



**TRIGYN**  
technologies



## 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
- ☞ To maintain and continuously improve Quality System based on SEI - CMM Level 4
- ☞ Introduce / Inculcate TQM culture & Business Excellence to achieve :
  - Customer Delight
  - Empowered Employees
  - Higher Revenues
  - Lower Costs

**BOARD OF DIRECTORS**

<b>TUSHAR VAIDYA</b>	-	<b>Wholetime Director &amp; Chief Executive Officer</b>
<b>RAMKRISHNA BHAGWAT</b>	-	<b>Wholetime Director</b>
<b>SANJAY PATKAR</b>	-	<b>Chairman &amp; Non - Executive Director</b>
<b>NITIN PALEKAR</b>	-	<b>Non - Executive / Independant Director</b>
<b>ANIL KALE</b>	-	<b>Non - Executive / Independant Director</b>

**FINANCE CONTROLLER****MILIND TELAWANE**

(Appointed w.e.f. August 1, 2006)

**Y.V. GOPALAM**

(Resigned on April 7, 2006)

**COMPANY SECRETARY****RAJESH SHIRAMBEKAR**

(Appointed w.e.f. August 11, 2006)

**SAMIR KAMAT**

(Resigned on July 5, 2006)

**AUDITORS****RSM & CO., CHARTERED ACCOUNTANTS****INTERNAL AUDITORS****M. H. KALE & CO., CHARTERED ACCOUNTANTS****BANKERS****ORIENTAL BANK OF COMMERCE****REGISTERED / CORPORATE OFFICE**UNIT 27-A, SDF I, SEEPZ - SEZ  
ANDHERI (E), MUMBAI 400 096.**US OFFICE**100, METROPLEX DRIVE,  
EDISON, NJ 08817 USA**INDEX****Page Nos.**

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**TRIGYN TECHNOLOGIES LIMITED****DIRECTORS' REPORT**

Your Directors present the twentieth Annual Report and audited statement of accounts of Trigyn Technologies Limited for the year ended March 31, 2006.

**Financial Results:****(Rs. In Lakhs)**

<b>Item</b>	<b>Year ended March 31, 2006</b>	<b>Year ended March 31, 2005</b>
<b>Income from operations</b>	<b>322.25</b>	<b>485.72</b>
Other Income	88.39	224.36
Provision for doubtful debts/advances no longer required, written back	23.10	-
Interest	661.26	679.00
Depreciation	26.52	59.07
Other Expenditure including Personnel costs	434.75	554.06
<b>Profit / (Loss) before Tax</b>	<b>(688.79)</b>	<b>(582.03)</b>
Tax for earlier years	-	0.46
Fringe benefit tax	2.11	-
<b>Profit /(Loss) after tax</b>	<b>(690.90)</b>	<b>(582.49)</b>
Less : Prior Period adjustments	-	43.08
Add : Extraordinary items	-	1065.34
Add : Exceptional items	-	216.30
<b>Net Profit / (Loss)</b>	<b>(690.90)</b>	<b>656.07</b>
<b>Appropriations :</b>		
Proposed Dividend on Preference Shares	-	-
Proposed Dividend on Equity Shares	-	-
<b>Profit / (Loss) after Appropriations</b>	<b>(690.90)</b>	<b>656.07</b>
Add: Balance Brought Forward	<b>(65436.32)</b>	<b>(66092.39)</b>
<b>Balance To Be Carried Forward</b>	<b>(66127.23)</b>	<b>(65436.32)</b>

**Operations :**

During the year under review, the Company achieved a net turnover of Rs.322.25 lakhs as against Rs.485.72 lakhs in the previous year. After adding thereto other income, writing back the provision for doubtful debts/advances and providing for interest, depreciation and fringe benefit tax, the operations of the Company resulted in to a loss of Rs. 690.90 lakhs.

In terms of the SEBI guidelines and pursuant to the approval granted by the Shareholders at the Extraordinary General Meeting held on June 2, 2006, at the Board Meeting held on June 16, 2006, your Company has issued and allotted 1,00,00,000 and 1,11,111 equity shares of Rs. 10/- each at a premium of Rs. 3.50 per share to United Telecoms Limited (UTL), an Investor and Mr. Ramkrishna Bhagwat, Promoter Director, respectively, on preferential basis. In addition, UTL has also paid 10% of the exercise price for 60,00,000 share warrants carrying an entitlement to subscribe for equivalent number of equity shares of Rs. 10/- each at a price of Rs. 13.50 each. The amount mobilized by preferential issue of shares was partly utilized for repayment of entire outstanding debt and preference capital held by Oriental Bank of Commerce as One Time Settlement (OTS).

Your Directors are confident that in view of the said developments, your Company will have an improved performance in the current fiscal and foresee a better future outlook.

