BOARD OF DIRECTORS

TUSHAR VAIDYA
RAMKRISHNA BHAGWAT
SANJAY PATKAR
NITIN PALEKAR
(Appointed w.e.f. July 30, 2004)
MADHAV KALE
(Resigned w.e.f. June 3, 2004)
PINGALI RADHAKRISHNA
(Resigned w.e.f. January 8, 2004)

CHIEF FINANCIAL OFFICER
SUDARSHAN K. S.

COMPANY SECRETARY
RACHANA CHOUDHARY
(Appointed w.e.f. August 23, 2004)
SAMIR KAMAT
(Resigned w.e.f. April 26, 2004)

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-1, 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.

INDEX

DIRECTORS' REPORT

Your Directors present the eighteenth Annual Report and audited statement of accounts of Trigyn Technologies Limited for the year ended March 31, 2004.

Financial Results:

(Rs. in Millions)

Item	**Year ended March 31, 2004**	**Year ended March 31, 2003**
Income from Operations	78.74	146.86
Other Income	16.39	13.72
Gross Revenue	114.57	167.27
Interest	79.82	94.93
Depreciation	21.05	37.01
Other Expenditure including Personnel Costs	120.42	226.19
Provision For Tax	0.00	0.00
Income Tax for earlier years	(10.11)	10.28
Prior Period adjustments - interest in lieu of preference share dividend for 2002		32.50
Prior Period adjustments - Director remuneration and payroll contributions for earlier years	22.72	0.00
Profit /(Loss) after Tax and Prior Period adjustments	(119.32)	(233.64)
Exceptional items	(212.29)	2594.54
Net Profit / (Loss) after Exceptional items	(331.61)	(2828.18)
Appropriations		
Less: Tax on dividend equity	0.00	0.00
Proposed Dividend - Equity shares	0.00	0.00
Tax on dividend Preference shares	0.00	0.00
Proposed dividend - Preference shares	0.00	0.00
Profit / (Loss) after Appropriations	(331.61)	(2828.18)
Add : Profit and Loss account, brought forward	(6277.63)	(3449.45)
Transfer from General Reserve	0.00	0.00
Profit and Loss Account, carried forward	(6609.24)	(6277.63)

Operations :

The Company had yet another bad year on the operational front and could achieve a total income of Rs.114.58 million as against Rs. 160.58 million in the previous year. The topline was adversely affected due to the softened US market where the operations of the Company are predominant, although some pick-up was witnessed during the latter half of the year. The projects were limited either to extensions or upgradations and revolved around in-hand customers only without any further investments. The interest component reduced significantly, compared to the previous year, on account of the rescheduling of the loan and interest reduction achieved thereon. The cash flow position was tight overall and various cost management and rationalization measures were continued by the Company to improve the operating metrics. 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 have been 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.3365 lacs 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.

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, 2004 and of the profit & loss account for the year ended March 31, 2004.

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 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, March 31, 2003 and March 31, 2004:

	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	26,350
Forfeited during the year 2002	(136,451)
Balance at March 31, 2002	213,949
Options granted during the year 2002-03	17,200
Forfeited during the year 2003	(112,049)
Balance during the year March 31, 2003	119,100
Options granted during the year 2003-04	250,150
Forfeited during the year 2004	(69,650)
Balance during the year March 31, 2004	299,600

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 2003-04, the

Dividend:

In view of loss suffered during the year, the Board of Directors is 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 financial 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 in eVector have been provided an exit route through funds of eVector companies without burdening the Company 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 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 and necessary applications are already made to the Reserve Bank of India, seeking approval for the liquidation of eCapital Solutions (Mauritius) Limited, since this entity is not an operating one.

As required u/s. 212 of the Companies Act, 1956, the audited financial statements of all the subsidiaries in local currency are enclosed alongwith the Annual Report. The appropriate provision for losses of the 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

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 and STPI authorities, Customs and other regulatory authorities for their co-operation.

On behalf of the Board of Directors

Mumbai	Ramkrishna Bhagwat
September 4, 2004	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, 2004.

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. 82,907,002/-
	Outgo	:	Rs. 118,417,640/-

status is as under :

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 Company had engaged a firm of CPAs to conduct the valuation of the subsidiaries. As a result, the Company has made further provisions to have the investment carrying value in its subsidiaries to the tune of Rs. 212.29 million, during the year under review.

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, 2003 -2004 and 2004-05 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 retires by rotation and is 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, appointed as the Additional Director on the Board of Directors of the Company on January 6, 2003, resigned from the Directorship owing to personal commitments and potential conflict of interest, w.e.f January 7, 2004. Mr. Madhav Kale too resigned from the directorship w.e.f June 03, 2004.

Mr. Nitin D Palekar has been appointed as an on the Board of Directors of the Company on July 30, 2004. The Director appointed during the year is Independent and Non-Executive in nature. The Audit Committee is currently headed by an Independent Director and majority of its members are independent.

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 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.

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. But all said and done Nevertheless, Indian software industry remains a strong force to reckon within the global IT market, which is expected 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:

a. 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.

b. 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 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 for the year 2003-04 to be held sometime in September 2004. The excess amount of Rs.227.18 lakhs has been accounted 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 obligations 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 had 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. The entire loan of USD 1.1 million (approx.) has been repatriated to India by September 2003.

During the year 2003-04, 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.

Opportunities

The Company commands a strong brand image in the IT segments it deals in with, augmented by an the strong India offshoring advantage attached. The Company's ability to effectively deliver competitively priced and quality niche software solutions and products in international markets , not to mention the imbibed

MANAGEMENT DISCUSSION & ANALYSIS

Overview

Trigyn Technologies Ltd., earlier known as Leading Edge Systems Ltd., ("Trigyn Technologies" or "the Company") is a leading company 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.

Core Value Propositions

Trigyn Technologies addresses its core value propositions by delivering projects and software services that are focused and comprise of:

Enterprise Resource Management
- Enterprise resource planning
- Supply chain management

Banking and Financial Services
- Banking related solutions ranging from BASEL related solutions, STP solutions, customized trading and debt related products and solutions.
- Portfolio Management Tools and services
- Index Solutions

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 environment 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 its operations in Mumbai and Bangalore in India, UK and Germany in Europe and US.

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

(Rs. In Lakhs)

	Finance	eBusiness	Total
Segment Revenues	469.73	317.64	787.37
Segment Expenses	427.92	164.44	592.36
Segment Results	41.81	153.20	195.01
Less : Interest			798.19
Other net unallocable expenditure			463.92
Total Profit / (Loss) before Tax, Prior Period adjustment and exceptional item			(1067.10)

Outlook

The Indian software industry has experienced explosive growth in recent years. It remains one of the fastest growing sectors of the Indian economy, employing nearly a million professionals in March 2004. The World Bank rates India as the world's leading offshore development center for software. Many of the world's leading IT and telecommunications companies have established their own development centers in India, taking advantage of a highly-skilled, English speaking workforce at a comparatively low cost. A number of Fortune 500 and FTSE 100 companies have outsourced their IT requirements and business processes to India, or established their own wholly owned research and/or development centers in India. The emergence of India as a location for IT-enabled services, including business process outsourcing, has helped keep industry revenues up at a time when IT markets globally have been stagnating.

According to India's National Association of Software & Service Companies (NASSCOM), the Indian IT industry as a whole (including software, services and IT-enabled services) was worth a total of US$10.3 billion in 2001-02, with initial estimates predicting US$16 billion for 2004-05. IT exports are expected to grow by 30% to reach $9.8 billion in 2004-05, contributing around 20% of India's total export earnings. IT-enabled services now contribute about one fifth of total IT exports, and is widely expected to continue to grow in importance. And although overall growth is forecast to continue to slow, the industry is still expected to reach its target value of $57bn by 2008, when it would contribute 7% of India's GDP and provide 30% of foreign exchange inflows.

The Company expects to tide over its poor performance and hopes that the year 2004-05 would post better performance packed results. Trigyn Technologies has currently several orders in the pipeline and is looking forward to converting many of them into revenue during the fiscal 2005. The Company is revamping its sales force and expects to add new clients and grow the revenues at rates higher than what has been achieved in the recent past. The Company too is witnessing the stability of the IT markets, especially in the USA and expects robust revenues in the near term.

Risks and Concerns

The revenue growth and profitability of the business of Trigyn Technologies depends is subject to the following factors :

- Changes in the domestic and international economic and business conditions
- Competition on the product and price front
- Foreign exchange fluctuation
- Length of the sales cycle
- Success in expanding the global operations through direct sales force and indirect distribution channels
- Timing of new product introductions or product enhancements
- Products or Services mix
- Activities of the competitors
- Allocation of resources
- Technical manpower availability

quality therein, 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.

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 of 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)
- Mainframes on IBM platform
- RDBMS such as Oracle, MS Sequel server, SyBase
- Data Warehousing on Oracle and Hyperion platforms for using archived data for future decisions
- Quality Testing Studios

Delivery Models

- *Software Projects*
  Trigyn Technologies cost-effective software services with a customer-centric de-risk model can be used for developing functional software components or applications. Projects are delivered as fixed-time/fixed-price tasks. Delivery location can either be onsite (at the customer's R&D location), offsite (at one of our regional development centers in Europe, the US or Asia), or offshore (in India).
- *Staff Augmentation Services*
  Provisioning of software development resources for onsite development assignments on a T&M basis for customers faced with tight project timelines, caused by staff shortage or skillset issues.
- *Dedicated Development Centers*
  Dedicated Development Centers extending the Company's customer's R&D operations - on long term service level agreements. Delivery location can either be offshore (in India) or onsite (at the customer's R&D location).
- *Joint Ventures*
  A risk-sharing business model for customer organizations intending to create their own intellectual property. Product creation, positioning and packaging are Trigyn Technologies strengths.

Threats

The Company business revenues are sourced predominantly from the US market. Despite the US economy looking up and outsourcing being the current norm, a few Indian corporates have bagged the contracts from the US Principals. Outsourcing has become selective, competition is very high and price cutting is rampant. Some MNCs are setting up their own back end development centers in India. Trigyn Technologies is trying to meet the above situation inter alia by aggressive marketing, relentless focus on improvement of work timelines and technology, in-house R & D upgradation, cost control measures, cutting off dead flab and strict quality control.

Segmentwise performance for the year 2003-04

Trigyn Technologies identifies its operations in terms of the following segments, which include providing niche software solutions customised as per the customer's requirement and by sale of quality product suites.

Impairment of Investments and Recoveries of Subsidiaries

On the basis of preliminary evaluation, the Company during the year 2001-02 had made a provision for 'decline other than temporary' in the carrying value of investments in Subsidiaries viz. eCapital Solutions (Bermuda) Limited and Applisoft Inc. aggregating Rs.3243.17 million. The primary reason attributed to this was the general downturn in the software services and products business, which may result in loss of certain perceived business synergies. During the year 2003-04, the Company's Management engaged an independent CPA firm to carry out the valuation of the underlying assets and based on this report, and decided to make further provision aggregating Rs.212.85 million.

As a part of global restructuring strategy, all eVector companies across all locations around the globe and Trigyn Technologies Limited, UK had 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 in eVector have been provided an exit route through funds of eVector companies without burdening the Company 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 restructured the UK operations 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. Trigyn Technologies continues to serve the existing customers in UK through a branch of subsidiary, Trigyn Technologies (India) Private Limited. 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.

People Practices and Processes at Trigyn Technologies

Trigyn Technologies caters to its clients worldwide with services with high maturity practices. The Company which conforms to SEI-CMM Level 4 is currently engaged in preparing for SEI-CMM Level 5 and also has recently moved to ISO 9001-2000 framework. To bring out the best from its employees and creating a high opportunity environment, the Company constantly provides stimulus for all to raise the bar in achieving their potential.

Trigyn Technologies undertakes programs to foster the unlimited potential of its human resources, in order to create a steady infusion of good management / technical ideas, practices and innovations. Various HR and QA programs were initiated to improve administrative effectiveness, productivity and systems. Employees keenly participated in conducting various knowledge sharing forums where upcoming technologies were discussed. These practices provide the impetus for every employee to learn and develop his competencies/ capabilities.

The current mix of employee base promotes creativity and fun at the workplace. More than 55% of the employees are below the age group of 30 years. About 65% of them are either engineers or MBAs with more than 55% of them having experience of four years or more. The Company saw the benefits of this mix of staff, equipped with the right competencies, accruing in the form of building solutions to customer's problems and adding to the Company's growth.

Cautionary Statement

Some of the statements made in this section contains certain 'forward looking statements' within the meaning of securities laws and regulations in force. Facts which are not historical in nature and include but are not limited to Trigyn Technologies business, financial condition, business strategy, plans relating to products and services, future prospects or any related assumptions thereto should be deemed to be 'forward looking statements' and should be considered as such. These 'forward looking statements' are inherently subject to risks and uncertainties, beyond the control of Trigyn Technologies and accordingly the actual results could differ materially from those indicated by the 'forward looking statements'. Trigyn Technologies shall not be liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein nor would be under any obligation to update the 'forward looking statements' to reflect the developments of events or circumstances hereafter.

Based on the preceding factors, the Company could experience a shortfall in revenues or earnings or fail to meet the public market expectations, which could materially and adversely affect the business operations, financial condition and market price of the Company's share on the stock market.

Also there is a significant pressure from the Bank / Institution from which loans have been obtained by the Company to pay their current and outstanding dues, if any on periodical basis and all efforts are being undertaken not to defaults in such payments.

Internal Controls and Adequacy

Trigyn Technologies has reviewed its Internal Control system in order to make to further strengthen and make it commensurate with the size and nature of the business. A well defined system, which will safeguard the assets and monitor the transactions has been implemented in consultation with the Statutory and Internal Auditors.

Results of Operations

Total Income

The total income of Trigyn Technologies for the year 2003-04 was Rs. 1145.75 lakhs as compared to Rs. 1672.74 lakhs during the year 2002-03. The reduced revenue was primarily due to depressed market conditions, more so in the US where the Company's business is predominant coupled with sluggish demand and other realization factors. With the uncertainty prevailing Trigyn Technologies took a cautious approach and concentrated on existing projects. On account to the continuing uncertainty, new projects on business developments were undertaken only in existing lines of business without any additional investments.

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 - 60 % and eBusiness - 40 %

Total Expenditure

The total expenditure of Trigyn Technologies for the year 2003-04 was Rs. 1204.18 lakhs as compared to Rs. 2261.89 lakhs during the year 2002-03. The total expenditure more than proportionately reduced over the last year due to measures initiated to contain direct and indirect costs.

Gross Profit / Loss

The Gross Loss of Trigyn Technologies was Rs.1067.10 lakhs for the year 2003-04 as compared to Gross Loss of Rs.1605.43 lakhs during the year 2002-03. Drop in Gross Profit was due to reduction in the effective revenues, particularly US revenues, with direct costs reducing to a limited extent over last year.

Net Profit / Loss

The Net Loss of Trigyn Technologies was Rs.1193.23 lakhs for the year 2003-04 as compared to Rs. 2336.40 lakhs during the year 2002-03. This figure reduced marginally over the last year.

Events After Balance Sheet Date

Effective July 1, 2004, Trigyn Technologies Limited and its subsidiaries ("Trigyn Group") restructured and transferred the business/contract with a leading company in the banking and financial services space to i-flex Solutions Limited and its subsidiaries ("i-flex group") for a total consideration not exceeding US$ 4.8 million payable in tranches, based on the actual revenue generated under the contract. The transaction involved transfer of all on-going work orders under the contracts as also resources working on these projects to the i-flex group. The proceeds from this transaction would be used for reducing the debt burden and also infuse the much needed working capital for business growth.

As a result of this transaction, the revenues and profitability of the Company would be impacted marginally, while the revenues for the group on a consolidated basis would be impacted significantly in the coming quarters. The Company and the Group have begun the initiative to source business from new clients to mitigate this revenue loss.

AUDIT COMMITTEE

The Audit Committee of the Company was constituted on January 6, 2003 and comprised of the following non-executive Directors and Independent Directors:

Mr. Madhav Kale- Chairman
Mr. Sanjay Patkar
Mr. P. Radhakrishna

After the resignation of Mr. Radhakrishna on January 7, 2004, Mr. Ramkrishna Bhagwat was co-opted as a member until the year end.

Amongst other things, the Audit Committee oversees the Company's financial reporting process and disclosures of its financial information to ensure that then financial statements are correct, sufficient, factual and credible. This Committee also periodically reviews the compliance requirements and various internal processes and systems, internal and statutory audit processes and reports. During the year 2003-04, the Committee met on May 30, 2003, July 28, 2003, October 29, 2003, January 29, 2004 and March 25, 2004.

REMUNERATION COMMITTEE

The Company is not paying remuneration to any of the Non Executive Directors.

Although not mandatory under the Listing Agreements, a Remuneration/Compensation Committee, was formed on January 06, 2003 and comprised of the following Non-Executive Directors and Independent Directors:

Mr. P. Radhakrishna- Chairman (until his resignation from Directorship on January 8, 2004)
Mr. Sanjay Patkar
Mr. Madhav Kale

After the resignation of Mr. Radhakrishna on January 8, 2004, the Committee is not fully comprised of independent directors.

REMUNERATION PAID TO DIRECTORS DURING 2003 - 2004

Names	Sitting fees Amount (Rs.)	Remuneration including Salary & Perquisites Amount (Rs.)
Mr. Ramkrishna Bhagwat	-	1,800,000/-
Mr. Tushar Vaidya *	-	-
Mr. Sanjay Patkar	69,000/-	-
Mr. Madhav Kale	64,000/-	-
Mr. Pingali Radhakrishna	14,000/-	-

* *Tushar Vaidya is on the rolls of the US subsidiary, Trigyn Technologies Inc. at a monthly remuneration of US$ 12,500.*

SHARE TRANSFER / INVESTOR GRIEVANCE COMMITTEE

The shares of the Company are listed on the BSE, NSE and ASE. The trading thereof is done in demat mode. Pending setup of the Share Transfer / Investor Grievance Committee as required under Clause 49 I read with Clause 49 VI D of the Listing Agreement, the transfers are currently attended by a Transfer Committee of the present Directors of the Company. Only those investor complaints not settled by the Registrar & Transfer Agents are referred to the Directors of the Company. No share transfers or shareholder's complaint referred by any regulatory body was pending as on March 31, 2004. The Company has also appointed a Company Secretary as the Compliance Officer in terms of Clause 47 of the Listing Agreement in May 2002, in place of the earlier Company Secretary and Compliance Officer who had resigned during 2001. The Compliance Officer, Mr. Samir Kamat resigned on April 26, 2004 and a new Company Secretary and Compliance Officer has been appointed w.e.f. August 22, 2004.

A Shareholders/Investors Grievance Committee was formed at the Board Meeting held on January 6, 2003, consisting of the following Non-Executive and Independent Directors:

Mr. Sanjay Patkar- Chairman
Mr. P. Radhakrishna (until his resignation from Directorship on January 8, 2004)
Mr. Madhav Kale

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

'Integrity' by its very nature is imbibed in Trigyn Technologies Limited ("the Company"). The word ***Trigyn***, which is of Greek origin denotes a flower with three pistils and is symbolic of boldness, integrity and growth. The Company from its very inception stands committed to effective corporate governance and has always made an endeavor to instill ethical and transparent practices while recognising the right to information of all stakeholders including the shareholders. The Company lays a long term emphasis on 'Corporate Governance' as a true and effective code of corporate conduct would hold the Company and its stakeholders in a good stead in the coming years.

Being listed on the BSE, NSE and ASE, the Company's Corporate Governance is primarily based on the conduct specified by Clause 49 of the respective Listing Agreements.

BOARD OF DIRECTORS

- **Composition and Category of Directors**

  During the year ended under review, the Board of Directors is comprised of three Directors who are as under:

1. Mr. Tushar Vaidya - Wholetime Director and CEO
2. Mr. Ramkrishna Bhagwat - Wholetime Director
3. Mr. Sanjay Patkar - Independent Director
4. Mr. Madhav H Kale - Independent Director (resigned on June 03, 2004)
5. Mr. P Radhakrishna- Independent Director (resigned on January 08, 2004)

Out of the above, Mr. Tushar Vaidya and Mr. Ramkrishna Bhagwat belong to the Promoter category. The other three directors do not belong to the Promoter Category and are independent.

Mr. Tushar Vaidya is the Chief Executive Officer (CEO) of the Company and is based in the USA. He also heads the sales and marketing functions of the Company and is also responsible for establishing the Company's US operations and nurturing it to its current level, besides spearheading many long standing client relationships.

Mr. Ramkrishna Bhagwat is also an Executive Director. He is the Administrative Head of India operations and also oversees the global delivery and quality processes and initiatives.

Mr. Sanjay Patkar is a practicing Advocate and also renders professional advisory and consultancy services in Indian and International Taxation, Corporate Laws, FEMA and Property related matters.

Mr. Madhav Kale is a practicing Chartered Accountant and specializes in areas of corporate audits, non-corporate audit, tax audit, internal audit and income tax related areas.

Mr. Nitin D Palekar, appointed as an Additional Director w.e.f. from July 30, 2004 is a qualified Chartered Accountant and also holds a degree in Law. He is currently working as an Executive Director in a Private Group specializing in niche software products and services.

- **Attendance of Directors in the Board Meetings and in the last Annual General Meeting**

The Company's Board of Directors met 8 times during the year 2003-04. The Board Meetings took place on May 30, 2003, June 18, 2003, July 28, 2003, August 26, 2003, October 29, 2003, December 06, 2003 and January 29, 2004 and March 25, 2004. The maximum gap between any two meetings did not exceed the gap stipulated by Clause 49 IV of the Listing Agreement.

Name of the Director	Attendance at the Board Meetings	Attendance at the last AGM held on December 30, 2003
Mr. Tushar Vaidya	3	Yes
Mr. Ramkrishna Bhagwat	8	Yes
Mr. Sanjay Patkar	8	Yes
Mr. Madhav Kale (resigned w.e.f. June 03, 2004)	7	Yes
Mr. P Radhakrishna (resigned w.e.f. January 8, 2004)	1	No.

Since Mr. Tushar Vaidya operates out of New Jersey, USA, his personal attendance in the Board Meetings/AGM is not 100%. None of the Directors on the Board hold the Office of Directors in more than 15 companies or memberships of Committees in more than 10 Committees or Chairmanship of more than 5 Committees across all companies.

Financial reporting for the Quarter ended June 30, 2003	Board Meeting was held on July 28, 2003. The results were published in newspapers on July 30, 2003.
Financial reporting for the Quarter / Half Year ended September 30, 2003	Board Meeting was held on October 29, 2003. The results were published in newspapers on October 31,2003.
Financial reporting for the Quarter ended December 31, 2003	Board Meeting was held on January 29, 2004. The results were published in newspapers on January 31, 2004.
Financial reporting for the Financial Year ended March 31, 2004	Board Meeting was held on June 02, 2004. The results were published in newspapers on June 05, 2004.

- ***Date of Book Closure***

  September 27, 2004 to September 30, 2004 (both days inclusive)

- ***Dividend Payment Date***

  No dividend has been declared by the Company during the year 2003-04

- ***Listing on Stock Exchanges***

  The Company is listed on :

  The Stock Exchange, Mumbai (BSE) under Scrip Code 517562

  The National Stock Exchange (NSE) under Scrip Code LEADEDSYS

  The Ahmedabad Stock Exchange (ASE) under Scrip Code 32289 / LEADINGEDG

  The Annual Listing Fees in respect of the equity shares of the Company has been paid for the years 2003-04 and 2004-05.

- ***Stock Market Price Data***

  During the year, the monthly High and Low prices of the Company's scrip were as under:

Month / Year	**Mumbai Stock Exchange**		**National Stock Exchange**	
	High (Rs.)	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
April, 2003	16.85	11.50	16.90	11.70
May, 2003	17.00	11.75	16.30	11.65
June, 2003	19.50	14.00	19.35	14.00
July, 2003	25.95	16.50	**26.25**	16.55
August, 2003	22.50	18.50	24.55	20.05
September, 2003	23.00	16.00	22.75	16.25
October, 2003	17.95	13.15	18.50	13.10
November, 2003	18.15	13.00	18.10	13.25
December, 2003	**26.00**	17.05	26.20	16.90
January, 2004	25.20	15.00	25.20	14.95
February, 2004	15.70	12.90	15.85	12.85
March, 2004	13.75	**09.02**	14.00	**09.00**

- ***Registrar and Transfer Agents***

The Company has appointed M/s. Sharepro Services as its Registrar and Transfer Agents for processing transfers, sub-division, consolidation, attending general shareholder / investor correspondence and complaints, etc., as well as for dematerialisation and re-materialisation of shares of the Company.

Amongst other things, this Committee addresses critical Investor Grievances and ensures the issues of Investors, both large and small are addressed timely. This Committee reviews shareholder grievances and complaints, if any, and all those grievances, which are not addressed properly by the Registrar & Transfer Agents, are also referred to this Committee. Only one meeting of this Committee was held on December 30, 2003 and after that no meeting of the Committee has been held as the occasion has not demanded calling for such a meeting.

