is recognized as employee compensation expense and amortised on a straight line basis over the vesting basis where applicable.

Corporate Governance:

The Company adheres to the spirit behind corporate governance prescribed by Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956. Independent and Non-Executive Directors have been appointed on the Board of Directors of the Company and on various Committees thereunder in an endeavor to instill better management and operational practices in the Company.

The report on Corporate Governance and the Auditors' Certificate thereto is given separately in this Annual Report.

Auditors Qualifications :

With regard to the qualifications in the Auditor's Report on the Financial Statements for the year 2002-03, the status is as under :

The Company has paid remuneration to its Whole Time Directors in excess of the limits specified under Section 198 of the

Companies Act, 1956 aggregating Rs 20.10 millions upto March 31, 2003 (net of recovery of Rs 30 lakhs). Pending receipt of necessary approvals from the Central Government, this excess amount is shown as an advance recoverable from the directors.

The Company has received an approval from the Central Government – Department of Company Affairs (DCA) to pay the remuneration in excess of the limits of Schedule XIII to the Companies Act, 1956 with retrospective effect from April 1, 2000 till the ensuing Annual General Meeting for the year 2002-03 to be held on or before December 31, 2003. The excess amount of Rs.227.18 lakhs has been accounted in the September 2003 ended quarter, as prior period item. The limits approved by the DCA are higher than the excess remuneration paid. The Board has referred to the Compensation Committee on this additional compensation to the tune of Rs. 176 lakhs for review.

The Company had, based on a preliminary / internal evaluation carried out as at March 31, 2003, made a provision aggregating Rs. 5,842.71 millions for diminution in value other than temporary in the value of investments in certain subsidiaries. Pending completion of the detailed evaluation/restructuring options, we are unable to comment on the extent of permanent diminution in the value of these investments and the consequential effect of the financial statements.

The Company has conducted an internal evaluation of the underlying subsidiaries and based on the internal evaluation, provided further diminution in the value of the investments. The Company is also considering various restructuring options to give appropriate impact on the Balance sheet, one such option being the balance sheet restructuring under Section 100 of the Companies Act, 1956.

The Sundry Debtors include overdue debts aggregating Rs 43.54 millions in respect of prior year billings from a party in respect of which the Company has not received any confirmation. We are unable to comment on the extent of realisability of this debt and the consequential effect on the financial statements.

The Company having exhausted all commercial and legal recources has, based on the advice of legal counsel, decided not to pursue the matter further and therefore has provided this amount as bad debt.

General Information for Shareholders:

The shares of the Company are listed on The Stock Exchange Mumbai, The National Stock Exchange and The Ahmedabad Stock Exchange. The listing fees for the year 2002 - 2003 and 2003 - 2004 have been paid to all the Stock Exchanges where the Company's shares are listed.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Tushar Vaidya and Mr. Sanjay Patkar retire by rotation and are eligible for re-appointment.

Mr. Sanjay A. Patkar and Mr. Madhav H. Kale were appointed as Additional Directors of the Company on October 1, 2002 and December 4, 2002 respectively and the Shareholders approval to appoint them as Directors on the Board was obtained at the sixteenth Annual General Meeting held on December 30, 2002.

Mr. Pingali Radhakrishna has been appointed as the Additional Director on the Board of Directors of the Company on January 6, 2003.

The Directors appointed during the year are Independent and Non-Executive in nature and within themselves compose the Audit Committee, Shareholders' / Investors' Grievance Committee and Remuneration / Compensation Committee of the Company.

Mr. Atul Kamath expired on August 13, 2002 at US while on a business development visit. Mr. Tushar Vaidya has since been appointed as the CEO of the Company. The Board of Directors place on record the deep appreciation of Mr. Atul Kamath's invaluable contributions towards the Company.

Auditors:

M/s. RSM & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible have confirmed their willingness to be re-appointed.