**Dividend:**

In the absence of profit, your Board of Directors do not recommend any dividend.

**Subsidiaries:**

As required under section 212 of the Companies Act, 1956, the financial statements of all the subsidiaries, other than the one having implications of liquidation, are enclosed alongwith the Annual Report. The appropriate provision for losses of these subsidiaries has been 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 around 98.42% 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, 2006 and of the profit & loss account for the year ended March 31, 2006.
- 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 has 2 (two) Employees Stock Option Schemes for the benefit of its employees, whom it treasures as indispensable assets well worth capitalising upon. 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 to be allotted at Rs.265/- per equity share. 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 as per the applicable SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. All grants of stock options are presently being made in terms of the 2000 ESOP of the Company the details whereof are as under :

Given hereunder is the stock option activity for the year under review in terms of the 1998 ESOP :

Balance as at March 31, 2005	:	6,375
Forfeited during the year 2005-06	:	2,375
Balance as at March 31, 2006	:	4,000

Till date 1,875 shares have been allotted in terms the 1998 ESOP.

In terms of 1998 ESOP, 1,08,150 stock options were granted at the market price, 80,637 stock options at Rs.380/- per equity share as against the market price of Rs.394/- per equity share and 63,550 stock options at Rs.78/- per equity share when the market price was Rs.394.30 per equity share. The Company has in accordance with the Guidelines framed by SEBI on ESOPs recognised the excess of market price of the underlying equity shares over the exercise price of the stock options and the same is being amortised over the vesting period.

During the year, the Company issued 626,000 options to employees including 150,000 options to employees of its subsidiaries, (2005: 150,300, including 150,000 options to employees of its subsidiaries) under the above Plan at an exercise price equivalent to the market price of the shares, on the date of grant of the options. In the current year in respect of above, Nil options to employees of its subsidiaries (2005: 150 options including Nil options to employees of its subsidiaries) have been forfeited.

Further, during the year ended 31 March 2001, the Company issued 156,050 options including 34,250 options to employees of its subsidiaries, at an exercise price of Rs 380 per option and the prevalent market price of the shares, on the date of grant of these options was Rs 394.3 per share. In the current year, in respect of the above, 12,450 options including 6,750 options to employees of its subsidiaries (2004: 30,450 options, including 5,575 options to employees of its subsidiaries) have been forfeited.

In April 2000, TTL acquired 100% equity interest in eCapital Solutions (Bermuda) Limited and its subsidiaries (collectively referred as EB). The employees of EB had been granted options by eCapital Solutions (Bermuda) Limited. Accordingly, on acquisition of EB, the Company issued 85,850 options to the employees of the Indian subsidiaries of EB in exchange of EB options held by these employees. These options had been issued at an exercise price of Rs 78 per option and the prevalent market price of the shares, on the date of grant of these options was Rs 394.3 per share. These options would vest in the ratio of 50:25:25 over a period of three years, with a minimum vesting period of one year from the date of the grant of these options. In the current year, in respect of the above, 10,000 options (2004: 6,300) have been forfeited.

**TRIGYN TECHNOLOGIES LIMITED**

Given hereunder is the stock option activity for the year under review in terms of the 2000 ESOP :

Balance as at March 31, 2005	:	4,04,150
Options granted during the year :		6,26,000
Forfeited during the year 2005-06	:	1,400
Balance as at March 31, 2006	:	10,28,750

In the AGM held on 30 December 2003, the Company passed a resolution to grant Mr. Homiyar Panday, President - US Operations and Employee of the Subsidiary Company, Trigyn Technologies Inc., upto a maximum limit of 240,000 stock options convertible into equivalent amount of equity shares in one tranche at an exercise price of Rs.10/- per equity share. These shares., if opted for, are to vest after a lock in period of one year from the date of grant of the said stock options. The Company has accordingly provided the price differential in its books of accounts in terms of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. The requisite statutory approvals would be taken at the time of issue of these equity shares to Mr. Homiyar Panday.

During the year 2005-06 and 2004-05 the Company has granted stock options to Mr. Thomas A Gordon, Senior Vice President – US Operations and Employee of the Subsidiary Company, Trigyn Technologies Inc., upto a maximum limit of 3,00,000 (aggregate) stock options convertible into equivalent amount of equity shares at market price, in terms of the Employees Stock Options Plan of the Company as applicable to its overseas subsidiaries' employees. These stock options have been approved by the members of the Company at the held during the said years and the actual allotment of the equity shares against the option opted for by Mr. Gordon subject to approval of SEBI, RBI, etc., as may be required.

**Corporate Governance:**

The Report on Corporate Governance for the year 2005-06 is given separately in the Annual Report.