During the year, the Company received 4 complaints, all of which have been resolved as on date. No share transfers were pending as on March 31, 2004.

GENERAL BODY MEETINGS

Details of the location of the Annual General Meetings during the last three years :

Financial Year	Location	Date	Time
2000 - 2001	A-1, Godrej Soaps Complex, Eastern Express Highway, Vikhroli (East), Mumbai 400 079	September 28, 2001	4.00 p.m.
2001 - 2002	All India Plastic Manufacturers' Association Auditorium, AIIPMA House, !-52, Street No.1, M.I.D.C., Andheri (E), Mumbai 400 093	December 30, 2002	4.00 p.m.
2002 - 2003	All India Plastic Manufacturers' Association Auditorium, AIIPMA House, !-52, Street No.1, M.I.D.C., Andheri (E), Mumbai 400 093	December 30, 2003	3.00 p.m.

No Special Resolution was put through Postal Ballot in the last AGM and there is no proposal to conduct any business by way of Postal Ballot at the ensuing AGM.

DISCLOSURES

The Related Party Transactions of the Company which involve the business dealings with its Subsidiaries are explicitly mentioned under the heading " Notes to the Financial Statements for the year ended March 31, 2004" of the Company given in this Annual Report. In case of managerial remuneration paid to Directors please refer to the aforesaid section on Remuneration Committee.

There were no strictures or penalties imposed on the Company by the SEBI or any of the Stock Exchanges on which the Company is listed or any other Statutory Authority on any matter related to the capital market during the last three years. The Board of Directors from time to time reviews the various compliances and if necessary initiates a process for regularising or taking post facto approval from concerned authorities in respect of deviations if noticed.

MEANS OF COMMUNICATION

The quarterly financial results are currently being published in the leading Newspapers like Financial Express (English) and Navshakti (Marathi). These results are also made available on the Company's website www.trigyn.com <http://www.trigyn.com> after the respective Stock Exchanges are intimated. Official news releases, details of presentations or analyst meets, if any, and material press coverage received by the Company is also uploaded on the said website for the information of the shareholders.

The Management's Discussion and Analysis forms part of the Annual Report.

GENERAL SHAREHOLDERS' INFORMATION

- ***Date, time and venue of the Annual General Meeting***

  September 30, 2004 at 3.30 p.m. at AIPMA Auditorium, AIPMA House, A-52 Street No. 1, MIDC, Marol, Andheri (E), Mumbai 400093.

- ***Financial Calendar***

  April 1 to March 31, next calendar year

- **Dematerialisation of Shares**

  The shares of the Company are traded in a compulsory demat mode under ISIN : INE948A01012.

  As on March 31, 2004, 97.11 % shares of the Company have been dematerialised.

- **Locations of Offices and Development Centre**

  Registered / Corporate Office
  Unit 27, SDF-I,
  SEEPZ, Andheri (East),
  Mumbai 400096

  US Office
  1, Metroplex Drive,
  Edison, NJ 08817,
  USA

- **Address for Shareholder Correspondence**

  All Shareholders / Investors should address their correspondence to :

  Mr. Dnyanesh Gharote
  Senior Manager
  Sharepro Services
  Unit : Trigyn Technologies Limited
  Satam Estate, 3rd Floor
  Cardinal Gracias Road,
  Above Bank of Baroda
  Chakala, Andheri (E)
  Mumbai 400 099

  Tel. : 022 - 28348218 /28300262
  Fax : 022 - 28375646

  Ms. Rachana Choudhary
  Company Secretary
  Trigyn Technologies Limited
  Unit 27, SDF-I,
  SEEPZ, Andheri (East),
  Mumbai 400096

  Tel. : 022 - 28290909
  Fax : 022 - 28291418
  E-mail : rachana.choudhary@trigyn.com

To the Members of Trigyn Technologies Limited

Certificate of compliance of corporate governance as per clause 49 of the listing agreement with stock exchanges

We have examined the compliance of conditions of corporate governance by Trigyn Technologies Limited, for the year ended on March 31, 2004 as stipulated in claue 49 of the listing agreement of the said company with the stock exchange.

The compliance of conditions of corporate governance is responsibility of the management . Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In the last quarter of the year, the audit committee has two independent directors as against the minimum requirements of three independent directors. Further, the Company has not furnished information regarding performance of its share price in comparison to broad based indices. Except for this, in our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in clause 49 of the listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders Committee.

We further state that such compliance is neither an assurance as to future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **RSM & Co.**
Chartered Accountants

Vijay N. Bhatt
Partner (F-36647)

Place : Mumbai
Date : September 2, 2004

They are located at :

Satam Estate, 3rd Floor, Cardinal Gracias Road,
Above Bank of Baroda, Chakala, Andheri (E), Mumbai 400 099
Tel. : 022 - 28348218 / 28300262, Fax : 022 - 28375646

- ***Share Transfer System***

The Company processes share transfers and such related issues twice in a month. Transfer or transmission documents which are complete in all respects are returned to the respective Shareholders / Lodgers within 30 days of lodgement. Since the Company's shares are currently being traded in dematerialised form, the shareholders are requested to send the shares if held in physical form, directly to their Depository Participant (DP), which would, then be sent to the Registrar and Transfer Agents for dematerialisation.

The requests received for transfer during the year are as given hereunder :

Category Transfer	No. of Requests	No. of Shares	Requests Attended
Demat			
-NSDL	129	21636	129
-CDSL	7	1900	7
Total	**136**	**23536**	**136**

Based on the information given by our Registrars and Transfer Agents, no shareholder complaints were pending as on March 31, 2004. The complaints mainly related to issues of transfers demat and others.

- **Distribution of Shareholding as on March 31, 2004**

Shareholding of Nominal Value	Shareholders		Share Amount	
	No.	% to Total	Rs.	% to Total
Upto 5000	131897	78.858	2453748	16.524
5001 - 10000	1781	10.649	1461451	9.842
10001 - 20000	906	5.417	1364140	9.186
20001 - 30000	314	1.877	790810	5.325
30001 - 40000	135	0.807	489135	3.294
40001 - 50000	110	0.658	519177	3.496
50001 - 100000	198	1.184	1414861	9.528
100001 and above	92	0.550	6356553	42.805
TOTAL	**16725**	**100.000**	**14849875**	**100.000**

CATEGORY	NO. OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
Indian Promoters(Directors & Relatives)	* 2545834	17.14
Mutual Funds and UTI	156734	01.06
Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-Gov.) Institutions	100	00.00
FIIs	8400	00.06
Private Corporate Bodies	1723658	11.60
Indian Public	8405538	56.60
NRI / OCBs	2009611	13.54
Others (NSDL In Transit)	00.00	00.00
GRAND TOTAL	**14849875**	**s100.00**

*** includes the shares held by the family of Late Mr. Atul Kamath and his relatives.**

Auditors' Report

TO THE MEMBERS OF TRIGYN TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of **Trigyn Technologies Limited** ('the Company') as at March 31, 2004, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date (together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ('CARO'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is invited to Note 22. No provisions have been considered necessary for diminution in value other than temporary in the value of investments in certain subsidiaries based on the valuation report from an independent valuer. In the opinion of the management, the carrying values of the investments in certain subsidiaries as at year-end are good and recoverable.
5. Further to our comments in the Annexure referred to above, we report that:
   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books ;
   c. the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e. on the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2004 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f. in our opinion and to the best of our information and according to the explanations given to us, and read with our comments in paragraph 4 above, the said financial statements, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2004;
      ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and,
      iii. in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **RSM & Co.**
Chartered Accountants

Place : Mumbai
Date : June 2, 2004

Vijay N. Bhatt
Partner (F-36647)

PERFORMANCE AT A GLANCE

(Rs. in Million)

	For the year ending March 31,				
	2004	2003	2002	2001	2000
Total income	114.57	160.58	461.40	936.72	696.76
Operating expenses	355.42	2814.03	4,138.67	881.93	509.99
Operating profit	–240.85	–2653.45	–3677.27	54.79	186.77
Interest and finance charges	79.82	127.43	66.66	20.52	12.15
Depreciation	21.05	37.01	44.70	27.20	27.81
Profit before taxes	–341.72	–2817.89	–3,788.63	7.07	146.81
Taxation	–120.11	10.29	0.00	22.61	47.12
Net profit (loss)	–331.61	–2828.18	–3788.63	–15.54	99.69
Dividend %					
Equity	0.00	0.00	0.00	0.00	30.00
Preference	0.00	0.00	0.00	65.00	0.00
Dividend Amount					
Equity	0.00	0.00	0.00	0.00	25.57
Preference	0.00	0.00	0.00	6.03	0.00
Share capital					
Equity	148.50	148.50	148.50	148.50	69.86
Preference	50.00	50.00	50.00	50.00	0.00
Reserves & Surplus	–66.76	265.96	3102.79	6877.54	515.10
Net worth	–118.26	464.46	3301.29	7076.04	583.54
Net Asset	465.67	806.08	3722.52	4796.07	816.54
Performance Indicators as a % of total income					
Operating Margin	–210.22	–1652.42	–796.99	5.85	26.81
Net Margin	–289.44	–1761.23	–821.12	–1.66	14.31
Taxation	–8.82	6.41	0.00	2.41	6.76
Taxation/net profit (loss)	2.96	–0.37	0.00	319.80	32.10
Current ratio	0.77	1.68	3.44	6.90	8.03
Total income/net working capital (times)	–4.18	1.42	1.60	1.08	0.98
Fixed assets turnover (times)	0.59	0.76	2.90	4.48	4.29
Receivable (in days)	183	276	135	161	121
Investment Indicators					
Book value per share	–7.96	31.28	222.31	476.50	83.60
Earnings per share	– 22.33	– 190.45	– 257.32	– 1.47	14.28
Return on capital employed %	0.00	0.00	0.00	0.00	12.21
Share price as on March 31, (BSE) Rs.	10.53	11.40	90.40	78.95	1996.25
Market capitalisation (in millions)	156	169	1342	1172	13946

Annexure to Auditors' Report (Continued)

(x) In our opinion and according to the information and explanations given to us,

(a) the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and

(b) the cash losses incurred by the Company in the financial year under report and in the financial year immediately preceding such financial year is Rs. 1,011.84 lacs and Rs. 1,953.85 lacs respectively.

(xi) On the basis of our examination and according to the information and explanations given to us, the Company has defaulted in repayment of the interests to a bank with respect to its borrowings. Details of the same are given below:

Period (outstanding since)	Amount of default (Rs. In lacs)
March 2003	325.00
May 2003	150.92
November 2003	72.57
Total	548.49

(xii) As the Company has not granted any loans or advances against security, clause (xii) of the Order is not applicable.

(xiii) Provisions for special statute applicable to Chit Fund, nidhi, mutual benefit funds/societies, are not applicable to the Company.

(xiv) On the basis of our examination and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) According to the information and explanations given to us, the Company has applied the term loans for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.

(xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued debentures or made any public issue during the year and accordingly clauses (xix) and (xx) of the CARO, are not applicable.

(xx) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For **RSM & Co.**
Chartered Accountants

Place : Mumbai
Date : June 2, 2004

Vijay N. Bhatt
Partner (F-36647)

Annexure to Auditors' Report

(Referred to in our Report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As informed and represented to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part fixed assets during the year and accordingly going concern is not affected.

(ii) The Company is in the business of providing software services, hence provisions of clause (ii) (a), (b) and (c) of the said Order does not applicable.

(iii) (a) According to information and explanations given to us, the Company has granted interest free unsecured loans to seven companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 3,234.89 lacs and the year-end balance of loans granted to such parties was Rs. 2,528.43 lacs. The Company has taken interest free unsecured loans from directors covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 60 lacs and the year-end balance of loans taken from such parties was Rs. 60 lacs.

(b) In our opinion, the terms and conditions of the loans given or taken by the Company are not, prima facie, prejudicial to the interest of the Company.

(c) Since there is no stipulation as to the time period for recovery or repayment of the principal amount of unsecured loans given or taken, we are unable to comment on the regularity of the same.

(d) According to the information and explanations given to us, reasonable steps have been taken by the Company for recovery/repayment of the principal amount of the loans.

(iv) In our opinion, and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure correct major Weaknesses in internal control. We are informed that the nature of Company's business does not involve purchase of inventories and sale of goods.

(v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, in respect of the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year, the prices cannot be compared as transactions of similar nature have not been made with other parties.

(vi) According to the information and explanations given to us, the Company has not complied with directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Act and the rules framed thereunder with regard to the deposits accepted from the directors. No order has been passed by the Company Law Board for any contravention.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Act for any of the activities of the Company.

(ix) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Wealth Tax and any other statutory dues with the appropriate authorities and there were no such outstanding dues as at March 31, 2004 for a period exceeding six months from the date they became payable. As explained to us, the Sales tax, the Investors Education and Protection Fund, Custom duty, Excise duty and Cess are presently not applicable to the Company.

(b) According to the information and explanations given to us, there are no disputed dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess remaining unpaid as at the year end.

Profit and Loss Account for the year ended 31st March 2004
(Currency: Indian Rupee)

	Note	2004	2003
Income			
Software development services		**78,736,787**	146,864,006
Other income	*17*	**16,387,744**	13,716,028
Provision for doubtful debts/advances no longer required, written back		**19,450,013**	6,693,727
		114,574,544	167,273,761
Expenditure			
Personnel costs	*18*	**53,621,613**	146,729,387
Depreciation	*8*	**21,047,913**	37,005,898
Interest	*19*	**79,819,398**	94,934,350
Other costs	*20*	**66,795,281**	79,459,079
		221,284,205	358,128,714
Loss for the year before tax, prior period adjustments and exceptional items		**106,709,661**	190,854,953
Income tax for earlier years		**(10,105,177)**	10,284,602
Prior period adjustments-Director Remuneration and payroll contributions for earlier years		**22,718,025**	-
Prior period adjustments-interest in lieu of preference share dividend for 2002		-	**32,500,000**
Loss for the year after tax, prior period adjustments and before exceptional items		**119,322,509**	233,639,555
Exceptional items	*22*	**212,285,834**	2,594,538,182
Net loss for the year after tax, prior period adjustments and exceptional items		**331,608,343**	2,828,177,737
Profit and loss account, brought forward		**6,277,630,764**	3,449,453,027
Profit and loss account, carried forward		**(6,609,239,107)**	(6,277,630,764)
Basic earnings per share	*23*	**(22.33)**	(190.45)
Diluted earnings per share		**(22.32)**	(190.26)

The accompanying notes form an integral part of the financial statements.
As per our report of even date.

For RSM & Co.
Chartered Accountants

For Trigyn Technologies Limited

Vijay N. Bhatt
Partner

Ramkrishna Bhagwat
Director

Sudarshan K S
Chief Financial Officer

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Place : Mumbai
Date : June 2, 2004

Balance sheet at 31st March 2004

(Currency: Indian Rupee)

	Note	2004	2003
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	**198,498,750**	198,498,750
Share application money	4	**397,500**	397,500
Reserves and surplus	5	**6,542,474,898**	6,543,589,945
		6,741,371,148	6,742,486,195
Loan funds			
Secured loans	6	**327,541,380**	341,224,919
Unsecured loans	7	**6,000,000**	-
		7,0,74,912,528	7,083,711,114
APPLICATION OF FUNDS			
Fixed assets	8		
Gross block		**195,211,623**	211,179,026
Less: Accumulated depreciation		**182,648,730**	169,932,857
Net block		**12,562,893**	41,246,169
Add: Capital work-in-progress		**-**	1,461,283
		12,562,893	42,707,452
Investments	9	**479,423,600**	648,688,145
Current assets, loans and advances			
Unbilled receivables	10	**222,300**	951,094
Sundry debtors	11	**39,398,726**	110,911,152
Cash and bank balances	12	**2,102,331**	19,824,258
Loans and advances	13	**49,125,591**	146,870,523
		90,848,948	278,557,027
Less : Current liabilities and provisions			
Current liabilities	14	**114,844,328**	115,547,424
Provisions	15	**3,399,892**	49,859,850
		118,244,220	165,407,274
Net current assets / (liabilities)		**(27,395,272)**	113,149,753
Miscellaneous expenditure	16	**1,082,200**	1,535,000
(to the extent not written off or adjusted)			
Profit and loss Account		**6,609,239,107**	6,277,630,764
		7,074,912,528	7,083,711,114

The accompanying notes form an integral part of the financial statements. As per our report of even date.

For RSM & Co.
Chartered Accountants

Vijay N. Bhatt
Partner (F-36647)

Place : Mumbai
Date : June 2, 2004

For Trigyn Technologies Limited

Ramkrishna Bhagwat
Director

Sudarshan K S
Chief Financial Officer

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

Unbilled receivables represent costs incurred and revenues recognised on contracts, to be billed in subsequent periods as per the terms of the contract.

Interest on deployment of surplus funds is recognized using the time proportion method based on the underlying interest rates.

2.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the fixed assets. Cost also includes financing costs directly attributable to acquisition of fixed assets. Depreciation on additions and disposals is provided pro-rata for the period of use.

Depreciation is provided on straight line basis at higher of the rates based on useful lifes of the fixed assets as estimated by the management and those stipulated in Schedule XIV to the Companies Act, 1956.

The useful lives of fixed assets as estimated by the management are:

Asset	**Useful life (in years)**
Leasehold improvements / Assets taken on lease	Over the term of the lease or the estimated useful life of the asset which ever is shorter
Buildings	20 years
Office equipment	3-4 years
Computers and peripherals	3 years
Furniture and fixtures	4 years
Motor vehicles	4 years

2.4 Retirement benefits

Contributions to the employees' provident fund, which is a defined contribution scheme, are charged to the profit and loss account in the year in which the contributions are due. Leave encashment costs are provided for, based on an actuarial valuation carried out by an independent actuary at the balance sheet date. Gratuity costs, which are defined benefits, are based on an actuarial valuation carried out by an independent actuary at the balance sheet date.

2.5 Investments

Long-term investments are carried at cost, and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are carried at lower of cost and fair value.

2.6 Miscellaneous expenditure

Miscellaneous expenditure comprises loan origination costs are written off on a straight-line basis over the outstanding period of the loan.

2.7 Income tax

Current tax provision is made annually based on the tax liability computed after considering tax allowances and exemptions. Further, deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Notes to the financial statements for the year ended 31st March 2004
(Currency: Indian Rupee)

1. Background

Trigyn Technologies Limited ('TTL' or 'the Company') was incorporated on 25 March 1986. The Company made its initial public offering in January 1995 and is presently listed on the National, Mumbai, and Ahmedabad Stock Exchanges.

TTL is primarily engaged in the development of customized applications and client server custom engineered solutions, principally to customers in the telecommunications, and financial services sectors.

Currently, TTL has its software development center in Mumbai, India ('the Head Office') and a branch office at New Jersey, United States of America ('the Branch'). In 1997, the Company established a wholly owned subsidiary, Leading Edge Infotech ('LEI'), which is engaged primarily in providing software services for the financial services market in India. The Company has begun providing services to one of its key clients in Singapore and has opened a branch there for this purpose in March 2003.

The Company operates in Germany, UK and US through its subsidiaries, which became part of Trigyn group pursuant to the acquisition of these subsidiaries by Trigyn in April 2000 and January 2001.

2. Principal accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements.

These financial statements have been prepared assuming the Company will continue as a going concern despite current liabilities exceeds current assets, reduced sales, negative cash flows and cash loss in the current year. Management believes that the Company will be able to finance its operations and meet its commitments including commitments given to support its subsidiaries from internal cash generation in the foreseeable future given the various options it is perusing in this regard. Accordingly, the financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

2.2 Revenue recognition

Revenues from software development services comprise income from time and material and fixed price contracts. Revenue from 'time and material' contracts is recognised, as and when related services are performed and accepted by the customer. Revenue from fixed price contracts is recognised using the percentage of completion method of accounting, under which the sales value of performance, including the profit thereon, is determined by relating the actual man hours of work performed to date to the estimated total man hours for each contract. Provision for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable, based on current contract estimates.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
3. Share capital		
Authorised		
20,000,000 (2003: 20,000,000) equity shares of Rs 10 each.	**200,000,000**	200,000,000
5,000,000 (2003: 5,000,000) preference shares of Rs 10 each.	**50,000,000**	50,000,000
	250,000,000	250,000,000
Issued, subscribed and paid-up		
14,849,875 (2003: 14,849,875) equity shares of Rs 10 each fully paid-up.	**148,498,750**	148,498,750
5,000,000 (2003: 5,000,000) cumulative redeemable preference shares of Rs 10 each fully paid-up.	**50,000,000**	50,000,000
	198,498,750	198,498,750

Of the above, 5,251,666 (2003: 5,251,666) equity shares of Rs 10 each fully paid-up have been issued as bonus shares by capitalisation of share premium.

Of the above, 7,350,000 (2003: 7,350,000) equity shares of Rs 10 each fully paid-up with a premium of Rs 815 have been allotted to eCapital Holding (Bermuda) Limited for consideration other than cash for acquiring 7,350,000 equity shares (representing 100% of issued and paid up share capital) of eCapital Solutions (Bermuda) Limited.

Of the above, 5,000,000 (2003: 5,000,000) cumulative redeemable preference shares of Rs 10 each fully paid-up with a premium of Rs 40 were issued on 30 January 2001 to Global Trust Bank. The cumulative preference shares are redeemable at a premium of Rs 40 with a put and call option as defined below:

10% redeemable at premium of Rs 40 at the end of 24 months from the date of the issue (GTB/ the Company has not exercised this option on that date).

20% redeemable at premium of Rs 40 at the end of 36 months from the date of the issue. (GTB/ the Company has not exercised this option on that date).

35% redeemable at premium of Rs 40 at the end of 48 months from the date of the issue.

35% redeemable at premium of Rs 40 at the end of 60 months from the date of the issue.

All these redemptions are based on Put/Call Options by GTB or the Company respectively, at these dates.

Refer note 26 for Employee Stock Options granted by the Company.

	2004	2003
4. *Share application money*		
Application money under Employees stock option plan ('ESOP')	**397,500**	397,500
	397,500	397,500
5. Reserves and surplus		
Share premium account		
- Balance at the beginning of the year	**6,538,364,825**	6,538,364,825

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized, other than deferred tax assets in respect of unabsorbed depreciation and carry forward tax losses, which are recognised only to the extent that there is virtual certainty that they will be realized. Deferred tax assets are reviewed at each balance sheet date for the appropriateness of their carrying values.

2.8 Leases

Assets acquired on finance leases after March 31, 2001, including assets acquired on hire purchase, have been recognised as an asset and a liability at the inception of the lease, at an amount equal to the lower of the fair value of the leased asset or the present value of the future minimum lease payments. Such leased assets are depreciated over the lease term or its estimated useful life whichever is shorter. Further, the payment of minimum lease payments have been apportioned between finance charges, which are debited to the profit and loss account and reduction in lease obligations recorded at the inception of the lease.

Assets given under operating lease are reflected in the financial statements under fixed assets. Further, lease income from such operating lease arrangements have been recognised in the statement of profit and loss on a straight line basis over the lease term.

2.9 Foreign currency transactions

Indian operations

Transactions in foreign currency are recorded at the monthly average exchange rates. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the year are recognised in the profit and loss account. Foreign currency denominated current assets and current liabilities at the year-end are translated at the year-end exchange rates and the resulting net gain or loss is recognised in the profit and loss account.

US and Singapore Branch office operations

Revenue items other than depreciation costs are translated into the reporting currency at the monthly average exchange rates. Foreign currency denominated current assets and current liabilities at year-end are translated at the year-end exchange rates. Fixed assets are translated at exchange rates on the date of the transaction and depreciation on fixed assets is translated at the exchange rates used for translation of the underlying fixed assets. Net exchange difference resulting from translation of items in the financial statements of the foreign Branch is recognised in the profit and loss account.

2.10 Stock based compensation

Compensation cost relating to employee stock options granted by the Company has been accounted in accordance with the “SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999” issued by Securities and Exchange Board of India. Accordingly, the excess of the market price of the underlying equity share as at the date of grant of the option over the exercise price of the options on the date of grant has been recognized as employee compensation expense and is being amortised on a straight line basis over the vesting period.