Information Pursuant To Section 217 of The Companies Act, 1956 :

Information to be provided under section 217(2A) of the Companies Act, read with the Companies (Particulars of Employees)

Rules 1975 as amended form time to time forms a part of this report. However as per the provisions of section 219 (1)(b)(iv) of the Act, the report and accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under section 217(2A) of the Act. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company for a copy.

Acknowledgements:

Your Directors take this opportunity to thank our Shareholders, Customers, Vendors and Bankers for their continued support. The Directors also place on record their appreciation for the contribution made by our Employees at all the levels towards the growth of the Company. Special thanks are due to the Government of India, Department of Company Affairs, Secretariat of Industrial Approvals, Foreign Investment Promotion Board, Reserve Bank of India, Global Trust Bank Limited, EXIM Bank, SEEPZ-SEZ and STPI authorities, Customs and other regulatory authorities for their co-operation.

On behalf of the Board of Directors
of Trigyn Technologies Limited

Mumbai
December 6, 2003

Ramkrishna Bhagwat
Director

ANNEXURE TO DIRECTORS' REPORT

Information under section 217 (1) (e) of the Companies Act, 1956, read with Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2003.

CONSERVATION OF ENERGY

a.	Energy conservation measures taken	:	The computer systems installed are designed for low power consumption
b.	Additional investments and proposal if any, being implemented for reduction of consumption of energy	:	As above
c.	Impact of measures in (a) and (b) for reduction of energy consumption and consequent impact on the cost of production	:	N. A.
d.	Total energy consumption and energy consumption per unit of production	:	N. A.

TECHNOLOGY ABSORPTION

e.	Efforts made in technology absorption	:	N. A.

FOREIGN EXCHANGE EARNINGS & OUTGO

f.	Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans	:	As detailed in the report
g.	Statement of Expenditure/Earning incurred in foreign currency		
	Income	:	Rs. 148,521,769/-
	Outgo	:	Rs. 154,255,978/-

MANAGEMENT DISCUSSION & ANALYSIS

Overview

Trigyn Technologies Ltd., earlier known as Leading Edge Systems Ltd., ("Trigyn Technologies" or "the Company") is a leading software solutions and services Company with global operations, delivering cost effective and quality end to end IT software solutions, services and products customized as per the requirements of its internationally acclaimed clients. Trigyn Technologies services help customers to integrate business processes with technology and operate in a marketplace that is no longer restricted by time and distance and thus providing a sustainable competitive advantage. The Company designs and delivers information technology architecture that is customised for Finance, eBusiness, and Telecom across various user verticals. The range of service offerings is one of the most comprehensive in the industry and covers the entire spectrum of B2B and B2C Solutions, Consulting Services, Security Solutions, Web-enabling Services, Staff Augumentation Services and other End-to-End Solutions.

Core Value Propositions

Trigyn Technologies addresses its core value propositions by delivering projects and software servicest that enable and drive 'Convergent Commerce'. The Company's solution integration for 'Convergent Commerce' comprises of :

Convergent Customer Care

- Multi-channel business: services, mobile solutions, call center integration solutions
- Customer relationship management

Convergent Billing

- Services, application and content
- Portal infrastructure solutions
- Internet infrastructure and services, including web integration

Enterprise Resource Management

- Enterprise resource planning
- Supply chain management

The Company aspires to be the preferred supplier of the products and services offered to the customers and intend doing this by:

- Ensuring that all products and services completely satisfy the clients – by consistently meeting or exceeding the mutually agreed upon requirements and expectations
- Fostering a team enviroment where quality is everyone's responsibility
- Promoting a 'continuous improvement philosophy' embraced by each and every employee
- Inculcating awareness in all employees that they are responsible for what they produce

Trigyn Technologies follows the subsidiary model of operations in order to leverage its global strengths. The decision making is decentralised at the subsidiary level. At present Trigyn Technologies has subsidiaries at Bangalore, India and in US and Germany. Recently the Company has opened a branch at Singapore to service a key client in financial sector.