**Auditors Qualifications :**

The Auditors remarks in the Auditors' Report are self explanatory. The management is taking appropriate measures to rectify the same.

**General Information for Shareholders:**

The shares of the company are listed on Bombay Stock Exchange Limited, The National Stock Exchange of India Limited and The Stock Exchange, Ahmedabad. The listing fees for the year 2005-06 and 2006-07 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. Ramkrishna Bhagwat and Mr. Nitin Palekar retire by rotation and are eligible for re-appointment.

**Auditors:**

M/s. RSM & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible have confirmed their willingness to be 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 from 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 the Shareholders, Customers, Vendors and Bankers viz. Oriental Bank of Commerce for their continued support. The Board of Directors also place on record their appreciation for the contribution made by the Employees at all the levels towards the growth of the Company. Special thanks are due to the Government Authorities including the Department of Company Affairs, Secretariat of Industrial Approvals, Foreign Investment Promotion Board, SEEPZ and STPI authorities, Reserve Bank of India and other regulatory authorities for their co-operation.

**On behalf of the Board of Directors**

Place : Mumbai  
Date : June 29, 2006

**Ramkrishna Bhagwat**  
Director

**Tushar Vaidya**  
Director

**ANNUAL REPORT 2005 - 2006****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, 2006.

**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  |   |                           |
| Foreign Exchange earned   | : | Rs.3,23,63,251            |
| Foreign Exchange used   | : | Rs.53,91,135              |

**On behalf of the Board of Directors**

Place : Mumbai  
Date : June 29, 2006

**Ramkrishna Bhagwat**  
Director

**Tushar Vaidya**  
Director

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**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its Directors including Wholetime Directors, Non-Executive Directors and Senior Management Officials, which is available on the Company's web site.

I confirm that the Company has in respect of the financial year ended March 31, 2006, received from the Senior Management Officials of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Officials means personnel on the key management positions in the Company as on March 31, 2006.

**For Trigyn Technologies Limited**

Mumbai  
June 29, 2006

**Tushar Vaidya**  
CEO & Wholetime Director



## TRIGYN TECHNOLOGIES LIMITED

### 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 Consulting Services, Security Solutions, Web-enabling Services, Staff Augmentation Services and other End-to-End Solutions.

#### 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 progress towards 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

In the year 2006-07 the company has planned to achieve a higher level of quality standard, the CMMI (CMM Integrated) which focuses not only on the software processes but on the other processes in the organization as well.

#### Value Added Creative Solutions & Services

##### • Software Project Oriented Services

Trigyn Technologies develops and provides latest functional software applications or products which are cost effective and are based on a customer-centric de-risk model. Projects are delivered as fixed-time/fixed-price tasks. Delivery locations are either be onsite (at the customer's location), offsite (at one of the Company's or Associate Company's development center in the US), or offshore (in India). There is a constant endeavour to leverage the current SEI CMM Level 4 process maturity while integrating and managing the esteemed customers' investment, create a seamless transition and rapidly deliver business value. Transparency and schedule compliance form the basis of any project undertaken by Trigyn Technologies.

##### • Staff Augmentation Services

Trigyn Technologies has a valuable resource base with experience and skills in technologies that are critical in providing business solutions. Companies remain dependent on Information Technology to maximize productivity, facilitate the exchange of information internally and externally, and ensure operational efficiencies. As a result, the demand continues for qualified Information Technology (IT) professionals. Over the years the Company has remained at the forefront of technology by recruiting, training and deploying top talent in emerging technologies and has also maintained elite vendor status with many dedicated clientele spanning various industries including Insurance, Financial Services, Government, Manufacturing and Pharmaceutical.

The core competencies herein include :

- Full Life-Cycle Application Development
- Software Quality Assurance & Software Quality Control
- Database Design & Administration
- Network Design, Implementation, Migration & Administration



- Data Warehousing
- Internet & Intranet Architecture
- Legacy Support & Migration
- Regulatory Compliance
- **Consultancy Services - Capital Markets**

Trigyn Technologies has established methodologies and processes to provide business consulting services to the Capital Markets customers. A high Domain Literacy and strong Project Management skills form a core value proposition of Trigyn Technologies in this segment. The Company has presence inter alia in the field of Securities Lending, Mutual Funds, Market Connectivity, Equity Derivatives, Foreign Exchange, Risk Technology and Prime Brokerage.

- **Re-engineering/Migration Solution**

Trigyn Technologies has successfully created Re-engineering/migrated enterprise-wide applications for some of the global clients, integrating legacy applications with the latest web-based and client-server applications. In the process, the Company has been commended for delivering exceptional results for completeness, accuracy and speed of migration. End-to-end solutions for seamless migration right from planning, installing, and verifying, to customizing, testing, data migration and support are provided.