2.11 Earnings per share

The basic earnings per share is computed by dividing the profit/ loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

2.12 Segment information

In accordance with Accounting Standard 17 “Segment Reporting”, issued by the Institute of Chartered Accountants of India, if the Company’s single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. Accordingly, the Company has chosen to present segment information only in its consolidated financial statements.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

8. *Fixed assets*

Particulars	Cost as at 1 April 2003	Additions during the year	Deductions during the year	Cost as at 31 March 2004	Accumulated depreciation as at 1 April 2003	Depreciation charge for the year	Accumulated depreciation on deductions	Accumulated depreciation as at 31 March 2004	Net book value as at 31 March 2004	Net book value as at 31 March 2003
Leasehold improvement	76,846,833	770,367	3,126,696	74,490,504	56,535,956	14,253,953	2,766,955	68,022,954	6,467,550	20,254,580
Building	17,940,333	—	11,490,830	6,449,503	3,492,757	897,683	2,801,135	1,589,305	4,860,198	14,447,576
Office equipment	11,100,955	603,480	—	11,704,435	9,852,302	1,429,850	—	11,282,152	422,283	1,449,532
Computer & peripherals	91,463,579	40,226	445,116	91,048,689	87,649,557	3,698,776	455,116	90,893,217	155,472	3,515,622
Motor vehicles	6,105,462	—	2,308,834	3,796,628	5,108,989	483,329	2,308,834	3,283,484	513,144	996,473
Furniture and fixtures	7,721,864	—	—	7,721,864	7,293,296	284,322	—	7,577,618	144,246	582,386
	211,179,026	**1,414,073**	**17,381,476**	**195,211,623**	**169,932,857**	**21,047,913**	**8,332,040**	**182,648,730**	**12,562,893**	**41,246,169**
Previous year	210,665,974	513,052	—	211,179,026	132,962,959	37,005,898	—	169,932,857	41,246,169	—

* Note: The cost of Motor vehicles includes motor vehilcle taken on hire purchase amounting to Rs. 723,409 (2003 : Rs. 723,409))

	2004	2003
9. Investments		
Long term investments (at cost)		
Trade (unquoted) investment in subsidiaries		
7,350,000 (2003:7,350,000) equity shares of US $ 0.40 each fully paid-up in eCapital Solutions (Bermuda) Limited	**6,064,716,375**	6,064,716,375
15,000 (2003:15,000) equity shares of US $ 1 each fully paid-up in Applisoft Inc. USA	**421,629,079**	421,629,079
500,000 (2003: 500,000) equity shares of Rs 10 each fully paid-up in Leading Edge Infotech Limited	**5,000,000**	5,000,000
	6,491,345,454	6,491,345,454
Less: Provision for decline other than temporary in the value of investment in subsidiaries	**6,011,975,454**	5,842,710,909
The company has engaged the services of Dua and Jablons, a CPA firm in the USA to conduct an independent valuation of the two subsidiaries, eCapital Solutions (Bermuda) Ltd. and its subsidiaries and Applisoft Inc. for arriving at a realistic valuation and carrying value of these investments. Based on this valuation report, the average valuation or carrying value of the investment in these two subsidiaries is USD 11.44 million or Rs. 479.37 million as on the balance sheet date.		
	479,370,000	648,634,545

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

Employee stock options outstanding		
- Balance at the beginning of the year	**5,904,295**	21,253,974
- Addtion on issue of stock options	**2,640,000**	**-**
- Reversal on forfeiture of stock options	**(2,428,125)**	(15,349,679)
	6,116,170	5,904,295
Less: Deferred employee compensation expense		
- Balance at the beginning of the year	**679,175**	7,372,935
- Addition on issue of Stock options	**2,640,000**	**-**
- Reversal on forfeiture of stock options	**(77,867)**	(5,095,031)
- Amortisation of deferred employee compensation expense	**(1,235,211)**	(1,598,729)
	2,006,097	679,175
	4,110,073	5,225,120
	6,542,474,898	6,543,589,945

6. Secured loans

From banks		
Term loans	**327,267,818**	339,848,681
Interest accrued and due on term loan	**-**	710,000
(Amount repayable within one year Rs. 56,200,000 (2003: Rs. Nil))	**327,267,818**	340,558,681
From others		
Lease obligation in relation to vehicles acquired under finance lease	**273,562**	666,238
	327,541,380	341,224,919

The Company has taken terms loans from Global Trust Bank (GTB) and Exim Bank. The term loans from GTB are secured by the sole charge on all the assets of the Company and its subsidiaries in India. In addition, the term loans from GTB are secured by the pledge of the 100% shares of eCapital Solutions (Bermuda) Limited and Applisoft Inc., the two wholly owned subsidiaries of Trigyn Technologies Limited.The Company has taken terms loans from Exim Bank and Global Trust Bank (GTB). The Term Loan from Exim Bank has been repaid fully during the year. The Term Loan from Exim Bank was secured by the first charge on the movable and immovable assets of the Company in Mumbai and first charge on the office premises owned by the Company, in Goregaon, Mumbai, which has been released on the full repayment of the loan. The Exim Bank loan also was secured by personal guarantee by a director which has been cancelled on the full repayment of the loan. Finance lease obligations are secured against vehicles acquired under lease.

7. Unsecured loans

Loans from Directors (Interest free)	**6,000,000**	-
	6,000,000	-

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
Maximum balance held during the year with other banks on current account		
- First Fidelity Bank NA, USA	**7,644,248**	85,367,383
- Overseas Chinese Banking Corporation	**3,314,540**	-
- Brunswick Bank and Trust, USA	**866,040**	4,796,653
- Bear Stearns and Company, USA	**-**	96,107
- Dean Witter Bank, USA	**-**	127,804

13. Loans and advances
(Unsecured, considered good)

	2004	2003
Loans to subsidiaries	**42,144,086**	78,209,545
Loans and advances to employees	**82,930**	22,311,422
Deposits	**687,456**	940,469
Advance income taxes	**4,384,420**	44,754,060
Advances recoverable in cash or in kind or for value to be received	**1,826,699**	655,027
	49,125,591	146,870,523
(Unsecured, considered doubtful)		
Loans to subsidiaries	**210,698,434**	245,016,615
Loans and advances to employees	**1,016,528**	1,010,036
	211,714,962	246,026,651
Less: provision for doubtful loans and advances	**211,714,962**	246,026,651
	-	-
	49,125,591	146,870,523

Loans to subsidiaries comprise amounts due from Trigyn Technologies (India) Private Limited Rs 224,853,110 (2003: Rs 235,354,230), Leading Edge Infotech Limited Rs 23,570,659 (2003: Rs 29,269,504), eVector (India) Private Limited Rs 9,505 (2003: Rs 9,505), Trigyn Technologies Limited UK Rs 2,075,814 (2003: Rs 2,273,859), Applisoft Inc. Rs 2,306,718 (2003: Rs 2,526,784), eVector Inc. Rs 26,713 (2003: Rs 29,261) and Trigyn Technologies Inc Rs Nil(2003: Rs 53,763,002) which are companies under the same management as defined under section 370(1B) of the Companies Act, 1956.

Maximum amount outstanding during the year from Trigyn Technologies India Private Limited Rs 235,354,230 (2003: Rs 244,567,918), Leading Edge Infotech Limited Rs 29,532,386 (2003: Rs 37,702,644), eVector (India) Private Limited Rs 9,505 (2003: Rs 1,000,000), Trigyn Technologies Limited UK Rs 2,273,859 (2003: Rs 2,317,284), Applisoft Inc. Rs 2,526,784 (2003: Rs 2,575,039), eVector Inc. Rs 29,264 (2002: Rs 29,822) and Trigyn Technologies Inc Rs 53,763,014 (2003: Rs 75,254,169).

Advances recoverable in cash or in kind includes advances recoverable from the Directors of the Company aggregating Rs Nil (2003: Rs 20,103,386). Maximum amount outstanding during the year from the Directors is Rs 20,318,306 (2003: Rs 22,858,794).

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
Non - trade (unquoted) investments		
100 (2003: 100) equity shares of Rs 36 each fully paid-up in Bombay Mercantile Co operative Bank Limited	**3,600**	3,600
5,000 (2003: 5,000) equity shares of Rs 10 each fully paid-up in North Kanara GSB Co operative Bank Limited	**50,000**	50,000
	53,600	53,600
	479,423,600	648,688,145
10. Unbilled Debtors		
(Unsecured)		
Debts over six months		
- considered good	**-**	476,500
- considered doubtful	**1,204,211**	1,082,751
Others debts		
- considered good	**222,300**	474,594
	1,426,511	2,033,845
Less: Provision for doubtful debts	**1,204,211**	1,082,751
	222,300	951,094
11. Sundry debtors		
(Unsecured)		
Debts over six months		
- considered good	**1,676,347**	64,381,059
- considered doubtful	**261,060,175**	203,862,044
Others debts		
- considered good	**37,722,379**	46,530,093
- considered doubtful	**563,365**	-
	301,022,266	314,773,196
Less: Provision for doubtful debts	**261,623,540**	203,862,044
	39,398,726	110,911,152
12. Cash and bank balances		
Cash on hand	**555**	356,567
Balances with scheduled banks		
- on current account	**874,005**	3,141,964
- on deposit account	**325,974**	13,893,822
	1,200,534	17,392,353
Balances with other banks on current account		
- First Fidelity Bank NA, USA	**674,220**	2,229,874
- Overseas Chinese Banking Corporation	**227,577**	-
- Brunswick Bank and Trust, USA	**-**	202,031
	901,797	2,431,905
	2,102,331	19,824,258

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
19. Interest costs		
On term loans *	**79,683,936**	94,746,609
Others	**135,462**	187,741
	79,819,398	94,934,350

* Includes Rs. 32,500,000 (2003: Rs. 32,500,000) provided for in lieu of preference dividend for 2004.

As per the Facility agreement and Preference Share Subscription Agreement signed with GTB, the Company is liable to pay interest at the rate of 13% on the total preference share subscription amount of Rs. 250 million, in the event the Company is unable to declare dividend in any year, for lack of adequate profits. Accordingly, the Company has made the provision towards this liability.

20. Other costs

	2004	2003
Consultancy charges	**19,719,520**	37,933,359
Travel and conveyance costs	**2,234,589**	3,457,065
Legal and professional fees	**3,984,878**	7,926,902
Rent	**2,026,543**	11,218,149
Rates and Taxes	**45,735**	242,527
Electricity Charges	**1,495,019**	2,907,600
Communication expenses	**926,248**	5,205,406
Insurance	**1,105,034**	741,684
Repairs and maintenance		
- Buildings	**198,389**	-
- Plant and machinery	**305,828**	289,675
- Others	**218,311**	943,118
Exchange loss, net	**27,308,196**	5,448,511
Miscellaneous expenses	**6,774,191**	2,280,083
Amortisation of miscellaneous expenditure	**452,800**	865,000
	66,795,281	79,459,079

21. Taxation

In March 2000, the Company had received a demand from the Income tax authorities aggregating Rs 29,561,192, representing the amount of tax not deducted at source by the Company on salaries of certain employees for the five assessment years ended 31 March 1999. As at 31 March 2000, the Company had provided for the entire amount in the financial statements. Further, the Company had filed an appeal contesting this demand, and paid Rs 14,780,596 under protest. In March 2001, the above appeal was decided in the favour of the Company and in the previous year, the Company had received refund of the above taxes paid including interest aggregating Rs 16,849,880. The tax authorities have appealed against this above order, the amount provided for and the refund received have been disclosed in the financial statements as liability. In the event that the matter is ultimately not decided in the Company's favour, the Company may be contingently liable to pay interest on the amount of demand not paid by it and taxes for subsequent assessment years.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
14. Current liabilities		
Sundry creditors	**5,481,914**	19,535,297
Other liabilities	**12,731,938**	31,425,684
Income tax liability on salaries (refer note 21)	**31,630,476**	31,630,476
Interest accrued but not due on loans	**65,000,000**	32,955,967
	114,844,328	115,547,424

At 31 March 2004 and 31 March 2003, the Company had no amounts due to small-scale industrial undertakings and Investor Education and Protection Fund.

	2004	2003
15. Provisions		
Provision for income tax	**22,120**	46,521,134
Provision for leave encashment and gratuity costs	**3,377,772**	3,338,716
	3,399,892	49,859,850
16. Miscellaneous expenditure *(to the extent not written off or adjusted)*		
Loan origination costs	**1,535,000**	2,400,000
Less: written off during the year	**452,800**	865,000
	1,082,200	1,535,000
17. Other income		
Interest received on deposits with banks (Tax Deducted at Source Rs 16,432(2003: Rs 1,256,642))	**298,222**	6,707,327
Interest received on Income Tax Refund	**24,12,006**	-
Sundry Balance written back	**3,181,287**	-
Lease rental income	**9,974,913**	6,999,436
Profit on sale fixed assets	**505,311**	-
Dividend from non-trade investments (long term)	**7,000**	7,000
Miscellaneous income	**9,005**	2,265
	16,387,744	13,716,028
18. Personnel costs		
Salaries, bonus and overseas allowances	**50,057,943**	142,917,560
Contribution to provident and other funds	**2,215,646**	9,966,680
Gratuity and leave encashment costs	**1,840,823**	(285,232)
Staff welfare	**574,276**	2,786,299
Sales commission	**47,972**	-
Employee stock option expense, net of forfeiture of options	**(1,115,047)**	(8,655,920)
	53,621,613	146,729,387

Notes to the financial statements for the year ended 31 st March 2004 *(Continued)*
(Currency: Indian Rupee)

25. Leases

In 1998, 1999 and 2001 the Company acquired certain vehicles on hire purchase basis. The hire purchase payments in respect of these vehicles are payable in 36 monthly installments, which expire by 2004. Additionally in 2001-2002, the Company acquired a vehicle under finance lease for a non-cancellable period of 3 years. At the inception of the lease, fair value of such vehicles has been recorded as an asset under the gross block of vehicles with a corresponding lease rental obligation under secured loans. As per the agreement, the Company has an option to purchase the vehicle at the end of lease period at the residual value mentioned therein or opt for renewal.

Fixed assets include the following amounts in relation to the above leased assets:

	2004	2003
Gross block of vehicles	**2,217,922**	4,387,709
Less accumulated depreciation	**1,704,778**	3,391,104
Net Block	**513,144**	996,605

Future minimum lease payments in respect of the above assets as at 31 March 2004 are summarized below:

	Minimum lease payments		**Finance charge**		**Present value of minimum lease payments**	
	2004	2003	**2004**	2003	**2004**	2003
Amount due within one year from the balance sheet date	**299,414**	472,344	**25,816**	79,704	**273,598**	**392,640**
Amount due in the period between one year and five years	**-**	299,414	**-**	25,816	**-**	**273,598**
Amount due after five years	**-**	-	**-**	-	**-**	**-**
	299,414	771,758	**25,816**	105,520	**273,598**	**666,238**

The Company has entered into operating lease arrangements, for leasing office premises in both India and US. The lease agreement in India has been cancelled on 25 April, 2003. The office premises in US have been taken under a non-cancellable lease for a period of 3 years, which is renewable at the option of the Company.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

22. Exceptional items

Provision for decline other than temporary in the value of investments in subsidiaries

In April 2000, the Company allotted 7,350,000 equity shares of Rs 10 each at a premium of Rs 815 in consideration aggregating Rs 6,064.72 million for acquiring 7,350,000 equity shares, representing 100% equity interest in eCapital Solutions (Bermuda) Limited ("EB"). The investment was recorded by crediting share capital and share premium accounts. Further, in January 2001, the Company also acquired 100% equity stake in Applisoft Inc for consideration in cash aggregating Rs 421.63 million.

On the basis of a preliminary evaluation in the year 2002 and 2003, the Company had made a provision for 'decline other than temporary' in the carrying value of its investments in eCapital (Bermuda) Limited and Applisoft Inc. aggregating Rs 5837.71 million. The primary reasons for such decline are attributed to the general downturn in the software services and products business, which may result in loss of certain perceived business synergies.

During the year, the company has engaged the services of Dua and Jablons, a CPA firm in the USA to conduct an independent valuation of the two subsidiaries, eCapital Solutions (Bermuda) Ltd. and its subsidiaries and Applisoft Inc. for arriving at a realistic valuation and carrying value of these investments. Based on this valuation report, the average valuation or carrying value of the investment in these two subsidiaries is USD 11.44 million or Rs. 479.37 million as on the balance sheet date. As a result of which management has decided to make a further provision amounting to Rs. 169.26 million.

Provisions for doubtful debts
One of the customer having a balance of Rs. 43,021,289 was provided during the year after an out of court settlement was reached to forego the balance outstanding from that customer.

23. Earnings per share

Details of numerator and denominator used for the purposes of computing earnings per share are summarized below:

	2004	2003
Loss attributable to equity share holders	**331,608,343**	2,828,177,737
Weighted average number of shares used in computing earning per share (Basic)	**14,849,875**	14,849,875
Weighted average number of shares used in computing earning per share (Diluted)	**14,858,691**	14,864,849
Earnings per share (Basic)	**(22.33)**	(190.45)
Earnings per share (Diluted)	**(22.32)**	(190.26)

24. Deferred Taxes

In view of the losses incurred by the company, deferred tax assets on carry forward business losses and unabsorbed depreciation have not been created.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

26. Employee Stock Option Plans

The 1998 Employee stock option plan

The 1998 Employees Stock Option Plan ('the Plan') provides for the issue of options up to 5% of the paid up equity share capital at a minimum exercise price of Rs 265 per equity share, with a vesting period of 36 months from the date of grant of option. In 2002, the Company revised the Plan, whereby the options granted to the employees would vest in four equal installments from the date of the grant of the options.

Presented below is a summary of the Company's 1998 stock option plan activity during the years ended 31 March 2001, 31 March 2002, 31 March 2003 and 31 March 2004:

	Number of options
Balance at 1 April 2000	31,000
Exercised during the year	(1,875)
Forfeited during the year	(3,750)
Balance at 31 March 2001	25,375
Forfeited during the year 2002	(4,500)
Balance at 31 March 2002	20,875
Forfeited during the year 2003	(5,250)
Balance at 31 March 2003	15,625
Forfeited during the year 2004	(8,750)
Balance at 31 March 2004	6,875

The Securities and Exchange Board of India ("SEBI") issued Employees Stock Option Scheme and Employees Stock Purchase Scheme Guidelines, 1999 ("the Guidelines"), which are effective for all stock option schemes established after 19 June 1999. In accordance with the Guidelines, the excess of the market price of the underlying equity shares as at the date of the grant of the options over the exercise price of the options, including upfront payments, if any, is to be recognised and amortised on a straight line basis over the vesting period.

The Company's 1998 Stock Option Plan was established prior to the Guidelines. Had the stock compensation cost for the plan been determined as per the Guidelines, the Company's reported net loss would have been lower by Rs. 1,839,359 (2003: higher by Rs 23,311).

Employee stock option plan 2000
In June 2000 the shareholders of the Company approved the Employees Stock Option Plan 2000 ("the 2000 Plan"), which covers the employees of the Company including its subsidiaries and affiliates. The Plan provides for issue of options up to a 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 the grant of these options. The Company is in the process of setting up a compensation committee as prescribed by the SEBI guidelines for the purpose of administering this Plan. During the year, the Company issued 350 options to employees of its subsidiaries, (2003: 17,200 options, including 6,350 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,

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

25. Leases (continued)

The future minimum lease payments in respect of non-cancellable operating lease in the US as at 31 March 2004 are summarized below:

	2004	2003
Amount due within one year from the balance sheet date	**5,083,261**	7,624,891
Amount due in the period between one year and five years	-	5,083,261
Amount due after five years	-	-
	5,083,261	12,708,152

In July 2001, the Company surrendered a part of its leased office premises. The existing leasehold improvements in these premises were subsequently leased by the Company. Primary period of this lease is 35 months, and can be terminated by the lessee after the first 11 months period. The lease can be further extended by 6 years (3 years at a time) from the end of the primary lease period. These assets are being depreciated over a period of 35 months representing the primary lease period.

In April 2003, the Company surrendered the remaining part of its leased office premises. The existing leasehold improvements in these premises were subsequently leased by the Company. Primary period of this lease is 35 months, and can be terminated by the lessee after the first 11 months period. The lease can be further extended by 6 years (3 years at a time) from the end of the primary lease period. These assets are being depreciated over a period of 35 months representing the primary lease period or the estimated useful life on the date of the agreement whichever is lower.

Fixed assets include the following amounts in relation to the above leased assets:

	2004	2003
Gross block of leasehold improvements	**71,542,903**	35,057,299
Less accumulated depreciation	**65,092,396**	22,207,886
Net Block	**6,450,507**	12,849,413

The future minimum lease income in respect of the above non-cancellable operating lease as at 31 March 2004 are summarized below:

	2004	2003
Amount due within one year from the balance sheet date	**4,398,292**	6,962,436
Amount due in the period between one year and five years	**3,164,754**	1,160,406
Amount due after five years	**-**	-
	7,563,046	8,122,842

Notes to the financial statements for the year ended 31 st March 2004 *(Continued)*
(Currency: Indian Rupee)

26. Employee Stock Option Plans (continued)

Options granted to employees of the US branch ('Branch')
eCapital Holding Bermuda Limited ('EH'), the principal stockholder in TTL (EH owns 49% equity stake in TTL) has granted options to the employees of the Branch at an exercise price ranging between USD 0.65 (Rs 31.54) and USD 0.08 (Rs 3.88) per option, which would vest over a period of four years from the original date of grant of these options. EH has also issued options to certain employees at an exercise price of USD 0.28 (Rs. 13.59) per option, which would vest over a period of 2 years. Presently, these option entitlements are under review by the Company's attorneys and pending formal approval/adoption by the Board of Directors of EH and the Company. The Company has not accounted employee compensation expense in this regard, as these stock options have been granted by EH and do not represent Company's stock options.
Summary of the Company's ESOP plan activity is given below:

	Number of EH options
Balance at 1 April 2000	-
Options granted during the year	1,018,024
Forfeited during the year	(3,087)
Balance at 31 March 2001	1,014,937
Options granted during the year	27,440
Forfeited during the year	(148,519)
Balance at 31 March 2002	893,858
Options granted during the year	-
Forfeited during the year	(125,023)
Balance at 31 March 2003	768,835
Forfeited during the year	(172,232)
Balance at 31 March 2003	**596,603**

27. Regulatory matters

The Company has applied to the concerned regulatory authorities in respect of certain non-compliances, which had been reported on the previous balance sheet date. Most of these non-compliances are a result of the persistent down trend in the software industry, particularly in the United States, which is the largest customer market for the Company. These matters are summarized below:

- Non-receipt of export proceeds within six months from the date of the exports as required by Indian foreign exchange laws
- Non remittance of 30% of profits from the US branch into India as required by Reserve Bank of India ('RBI') in its branch approval;
- Loans and other amounts recoverable from its foreign subsidiaries aggregating Rs. 58.59 million as at 31 March 2003. This loan was completely repaid by the foreign subsidiaries as per RBI directions before 30 September 2003.
- Assignment with recourse of certain debtors of foreign subsidiaries to the US branch aggregating Rs 2.53 million.
- Discount cost aggregating Rs 116.83 million representing allowances made by the Company, arising from negotiations and settlement with a certain customer outside India; and
- A foreign branch of the Company had rendered certain software development services resulting in

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

26. *Employee Stock Option Plans (continued)*

4,150 options to employees of its subsidiaries (2003: 36,512 options, including 29,600 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, 30,450 options including 5,575 options to employees of its subsidiaries (2003: 28,287 options, including 4,250 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, 6,300 options (2003: 47,250) have been forfeited.

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 2,40,000 Equity Shares of the Company at a price of Rs. 10/- per Equity Share with a vesting period of one year. The pervalent market price of the shares, on the date of grant (15 January 2004) was Rs. 21 per share. The RBI approval for the same is awaited.

Presented below is a summary of the Company's 2000 stock option plan activity during the years ended 31 March 2001, 31 March 2002, 31 March 2003 and 31 March 2004:

	Number of options
Balance at 1 April 2000	-
Options granted during the year	324,050
Balance at 31 March 2001	324,050
Options granted during the year	26,350
Forfeited during the year 2002	(136,451)
Balance at 31 March 2002	213,949
Options granted during the year	17,200
Forfeited during the year	(112,049)
Balance at 31 March 2003	119,100
Options granted during the year	250,150
Forfeited during the year	(69,650)
Balance at 31 March 2004	299,600

In accordance with the SEBI guidelines, the excess of the market price of the underlying equity share as at the date of grant of the option over the exercise price of the options on the date of grant has been recognized as employee compensation expenses and is being amortised on a straight line basis over the vesting period. Employee stock option compensation cost for the year ended 31 March 2003 aggregated Rs 1,115,047 (2003: Rs (8,655,920)).

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

29. Capital commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances at 31 March 2004 aggregated Rs. 1,535,803 (2003: Rs. 1,535,803).

30. Contingent Liabilities

(i) Counter guarantees on behalf of Leading Edge Infotech Limited, a wholly owned subsidiary Rs 1,000,000 (2003: Rs. 6,000,000).