Focus on Quality

Trigyn Technologies is SEI CMM Level 4 company which implies that strong management practices are in place which aid in planning and execution of projects. There is a continuous effort to improve quality management system based on ISO 9001-2000 standards and achieve SEI CMM Level 5 in near future. A Total Quality Management & Business Excellence model is followed by the Company which seeks to inculcate :

- Customer Delight

- Empowered Employees
- Higher Revenues
- Lower Costs

Industry Structure and Development

The impact of worldwide developments in the recent past has been felt by the Indian software industry to the core. Though the long term perspective definitely remains positive, given the current situation, Indian corporates over a broad spectrum have involved a mix-n-match methodology of prudent cost management and creating superior efficiency in operations. The 'Survival of the Fittest' norm is into effect and most of the Indian corporates including Trigyn Technologies continue to bell the weather despite of continuous pressure due to drop in new orders, longer sales cycles and pressures in billing rates. Nevertheless, Indian software industry remains a strong force to reckon within the global IT market which is expect to increase manifold as per the latest studies conducted world over.

Trigyn Technologies believes that its business fundamentals and the value proposition to its customers remain intact despite current performance and initiatives are being taken to consolidate the existing businesses and prospect new business given the inherent strengths and legacy of the Company. The efforts as such have borne fruit to a considerable extent with sizeable order book available for execution.

Cost Management Efforts

The Board of Directors of the Company reviewed and approved the loan re-scheduling proposal of Global Trust Bank. This re-scheduling would primarily be in the form of reduction of interest and re-schedulement of the term loan installments as under:

- Outstanding term loan principal amount would be payable over 54 months by way of 12 quarterly installments, the first installment commencing from December 2004 with the moratorium period being upto September 2004.
- Interest would be paid at regular monthly intervals with the rate being reduced to 12.50 % p.a. from 16.00% p.a. earlier.

The other cost management exercise undertaken during the year included shifting of operations from a high rentals location at Vikhroli, Mumbai to the existing registered office at SEEPZ-SEZ, Andheri, Mumbai, cost cutting across all possible frontiers including downsizing and reduction of salaries of management level employees to a certain extent.

Regulatory Approvals

The Company has received an approval from the Central Government – Department of Company Affairs (DCA) to pay the remuneration in excess of the limits of Schedule XIII to the Companies Act, 1956 with retrospective effect from April 1, 2000 till the ensuing Annual General Meeting. The excess amount of Rs.227.18 lakhs has been accounted in the September 2003 ended quarter, as prior period item. The limits approved by the DCA are higher than the excess remuneration paid. The Board has referred to the Compensation Committee on this additional compensation to the tune of Rs. 176 lakhs for review.

The Company has received the approval from the RBI to take a suitable action vis-à-vis net income of Rs.1.28 million recognized and realized in the German Subsidiary Trigyn Technologies Europe GmbH (TTE) pursuant to the profit arising due to notional acquisition of clients of proposed JV of the Company which got cancelled later. The Company had sought RBI's approval for recognizing this income in the German subsidiary's books and to not treat the same as revenue / income in the Company's books since the Company had not incurred any expense on this income.

The Company had approached the RBI requesting approval for reducing the entitlements on export obligations and the repatriable entitlements arising from the acquisition of eCapital Solutions (Bermuda) Limited and its subsidiaries and Applisoft Inc.The Company has received the approval from the RBI and accordingly, the export obligsations in respect of these overseas acquisitions stand reduced to Rs.659.76 million (USD 13.846 million) at various intervals upto year 2006 as against Rs.7480.57 million (USD 156.990 million) approved earlier at the time of acquisition. (Exchange Rate 1 USD = Rs.47.65)

The Company also received a post-facto approval for extending a loan of USD 1.1 million (approx.) to the subsidiary Trigyn Technologies Inc. from the operational surpluses of branch office in US with a condition that the loan funds should be repatriated at the earliest. Till date USD 8.20 million has been repatriated to India and the balance is expected to be done soon.

During the year 2002-03, the Board of Directors of the Company reviewed the various compliances and has initiated the process of regularizing and taking post-facto approvals from the concerned authorities in respect of deviations noticed, if any.