### **Business Strategy**

The Management of Trigyn Technologies have embarked on a business strategy in order to streamline the operations and bring the Company back into reckoning. This would involve the following :

- Procure contracts with a reasonably long duration that would involve sustained cash flows. To this extent efforts are on and the Management is confident that based on its technical credentials, moreso in the US market, the Company would be able to bag a few prestigious projects in the year to come. This would be in the IT as well as the ITES segments. The Company's Subsidiary in US viz. Trigyn Technologies Inc. is expected to play a major role overall in relation to such projects.
- Grow existing relationships and build new relationships. The Company has had a fair amount of success in the United Nations project as well as in its foray in the BPO stream. Existing clients like the United Nations are being mined for more business through referrals. There would be an added focus on offshore business.
- Focus on new areas of business that offer higher gross margins, specifically Telecommunications. Our recent tie up with UTL group has given us substantial depth and width in that area. Trigyn is in the process of rolling out plans for offering services in the area of risk analytics and customer assurance analytics.
- Restructuring of the Trigyn Group companies across some locations whose load to carry is hampering the costs due to unnecessary overheads. This activity would subject to obtaining of requisite statutory approvals from the statutory authorities.
- Retaining existing talent through high motivation levels, stock options, optimum salary structure, promotion within ranks and continuous knowledge upgradation.
- Ensure strict compliance of law and regularize any noted non-compliances.

### **Industry Structure and Outlook**

The Indian Information Services and software industry can be categorized into core IT services, which include project oriented services, IT outsourcing, support and training, R & D services, software products design and development, development of embedded systems and sales of proprietary software. The world IT industry, including India, has again slowly and steadily come into fore and the long term prospects remain positive with India being upheld as a major player in IT services and applications in the foreseeable future. The Indian corporates over a broad spectrum have involved a mix-n-match methodology of prudent cost management and creating superior efficiency in operations. There is a continuous pressure on billing rates, drop in operating margins, with 'survival of the fittest' norm in effect.

## TRIGYN TECHNOLOGIES LIMITED

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 Company expects to improve on its performance and hopes to post a better performance in the year 2005-06 by adding to the top line and by securing its bottomline through control and selective rationing of costs. Trigyn Technologies have some decent projects lined up during the year and is confident of a better performance in the near future.

### Opportunities

The Company commands a strong brand image in the IT segments it deals with, augmented by the strong India offshoring advantage. The Company's ability to effectively deliver competitively priced and quality niche software solutions and products in international markets would hold it in good stead in the years to come. The Company has an ability to seamlessly provide offshore and onsite services for customers world over. It is this capability to offer blended services that provides a significant opportunity in this competitive market. Trigyn Technologies has offerings across all layers of technology and is also able to provide a wide range of services across a horizontal platform and across verticals such as e-business, telecom and finance. Trigyn Technologies is a SEI-CMM Level 4 and ISO 9001:1994 standard Company and this high quality standard ensures that the projects executed are managed in a reliable manner through use of comprehensive processes and past project data. In the year 2006-07 the company has plans to upgrade this standard to next level, the CMMI (CMM Integrated).

The Company's revenues are generated primarily from the software and application development and consultancy services rendered by an optimum blend of both onsite and offshore, the primary focus though being on offshore projects. Revenue recognition is done on the basis of the nature of work as may be specified in the Agreement or the Statement of Work. This could be on time and material basis or on fixed basis or on attainment or certain milestones.

There is an ongoing effort on the part of the Company to streamline and rationalize its operations in order to achieve significant cost savings, streamline delivery capabilities and selective manpower recruitments.

Trigyn Technologies focuses on the following core competencies, which would be a key advantage in the near future

- Web Technology which include web services based on JAVA and .Net,
- B2B & B2C applications
- Messaging Middlewares and Enterprise Applications Integration (EAI)
- Data Warehousing on Oracle and Hyperion platforms for using archived data for future decisions. Trigyn this year will offer Fraud Analytics and Customer Assurance Analytics as a Service to Telecom customers. Quality Testing Studios
- BroadVision, J2E, WebMethods and WLI technologies
- Telecommunications: Operations & Maintenance of Broad Band and Cell Phone Networks,

### Results of Operations

- Total Income

The total income of Trigyn Technologies for the year 2005-06 was Rs. 433.73 lakhs as compared to Rs. 710.08 lakhs during the year 2004-05. The reduced revenue was primarily due to the transfer of one of the major business account during the early part of the year under review.

The Company derived revenues mainly from the Finance and eBusiness Segments through a combination of software solutions and service applications as well as through offerings of product suites. The % of contribution per segment basis was :

Finance – 11 % and eBusiness – 89 %