(ii) The Company has passed a special resolution in the AGM held on 30 December 2003 to authorize the Board of Directors to offer, issue and allot the fully paid up equity shares of Rs. 10/- each of the Company to the following: 241,832 equity shares to Intel Pacific Inc., 80,610 equity shares to Reuteurs Greenhouse Fund L. P., 40,305 equity shares to Amos Grove Holding Ltd. And 40,305 equity shares to eVector Holdings Limited aggregating 403,052 fully paid equity shares of Rs. 10/- each of the Company in terms of the Settlement and Release Agreement entered into between the Trigyn entities with eVector entities, of which the receipients of the aforesaid preferential equity shares and the Preference Shareholders in cashless (swap) consideration of US $ 162,203, after net set off adjustments, in between Trigyn entities and the eVector entities on a preferential allotment basis with the intellectual property, solutions and other materials of eVector product, a Unified Messaging System, reverting back to Trigyn entities from the eVector entities and such aggregate 403,052 equity shares of the Company shall be issued and allotted at a price of 18.50 equity share, which price is in accordance with the guidelines on preferential issues issued by the SEBI, of India, with November 28 2003, being the relevant date. The resolution granting authority to the Board is however pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and subject to all such approvals, consents, permissions and sanctions of the Government of India, the Foreign Investment Promotion Board, the Reserve Bank of India, the Securities Exchange Board of India and other authorities and institutions, if any, as may be required and subject further to such terms, conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions.

31. Supplementary statutory information

(i) Personnel costs includes managerial remuneration in respect of the whole-time directors of the Company as follows:

	2004	2003
Salary	**1,800,000**	3,662,903
Contribution to provident and other funds	**216,000**	300,913
Director Insurance	**187,200**	-
	2,203,200	3,963,816

During the year and during the previous years ended March 31, 2001 and March 31, 2002, the Company paid managerial remuneration in excess of the limits prescribed under the Companies Act, 1956. On receipt of final approvals from the Central Government this year, this excess remuneration paid aggregating Rs. 22,718,025 (2003: Rs. 20,136,998) has been shown as an prior period expense for the directors.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

27. *Regulatory matters (Continued)*

revenue of Rs 2.13 million and incurred personnel costs and other expenses aggregating Rs 0.85 million during the year ended 31 March 2001. These transactions have not been recognised in the financial statements, pending completion of certain regulatory formalities. The net surplus aggregating Rs 1.28 million had been transferred to a foreign subsidiary. RBI approval for the same has been granted during the this year.

The management is confident that the pending applications will be reviewed favourably by the concerned authorities without any significant penalty.

28. Related party transactions

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2004 are summarized below:

Names of related parties

Subsidiary companies	**Whole-time directors of the Company**
Leading Edge Infotech Limited	Tushar Vaidya
Applisoft Inc.	Ramkrishna Bhagwat
ECapital Solutions (Bermuda) Limited	
ECapital Solutions (Mauritius) Limited	
Trigyn Technologies (India) Private Limited	
Trigyn Technologies Europe GmbH	
Trigyn Technologies Inc	
EVector (Cayman) Limited	
EVector Inc.	
EVector (India) Private Limited	
EVector (UK) Limited	
Trigyn Technologies Limited, UK	

Particulars of related party transactions during the year ended 31 March 2004

Nature of transactions	**Transactions with subsidiaries**	
	2004	2003
Transactions during the year		
Services rendered by the Company	**68,801,067**	96,496,454
Cost of services rendered by the subsidiaries	**-**	6,321,653
Expenses incurred by the Company	**14,042,986**	34,981,627
Expenses incurred on behalf of the Company	**9,239,687**	15,474,815
Loans to subsidiaries	**392,130**	2,803,462
Provision for doubtful loans	**(34,318,181)**	3,811,786
Provisions for doubtful debts/advances	**27,637,300**	2,248,686
Provisions for diminution in value of investments	**169,264,545**	2,594,538,182
Year-end balances		
Gross amounts due as loans	**252,842,520**	323,226,160
Provisions for doubtful loans	**210,698,434**	245,016,615
Gross amounts due as debts	**139,450,159**	135,896,996
Provisions for doubtful debts	**101,419,613**	73,782,313
Gross amounts due to subsidiaries	**-**	18,692,058
Provisions for diminution in value of investments	**6,011,975,454**	5,842,710,909

For ESOP's granted to employees of subsidiaries refer note 24.
For counter guarantees given on behalf of subsidiary refer note 30 (i).

Transactions with Directors

For remuneration paid to the Directors refer note 31 (i) to the financial statements.
For amounts due from Directors refer note 13 to the financial statements.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

33. Balance Sheet abstract and Company's general business

I Registration Details

Registration No.	39341	State Code	11
Balance sheet date	31 (Date) 03 (Month) 2004 (Year)		

II Capital raised during the year (Amount in Rs Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private placement	NIL

III Position of mobilization and deployments of funds (Amount in Rs Thousands)

Total Liabilities	7193157	Total assets	7193157
Source of funds :			
Paid-up capital (Incl. Share Application Money)	198896	Reserves and surplus	6542475
Secured loans	327541	Unsecured loans	6000
Application of funds :			
Net Fixed Assets	12563	Investments	479423
Net Current Assets	–27395	Misc. expenditure	1082
Accumulated loss	6609239		

IV Performance of Company (Amount in Rs Thousands)

Turnover (Including Other Income)	114575	Total Expenditure	221284
+/- [-] Loss Before Tax	331608	+/- [-] Loss for the year	331608

(Please tick appropriate box + for Profit, - for Loss)

Earning per Share in Rs.	–22.33	Dividend Rate %	NIL

V Generic names of three principal products / Services of Company) (As per Monetary Terms)

Item Code no (ITC code)	8,524.9	Product description	Computer Software
Item Code no (ITC Code)	Not applicable	Product description	Not applicable
Item Code no (ITC Code)	Not applicable	Product description	Not applicable

For Trigyn Technologies Limited

Ramkrishna Bhagwat
Director

Sudarshan K S
Chief Financial Officer

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

31. Supplementary statutory information *(Continued)*

		2004	2003
(ii)	Other costs include:		
	Auditor's remuneration:		
	-statutory audit fees	**972,000**	800,000
	-taxation matters	**162,000**	150,000
	-other services	**352,500**	174,380
	-out of pocket expenses	**72,832**	-
		1,559,332	1,124,380
(iii)	Expenditure in foreign currency:		
	Personnel costs	**30,043,632**	105,231,139
	Travel and conveyance	**1,113,019**	1,406,604
	Legal and professional fees	**913,712**	4,073,247
(iv)	Consultancy fees	**18,007,511**	36,134,696
	Capital items	**-**	432,281
	Others	**68,339,766**	6,978,011
		118,417,640	154,255,978
(v)	Earnings in foreign currency:		
	Software development services	**78,527,227**	146,539,006
	Writeback of provision for doubtful debts/advances	**-**	1,830,356
	Income Tax Provision written back	**1,554,750**	-
	Writeback of Outstanding Liabilities	**2,816,786**	-
	Interest and other income	**8,239**	152,407
		82,907,002	148,521,769

32. Prior year comparatives

Prior year figures have been reclassified to conform to current year's presentation.

Notes to the financial statements for the year ended 31 March 2004 *(Continued)*
(Currency: Indian Rupee)

Cash Flow Statement for the year ended 31 March 2004 (Continued)

		2004	2003
Cash flow from financing activities			
Interest paid		**(48,485,365)**	(94,382,684)
Acceptance of loans from directors		**6,000,000**	-
Repayment of loans		**(12,973,539)**	(80,320,941)
Net Cash (used in) / generated from financing activities	**(C)**	**(55,458,904)**	(174,703,625)
Decrease in cash and cash equivalents	**(A + B + C)**	(17,721,927)	(188,586,011)
Cash and cash equivalents at the beginning of year		**19,824,258**	208,410,269
Cash and cash equivalents at the end of year *		**2,102,331**	19,824,258

* Includes unrealised exchange loss of Rs. 61,673 (2003: gain of Rs. 560,250)

The accompanying notes form an integral part of the financial statements.
As per our report of even date.

For RSM & Co.
Chartered Accountants

Vijay N. Bhatt
Partner (F- 36647)

Place: Mumbai
Date: June 2, 2004

For Trigyn Technologies Limited

Ramkrishna Bhagwat
Director

Sudarshan K S
Chief Financial Officer

Tushar Vaidya
Director

Place: Mumbai
Date: June 2, 2004

Notes to the financial statements for the year ended 31 March 2004 *(Continued)*
(Currency: Indian Rupee)

Cash Flow Statement for the year ended 31 March 2004

		2004		2003
Cash flow from operating activities				
Loss before tax, prior period adjustments and exceptional items		**106,709,661**		190,854,953
Adjustments for:				
Interest income	**(2,710,228)**		(6,707,327)	
Income from Trade Investments	**(7,000)**		(7,000)	
Provision for doubtful debts/advances no longer required, written back	**(19,450,022)**		(6,693,727)	
Depreciation and amortization	**20,385,666**		29,214,978	
Unrealised foreign exchange (gain) / loss	**5,031,125**		1,936,533	
Director Remuneration and payroll contributions for earlier years	**(22,718,025)**		-	
Loss on sale of assets/investments, net	**3,547,375**		-	
Interest Cost	**79,819,398**	**63,898,289**	94,934,350	112,677,807
Operating (loss)/profit before working capital changes		**(42,811,372)**		(78,177,146)
Changes in:				
Sundry Debtors	**8,514,221**		49,741,148	
Loans and advances		**22,020,138**	47,036	
Current Liabilities and Provisions	**(67,544,506)**	**(37,010,147)**	(38,232,078)	11,556,106
Cash (used in) / generated from operations		**(79,821,519)**		(66,621,040)
Income taxes refund / (paid), net		**40,369,640**		9,450,172
Net cash (used in) / generated from operations	**(A)**	**(39,451,879)**		(57,170,868)
Cash flow from investing activities				
Proceeds from sale of fixed assets		**5,502,061**		-
Purchase of fixed assets		**(1,414,073)**		(1,245,936)
Interest Received		**2,710,228**		6,789,176
Dividend Received		**7,000**		7,000
Loans to subsidiaries (net)		**70,383,640**		37,738,242
Net cash used in investing activities	**(B)**	**77,188,856**		43,288,482

Directors' Report

The Directors are pleased to present their report along with the audited statement of accounts of Trigyn Technologies (India) Private Limited for the year ended March 31, 2004.

Financial Results

Financial Results for the year ended March 31, 2004 are given below:

(Rs. In million)

	Year ended March 31, 2004	Year ended March 31, 2003
Income		
From Operations	57.77	68.55
Other Income	27.56	36.31
Total Revenue	**85.33**	**104.86**
Expenditure		
Interest	0.05	0.10
Depreciation	6.84	12.89
Operating and other expenses	94.04	106.52
Total Expenditure	100.93	119.51
Exceptional Items	–	–
Profit / (Loss) before Tax	**(15.60)**	**(14.64)**
Provision for Tax (for earlier year)	-	0.12
Profit / (Loss) after Tax	**(15.60)**	**(14.76)**
Loss brought forward	(306.17)	(291.41)
Balance carried forward	(321.77)	(306.17)

Review of Operations

During the year under review the company has achieved the turnover of Rs. 85.33 million as against Rs. 104.86 million for the last year.

The Company's improved operational efficiency resulted in better performance. The Company has written off the entire Capitalised Software development expenditure. Thus, the Company's losses were marginally higher at Rs. 15.60 millions as against the net loss of Rs. 14.65 millions in last year. However excluding the amortisation of the Software development expenditure, the net profit was Rs. 1.38 million as against the corresponding net loss before amortisation of 5.7 million, during the last year.

In view of loss the directors do not recommend any dividend for the year.

Directors responsibility statement

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

i) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation 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 31,2004 and of the profit & loss account for the year ended March 31,2004.

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.

Directors

In accordance with the provisions of the Companies Act, 1956, Mr. Ramkrishna Bhagwat retires by rotation, and being eligible, offers himself for reappointment.

Mr. Pingali Radhakrishna resigned during the year. Mr. Madhav Kale resigned on June 3, 2004.

Employees

Information as required under the provisions of section 217 (2A) of the Companies Act, 1956 and the rules framed there under forms 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 the shareholders, excluding the statement of particulars of employees under section 217 (2A) of the act. Any shareholder desirous of obtaining a copy of the said statement may write to the company at the registered office of the Company.

Auditors

M/s. RSM & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and have informed as required u/s 224 of the Companies Act, 1956 that they are available for reappointment for the current year, which is recommended.

Auditors' Report

The Auditors' Report on the accounts is self-explanatory and therefore does not call for any further comments.

Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings and Outgo

The information required under the above heads in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 are given in Annexure-A to this report.

Acknowledgements

The Board of Directors place on record their appreciation for the support provided by the Company's Bankers, Customers, Vendors as well as all the Employees towards the growth of the Company.

On behalf of the Board of Directors
For **Trigyn Technologies (India) Private Limited**

Place : Mumbai
Date : June 02, 2004

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 31st March 2004.

CONSERVATION OF ENERGY

a.	Energy conservation measures taken	: The computer systems installed are designed for lowpower 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	: N.A.
g.	Statement of Expenditure/Earning incurred in foreign currency	
	Outgo	: Rs. 31,455,362
	Income	: Rs. 57,687,279

AUDITORS' REPORT

TO THE MEMBERS OF Trigyn Technologies (India) Private Limited

1. We have audited the attached Balance Sheet of **Trigyn Technologies (India) Private Limited** ('the Company') as at March 31, 2004, and the Profit and Loss Account for the year ended on that date (together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ('CARO'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *Attention is invited to Note 2.1 (c) in the financial statements. These financial statements have been prepared assuming the company will continue as going concern despite reduced sales, negative cash flows and continuous cash losses. In our opinion, these factors, along with other matters set forth in the above note, raise substantial doubt that the company will be able to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that might results should the company be unable to continue as a going concern.*
5. Further to our comments in the Annexure referred to above, we report that:
   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books ;
   c. the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e. on the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2004 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f. except for the adjustments, if any, required to the carrying amount of assets and the classification of liabilities that might result should the Company be unable to continue as a going concern as stated in paragraph 4 above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
   i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2004, and
   ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For **RSM & Co.**
Chartered Accountants

Vijay N. Bhatt
Partner (F-36647)

Place : Mumbai
Date : June 2, 2004

Annexure to Auditors' Report

(Referred to in our Report of even date)

(i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. As informed and represented to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

c. In our opinion and according to the information and explanations given to us, the Company has not disposed of substantial part fixed assets during the year and accordingly **going concern is not affected.**

(ii) The Company is in the business of providing software services, hence provisions of clause (ii) (a), (b) and (c) of the said Order does not applicable.

(iii) a. According to information and explanations given to us, the Company has granted interest free unsecured loans to company covered in the register maintained under section 301 of the Companies Ac, 1956. The maximum amount involved during the year was Rs. 27.40 lacs and the year-end balance of loans granted to such party was Rs. 27.40 lacs. The Company has taken interest free unsecured loans from holding company and its associates covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,354.43 lacs and the year-end balance of loans taken from such parties was Rs. 2,249.41 lacs.

b. In our opinion, the terms and conditions of the loans given or taken by the Company are not, prima facie, prejudicial to the interest of the Company.

c. Since there is no stipulation as to the time period for recovery or repayment of the principal amount of unsecured loans taken, we are unable to comment on the regularity of the same.

d. According to the information and explanations given to us, reasonable steps have been taken by the Company for recovery or repayment of the principal amount of the loans.

(iv) In our opinion, and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with the size of the Company and nature of its business for the purchase of fixed assets during the course of our audit, we have not observe any countinuing failure to correct major weaknesses in internal control. We are informed that the nature of Company's business does not involve purchase of inventories and sale of goods.

(v) a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b. In our opinion and according to the information and explanations given to us, in respect of the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year, the prices cannot be compared as transactions of similar nature have not been made with other parties.

(vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Act and the rules framed thereunder are applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Act for any of the activities of the Company.

(ix) a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Custom duty and any other statutory dues with the appropriate authorities and there were no such outstanding dues as at March 31, 2004 for a period exceeding six months from the date they became payable. As explained to us, the Investors Education and Protection Fund, Wealth Tax, Excise duty and Cess are presently not applicable to the Company.

b. According to the information and explanations given to us, there are no disputed dues of income tax, custom duty, wealth tax, excise duty and cess remaining unpaid as at the year end except for the following:

Annexure to Auditors' Report *(Continued)*

Name of the statute	Nature of Dues	Amount(Rs.)	Period	Forum
Delhi Sales Tax Act, 1975	Sales Tax Liability	1,310,303	2000-2001	The Deputy commissioner of Sales Tax-IV

(x) In our opinion and according to the information and explanations given to us,

a. the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and

b. the Company has not incurred cash losses in the financial year under report. In respect of the financial year immediately preceding the financial year under report, the Company has incurred cash losses of Rs. 258.18 lacs.

(xi) On the basis of our examination and according to the information and explanations given to us, the Company has not borrowed any amount from financial institution, banks and debenture holders, clause (xi) of the Order is not applicable.

(xii) As the Company has not granted any loans or advances against security, clause (xii) of the Order is not applicable.

(xiii) Provisions for special statute applicable to Chit Fund, nidhi, mutual benefit funds/societies, are not applicable to the Company.

(xiv) On the basis of our examination and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) According to the information and explanations given to us, the Company has not taken any term loans.

(xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.

(xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued debentures or made any public issue during the year and accordingly clauses (xix) and (xx) of the CARO, are not applicable.

(xx) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For **RSM & Co.**
Chartered Accountants

Vijay N. Bhatt
Partner (F-36647)

Place : Mumbai
Date : June 2, 2004

Balance sheet at 31st March 2004
(Currency: Indian Rupee)

	Note	2004	2003
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	*3*	**147,104,400**	147,104,400
Loan funds			
Unsecured loans	4	**224,941,464**	244,123,259
		372,045,864	391,227,659
APPLICATION OF FUNDS			
Fixed assets	*5*		
Gross block		**91,929,861**	91,996,619
Less: Accumulated depreciation		**67,542,399**	60,844,456
Net block		**24,387,462**	31,152,163
Investments	*6*	**485,600**	485,600
Current assets, loans and advances			
Unbilled receivables		**-**	1,674,478
Sundry debtors	*7*	**32,727,571**	37,801,301
Cash and bank balances	*8*	**6,153,775**	6,946,085
Loans and advances	*9*	**13,045,740**	17,864,778
		51,927,086	64,286,642
Less: Current liabilities and provisions			
Current liabilities	*10*	**24,050,100**	20,126,505
Provisions	*11*	**2,479,535**	7,719,560
		26,529,635	27,846,065
Net current assets		**25,397,451**	36,440,577
Miscellaneous expenditure			
(to the extent not written off or adjusted)	*12*	**-**	16,975,335
Profit and loss account		**321,775,351**	306,173,984
		372,045,864	391,227,659

The accompanying notes form an integral part of the financial statements.
As per our report of even date.
For RSM & Co.

Chartered Accountants

For Trigyn Technologies (India) Private Limited

Vijay N. Bhatt
Partner (F-36647)

Ramkrishna Bhagwat
Director

Sudarshan K S
Chief Financial Officer

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Place : Mumbai
Date : June 2, 2004

Profit and loss account for the year ended 31st March 2004
(Currency: Indian Rupee)

	Note	**2004**	2003
Income			
Software development services, projects and professional services		**57,774,968**	68,550,727
Other income	*13*	**10,376,826**	24,565,255
Provision for doubtful debts no longer required, written back		**3,663,266**	11,747,871
Provision for earlier years, no longer required, written back		**13,517,772**	-
		85,332,832	104,863,853
Expenditure			
Cost of Good sold		**-**	960,400
Personnel costs	*14*	**42,170,651**	63,729,131
Operating and administration expenses	*16*	**34,901,252**	32,471,764
Financials expenses	*15*	**51,127**	96,074
Amortisation of software development expenses	*12*	**16,975,335**	9,064,893
Goodwill written off (ref. Note 22)		**-**	300,176
Depreciation	*5*	**6,835,834**	12,887,982
		100,934,199	119,510,420
Loss for the year before tax		**15,601,367**	14,646,567
Provision for taxation for earlier years		**-**	116,463
Loss for the year after tax		**15,601,367**	14,763,030
Add loss brought forward from the previous year		**306,173,984**	291,410,954
Balance carried forward		**321,775,351**	306,173,984
Earnings Per Share			
(Equity shares, par value Rs. 100/- each)Basic and diluted		**(10.61)**	(10.04)
Number of shares used in computing earning per share Basic and diluted		**1,471,044**	1,471,044

The accompanying notes form an integral part of the financial statements.
As per our report of even date.

For RSM & Co.

Chartered Accountants

Vijay N. Bhatt
Partner (F-36647)

Place : Mumbai
Date : June 2, 2004

For Trigyn Technologies (India) Private Limited

Ramkrishna Bhagwat
Director

Sudarshan K S
Chief Financial Officer

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Notes to the financial statements for the year ended 31 March 2004
(Currency: Indian Rupee)

1. Background

Trigyn Technologies (India) Private Ltd ("TTIPL or the Company") was originally incorporated as Fabulous Trading and Investment Private Limited. On January 14, 1999, the Company changed its name to eCapital Solutions (India) Private Limited. Subsequently, on August 3, 2000, the Company's name was changed to Trigyn Technologies (India) Private Ltd. The Company is primarily engaged in carrying on the business of executing software development services, projects and professional services and is part of the eCapital Solutions and Trigyn Technologies Worldwide Group, which has operations in the United States of America, United Kingdom, Germany and India.

On February 26, 2001, the Company allotted 1,471,024 equity shares of Rs 100 each at par to eCapital Solutions (Mauritius) Limited, a 100% subsidiary of eCapital Solutions (Bermuda) Limited, which in turn is a subsidiary of Trigyn Technologies Limited, a Public Company. Consequently, the Company has become a public company with effect from that date. The Company is in the process obtaining the necessary approval from the registrar of companies for a change in its name.

The Company is engaged in the business of providing information technology consultancy and software development services, in addition to developing and servicing its own product for customers in the convergent marketplace.

2. Principal accounting policies

2.1 Basis of preparation of financial statements

a. The financial statements are prepared under the historical cost convention on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India ("ICAI").

b. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements.

c. These financial statements have been prepared assuming the Company will continue as a going concern despite reduced sales, negative cash flows and cash loss in the current year. Management believes that the Company will be able to finance its operations and meet its commitments including commitments given to support its subsidiaries from internal cash generation in the foreseeable future given the various options it is perusing in this regard. Accordingly, the financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

2.2 Revenue recognition

The Company derives its revenues primarily from software development services, projects and professional services. Revenues from software development services and projects comprise income from time-and-material contracts, fixed-price contracts, sale of licenses and maintenance service contracts. Revenue from time-and-material contracts is recognized on the basis of software developed and billed in accordance with the terms of the contracts and accepted by the customers. Revenue from fixed-price-contracts is recognized on the completion of milestones specified in the contracts under the percentage-of-completion method. 'Unbilled revenues' included in current assets represents revenues earned in excess of amounts billed to clients as at the balance sheet date. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license. Revenue from maintenance service contracts is recognized proportionately over the period in which such services are rendered. Professional services represent income from recruitment services and have been recognized based on the services rendered and billed in accordance with the terms of the agreements. Appropriate provisions are recognized where a portion of the revenue may require to be reimbursed in the event of the underlined contract being cancelled prior to the completion of the contract period.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

2.3 Fixed assets and depreciation

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation. Direct costs related to acquisition/ installation are capitalized until assets are ready for use. These costs include the borrowing costs related to the acquisition or construction of qualifying assets for the period up to the completion of construction or installation of such assets and preoperative expenses incurred during the construction period. Capital work-in-progress includes advances paid to acquire fixed assets and the cost of assets not put to use before the balance sheet date.

Depreciation is provided on straight line basis at higher of the rates based on useful lifes of the fixed assets as estimated by the management and those stipulated in Schedule XIV to the Companies Act, 1956.

The useful lives of fixed assets as estimated by the management are:

Asset	**Useful life (in years)**
Leasehold improvement / Assets taken on lease	Over the term lease or the estimated useful life of the asset which ever is shorter
Buildings	20 years
Office equipment	3-4 years
Computers and peripherals	3 years
Furniture and fixtures	4 years
Motor vehicles	4 years
Good will	1 year

2.4 Retirement benefits

Contributions payable to the recognized provident fund, which is a defined contribution scheme, are made monthly at predetermined rates to the appropriate authorities and charged to the profit and loss account in the year in which contributions are made.

Provisions for gratuity are as per the actuarial balances provided by LIC and the provisions for leave encashment are determined by the Management based on the leave balances as on balance sheet date and provided on the basis of an accrual valuation at the balance sheet date.

2.5 Miscellaneous expenditure

Miscellaneous expenditure pertains to research and development expenses in respect to software product developed for external customers from the date of establishment of technological feasibility till the product is ready for sale. These expenses are amortised in the ratio that current gross revenues bear to the total estimated gross revenues as estimated by the management or the estimated useful life of the product, whichever determines the lower useful life

2.6 Income tax

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

2.7 Leases

Assets acquired on finance leases after March 31, 2001, including assets acquired on hire purchase, have been recognised as an asset and a liability at the inception of the lease, at an amount equal to the lower of the fair value of the leased asset or the present value of the future minimum lease payments. Such leased assets are depreciated over the lease term or its estimated useful life whichever is shorter. Further, the payment of minimum lease payments have been apportioned between finance charges, which are debited to the profit and loss account and reduction in lease obligations recorded at the inception of the lease

Assets given under operating lease are reflected in the financial statements under fixed assets. Further, lease income from such operating lease arrangements have been recognised in the statement of profit and loss on a straight line basis over the lease term.

2.8 Foreign currency transactions

Indian operations

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Foreign currency monetary assets and liabilities at the date of the balance sheet are translated at the rate of exchange prevailing on that date.

The Company recognizes all transaction / translation gains and losses in the profit and loss account except those relating to liabilities incurred for the acquisition of fixed assets, which are adjusted to the carrying cost of the respective assets.

UK Branch office operations

Revenue including the depreciation costs are translated into the reporting currency at the yearly average exchange rates. Foreign currency denominated current assets and current liabilities at year-end are translated at the year-end exchange rates. Fixed assets are translated at exchange rates on the date of the transaction and depreciation on fixed assets is translated at the exchange rates used for translation of the underlying fixed assets. Net exchange difference resulting from translation of items in the financial statements of the foreign Branch is recognised in the profit and loss account.

2.9 Earnings per share

The basic earnings per share is computed by dividing the profit/ loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

	2004	2003
3. Share capital		
Authorised		
1,500,000 (2003: 1,500,000) equity shares of Rs 100 each.	**150,000,000**	150,000,000
	150,000,000	150,000,000
Issued, subscribed and paid-up		
1,471,044 (2003: 1,471,044) equity shares of Rs 100 each fully paid up.	**147,104,400**	147,104,400
	147,104,400	147,104,400

The entire shareholding of 1,471,044 shares are held by eCapital (Mauritius) Limited and its nominees. Refer Note 21 for Employee Stock Options granted by the Company.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
4. Unsecured Loan		
(Short term loan)		
Loan from Trigyn Technologies Limited (interest free)	**224,853,110**	241,236,097
Loan from Trigyn Technologies Inc. (interest free)	**88,354**	2,887,162
	224,941,464	244.123,259

5. Fixed assets

Particulars	Cost as at 1 April 2003	Additions during the year	Deductions during the year	Cost as at 31 March 2004	Accumulated depreciation as at 1 April 2003	Depreciation charge for the year	Accumulated depreciation on deductions	Accumulated depreciation as at 2004	Net book value as at 31 March 2004	Net book value as at 31 March 2003
Leasehold improvements	39,120,061	—	—	39,120,061	12,875,617	40,98,289	—	16,973,907	22,146,154	26,244,444
Computers & peripherals	34,923,194	—	—	34,923,194	30,727,666	2,321,724	—	33,049,390	1,873,804	4,195,528
Software	9,897,015	20,592	—	9,917,607	9,782,783	129,271	—	9,912,054	5,553	114,232
Office Equipment	5,696,918	70,000	17,140	5,749,778	5,146,825	270,652	15,630	5,401,847	347,931	550,093
Furniture and fixtures	2,359,431	14,600	154,810	2,219,221	2,311,565	15,898	122,262	2,205,201	14,020	47,866
	91,996,619	**105,192**	**171,950**	**91,929,861**	**60,844,456**	**6,835,834**	**137,892**	**67,542,399**	**24,387,462**	**31,151,163**
Previous year	90,817,227	1,479,568	300,176	91,996,619	45,867,311	14,977,145	—	60,844,456	31,152,163	44,949,916

	2004	2003
6. Investments (at cost, unquoted)		
100,000 shares of $0.01 each of Empowertel Systems, each fully paid up.(2003: 100,000)	**485,600**	485,600
	485,600	485,600

The company was allotted these shares as part of the consideration for the services provided in the year 2001.

	2004	2003
7. Sundry debtors		
(Unsecured)		
Debts over six months		
- considered good	**29,729,738**	13,842,094
- considered doubtful	**117,027,591**	134,208,629
Others debts		
- considered good	**29,97,833**	23,959,207
	149,755,162	172,009,930
Less: Provision for doubtful debts	**117,027,591**	134,208,629
	32,727,571	37,801,301

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
8. Cash and bank balances		
Cash on hand	**36,848**	225,802
Balances with scheduled banks		
- on current account	**3,500,504**	138,605
- on deposit account	**2,616,423**	2,537,033
Balances with non-scheduled banks		
- on current account	**-**	4,044,645
	61,53,775	6,946,085
Maximum balance outstanding during the year in respect of non-scheduled bank (Barclays Bank)	8,250,996	6,463,356
9. Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received *	**4,441,286**	10,506,989
Security Deposits	**7,228,505**	6,367,475
Tax deducted at source	**1,375,949**	990,314
	13,045,740	17,864,778
** Includes*		
(a) amount due from ex-director	**-**	7,225,000
(b) amounts due from Companies under the same management - eCapital Solutions (Bermuda) Limited	**2,739,880**	2,739,880
The above amounts also represent the maximum amounts due at any time during the year		
10. Current liabilities		
Sundry creditors	**2,080,645**	3,336,554
Creditors for capital goods	**300,000**	426,667
Security Deposits	**13,114,257**	6,649,200
Accrued expenses and other liabilities	**8,555,198**	9,714,084
	24,050,100	20,126,505

At 31 March 2004 and 31 March 2003, the Company had no amounts due to small-scale industrial undertakings.

11. Provisions		
Leave encashment	**177,035**	714,000
Provision for foreseeable losses on contracts	**-**	4,703,060
Taxation	**2,302,500**	2,302,500
	2,479,535	**7,719,560**

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
12. Miscellaneous expenditure		
(to the extent not written off or adjusted)		
Opening Balance	**16,975,335**	15,863,556
Software development expenses capitalized during the year	**-**	10,176,672
Less: written off during the year	**16,975,335**	9,064,893
	-	16,975,335

Miscellaneous expenditure comprises direct expenses such as salaries incurred and certain direct expenses allocated on the basis of man-hours spent on the product development of Apollo. Apollo was conceptualized as a Convergent Billing and Customer Care solution addressing the emerging convergence between various services in the Telecom, Media and entertainment space and exploiting the IP (Internet Protocol) based billing strategy. Apollo has a very long product life cycle and the core product design has been completed as of date. During the current year, the potential for the Apollo product was reviewed and considering the uncertainty of future revenue potential, the entire amount of software development expenses carried forwarded until the fiscal ended March 31, 2004 was written off.

	2004	2003
13. Other income		
Interest on loans and deposits with banks (Tax Deducted at Source Rs. 15,921) (Year ended Mach 31, 2003: Rs. 58,912.00)	**95,312**	375,529
Foreign Exchange gain, net	**-**	16,006,738
Rent income	**9,744,619**	5,911,740
Miscellaneous income	**536,895**	487,819
Sundry balances written back (net)	-	1,783,429
	10,376,826	**24,565,255**
14. Personnel costs		
Salaries and bonus	**39,807,381**	65,785,574
Contribution to provident and other funds	**2,004,128**	4,183,529
Gratuity	**100,761**	48,774
Staff welfare	**113,228**	299,808
Vehicle expenses	**145,153**	832,467
Less capitalized as software development expenses.	**-**	(7,421,021)
	42,170,651	63,729,131
15. Financial Expenses		
Bank charges	**51,127**	96,074
	51,127	96,074
16. Operating and Administration Expenses		
Travel and conveyance	**2,362,664**	5,223,054
Communication	**607,247**	3,681,902
Rent	**8,509,306**	7,960,968
Legal and professional	**593,207**	2,411,318
Hire charges	**490,448**	345,265
Staff training	**-**	42,600
Power and Fuel	**1,889,901**	2,657,877
Advertisement and publicity	**-**	18,311

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
16. Operating and Administration Expenses *(continued)*		
Insurance	**-**	658,162
Repairs and maintenance- office equipment	**65,400**	80,537
Outsourced service charges	**187,970**	220,425
Printing and Stationery	**204,041**	209,216
Provision for bad and doubtful debts	**-**	1,660,530
Provision for foreseeable losses on contracts	**(4,703,060)**	2,417,799
Exchange loss, net	**17,095,576**	-
Hosting and networking	**-**	829,477
Miscellaneous expenses	**2,621,683**	1,704,594
VAT Expense (net)	**4,976,869**	3,016,217
Less: Capitalised as software development expenses.	**-**	(666,488)
	34,901,252	32,471,764

17. Taxation

The Company has not made any provision for taxation in the financial statements, in view of brought forward tax losses and in view of the huge accumulated losses, the company has informed the Income Tax Department that it has exercised its option to withdraw from the Section 10 A benefits.

18. Earnings per share

Details of numerator and denominator used for the purposes of computing earnings per share are summarized below:

	2004	2003
Loss for the year after tax	**15,601,364**	14,763,030
Weighted average number of shares used in computing earning per share	**1,471,044**	1,471,044
Earning per share	**(10.61)**	(10.04)

19. Deferred Taxes

In view of the losses incurred by the company, deferred tax assets on carry forward business losses and unabsorbed depreciation have not been created.

20. Leases

The Company has entered into an agreement for the sub-lease of additional office premises, that were unutilized, with effect from January 10, 2004. Sub-lease payments received and recognized (included in miscellaneous income) in the statement of profit and loss for the year amounted to Rs. 9,744,619.

The Company has entered into operating lease arrangements, for leasing office premises in both India and UK. Fixed assets include the following assets leased in relation to the above sub-leased premises:

	Year ended March 31, 2004	Year ended March 31, 2003
Gross block	**47,089,061**	41,479,492
Less: Accumulated depreciation	**24,580,955**	15,187,182
Net Block	**22,508,186**	26,292,310

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

20. Leases *(continued)*

The entire assets above are part of the sub-lease to a third party.

The future minimum sublease payment receivable in respect of above non-cancellable operating lease as at March 31, 2004 are summarized below:

	2004	2003
Amount due within one year from the balance sheet date	**13,119,715**	-

The future minimum lease payments in respect of such non-cancellable operating leases as at 31 March 2004 are summarized below:

	2004	2003
Amount due within one year from the balance sheet date	**7,241,484**	6,769,206
Amount due in the period between one year and five years	**23,826,013**	30,595,219
Amount due after five years	-	-

21. Employee Stock Option Plans

In June 2000, the shareholders of Trigyn Technologies Limited (TTL) approved the Employees Stock Option Plan 2000 ('the 2000 plan'), which covered the employees of TTL including its subsidiaries and affiliates.

Consequent to the acquisition by TTL of 100% equity interest in eCapital Solution (Bermuda) Limited and its subsidiaries (collectively referred to as EB) in April 2000, TTL options were issued to the employees of the Indian subsidiaries of EB. These options were 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 grant of these options.

In accordance with the SEBI guidelines, the excess of the market price of the underlying shares as at the date of grant of the option over the exercise price of the options on the date of grant has been recognized as employee compensation expense on a straight line basis over the vesting period in the books of TTL.

22. The goodwill has arisen during the previous year as a result of the Company acquiring the client relationships of one of its associates, Trigyn Technologies Ltd., UK. Trigyn Technologies Ltd., UK was put into liquidation and the residual client relationships were taken over by the Company and the goodwill amount represents the amounts paid to the official liquidator, as per the UK laws.

23. Regulatory matters

The Company has made an application to RBI seeking permission for extension of date for receipt of export proceeds, which are outstanding beyond period permitted under Indian foreign exchange laws, i.e., the six months from the date of the exports. The Company has regularized the collections in respect of its associates except for the associate in Germany, which is also being improved upon. The details of the amounts outstanding for more than six months are:

Trigyn Technologies Inc., US	: Rs. 30,750,751
Trigyn Technologies Europe, GmbH, Germany	: Rs. 54,945,392
Trigyn Technologies Ltd., UK (company under voluntary liquidation)	: Rs. 45,724,908

The Company has made necessary applications to the Reserve Bank of India ("RBI"), seeking RBI's permission to write off the amounts in respect of dues from Trigyn Technologies Ltd., UK since the company has been put into liquidation.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

24. Capital and other commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances at 31 March 2004 aggregated Rs NIL (2003: Rs. NIL).

25. Contingent Liabilities

I. During the previous year, one of the clients eTender.com Limited filed an injunction in the High Court of Delhi against the company in relation to the software developed by the Company for them. The Company has filed its responses and submitted adequate documentary proof to the honourable High Court, refuting the claims made by the client. Given the strong documentary evidence in Company's favour, the management is of the opinion that the claims of the client are not tenable and hence the Company is of the view that there would not arise any contingent liability on this account. The Company has spent efforts many times more than the revenues realized from the client and has adequate documentary evidence to substantiate its claims.

The Company has also filed a counter criminal suit against the client in the District Courts of Bangalore in relation to a false advertisement placed in a leading daily by the Client.

II. Sales tax claim against the company amounting to Rs.1,310,303 against which the company has gone into appeal by paying margin of Rs. 131,030

26. Supplementary statutory information

i. The Company had given an interest free loan of Rs 7,225,000 (March 31, 2003 Rs 7,225,000) to a director. The loan was repayable on termination of employment or 20 years whichever is earlier. The director resigned in April 2001. The Company has recovered this amount of loan from the director in April 2003.

ii. During the year, the Company has not paid any remuneration to any of its directors. The Company had paid remuneration to a Director in excess of the limits specified in Schedule XIII of the Companies Act, 1956, by Rs 136,671 during the year ended March 31, 2001. However, the Company is in the process of recovering the excess amount paid/obtaining the necessary approval from the Central Government.

	2004	2003
iii. Other cost include:		
Auditor's remuneration:		
-statutory audit fees	108,000	99,225
-taxation audit fees	108,000	100,000
-other services	94,500	171,400
	310,500	370,625
iv. Value of imports calculated on CIF basis: Capital goods	**-**	960,400
v. Expenditure in foreign currency:		
Personnel costs	**22,596,693**	15,048,595
Travel and conveyance	**1,449,792**	4,247,615
Legal and professional fees	**-**	1,727,888
Others	**7,408,877**	-
	31,455,362	21,024,098

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
vi. Earnings in foreign currency:		
Software development services	**57,687,279**	62,935,267
Interest and other income	**-**	16,025,623
	57,687,279	78,960,890

27. The Company has a negative net worth of Rs 174,670,951 as at March 31, 2004 (as at March 31, 2003: 159,069,584). The parent company Trigyn Technologies Limited intends to provide continued support in the foreseeable future through fresh capital infusion and working capital loans.

28. Technical collaboration with Indian Institute of Technology, New Delhi (IITD)

The Company had entered into a technical collaboration agreement IITD for the establishment of a research and development center as a Technology Business Incubation Unit in Delhi, effective February 1, 1999. In respect of the above, IITD was to be issued 25,000 equity shares of eCapital Solutions (Bermuda) Limited (a group company incorporated under the laws of Bermuda) with a buyback guarantee given by TTIPL. The shares were to be issued after obtaining the necessary approvals from the Reserve Bank of India. As per the terms of the buyback guarantee, the Institute had an option whereby, it required TTIPL to buy back the shares on January 31, 2002 at a buyback price of Rs 9,021,715 in the event that the market value of the shares is lower than this amount. As at March 31, 2001, since it was not possible to reasonably assess whether TTIPL would suffer any loss on the exercise of the buyback option by IITD, there was no provision created in the financial statements.

On May 9, 2001, it was decided that TTIPL would vacate the IITD premises due to non-fulfillment of obligations under the contract. Consequently, the company negotiated the final settlement (based on the memorandum of understanding between IITD and TTIPL). The final amount payable to IITD was fixed at Rs 7,636,584 on September 27, 2001 and has been included in the rent expense for the year. Out of the same Rs 6,750,999 pertains to earlier years.

29. The Company's software development centers in India are 100% Export Oriented ('EOU') / Software Technology Park ('STP') Units under the STP guidelines issued by the Government of India. They are exempted from customs and central excise duties and levies on imported and indigenous capital goods. The Company has executed a bond to pay customs duty, central excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. Bank guarantees provided to the Customs Authorities in this regard aggregate to Rs 2,500,000 as at March 31, 2004 (March 31, 2003: Rs 3,500,000).

30. Quantitative details

The Company is engaged in the business of software development services, projects and professional services. Such services are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

31. The previous years figures have been regrouped/ reclassified wherever necessary, to conform to the current year's presentation.

Notes to the financial statements for the year ended 31 March 2004 *(continued)*
(Currency: Indian Rupee)

32. Balance Sheet abstract and Company's general business

I Registration Details

Registration No.	100198	State Code	11
Balance sheet date	31 (Date) 03 (Month) 2004 (Year)		

II Capital raised during the year (Amount in Rs Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private placement (including share application money)	NIL

III Position of mobilization and deployments of funds (Amount in Rs Thousands)

Total Liabilities	398575	Total assets	398575
Source of funds **:**			
Paid-up capital (Incl. Share Application Money)	147104	Reserves and surplus	NIL
Secured loans	NIL	Unsecured loans	244941
Application of funds :			
Net Fixed Assets	24387	Investments	486
Net Current Assets	25397	Misc. expenditure	NIL
Accumulated loss	321775		

IV Performance of Company (Amount in Rs Thousands)

Turnover (Including Other Income)	85333	Total Expenditure	100934
+/- [-] Loss Before Tax and exceptional items	15601	+/- [-] Loss for the year	15601

(Please tick appropriate box + for Profit, - for Loss)

Earning per Share in Rs.	– 10 . 60	Dividend Rate %	NIL

V Generic names of three principal products / Services of Company) (As per Monetary Terms)

Item Code no (ITC code)	8,524.9	Product description	Computer Software
Item Code no (ITC Code)	Not applicable	Product description	Not applicable
Item Code no (ITC Code)	Not applicable	Product description	Not applicable

For Trigyn Technologies (India) Private Limited

Ramkrishna Bhagwat
Director

Sudarshan K S
Chief Financial Officer

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Directors' Report

The Directors are pleased to present their report along with the audited statement of accounts of Leading Edge Infotech Limited for the year ended March 31, 2004.

Financial Results

Financial Results for the year ended March 31, 2004 are given below:

(Rs. In million)

	Year ended March 31, 2004	Year ended March 31, 2003
Income		
From Operations	3.99	5.87
Other Income	0.86	0.18
Total Revenue	**4.85**	6.05
Expenditure		
Depreciation	0.01	0.03
Operating and other expenses	4.95	10.80
Total Expenditure	**4.96**	10.83
Profit / (Loss) before Tax	**(0.11)**	(4.78)
Provision for Tax	-	-
Prior Period Adjustments	(0.84)	1.20
Profit / (Loss) after Tax	**(0.95)**	(3.58)
Loss brought forward	27.83	24.25
Balance carried forward	28.78	27.83

Review of Operations

During the year under review the company has achieved the turnover of Rs. 4.85 million as against Rs. 6.05 million for the last year.

Despite continued cost controls, inability to obtain further software contracts, on account of sever price competition in the domestic market resulted in lower revenues, resulting in a marginally higher loss of Rs. 0.95 million for the year as against the loss of Rs. 3.58 million last year.

In view of loss the directors do not recommend any dividend for the year.

Directors responsibility statement

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

i) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation 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 31,2004 and of the profit & loss account for the year ended March 31,2004.

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.

Directors

In accordance with the provisions of the Companies Act, 1956, Mr. Tushar Vaidya retires by rotation, and being eligible, offers himself for reappointment.

Employees

Information as required under the provisions of section 217 (2A) of the Companies Act, 1956 and the rules framed there under forms 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 the shareholders, excluding the statement of particulars of employees under section 217 (2A) of the act. Any shareholder desirous of obtaining a copy of the said statement may write to the company at the registered office of the Company.

Auditors

M/s. RSM & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and have informed as required u/s 224 of the Companies Act, 1956 that they are available for reappointment for the current year, which is recommended.

Auditors' Report

The Auditors' Report on the accounts is self-explanatory and therefore does not call for any further comments.

Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings and Outgo

The information required under the above heads in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 are given in Annexure-A to this report.

Acknowledgements

The Board of Directors place on record their appreciation for the support provided by the Company's Bankers, Customers, Vendors as well as all the Employees towards the growth of the Company.

On behalf of the Board of Directors
For **Leading Edge Infotech Limited**

Place : Mumbai
Date : June 02, 2004

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 31st March 2004.

CONSERVATION OF ENERGY

a.	Energy conservation measures taken	:	The computer systems installed are designed for lowpower 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	:	N.A.
g.	Statement of Expenditure/Earning incurred in foreign currency		
	Outgo	:	Nil
	Income	:	Nil

AUDITORS' REPORT

TO THE MEMBERS OF Leading Edge Infotech Limited

1. We have audited the attached Balance Sheet of **Leading Edge Infotech Limited** ('the Company') as at March 31, 2004, and the Profit and Loss Account for the year ended on that date (together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, ('CARO'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *Attention is invited to Note 2.1 (c) in the financial statements. These financial statements have been prepared assuming the company will continue as going concern despite reduced sales, negative cash flows and continuous cash losses. In our opinion,these factors, along with other matters set forth in the above note, raise substantial doubt that the company will be able to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that might results should the company be unable to continue as a going concern.*
5. Further to our comments in the Annexure referred to above, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books ;
   c. the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e. on the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2004 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f. except for the adjustments, if any, required to the carrying amount of assets and the classification of liabilities that might result should the Company be unable to continue as a going concern as stated in paragraph 4 above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2004; and
      ii. in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For **RSM & Co.**
Chartered Accountants

Place : Mumbai
Date : June 2, 2004

Vijay N. Bhatt
Partner (F-36647)

Annexure to Auditors' Report

(Referred to in our Report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As informed and represented to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part fixed assets during the year and accordingly going concern is not affected.

(ii) The Company is in the business of providing software services, hence provisions of clause (ii) (a), (b) and (c) of the said Order does not applicable.

(iii) (a) According to information and explanations given to us, the Company has taken interest free unsecured loans from holding company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 295.32 lacs and the year-end balance of loans taken from holding company was Rs. 235.71 lacs.

(b) In our opinion, the terms and conditions of the loans taken by the Company are not, prima facie, prejudicial to the interest of the Company.

(c) Since there is no stipulation as to the time period for repayment of the principal amount of unsecured loans taken, we are unable to comment on the regularity of the same.

(d) According to the information and explanations given to us, reasonable steps have been taken by the Company for repayment of the principal amount of the loans.

(iv) In our opinion, and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure correct major weaknesses in internal control. We are informed that the nature of Company's business does not involve purchase of inventories and sale of goods.

(v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, in respect of the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year, the prices cannot be compared as transactions of similar nature have not been made with other parties.

(vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Act and the rules framed thereunder are applicable.

(vii) In our opinion, the Company does not have a paid-up capital and reserves exceeding Rs. 50 lacs as at the commencement of the financial year concerned nor have an average annual turnover exceeding five crores rupees for a period of three consecutive financial years immediately preceding the financial year concerned. Hence, the provisions of the clause (vii) of the said Order is not applicable to the Company.

(viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Act for any of the activities of the Company.

(ix) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax and any other statutory dues with the appropriate authorities and there were no such outstanding dues as at

Annexure to Auditors' Report *(Continued)*

March 31, 2004 for a period exceeding six months from the date they became payable. As explained to us, the Investors Education and Protection Fund, Wealth Tax, Custom duty, Excise duty and Cess are presently not applicable to the Company.

(b) According to the information and explanations given to us, there are no disputed dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess remaining unpaid as at the year end.

(x) In our opinion and according to the information and explanations given to us,

(a) the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and

(b) the cash losses incurred by the Company in the financial year under report and in the financial year immediately preceding such financial year is Rs. 0.92 lacs and Rs. 47.51 lacs respectively.

(xi) On the basis of our examination and according to the information and explanations given to us, the Company has not borrowed any amount from financial institution, banks and debenture holders, clause (xi) of the Order is not applicable.

(xii) As the Company has not granted any loans or advances against security, clause (xii) of the Order is not applicable.

(xiii) Provisions for special statute applicable to Chit Fund, nidhi, mutual benefit funds/societies, are not applicable to the Company.

(xiv) On the basis of our examination and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) According to the information and explanations given to us, the Company has not taken any term loans.

(xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.

(xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued debentures or made any public issue during the year and accordingly clauses (xix) and (xx) of the CARO, are not applicable.

(xx) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For **RSM & Co.**
Chartered Accountants

Vijay N. Bhatt
Partner (F-36647)

Place : Mumbai
Date : June 2, 2004

Balance sheet at 31 March 2004

(Currency: Indian Rupee)

	Note	2004	2003
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	*3*	**5,000,000**	5,000,000
Loan funds			
Unsecured loan from holding company			
'Trigyn Technologies Limited'		**23,570,659**	29,269,504
		28,570,659	34,269,504
APPLICATION OF FUNDS			
Fixed assets	*4*		
Gross block		**-**	4,235,497
Less: Accumulated depreciation		**-**	4,227,289
		-	8,208
Investments	*5*	**50,000**	50,000
Current assets, loans and advances			
Sundry debtors	*6*	**357,500**	852,500
Cash and bank balances	*7*	**687,712**	1,912,864
Loans and advances	*8*	**947,962**	5,403,773
		1,993,174	8,169,137
Less: Current liabilities and provisions			
Current liabilities	*9*	**1,882,130**	1,508,279
Provisions	*10*	**386,897**	302,080
		2,269,027	1,810,359
Net current assets / (liabilities)		**(275,853)**	6,358,778
Miscellaneous expenditure		**9,995**	14,990
(to the extent not written off or adjusted)			
Profit and loss account		**28,786,517**	27,837,528
		28,570,659	34,769,504

The accompanying notes form an integral part of the financial statements. As per our report of even date.

For RSM & Co.
Chartered Accountants

For **Leading Edge Infotech Limited**

Vijay N. Bhatt
Partner (F-36647)

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Place : Mumbai
Date : June 2, 2004

Profit and Loss account for the year ended 31 March 2004

(Currency: Indian Rupee)

	Note	**2004**	**2003**
Income			
Software development services (Local)		**3,993,222**	5,866,650
Other income	*11*	**863,459**	180,299
		4,856,681	6,046,949
Expenditure			
Personnel Costs	*12*	**4,280,996**	7,715,717
Administrative and other expenses	*13*	**667,480**	3,081,828
Depreciation	*4*	**8,208**	30,415
Preliminary expenses written off		**4,995**	4,995
		4,961,679	10,832,955
(Loss)/profit for the year before tax and prior period adjustments		**(104,998)**	(4,786,006)
Provision for taxation		**-**	-
(Loss)/profit for the year after tax and before prior period adjustments		**(104,998)**	(4,786,006)
Prior period adjustments	*14*	**(843,991)**	1,200,000
Net loss for the year after tax		**(948,989)**	(3,586,006)
Profit and loss account, brought forward		**(27,837,528)**	(24,251,522)
Profit and loss account, carried forward		**(28,786,517)**	(27,837,528)
Earning per share (Basic and diluted)		**(1.90)**	(7.17)
Number of shares used in computing basic and diluted earnings per share		**500,000**	500,000

The accompanying notes form an integral part of the financial statements. As per our report of even date.

For RSM & Co.
Chartered Accountants

Vijay N. Bhatt
Partner (F-36647)

Place : Mumbai
Date : June 2, 2004

For **Leading Edge Infotech Limited**

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Notes to the financial statements for the year ended 31st March 2004
(Currency: Indian Rupee)

1. Background

Leading Edge Infotech Limited (LEIL' or the company) was incorporated on 16th July 1996.

LEIL is engaged primarily in providing software services for the financial services market in India.

In 1997 - 98, the company became a wholly owned subsidiary of Trigyn Technologies Limited ('TTL') (formerly known as Leading Edge Systems Limited), who have subscribed to the total share holding of the company.

2 Principal accounting policies

2.1 Basis of preparation of financial statements

(a) The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis.

(b) The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reported period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements.

(c) These financial statements have been prepared assuming the Company will continue as a going concern despite reduced sales, negative cash flows and cash loss in the current year. Management believes that the Company will be able to finance its operations and meet its commitments including commitments given to support its subsidiaries from internal cash generation in the foreseeable future given the various options it is perusing in this regard. Accordingly, the financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

2.2 Revenue recognition

Income from annual maintenance is accounted for on accrual basis as and when the services are rendered.

2.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes, incidental expenses related to the acquisition and installation and financing costs directly attributable to acquisition of fixed assets. Depreciation on additions and disposals is provided pro-rata for the period of use.

Depreciation is provided on straight line basis at higher of the rates based on useful lifes of the fixed assets as estimated by the management and those stipulated in Schedule XIV to the Companies Act, 1956.

The useful lives of fixed assets as estimated by the management are:

Asset	**Useful life (in years)**
Buildings	20 years
Office equipment	3-4 years
Computers and peripherals	3 years
Furniture and fixtures	4 years
Motor vehicles	4 years

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*

(Currency: Indian Rupee)

2.4 Retirement benefits

Contributions to the provident fund, which is a defined contribution scheme, are charged to the profit and loss account in the year in which the contributions are due. Leave encashment costs are provided for as at the balance sheet date. Gratuity costs, which are defined benefits, are provided as at the balance sheet date on an arithmetical basis.

2.5 Investments

Long-term investments are carried at cost, and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are carried at lower of cost and fair value, and provision is made to recognise any decline in the carrying value.

2.6 Miscellaneous expenditure

Preliminary expenditure comprising expenditure for formation of company has been written off on a straight-line basis over a period of ten years.

2.7 Income Tax

Current tax provision is made annual based on the tax liability computed after considering tax allowances and exemptions . Further, deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profit/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been elected or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such differed tax can be realised, other than deferred tax assets in respect of unabsorbed depreciation and carry forward tax losses, which are recognised only to the extent that there is virtual certainty that they will be realised. The deferred tax assets are reviewed at each balance sheet date for the appropriateness of their carrying values.

2.8 Earnings per share

The basic earnings per share is computed by dividing the profit/loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

3. Share capital	**2004**	2003
Authorised		
500,000 (2003: 500,000) equity shares of Rs 10 each.	**5,000,000**	5,000,000
Issued, subscribed and paid-up		
500,000 (2003: 500,000) equity shares of Rs 10 each fully paid up.	**5,000,000**	5,000,000
	5,000,000	5,000,000

4. Fixed assets

Particulars	Cost as at 1st April 2003	Additions During the year	Deductions During the year	Cost as at 1st April 2004	Accumulated Depreciation as at 1st April 2003	Depreciation Charges for the year	Accumulated Depreciation on deductions	Accumulated Depreciation as at 31st March 2004	Net Book value as at 31st March 2004	Net Book value as at 31st March 2003
Office Renovation	315,873	–	315,873	–	307,665	8,208	315,873	–	–	8,208
Computers & peripherals	2,200,984	–	2,200,984	–	2,200,984	–	2,200,984	–	–	–
Office equipment	540,574	–	540,574	–	540,574	–	540,574	–	–	–
Furniture and fixtures	1,178,066	–	1,178,066	–	1,178,066	–	1,178,066	–	–	–
	4,235,497	–	**4,235,497**	–	**4,227,289**	**8,208**	**4,235,497**	–	–	8,208
Previous year	4,235,497	–	–	4,235,497	4,196,874	30,415	–	4,227,289	8,208	–

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

		2004	2003
5.	**Investments**	**2004**	2003
	Long-term, non - trade and unquoted		
	5,000 (2003: 5,000) equity shares of Rs 10 each fully paid-up in North Kanara GSB Co operative Bank Limited	**50,000**	50,000
		50,000	50,000
6.	**Sundry debtors**		
	(Unsecured)		
	Debts over six months		
	- Considered good	**-**	375,000
	Others debts		
	- considered good	**357,500**	477,500
		357,500	852,500
7.	**Cash and bank balances**		
	Cash on hand	**3,475**	19,820
	Balances with scheduled banks		
	- on current account	**434,237**	150,536
	- on deposit account	**250,000**	1,742,508
		687,712	1,912,864
8.	**Loans and advances**		
	(Unsecured considered good)		
	Advance income taxes	**540,962**	4,984,143
	Deposits and prepaid expenses	**9,500**	9,500
	Advances recoverable in cash or in kind or for value to be received	**397,500**	410,130
		947,962	5,403,773
9.	**Current liabilities**		
	Sundry creditors	**477,945**	359,193
	Advance from customers	**1,043,566**	698,154
	Other liabilities	**360,619**	450,932
		1,882,130	1,508,279

At 31 March 2004 and 31 March 2003, the Company had no amounts due to small-scale industrial undertakings and the Investor Education and Protection Fund.

		2004	2003
10.	**Provisions**		
	Provision for income tax	**-**	-
	Provision for leave encashment and gratuity costs	**386,897**	302,080
		386,897	302,080
11.	**Other income**		
	Interest received on deposits with banks	**845,834**	180,299
	Profit on sale of fixed assets	**3,375**	-
	Miscellaneous income	**14,250**	-
		863,459	180,299

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
12. Personnel costs		
Salaries, bonus and other allowances	**3,232,438**	3,836,523
Contribution to provident and other funds	**178,398**	210,646
Gratuity and leave encashment costs	**89,817**	178,408
Staff welfare	**175**	304
Software development expenses	**780,168**	3,489,836
	4,280,996	7,715,717
13. Other costs		
Travel and conveyance costs	**6,803**	232,574
Legal and professional fees	**88,715**	192,270
Statutory Audit Fees	**108,000**	100,000
Communication expenses	**20,166**	21,507
Bad debts written off	**375,000**	2,358,754
Discount	**-**	50,000
Miscellaneous	**68,796**	126,723
	667,480	3,081,828
14. Prior period adjustments		
Income Tax Earlier Years	**(843,991)**	1,200,000
	(843,991)	1,200,000

15. Deferred Taxes

In view of the losses incurred by the company, deferred tax assets on carry forward business losses and unabsorbed depreciation have not been created.

16. **Contingent Liabilities**

Counter guarantees on behalf of the company Rs. 1,000,000 (2003: Rs. 6,000,000), given by the parent to the Banks which have provided these Bank Guarantees for and on behalf of the Company. Of the above, a counter guarantee of Rs. 5,000,000 was released in the month of April 2003.

17. Supplementary statutory information

(i) Other cost include:
Auditor's remuneration:

	2004	2003
- statutory audit fees	**108,000**	100,000
- tax audit fees	**54,000**	50,000
- other services	**12,000**	-
	174,000	150,000

(ii) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs Nil (2003: Rs Nil).

18 Prior year comparatives

Prior year figures have been reclassified to conform to current year's presentation.

For Leading Edge Infotech Limited

Ramkrishna Bhagwat
Director

Place: Mumbai
Date: June 2, 2004

Tushar Vaidya
Director

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

19. Balance sheet abstract and Company general business profile

I Registration Details

Registration No.	1 0 1 0 9 5	State Code	1 1
Balance sheet date	31 (Date) 03 (Month) 2004 (Year)		

II Capital raised during the year (Amount in Rs Thousands)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private placement	N I L

III Position of mobilization and deployments of funds (Amount in Rs Thousands)

Total Liabilities	3 0 8 4 0	Total assets	3 0 8 4 0
Source of funds **:**			
Paid-up capital (Incl. Share Application Money)	5 0 0 0	Reserves and surplus	N I L
Secured loans	N I L	Unsecured loans	2 3 5 7 1
Application of funds :			
Net Fixed Assets	N I L	Investments	5 0
Net Current Assets	(–) 2 7 6	Misc. expenditure	1 0
Accumulated loss	2 8 7 8 7		

IV Performance of Company (Amount in Rs Thousands)

Turnover (Including Other Income)	4 8 5 6	Total Expenditure	4 9 6 1
+/- [-] Loss Before Tax	9 4 9	+/- [-] Loss for the year	9 4 9

(Please tick appropriate box + for Profit, - for Loss)

Earning per Share in Rs.	– 1 . 9 0	Dividend Rate %	N I L

V Generic names of three principal products / Services of Company (As per Monetary Terms)

Item Code no (ITC code)	8,524.90	Product description	Computer Software
Item Code no (ITC Code)	Not applicable	Product description	Not applicable
Item Code no (ITC Code)	Not applicable	Product description	Not applicable

For Leading Edge Infotech Limited

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

Place: Mumbai
Date: June 2, 2004

Auditors' report

Auditors' report to the members of Trigyn Technologies Inc.

1. We have audited the attached balance sheet of Trigyn Technologies Inc. (the 'Company') as at March 31, 2004 and the profit and loss account for the year ended March 31, 2004 annexed thereto (collectively referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As stated in note 2.1(b), these financial statements have been prepared by the Company for the purposes of attaching to the financial statements of its ultimate holding company, Trigyn Technologies Limited, as prescribed under Section 212 of the Companies act, 1956.
4. As required by the Companies (Audior's Report) Order, 2003, ('CARO), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, of such checks of books and records as we considered necessary and appropriate and according to the information and explanations given to usduring the course of the audit, we enclose in theAnnexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
5. *We draw attention to note 2.1 (d) in the financial statements. The Company incurred a net loss of Rs 5.82 millions during the year ended March 31, 2004 and, as at that date, the Company's current liabilities exceeded its current assets by Rs 195.52 millions and its total liabilities exceeded its total assets by Rs 195.31 millions. In our opinion, these factors, along with other matters set forth in the above note, raise substantial doubt that the Company will be able to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that might result should the Company be unable to continue as a going concern.*
6. We report that:
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
   c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
   d) in our opinion, the financial statements comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e) on the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31, 2000 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f) Except for the adjustments, if any, required to the carrying amount of assets and the classification of liabilities that might result should the Company be unable to continue as a going concern as stated in paragraph 5 above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accountingprinciples generally accepted in India:
   (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2004, and
   (ii) in the case of the profit and loss account, of the loss of the Company for the year ended March 31, 2004.

For **RSM & Co.**
Chartered Accountants

Vijay N. Bhatt
Partner (F-36647)

Place: Mumbai
Date : June 2, 2004

Annexure to Auditors' Report
(Referred to in our Report of even date)

(i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. As informed and represented to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

c. In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year and accordingly going concern is not affected.

(ii) The Company is in the business of providing software services, hence provisions of clause (ii) (a), (b) and (c) of the said Order does not applicable.

(iii) a. According to information and explanations given to us, the Company has taken interest free unsecured loans from companies and a director covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 385.30 lacs and the year-end balance of loans granted to were Rs. 296.75 lacs.

b. In our opinion, the terms and conditions of the loans takenby the Company are not, prima facie, prejudicial to the interest of the Company.

c. Since there is no stipulation as to the time period for repayment of the principal amount of unsecured loans taken, we are unable to comment on the regularity of the same.

d. According to the information and explanations given to us, reasonable steps have been taken by the Company for repayment of the principal amount of the loans.

(iv) In our opinion and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control. We are informed that the nature of Company's business does not involve purchase of inventories and sale of goods.

(v) a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b. In our opinion and according to the information and explanations given to us, in respect of the transactions made in pursuance of contracts or agreement entered in the registered maintained under section 301 of the Companies act and exceeding the value of rupees five lacs in respect of any party during the year, the prices cannot be compated as transactions of similar nature have not been made with other parties.

(vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Act and the rules framed thereunder are applicable.

(vii) The Company did not have any internal audit system during the year under review.

(viii) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Act for any of the activities of the Company.

(ix) Since The Company is incorporated outsice India, the provisions of the clause (ix) (a) and (b) of the said Order are not applicable and accordingly we have no comments to offer.

Annexure to Auditors' Report *(Continued)*

(x) In our opinion and according to the information and explanations given to us,

a. the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and
b. the cash losses incurred by the Company in the financial year under report and in the financial year immidiately preceeding such financial year is Rs. 38.87 lacs and Rs. 231.66 lacs respectively.

(xi) On the basis of our examination and according to the information and explanations given to us, the Company has not borrowed any amount from banks, financial institution and debentures holders; clause(xi) of the Order is not applicable.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence clause(xii) of the said Order relating to maintenance of documents and records is not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Hence, the provisions of clause (xiii) of the said Order relating to compliance with the provisions of special statuate relevant to chit fund and nidhi / mutual benefit / societies are not applicable to the Company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, provisions of clause (xiv) of the said Order relating to maintenance of proper records, timely entries and holding investments in own name are not applicable.

(xv) According to the information and explanations given to us, the Company has not given any gurantee for loans taken by others from bank of financial institutions.

(xvi) The Company has not raised any term loans and therefore clause (xvi) of the said Order relating to application of term loan for the purpose for which it was obtained is not applicable.

(xvii) According to the inforamtion and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for a long term inverstments and vice versa.

(xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued debentures of made any public issue during the year and accordingly clauses (xix) and (xx) of the CARO, are not applicable.

(xx) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For RSM & Co.
Chartered Accountants

Vijay N. Bhatt
Partner(F-36647)

Place: Mumbai
Dated: June 2, 2004

Trigyn Technologies Inc.

Balance sheet at 31 March, 2004
(Currency: Indian Rupees)

	Note	**2004**	2003
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	**486**	486
Reserves and surplus	4	**74,402,065**	55,974,057
		74,402,551	55,974,543
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		**8,636,059**	9,459,959
Less: Accumulated depreciation		**8,421,774**	8,538,034
Net block		**214,285**	921,925
Current assets, loans and advances			
Sundry debtors	6	**64,161,350**	33,919,629
Unbilled receivables		**3,614,676**	15,268,680
Cash and bank balances	7	**6,764,525**	23,674,923
Loans and advances	8	**2,598,324**	4,181,582
		77,138,875	77,044,814
Current liabilities and provisions			
Current liabilities	9	**269,522,487**	280,205,877
Provisions	10	**3,140,182**	5,674,972
		272,662,669	285,880,849
Net current assets / (liabilities)		**(195,523,794)**	(208,836,035)
Profit and loss account		**269,712,060**	263,888,653
		74,402,551	55,974,543

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For RSM & Co.
Chartered Accountants

Vijay N. Bhatt
Partner(F-36647)

For Trigyn Technologies Inc.

Tushar Vaidya
Director

Ramkrishna Bhagwat
Director

Place : Mumbai

Date : June 2,2004

Trigyn Technologies Inc.

Profit and loss account for year ended 31 March 2004

(Currency: Indian Rupees)

	Note	2004	2003
Income			
Software and consultancy services		**356,589,269**	293,332,903
Other income	11	**1,064,775**	7,733,764
Excess provision on debtors no longer required, written back		**3,142,974**	–
		360,797,018	301,066,667
Expenditure			
Personnel costs	12	**340,177,786**	296,852,864
Depreciation	5	**663,816**	2,852,157
Interest costs	13	**194,878**	170,205
Other costs	14	**25,583,945**	32,445,139
		366,620,425	332,320,365
Loss for the year before adjustments		**5,823,407**	31,253,698
Prior period adjustments		-	2,736,812
Net loss for the year		**5,823,407**	33,990,510
Accumulated loss, brought forward		**263,888,653**	229,898,143
Accumulated loss, carried forward		**269,712,060**	263,888,653
Basic and diluted earnings per share		**(5,823.41)**	(33,990.51)
Number of shares used in computing basic and diluted earnings per share		**1,000**	1,000

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For RSM & Co.
Chartered Accountants

Vijay N. Bhatt
Partner(F-36647)

Place : Mumbai
Date :June 2, 2004

For Trigyn Technologies Inc.

Tushar Vaidya
Director

Ramkrishna Bhagwat
Director

Trigyn Technologies Inc.

Notes to the financial statements for the year ended 31st March 2004
(Currency: Indian Rupee)

1 Background

Trigyn Technologies, Inc. ('TTI' or 'the Company') formerly known as eCapital Solution Inc was incorporated in the state of Delaware, USA on 9 April 1999 as a wholly owned subsidiary of eCapital Solutions (Bermuda) Limited ('EB'). In April 2000, Trigyn Technologies Limited ('TTL'), a company listed on the Mumbai stock exchange acquired EB, thereby becoming the ultimate holding company of TTI.

The Company is engaged in the business of providing information technology consultancy and software development services.

· **Principal accounting policies**

2.1 Basis of preparation of financial statements

(a) These financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 as applicable to bodies corporate.

(b) These financial statements have been prepared for the purpose of compliance with the provisions of section 212 of the Indian Companies Act, 1956 by the ultimate holding company i.e. TTL. Accordingly, these financial statements will be attached to the financial statements of TTL as prescribed under Section 212 of the Indian Companies Act, 1956. The Balance Sheet and Profit and Loss Account of the Company have been drawn up in terms of US dollars representing the functional currency of the Company. However, for purposes of compliance with the requirements of section 212 of the Indian Companies Act 1956, these financial statements have been translated into Indian Rupees in accordance with the methodology prescribed for conversion of financial statements of a non-integral operation in the revised Accounting Standard 11 on Accounting for the effects of changes in foreign exchange rates.

(c) The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements.

(d) The Company has taken effective cost reduction measures to ensure the losses are contained and as a result, has incurred a net loss aggregating Rs 5.82 million (equivalent USD 0.13 million) (2003: Rs.33.99 million, equivalent USD 0.70 million) during the year ended 31 March 2004. Further, as at 31 March 2004, the Company's current liabilities exceeded its current assets by Rs 195.52 million (equivalent USD 4.49 million) (2003: Rs.208.84 million, equivalent USD 4.38 million) and its total liabilities exceeded its total assets by Rs 195.31 million (equivalent USD 4.48 million) (2003: Rs.207.91 million, equivalent USD 4.36 million). At the balance sheet date, total liabilities

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

include Rs 50.06 million (equivalent USD 1.15 million) (2003: Rs.62.30 million, equivalent USD 1.31 million) payable to EB, the Company's holding company, who has agreed to convert these amounts into equity capital. In the event the above amounts are to be paid by the Company in the foreseeable future, there exists a significant uncertainty that the Company will be able to continue as a going concern and therefore may be unable to realize its assets and discharge its liabilities in the normal course of business.

These financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

2.2 Revenue recognition

Revenues from software development services comprise income from time and material and fixed price contracts. Revenue from 'time and material' contracts is recognized as related services are performed and accepted by the customer. Revenue from fixed price contracts is recognized using the percentage of completion method of accounting, under which the sales value of performance, including the profit thereon, is determined by relating the actual man hours of work performed to date to the estimated total man hours for each contract. Provision for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable, based on current contract estimates. The revenue allocated to post-contract customer support is recognized ratably over the term of the support and revenue allocated to service elements such as training, installation and customization is recognized as the services are performed.

Unbilled receivables represent costs incurred and revenues recognized on contracts, to be billed in subsequent periods as per the terms of the contract. Amounts received in advance of meeting the revenue recognition criteria are deferred and reflected as 'Billings in excess of costs and estimated earnings on uncompleted contracts'.

2.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the fixed assets. Depreciation on fixed assets is provided based on the straight-line method over its estimated useful life. Depreciation on additions and disposals is provided pro-rata for the period of use.

The useful life of fixed assets being followed by the Company is shorter than those prescribed under Schedule XIV to the Companies Act, and are summarised below:

Asset	**Useful life (in years)**
Computers and peripherals	3
Software	3

2.4 Retirement benefits

The Company provides leave encashment costs based on leave balance to the credit of the employees at the year-end, at the prevalent salary rates.

2.5 Income tax

Current taxes comprise state and federal taxes in the United States. In view of tax losses, the Company has not made provision for current taxes. Further, deferred tax liability or asset is

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

recognized for timing differences between the profits/losses offered for income taxes and profits/ losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized, other than deferred tax assets in respect of unabsorbed depreciation and carry forward tax losses, which are recognized only to the extent that there is virtual certainty that they will be realized. The deferred tax assets are reviewed at each balance sheet date for the appropriateness of their carrying values.

In view of continuous losses incurred by the Company, deferred tax assets have not been recognized in the financial statements as at 31 March 2004. At each balance sheet date, such unrecognized deferred tax assets would be re-assessed and recorded in the financial statements when the realization of such assets become reasonably certain or virtually certain, as the case may be.

2.6 Earnings per share

The basic and diluted earnings per share is computed by dividing the loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

	Note	**2004**	2003
3 Share capital			
Authorised share capital			
1,000 (2003: 1,000) equity shares of par value Rs 0.48 (equivalent USD 0.01) each.		**486**	486
Issued, subscribed and paid-up share capital			
1,000 (2003: 1,000) shares of par value Rs 0.48 (equivalent USD 0.01) each, fully paid up.		**486**	486

All the above shares are held by eCapital Solutions (Bermuda) Limited, the holding company.

4 Reserve and surplus			
Share premium account		**29,135,514**	29,135,514
Capital reserve		**22,915,901**	22,915,901
Foreign currency translation reserve		**22,350,650**	3,922,642
		74,402,065	55,974,057

Notes to the financial statements for the year ended 31st March 2004
(Currency: Indian Rupee)

5 Fixed assets

Particulars	Cost				Accumulated depreciation				Net book value	
	As at 1 April 2003	Additions During the year	Deletions/ Adjustments during the year	As at 31 MarchAs 2004	As at 1 April 2003	Deprecia-tion for the year	Deletions/ Adjustments During the year	As at 31 March 2004	As at 31 March 2004	As at 31 March 2003
Computers and peripherals	4,694,959	-	408,900	4,286,059	4,345,716	110,621	384,563	4,071,774	214,285	349,243
Software	4,765,000	-	415,000	4,350,000	4,192,318	553,195	395,513	4,350,000	-	572,682
Total	**9,459,959**	**-**	**823,900**	**8,636,059**	**8,538,034**	**663,816**	**780,076**	**8,421,774**	**214,285**	**921,925**
Previous year figures	9,811,275	-	351,316	9,459,959	5,989,077	2,852,157	303,200	8,538,034	921,925	

	2004	2003
6· Sundry debtors		
(Unsecured)		
Debts over six months		
- Considered good	**5,086,687**	4,168,867
- Considered doubtful	**36,871,527**	39,147,540
Other debts		
- Considered good	**59,074,663**	29,750,762
	101,032,877	73,067,169
Less: Provision for doubtful debts	**36,871,527**	39,147,540
	64,161,350	33,919,629
7· Cash and bank balances		
Balances with non-scheduled banks:		
in current account		
- First Union bank	**5,133,307**	22,469,874
In fixed deposit		
- First Union bank	**1,631,218**	1,205,049
	6,764,525	23,674,923
Maximum balance held during the year with above banks		
- Suntrust Bank	-	1,735,097
- First Union bank	**30,982,268**	46,497,313

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
8· Loans and advances		
(Unsecured, considered good)		
Loans to fellow subsidiaries	**105,825**	2,893,798
Prepaid expenses	**1,569,761**	319,827
Loans and advances to employees	**452,619**	243,730
Deposits	**313,174**	625,168
Advances recoverable in cash or in kind or for value to be received	**156,945**	99,059
	2,598,324	4,181,582
(Unsecured, considered doubtful)		
Loans to fellow subsidiaries	**29,568,911**	35,643,443
Other loans	**3,915,000**	4,288,500
Less: Provision for doubtful debts	**33,483,911**	39,931,943
	-	-
	2,598,324	4,181,582

Loans and advances to fellow subsidiaries include amounts due from Trigyn Technologies Limited, UK Rs 24.05 million (equivalent USD 552,866) (2003: Rs 26.34 million (equivalent USD 552,866)), Applisoft, Inc., Rs 5.52 million (equivalent USD 126,879) (2003: Rs 9.30 million (equivalent USD 195,160)), and Trigyn Technologies (India) Private Limited (UK Branch) Rs 0.11 million (equivalent USD 2,433) (2003: Rs 2.89 million (equivalent USD 60,730)), which are companies under the same management as defined under section 370(1B) of the Indian Companies Act, 1956.

Maximum amount outstanding during the year from Trigyn Technologies Limited, UK Rs 26.34 million (equivalent USD 552,866) (2003: 26.34 million (equivalent USD 552,866)), Applisoft, Inc. Rs 9.30 million (equivalent USD 195,160) (2003: Rs 9.30 million (equivalent USD 195,160)) and Trigyn Technologies (India) Private Limited (UK Branch) Rs 2.89 million (equivalent USD 60,730) (2003: Rs 6.96 million (equivalent USD 146,079)).

	2004	2003
9· Current liabilities		
Sundry creditors	**245,260,043**	270,546,810
Billings in excess of costs and estimated earnings on uncompleted contracts	**4,240,391**	417,080
Other liabilities	**20,022,053**	9,241,987
	269,522,487	280,205,877
10· Provisions		
Provision for leave encashment costs	**3,140,182**	5,674,972
11· Other income		
Interest received	**37,343**	85,236
Miscellaneous income	**1,027,431**	7,648,528
	1,064,774	7,733,764

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

12. Personnel costs

	2004	2003
Salaries and bonus	**175,629,573**	128,072,689
Sales commission	**2,047,652**	3,154,202
Consultancy charges	**162,500,561**	165,625,973
	340,177,786	296,852,864

13. Interest costs

	2004	2003
Interest on finance leases	**106,812**	170,205
Others	**88,066**	-
	194,878	170,205

14. Other costs

	2004	2003
Provision for doubtful debts/advances	**1,271,961**	7,972,645
Bad debts and advances written off	**-**	10,282,471
Communication costs, net of write backs	**2,467,973**	(1,211,409)
Legal and professional fees	**3,914,672**	2,496,073
Travel and conveyance costs	**6,542,903**	2,533,996
Insurance	**2,763,421**	883,418
Staff recruitment costs	**70,104**	115,070
Rent, rates and taxes	**7,273,917**	6,638,401
Repairs and maintenance	**87,110**	72,890
Loss on sale of fixed assets	**-**	58,284
Miscellaneous expenses	**1,191,884**	2,603,300
	25,583,945	32,445,139

15. Employee stock option plans

EB had communicated stock option entitlements to the employees of the Company, which were pending formal approval by the Board of Directors of EB. These options were granted at an exercise price of USD 0.28 per option and would vest over a period of four years from the date of grant of the option. In April 2000, upon acquisition of EB by TTL, eCapital Holding Bermuda Limited ('EH'), the erstwhile holding company of EB and now the principal stockholder in TTL (EH owns 49 % stake in TTL) assumed the obligation on account of stock option granted to the employees of EB and its non-Indian subsidiaries. Accordingly, the employees of the Company were granted stock options in EH on similar terms in lieu of the EB stock options held by them.

Subsequent to acquisition of EB by TTL, certain employees of the Company have been granted options in EH on similar terms with exercise price ranging between Rs 4 (equivalent USD 0.08) to Rs 31 (equivalent USD 0.65) per EH option.

Presently, these option entitlements are under review by the Company's attorneys and pending formal approval/adoption by the Board of Directors of EH and the Company.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

Summary of the Company's ESOP plan activity is given below:

	Number of EH options
Balance at 1 April 2000	320,000
Granted during the year	125,195
Forfeited during the year	186,807
Balance at 31 March 2001	258,388
Granted during the year	12,005
Forfeited during the year	104,986
Balance at 31 March 2002	165,407
Granted during the year	11,660
Forfeited during the year	40,000
Balance at 31 March 2003	137,067
Granted during the year	–
Forfeited during the year	137,067
Balance as at 31 March 2004	–

16· Contingent liabilities

Claims against the Company not acknowledged as debts aggregate Rs NIL, as at 31 March 2004 (2003: Rs 1.67 million).

17· Supplementary statutory information

	2004	2003
(i) Personnel costs includes managerial remuneration paid to the whole-time directors of the Company as follows:		
Salaries and bonus	**7,733,040**	2,610,055
(ii) Other cost include:		
Auditor's remuneration:		
- audit fees	184,120	266,703
	184,120	266,703

18· Prior year comparatives

Prior year figures have been appropriately reclassified to conform to current year's presentation.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

19. Balance sheet abstract and Company general business profile

I Registration Details

Registration No.	NA	State Code	NA
Balance sheet date	31 (Date) 03 (Month) 2004 (Year)		

II Capital raised during the year (Amount in Rs Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private placement	NIL

III Position of mobilization and deployments of funds (Amount in Rs Thousands)

Total Liabilities	347065	Total assets	347065
Source of funds **:**			
Paid-up capital (Incl. Share Application Money)	0.486	Reserves and surplus	74402
Secured loans	NIL	Unsecured loans	NIL
Application of funds :			
Net Fixed Assets	214	Investments	NIL
Net Current Assets	(–) 195524	Misc. expenditure	NIL
Accumulated loss	269712		

IV Performance of Company (Amount in Rs Thousands)

Turnover (Including Other Income)	360797	Total Expenditure	366620
+/- [-] Loss Before Tax	5823	+/- [-] Loss for the year	5823

(Please tick appropriate box + for Profit, - for Loss)

Earning per Share in Rs.	–5823	Dividend Rate %	NIL

V Generic names of three principal products / Services of Company (As per Monetary Terms)

Item Code no (ITC code)	8,524.90	Product description	Computer Software
Item Code no (ITC Code)	Not applicable	Product description	Not applicable
Item Code no (ITC Code)	Not applicable	Product description	Not applicable

For Leading Edge Infotech Limited

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

Place: Mumbai
Date: June 2, 2004

AUDITORS' REPORT

TO THE MEMBERS OF Applisoft Inc.

1. We have audited the attached balance sheet of Applisoft Inc. (the 'Company') as at March 31, 2004 and the profit and loss account for the year ended March 31, 2004 annexed thereto (collectively referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As stated in note 2.1(b), these financial statements have been prepared by the Company for the purposes of attaching to the financial statements of its ultimate holding company, Trigyn Technologies Limited, as prescribed under Section 212 of the Companies act, 1956.
4. As required by the Companies (Auditor's) order, 203, ('CARO'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of audit, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. *We draw attention to note 2.1(d) in the financial statements. The Company incurred a net loss of Rs. 2.58 millions during the year ended March 31, 2004 and, as a that date, the Company's current liabilities exceeded its current assets by Rs. 0.70 millions and its total liabilities exceeded its total assets by Rs. 48.56 millions. In our opinion, these factors, along, with other matters set forth in the above note, raise substantial doubt that the Company will be able to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that might result should the Company be continue as a going concern.*
6. We report that :
   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
   c. the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
   d. in our opinion, the financial statements comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e. on the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2004 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f. Except for the adjustments, if any, required to the carrying amount of assets and the classification of liabilities that might result should the Company be unable to continue as a going concern as stated in paragraph 5 above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2004, and

      (ii) in the case of the profit and loss account, of the loss of the Company for the year ended March 31, 2004.

For RSM & Co.
Chartered Accountants

Place: Mumbai
Dated: June 2, 2004

Vijay N. Bhatt
Partner(F-36647)

Annexure to Auditors' Report

(Referred to in our Report of even date)

(i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. As informed and represented to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

c. In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year and accordingly going concern is not affected.

(ii) The Company is in the business of providing software services, hence provisions of clause (ii) (a), (b) and (c) of the said Order does not applicable.

(iii) a. According to information and explanations given to us, the Company has taken interest free unsecured loans from companies and a director covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 95.57 lacs and the year-end balance of loans taken from companies and a director was Rs. 87.52 lacs.

b. In our opinion, the terms and conditions of the loans taken by the Company are not, prima facie, prejudicial to the interest of the Company.

c. Since there is no stipulation as to the time period for repayment of the principal amount of unsecured loans taken, we are unable to comment on the regularity of the same.

d. According to the information and explanations given to us, reasonable steps have been taken by the Company for repayment of the principal amount of the loans.

(iv) In our opinion and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control. We are informed that the nature of Company's business does not involve purchase of inventories and sale of goods.

(v) a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b. In our opinion and according to the information and explanations given to us, there are no transactions made in purchase of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year.

(vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Act and the rules framed thereunder are applicable.

(vii) The Company did not have any internal audit system during the year under review.

(viii) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Act for any of the activities of the Company.

(ix) Since The Company is incorporated outside India, the provisions of the clause (ix) (a) and (b) of the said Order are not applicable and according we have no comments to offer.

(x) In our opinion and according to the information and explanations given to us,

a. the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and

b. the Company has not incurred any cash losses in the financial year under report. The Company has incurred cash losses of Rs. 102.12 lacs in the financial year immediately preceding the financial year under report.

(xi) On the basis of our examination and according to the information and explanations given to us, the Company has not borrowed any amount from banks, financial institution and debentures holders; clause(xi) of the Order is not applicable.

Annexure to Auditors' Report *(Continued)*

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence clause(xii) of the said Order relating to maintenance of documents and records is not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Hence, the provisions of clause (xiii) of the said Order relating to compliance with the provisions of special statute relevant to chit fund and nidhi / mutual benefit / societies are not applicable to the Company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, provisions of clause (xiv) of the said Order relating to maintenance of proper records, timely entries and holding investments in own name are not applicable.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company has not raised any term loans and therefore clause (xvi) of the said Order relating to application of term loan for the purpose for which it was obtained is not applicable.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for a long term inverstments and vice versa.

(xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xix) the Company has not issued debentures or made any public issue during the year and accordingly clauses (xix) and (xx) of the CARO, are not applicable.

(xx) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For RSM & Co.
Chartered Accountants

Place: Mumbai
Dated: June 2, 2004

Vijay N. Bhatt
Partner(F-36647)

Balance sheet at 31st March 2004
(Currency: Indian Rupee)

	Note	31st March 2004	31st March 2003
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	*3*	**728,400**	728,400
Reserves and surplus	*4*	**5,653,953**	983,240
Loan funds			
Secured loans	*5*	**40,502,535**	46,979,640
Unsecured loans	*6*	**8,752,289**	5,624,320
		55,637,177	54,315,600
APPLICATION OF FUNDS			
Fixed assets	*7*		
Gross block		**-**	4,308,650
Less: Accumulated depreciation		**-**	3,529,889
Net block		**-**	778,761
Current assets, loans and advances			
Sundry debtors	*8*	**6,675,538**	17,875,561
Unbilled Receivables		**172,173**	-
Cash and bank balances	*9*	**2,054,688**	1,140,738
Loans and advances	*10*	**478,500**	567,376
		9,380,899	19,583,675
Current liabilities and provisions			
Current liabilities	*11*	**9,835,226**	17,932,173
Provisions	*12*	**243,567**	1,867,832
		10,078,793	19,800,005
Net current assets / (liabilities)		**(697,894)**	(216,330)
Profit and loss account		**56,335,071**	53,753,169
		55,637,177	54,315,600

The accompanying notes form an integral part of the financial statements. As per our report of even date.

For RSM & Co.
Chartered Accountants

For Applisoft Inc.

Vijay N. Bhatt
Partner (F-36647)

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Place : Mumbai
Date : June 2, 2004

Profit and Loss account for the year ended 31st March, 2004
(Currency: Indian Rupee)

	Note	For the year ended 31st March 2004	For the year ended 31st March 2003
Income			
Software consultancy services		**48,357,015**	101,530,743
Other income	*13*	**326,034**	640,940
		48,683,049	102,171,683
Expenditure			
Personnel costs	*14*	**44,711,390**	89,406,993
Depreciation	*7*	**163,354**	621,322
Interest costs	*15*	**9,248**	4,391,732
Other costs	*16*	**6,380,959**	15,274,373
		51,264,951	109,694,420
Loss for the year		**2,581,902**	7,522,737
Accumulated loss, brought forward		**53,753,169**	46,230,432
Accumulated loss, carried forward		**56,335,071**	53,753,169
Basic and diluted earnings per share		**(172.13)**	(501.52)
Number of shares used in computing basic and diluted earnings per share		**15,000**	15,000

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For RSM & Co.
Chartered Accountants

Vijay N. Bhatt
Partner (F-36647)

Place : Mumbai
Date : June 2, 2004

For Applisoft Inc.

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

Place : Mumbai
Date : June 2, 2004

Notes to the financial statements for the year ended 31st March 2004
(Currency: Indian Rupee)

1 Background

Applisoft, Inc. ('the Company') was incorporated on 6 September 1991 in San Jose, CA, USA in the name of TRG Inc. Subsequently, on 20 January 1996, the Company changed its name to Applisoft Inc. The Company is primarily engaged in the business of providing information technology and software consultancy services.

On 1 January 2001, Trigyn Technologies Limited ('TTL'), a company listed on the Stock exchange, Mumbai, India acquired 100% equity stake in the Company for consideration in cash aggregating Rs 421.6 million (equivalent USD 9 million).

2 Principal accounting policies

2.1 Basis of preparation of financial statements

(a) These financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 as applicable to bodies corporate.

(b) These financial statements have been prepared for the purpose of compliance with the provisions of section 212 of the Indian Companies Act, 1956 by the holding company i.e. TTL. Accordingly, these financial statements will be attached to the financial statements of TTL as prescribed under Section 212 of the Indian Companies Act, 1956. The Balance Sheet and Profit and Loss Account of the Company have been drawn up in terms of US dollars representing the functional currency of the Company. However, for purposes of compliance with the requirements of section 212 of the Indian Companies Act 1956, these financial statements have been translated into Indian Rupees in accordance with the methodology prescribed for conversion of financial statements of a non-integral operation in the revised Accounting Standard 11 on Accounting for the effects of changes in foreign exchange rates. No representation is made, that the US dollar amounts have been, could have been or could be converted in to Indian Rupees at such an exchange rate.

(c) The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements.

(d) In view of the lower revenue growth, the Company implemented cost control measures and has been successful in reducing the net loss which aggregated to Rs 2.58 million (equivalent USD 0.06 million) (2003: Rs 7.52 million (equivalent USD 0.16 million)) during the year ended 31 March 2004. Further, as at 31 March 2004, the Company's total liabilities exceeded its total assets by Rs 48.56 million (equivalent USD 1.12 million) (2003: Rs 52.04 million (equivalent USD 1.09 million)). In order to support its operation, the Company requires external financial support, in absence of which there exists a significant uncertainty that the Company will be able to continue as a going concern and, therefore may be unable to realize its assets and discharge its liabilities in the normal course of business.

These financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

2.2 Revenue recognition

Revenue from software consultancy services comprises income from time and material contracts, which is recognized as related services are performed and accepted by the customers.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

Unbilled receivables represent costs incurred and revenues recognised on contracts, to be billed in subsequent periods as per the terms of the contract.

2.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the fixed assets. Depreciation on additions and disposals is provided pro-rata for the period of use.

The revised useful life of fixed assets being followed by the Company is shorter than those prescribed under Schedule XIV to the Companies Act, and are summarised below:

Asset	Useful life (in years)
Office equipment	3-4 years
Computers and peripherals	3 years
Furniture and fixtures	4 years

2.4 Retirement benefits

The Company provides leave encashment costs based on leave balance to the credit of the employees at the year-end, at the prevalent salary rates.

2.5 Income tax

Current taxes comprise state and federal taxes in the United States. In view of the tax losses, the Company has not made provision for current taxes. Further, deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized, other than deferred tax assets in respect of unabsorbed depreciation and carry forward tax losses, which are recognized only to the extent that there is virtual certainty that they will be realized. The deferred tax assets are reviewed at each balance sheet date for the appropriateness of their carrying values.

In view of significant losses incurred by the Company during the current period, deferred tax assets have not been recognized in the financial statements as at 31 March 2004. At each balance sheet date, such unrecognized deferred tax assets would be re-assessed and recorded in the financial statements when the realization of such assets become reasonably certain or virtually certain, as the case may be.

2.6 Leases

In accordance with Accounting Standard 19 '*Leases*' issued by Institute of Chartered Accountants of India, assets acquired on finance leases, are recognized as an asset and a liability at the inception of the lease, at an amount equal to the lower of the fair value of the leased asset or the present value of the future minimum lease payments. Such leased assets are depreciated over the lease term or their estimated useful life whichever is shorter. Further, the payment of minimum lease payments are apportioned between finance charges, which are debited to the profit and loss account and reduction in lease obligations recorded at the inception of the lease.

2.7 Earnings per share

The basic and diluted earnings per share is computed by dividing the loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

Notes to the financial statements for the year ended 31 March 2004 *(Continued)*
(Currency: Indian Rupee)

		2004	2003
3.	**Share capital**		
	Authorised share capital		
	1,000,000 (2003:1,000,000) shares of par value Rs 47.65 (equivalent US$ 1.00) each.	**48,560,000**	48,560,000
	Issued, subscribed and paid-up share capital		
	15,000 (2003:15,000) shares of par value Rs 47.65 (equivalent US$ 1.00) each, fully paid up.	**728,400**	728,400

All the above equity shares of the Company are held by Trigyn Technologies Limited, the holding company.

		2004	2003
4.	**Reserves and surplus**		
	Foreign currency translation reserve	**5,653,953**	983,240
5.	**Secured loans**		
	Loan from Officer of the Company (Refer note 17)	**40,502,535**	46,859,410
	Lease obligation in relation to office equipment acquired under finance lease (Refer note 18)	**-**	120,230
		40,502,535	46,979,640

Loan from Officer of the Company is secured by first charge on current assets of the Company, which aggregates Rs 9,380,899 (2003: Rs 20,242,206) as at 31 March 2004. Accordingly, the unsecured portion of such loan aggregates Rs 31,121,636 (2003: Rs 26,617,204) as at 31 March 2004.
Finance lease obligations are secured against office equipment acquired under lease.

		2004	2003
6.	**Unsecured loans**		
	From holding company/Associates	**7,441,197**	5,624,320
	From Director (interest free)	**1,311,092**	-
		8,752,289	5,624,230

7. Fixed assets

Particulars	**COST**				**ACCUMULATED DEPRECIATION**				**NETBOOK VALUE**	
	As at 1 April, 2003	Additions during the year	Deductions/ adjustments during the year	As at 31 March, 2004	As at 1 April, 2003	Depreciation for the year	Deletions/ adjustments during the year	As at 31 March, 2004	As at 31 March, 2004	As at 1 April, 2003
Computers and peripherals	2,891,616	2,060	2,893,676	-	2,575,537	66,301	2,641,838	-	-	316,079
Office equipment	1,136,977	-	1,136,977	-	738,575	83,570	822,145	-	-	398,402
Furniture and fixture	280,057	-	280,057	-	215,777	13,483	229,260	-	-	64,280
Total	**4,308,650**	**2,060**	**4,310,710**	-	**3,529,889**	**163,354**	**3,693,243**	-	-	**778,761**
Previous Year	4,390,935	-	82,285	4,308,650	2,975,102	621,322	66,535	3,529,889	778,761	-

Notes to the financial statements for the year ended 31 March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
8. Sundry debtors		
(Unsecured)		
Debts over six months		
- Considered good	**619,903**	-
- Considered doubtful	**11,316,388**	9,443,717
Other debts		
- Considered good	**6,055,635**	17,875,561
	17,991,926	27,319,278
Less: Provision for doubtful debts	**11,316,388**	9,443,717
	6,675,538	17,875,561
9. Cash and bank balances		
Cash balance on hand	**-**	161,780
Balances with non-scheduled banks		
In current Account	**2,054,688**	978,958
	2,054,688	1,140,738
Maximum balance held during the year with the above bank	**4,250,210**	8,161,587
10. Loans and advances		
(Unsecured, considered good)		
Prepaid expenses	**-**	508,934
Advances recoverable in cash or in kind for value to be received	**478,500**	58,442
	478,500	567,376
11. Current liabilities		
Sundry creditors	**2,314,111**	11,133,574
Other liabilities	**7,521,115**	6,798,599
	9,835,226	17,932,173
12. Provisions		
Provision for leave encashment costs	**243,567**	1,867,832
	243,567	1,867,832
13. Other income		
Interest received	**-**	7,874
Miscellaneous income	**326,034**	633,066
	326,034	640,940
14. Personnel costs		
Salaries and bonus	**37,081,246**	66,548,773
Sales commission	**248,967**	(683,341)
Consultants	**7,381,177**	23,541,561
	44,711,390	89,406,993

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	2004	2003
15. Interest costs		
Interest on finance lease	**3,090**	73,758
Others	**6,158**	4,317,974
	9,248	4,391,732
16. Other costs		
Outsourced service charges	**-**	3,017,103
Provision for bad and doubtful debts	**2,851,910**	(3,310,843)
Insurance	**-**	6,339,178
Rent, rates and taxes	**1,194,860**	4,443,377
Travel and conveyance costs	**108,196**	1,593,789
Legal and professional fees	**1,006,859**	491,522
Communication	**160,844**	822,755
Miscellaneous expenses	**1,058,290**	1,877,492
	6,380,959	15,274,373

17. On 1 January 2001, Trigyn Technologies Limited (TTL) acquired 100% equity interest in Applisoft Inc for purchase consideration in cash aggregating Rs 421.6 million (equivalent USD 9 million).
In accordance with the asset purchase agreement entered into with the erstwhile stockholder of Applisoft Inc, TTL acquired net fixed assets less lease obligations aggregating Rs 1.41 million (equivalent USD 29,134). Further, the balance net assets existing at 1 January 2001 aggregating Rs 53.48 million (equivalent USD 1,101,473) was to be paid to the erstwhile stockholder as and when those assets would be recovered net of liabilities settled. Accordingly, the Company adjusted the net assets not acquired by TTL aggregating Rs 53.48 million (equivalent USD 1,101,473) from the opening Profit and Loss account balance as at 1 January 2001 and recorded the unpaid amounts as loan payable to the erstwhile shareholder .
Subsequently, the erstwhile stockholder also disbursed interest-bearing loans to the Company aggregating USD 3,000,000. Of these loans disbursed, USD 1,500,000 had a term of one year. To the extent, such amounts that have not yet been repaid to the erstwhile stockholder and are outstanding, have been reflected in the financial statements as secured loan. During the year, it has been agreed that no interest would be payable on this loan.

18. Leases

Fixed assets include the following amounts in relation to the above leased assets:

	2004	2003
Gross block of office equipment	-	1,136,977
Less: Accumulated depreciation	-	738,575
Net block	-	398,402

Future minimum lease payments in respect of the above assets as at 31 March 2004 are summarized below:

	Minimum lease payments	Finance charge	Present value of minimum lease payments
Amount due within one year from the balance sheet date	- (126,245)	- (3,825)	- (122,420)
	- (126,245)	- (3,825)	- (122,420)

Amounts in brackets represent figures pertaining to previous year

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

19. Supplementary statutory information

		2004	2003
(i)	Other cost include:		
	Auditor's remuneration:		
	audit fees	**115,075**	96,983
		115,075	96,983
(ii)	Other cost include:		
	Amount paid to the Chief Executive Officer of the Company:		
	Salaries	**-**	4,794,744
	Perquisites	**178,621**	1,053,852
	Rent	**980,899**	3,724,147
	Interest	**-**	4,317,974
		1,159,520	13,890,717

20. Prior year comparatives

Prior year figures have been appropriately reclassified to conform to current year's presentation.

21. Balance Sheet abstract and Company's general business profile

I Registration Details

Registration No.	NA	State Code	NA
Balance sheet date	31 (Date) 03 (Month) 2004 (Year)		

II Capital raised during the year (Amount in Rs Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private placement	NIL

III Position of mobilization and deployments of funds (Amount in Rs Thousands)

Total Liabilities	65716	Total assets	65716
***Source of funds*:**			
Paid-up capital (Incl. Share Application Money)	728	Reserves and surplus	5654
Secured loans	40503	Unsecured loans	8752
Application of funds :			
Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	698	Misc. expenditure	NIL
Accumulated loss	56335		

IV Performance of Company (Amount in Rs Thousands)

Turnover (Including Other Income)			Total Expenditure	
+/- [-] Loss Before Tax	2582	+/- [-]	Loss for the year	2582
(Please tick appropriate box + for Profit, - for Loss)				
Earning per Share in Rs.	–172.13		Dividend Rate %	NIL

V Generic names of three principal products / Services of Company) (As per Monetary Terms)

Item Code no (ITC code)	8,524.90	Product description	Computer Software

For Applisoft Inc.

Place : Mumbai

Director *Director*

Date : June 2, 2004

A. Basic conclusions

I. Significant comments on the annual financial statements

Development of earnings and performance

The financial year 2003/2004 closed with a net loss of T• 52 compared to a net loss of T• 111 in the fiscal year 2002/2003 (1.4.02-31.3.03). Despite downsizing the number of personnel, implemented in the previous financial year, the deficit, even though significantly less than last year, could not be prevented due to the continued drop in sales in the fiscal year 2003/2004. This year's drop in sales is significantly similar to that in the previous year and its impact was lessened by reduction of costs, especially personnel expenses, but also administration and sales expenses.

Net assets development

Due to the net loss for the year of T• 111, the deficit not covered by shareholder's equity increased from T• 1,040 to T• 1,092

The balance sheet total has not changed compared to the fiscal year 1.4.2002-31.3.2003, despite a changed structure (composition). The changed composition of the balance sheet total can be seen in "E. III. Balance Sheet Position" of this financial report.

Development in financial position

Despite the increase in trade accounts payable as well as other total equity and liabilities, there was still a negative cash flow of T• 38 from operating activities. Compared to the previous year, however, there appears to be a positive development in this respect.

II. Circumstances impairing the development and continued existence of the company

At the balance sheet date the company is showing a deficit not covered by shareholder's equity and, consequently, discloses an overindebtedness. In the previous year (31.03.2003), the excess balance sheet debt amounted to • 1,040,028.73 and this year, as of 31.03.2004, has increased by • 51,763 to • 1,091,791.73. The parent company, eCapital Solutions (Bermuda) Ltd., has refused to guarantee the company's accounts payable to Trigyn Technologies (India) Pvt. Ltd. Bangalore, any further. This could lead to a potential dissolution of the Company under the German Laws, in view of the overindebtedness.

On account of a positive future prognosis the going concern values have been used in the Balance sheet rather than liquidation based values. For the same reason and keeping in view that 93.6% of the overall liabilities are to Group companies, the Managing director has agreed, that he, after careful consideration of all circumstances, despite knowledge of the formal legal obligation, in the interest of the company does not see himself in a position to file for insolvency, in conjunction with the assumptions of debts by the shareholder, inability to pay creditors is neither the case nor expected and the debt overload of • 124381,56 not actually covered by the declarations of the mother company can be expected to be overcome in the financial year 2004/2005 as per the positive prognosis of continued existence.

III. Misstatements and violations of accounting rules and other legal provisions

These annual financial statements do not reveal any misstatement or violations of legal provisions as understood in § 321 (1) clause 3 of the HGB (German Commercial Code).

B. Orderliness of the accounting

I. Accounting records and other documents

The company's accounting records and supporting vouchers are properly maintained. They fulfill the requirements of documenting the business Transactions. It is concluded that the accounting records and other documents audited comply with German legal regulations. The books have been maintained in EURO.

II. Annual Financial Statements

The annual financial statements for the financial year from 1st April 2003 to 31st March 2004 have been properly drawn up from the company's accounting records and other essential documentation.

The balance sheet and income statement have been prepared in accordance with the regulations in German commercial law governing accounting applicable to limited liability companies. The notes to the annual financial statements contain all information required.

D. Explanatory comments on the annual financial statements

I. Summary statement

In my opinion, the annual financial statements give a true and fair view of the company's net assets, financial position and earnings situation in accordance with German principles of proper accounting.

II. Earnings

I set out hereunder an analysis by operational activity of the company's earnings.

		1.4.2003-31.3.2004		1.4.2002-31.3.2003	
		T•	%	T•	%
Sales	(1)	1151	93,8	1661	95,2
Other operating income	(2)	76	6,2	90	4,8
Total operating income		**1227**	**100,0**	**1751**	**100,0**
Material costs	(3)	310	25,3	564	32,2
Personnel costs	(4)	781	63,7	1092	62,3
Scheduled depreciation of tangible assets		5	0,4	6	0,3
Other operating expenses	(5)	3	0,1	0	0,0
Administrative expenses	(6)	125	10,1	173	9,9
Selling expenses	(7)	53	4,3	103	5,9
Taxes other than on income		1	0,0	1	0,1
Total operating expenses		**1278**	**104,2**	**1939**	**110,7**
Result of operations		**- 51**	**- 4,2**	**- 188**	**- 10,7**
Interest, Net		0	0,0	-1	-0,1
Result from ordinary activities		**- 51**	**- 4,2**	**- 189**	**- 10,8**
Items relating to other accounting periods, net	(8)	- 1	0,0	78	4,5
Net loss for the year		**- 52**	**- 4,3**	**- 111**	**- 6,3**

(1) Sales

The sales in the financial year relate exclusively to services provided in the IT sector and sales of software licenses.

(2) Other operating income

Other operating income consists of following:

	1.4.2003 - 31.3.2004	1.4.2002- 31.3.2003
	T •	T •
Employee remuneration in kind	7	21
Group cross charges	0	0
Employee withholdings for rent	51	43
Foreign exchange gains	0	6
Other	18	20
	76	**90**

(3) Material costs

The material cost ratio (material costs as a percentage of sales) stands at 25,3% (as compared to 32,2% of last year's period) and displays a downward trend. However, it should be considered that strong fluctuations are always possible, as depending on the order format, higher or lower material costs (procurement of services) could become necessary.

(4) Personnel costs

On account of the intensive efforts to streamline the personnel costs the personnel costs as a percentage of sales sank in the same proportion in this Financial year as the sales themselves. Furthermore, it is still to be noted that, as explained for the material costs, fluctuations in percentage can also occur in the personnel costs, depending on the type of order, where sometimes a high material percentage (outside purchasing) may be required or only personnel may be deployed. Depending on the composition of the various order contents, fluctuations in these costs will arise as measured by the percentage of total sales and will hence also lead to deviations from last year's situation.

(5) Other operating expenses

	1.4.2003 - 31.3.2004	**1.4.2002- 31.3.2003**
	T •	**T •**
The Netherlands expenses assumed	0	0
Personnel search cost	0	0
Other	0	0
	0	**0**

(6) Administrative expenses

Administrative expenses comprise the following:

	1.4.2003 - 31.3.2004	**1.4.2002- 31.3.2003**
	T•	**T•**
Legal and professional fees	17	27
Rent	79	103
Telephone and telefax	11	19
Bookkeeping costs	10	13
Office supplies, printed matter	2	2
Other	6	9
	125	**173**

(7) Selling expenses

Selling expenses are analysed below:

	1.4.2003 - 31.3.2004	**1.4.2002- 31.3.2003**
	T •	**T •**
Travelling expenses	20	32
Motor vehicle expenses	33	60
Representation cost and advertising	0	1
Transfer to specific provision for bad and doubtful debts	0	0
Foreign exchange losses	0	0
Receivables written off	0	10
Transfer to the general provision for bad and doubtful debts	0	0
	53	**103**

The travelling expenses include costs incurred by both sales personnel and Indian engineers.

(8) Items relating to other accounting periods, net

	1.4.2003 - 31.3.2004	1.4.2002- 31.3.2003
	T •	T •
Income		
Income from the reduction in the general provision	1	0
Income from the reduction in the specific provision	0	9
Income from the release of accruals	0	77
Income from the disposal of fixed assets	0	0
	1	**86**
Expenses		
Losses on the disposal of fixed assets	0	2
Expenses unrelated to accounting period	0	6
	0	**78**

III. Balance Sheet Situation

In the following balance sheet summary, individual line items are grouped together to reflect economic and financial aspects.

		31.3.2004		31.3.2003		Change
		T •	%	T •	%	T •
Assets						
Fixed assets	**(1)**					
Tangible assets		5	2,7	10	2,3	- 5
Financial assets		67	36,2	63	14,6	+ 4
		72	38,9	73	16,9	- 1
Current assets	**(2)**					
Inventories		0	0,0	13	3,0	- 13
Trade accounts receivable		85	45,9	226	52,3	- 141
Amounts receivable from affiliated companies		4	2,2	4	0,9	0
Other assets		5	2,7	59	13,7	- 51
Liquid funds		15	8,1	53	12,3	- 38
		109	58,9	355	82,2	- 246
Prepaid expenses		3	1,6	4	0,9	- 1
Total assets		**185**	**100,0**	**432**	**100,0**	**- 247**
Shareholder's equity and liabilities						
Shareholder's equity	**(3)**					
Subscribed capital and reserves		635	343,2	635	147,0	0
Retained losses		- 1728	- 934,0	- 1675	- 387,7	- 52

		- 1093	- 591,0	- 1040	- 240,7	- 52
		31.3.2004		31.3.2003		Change
		T•	%	T•	%	T•
Long-term external financing						
Pension provisions	(4)	105	56,8	92	21,3	+ 13
Short-term external financing						
Provisions for taxation		0	0,0	0	0,0	- 0
Other provisions and accruals	(5)	29	15,7	25	5,8	+ 4
Advance Payments received		0	0,0	12	2,8	- 12
Trade accounts payable		11	5,9	81	18,7	- 70
Amounts due to affiliated companies	(6)	1098	593,5	1197	277,1	- 99
Other payables	(7)	34	18,4	65	15,0	- 31
		1173	**634,0**	**1380**	**319,4**	**- 207**
Total external financing		**1278**	**690,8**	**1472**	**340,7**	**- 194**
Total capital & liabilities		**185**	**100,0**	**432**	**100,0**	**- 247**

(1) Fixed assets

The financial assets comprise the reinsurance cover asset value. This has increased as compared to the previous year due to the accrual of value of the course of the year.

(2) Current assets

The decrease in current assets is mainly the result of decreases in trade account receivables by T• 141 and other assets by T• 51.

Other assets are made up as follows:

	31.3.2004	31.3.2003
	T•	T•
Claims against tax authorities		
withheld, reclaimable corporate income tax and solidarity levy 2002	1	1
withheld, reclaimable corporate income tax and solidarity levy 2004	0	0
withheld, creditable corporate income tax and solidarity levy 2003	3	3
	4	**4**
Other claims		
Other claims	0	47
Claims against personnel	0	0
Security deposits	1	8
	1	55
	5	**59**

The decrease in **liquid funds** is explained below under "Financial position".

(3) Shareholder's equity

Due to the net loss for the year, the deficit not covered by sqhareholder's equity rose by T• 52 to T• 1,092.

(4) Pension provisions

The increase in pension provisions is due to accrual of value though the payment of the premia.

*(5) Movements in **other provisions and accruals** are set out below:*

	1.4.2003	Consumption	Provision	31.3.2004
	T•	T•	T•	T•
Leave due	0	0	3	3
Invoices not received	6	6	0	0
Costs of year closing	14	14	13	13
Employer's liability insurance	5	5	5	5
Other	0	0	8	8
	25	**25**	**29**	**29**

(6) Amounts due to affiliated enterprises

Amounts due to affiliated companies represent trading accounts and are payable to the following companies: Trigyn Technologies (India) Pvt. Ltd., Bangalore, T• 1062 and eVector (India) Pvt. Ltd., Bangalore, T• 36. These dues result out of flows of services delivered.

*(7) **Other payables** are summarized below:*

	31.3.2004	31.3.2003
	T•	T•
Taxes payable		
Value added tax	5	16
Payroll and church taxes including solidarity levy	10	18
	15	**34**
Social security payable		
Social security contributions	13	23
Customer overpayments	0	0
Salaries and Wages Due	6	0
Miscellaneous	0	8
	6	8
	34	**65**

IV. Financial position

The following statement, prepared in accordance with DRS 2, shows the sources and applications of liquid funds:

	1.4.2003-31.3.2004	1.4.2002-31.3.2003
	T •	T •
Net loss for the year	- 52	- 111
Amortisation/depreciation of fixed assets	5	6
Increase/ Decrease in provisions and accruals	+ 17	- 81
Losses from the disposal of fixed assets	0	2
Decrease in inventories, trade accounts receivable from sales and services as well as other assets, not allocated to investing and financing activities	+ 204	- 45
Decrease (previous year: increase) in trade accounts payable for goods and services as well as other liability items not allocated to investing and financing activities	- 212	192
Cash flow from operating activates	**- 38**	**- 37**
Proceeds from disposals of tangible fixed assets	0	1
Investments in tangible fixed assets	0	0
Proceeds from the disposal of financial assets	0	31
Investments in financial assets	0	0
Cash flow from investing activities	**- 0**	**32**
Repayments of amounts due to banks	0	0
Repayments of directors' loans	0	0
Sale of securities	0	0
Payments into capital reserve	0	0
Cash flow from financing activities	**0**	**0**
Change in liquid funds	- 38	- 5
Liquid funds at the beginning of the year	53	58
Liquid funds at the end of the year	15	53

The decrease in the financial fund being less than the total loss in the year, was made possible through the almost equal reduction of the trade receivables and payables as well as the incoming payments resulting from the other receivables and assets.

The mere marginal decrease in the financial fund, despite the present significant deficit, is mainly due to increases in trade accounts payable for goods and services.

In addition, the unaudited annual financial statements, in our opinion, gives a true and fair view of the company's net assets, financial position and earnings situation in accordance with German principles of proper accounting.

Pforzheim, 31st August 2004

Anup Roy
Financial Controller

Bhaskar Sanyal
Managing Director

Balance Sheet **Appendix 1**

Trigyn Technologies Europe GmbH
Unternehmensberatung, Pforzheim
as of
31 March 2004

Assets

Account	Description	Euro	Current year Euro	Previous yr. Euro
	Fixed Assets, Funrinture and Fittings			
670	Small Value Assets	0.00		0.00
690	Office Assets	4,777.00	4,777.00	10,078.00
	Buyback value of Pension insurance			
990	Buyback value of Pension insurance		66,838.54	62,888.19
	Work In progress			
1080	Work In progress		0.00	12,738.63
	Trade Accounts Recivable			
1200	Debtors	85,816.44		228,428.73
1248	Lumpsum debtors Provsion	-740.00	85,076.44	-1,969.00
	Accounts Recivable from Related Parties			
1260	Open debts of Related parties		3,703.95	3,703.95
	Other current assets			
1300	Other Assets	0.00		47,438.12
1340	Claims recoverable from employees	300.00		300.00
1350	Caution deposits	675.71		7,729.42
1450	Corporate Income tax claimable	4,161.52		4,131.36
3300	Liabilities to Trade Suppliers	85.36	5,222.59	0.00
	Liquid Funds			
1600	Cash	7.30		75.74
1840	Dresdner Bank Main Account	14,598.77	14,606.07	52,656.24
	Prepaid expenses			
1900	Prepaid expenses		2,588.27	3,922.00
	Loss not covered by equity		1,091,791.58	1,040,028.73
	Total Assets		**1,274,604.44**	**1,472,150.11**

Capital and Liabilities

Account	Description	Euro	Current year Euro	Previous yr. Euro
	Capital			
2900	Registered Capital		25,564.59	25,564.59
	Capital Reserves			
2928	Capital Reserves		609,321.51	609,321.51
	Loss carried forward			
2978	Loss Carried forward		-1,674,914.83	-1,564,554.32
	Loss for the Year		-51,762.85	-110,360.51
	Loss not covered by equity		1,091,791.58	1,040,028.73
	Provisions for Pension			
3010	Pension Provision		104,513.48	92,164.76
	Other Provisions			
3070	Other costs provided for	29,484.00		11,450.58
3095	Provision for Audit	0.00	29,484.00	14,000.00
	Advances Received			
3270	Advances received		0.00	11,600.00
	Liabilities to Trade Suppliers			
3300	Liabilities to Trade Suppliers		11,244.99	80,637.64
	Liabil.ities to Related Parties			
3400	Liabilities to Trigyn Bangalore	1,061,887.51		1,154,750.97
3401	Liabilities to Trigyn mumbai	0.00		6,780.00
3402	Liabilities to e-vector	35,931.52	1,097,819.03	35,931.52
	Other liabilities			
1400	Vat deductible	-276.73		0.00
1401	VAT 7% deductible	-14.41		-84.34
1405	VAT 16% deductible	-36,672.13		-43,669.02
1409	VAT 16% deductible EU Supplies	-6,377.18		-23,340.44
3500	Other liabilities	0.00		8,233.79
3730	Liabilities on acc of income Tax	9,572.16		17,697.74
3740	Liabilities Social insurance	13,076.40		22,535.20
3790	Liabilities - payroll	6,333.67		0.00
3805	VAT outwards 16%	188,515.46		268,466.04
3820	VAT Advance	-112,972.48		-188,466.77
3830	VAT netherlands	-36,019.00		-19,878.00
3836	VAT on EU supplies	6,377.18	31,542.94	23,340.44
	Total Liabilities		**1,274,604.44**	**1,472,150.11**

Profit and Loss statement for the period from 1st April 2003 to 31st March 2004 **Appendix 2**
(last year's period: 1 April 2002 to 31st March 2003)

	1.4.2003 – 31.3.2004		1.4.2002 – 31.3.2003	
	Euro	Euro	Euro	Euro
1. Sales		1163552,74		1648103,00
2. Increase / reduction in work-in-process inventory		- 12738,63		+ 12738,63
		1150814,11		1660841,63
3. Other operating income		77508,79		176510,46
		1228322,90		1837352,09
4. Material costs				
a. Cost of raw materials and supplies and of purchased goods	0,00		0,00	
b. Cost of purchased services	310166,37	310166,37	563629,55	563629,55
5. Personnel expenses				
a. Wages and salaries	654998,64		921941,87	
b. Social security and expenses for pension -of which for pensions Euro 12.457,80 (Euro 26.539,59)	125523,11	780521,75	169918,59	1091860,46
6. Depreciation of tangible fixed assets		5360,00		5738,53
7. Other operating expenses		183788,29		285377,97
		- 53031,45		- 109254,42
8. Interest and similar income	1797,02		2041,06	
9. Interest and similar charges - of which due to affiliated companies Euro 0,00 (Euro 0,00)	- 87,42	1709,60	- 2582,97	- 541,91
10. Result from ordinary activities		- 51321,85		- 109796,33
11. Other taxes		- 441		- 564,18
12. Net loss for the year		- 51762,85		- 110360,51

Notes for the financial year from 1st April 2003 to 31st March 2004

Preliminary comments

"Under the terms of a declaration dated 12th April 2002, the sole shareholder - eCapital Solutions (Bermuda) Ltd. - agreed to guarantee the company's dues payable to Trigyn Technologies (India) Pvt. Ltd., Bangalore, amounting to • 967,410,02 to prevent an overindebtedness in the sense of insolvency law. Furthermore, all amounts due by the company to the sole shareholder, at the present time and at any time in the future, are placed behind the claims of all the company's other creditors. As of balance sheet date, the shareholder currently has no dues from Trigyn Technologies Europe GmbH, Pforzheim." This comment included in last year's report is still valid, with the exception of the preliminary comment "to prevent an overindebtedness in the sense of insolvency law ", as despite the assumption of the debts, a case of debt overload under insolvency law is still applicable (cf. Other Information).

Accounting and valuation principles; foreign currency translation

Tangible fixed assets are stated at acquisition cost less scheduled depreciation. The reducing-balance depreciation method has been applied insofar as this is permissible for taxation purposes.

Depreciation is calculated in accordance with the tax simplification rule R 44(2) EStR (German Income Tax Regulations), partly using the reducing-balance method and partly using the straight-line method, on the basis of the German income tax depreciation tables. Minor value assets are depreciated in full in the year of acquisition.

The financial assets represent the reinsurance cover asset value advised by the insurance company.

Receivables and other assets are stated at their nominal value less provisions required. A general provision for bad and doubtful debts has been recorded in respect of trade accounts receivable to cover overall credit risks.

Pension provisions have been determined in accordance with § 6a EStG (German Income Tax Law) on the basis of an actual valuation, assuming that the company is a going concern and using an interest rate of 6%.

Other provisions and accruals take into account all uncertain liabilities, losses and risks in respect of the financial year, which became known up to the time of preparation of the annual financial statements

Payables are stated at the amounts to be paid.

Receivables and payables in foreign currency are recorded at the rate of exchange on the date of transaction. Exchange losses arising upto the balance sheet date that would have to be considered in terms of a permanent impairment of value, were not applicable.

Explanatory comments on the balance sheet

1. ***Fixed assets***

   The composition and the development of the fixed assets in the financial year 2002/2003 are set out in the appendices to these notes.

2. ***Receivables***

   All receivables and other assets fall due in less than one year. Amounts due from affiliated companies consist exclusively of trade accounts receivable.

3. ***Payables***

   All payables fall due in less than one year. The general reservation of ownership applies to the trade accounts payable. Amounts due to affiliated companies consist exclusively of trade accounts payable.

Other information

Information for a better understanding of the net worth, financial and earnings position

The balance sheet, statement of loss and gain and appendices, as per legal regulations, reflect the actual economical situation.

The balance sheet based on the going concern principle is justified by the positive future Prognosis despite the overindebtedness according to the Insolvency law since a revaluation according to liquidation based accounts would only change 2 positions therein with barely any major consequence (cf. earlier comment).

Managing Directors

Dr. Bhaskar Sanyal, Keltern

Group information

The company's financial statements are included in the consolidated financial statements of Trigyn Technologies Limited, Mumbai, India,(top level consolidation) and before that will be included in the consolidated financial statements (intermediate level company consolidation) of eCapital Solutions (Bermuda) Ltd.; these are prepared in accordance with the generally accepted accounting principles of the United States of America (US-GAAP) in Mumbai, (India)/Hamilton (Bermuda).

Pforzheim, 31st August 2004

Trigyn Technologies Europe GmbH, Pforzheim

The Management

Appendix 4

Economic status of the company

The company's business consists of selling of software licenses and providing services in the IT sector.

The software licenses are acquired by Trigyn from Trigyn Technologies Limited, Mumbai, Trigyn Technologies (India) Pvt. Ltd., Bangalore or eVector (India) Pvt. Ltd., Bangalore, for sale. These licenses relate mainly to telecommunications and e-commerce software. The three most important software products are: Appollo, a billing and customer care solution in the telecommunication area; eVector, a multimedia message-processing software; and Akcelo, an e-commerce software development tool.

The company's services consist, on one hand, of IT personnel resources services and, on the other hand, the company produces customer-specific software. The company in connection with the personnel resources services mostly engages Indian IT engineers.

On 1st January 2000 and 1st April 2000 framework contracts were signed with Trigyn Technologies (India) Pvt. Ltd. (formerly eCapital Solutions, India Pvt. Ltd.):

a) Trigyn Technologies (India) Pvt. will, on demand, make its own personnel available to the company at short notice.

b) Under the terms of the framework contract, the company sub-contracts software production to Trigyn Technologies (India) Pvt. Ltd.

The relevant costs for both services have been included in the purchased services.

The company had 8 employees at the balance sheet date. Nine of these employees were Indian engineers in the personnel resource division.

The company conducts its business in rented offices in Pforzheim.

Appendix 5

Legal status of the company

Formation	20th February 1995 (as d+s consult Dreller und Sanyal Unternehmensberatungs-GmbH)
Name	Trigyn Technologies Europe GmbH
Registered Office	Pforzheim
Articles of Association	The currently valid articles of association are dated 11th September 2000
Commercial Register	Pforzheim, department B, reference number 3752.
Objectives	Research, development, construction, industrial manufacture, particularly in the capacity of general contractor whereby manual work is carried out by third parties, and the sales of communication-technological products of every kind (hardware and software), especially software technology, software development, system integration and business consultancy of all types, insofar as this does not require any special legal permit, for the most part in Europe.
Financial year	In connection with the amendment of 11th September 2000 to the articles of association, the financial year was changed. The financial year starts on 1st April and ends on 31st March.
Subscribed capital	DM 50000,00 - • 25564,59 -
Share capital ownership	The company is a 100% subsidiary of eCapital Solutions (Bermuda) Limited, Hamilton, Bermuda.
Proposed appropriation	Management will propose at the shareholders' meeting that the retained losses amounting to • 1,726,677.68 as of 31st March 2004 are carried forward to the next financial year.
Last year's financial statements	At the shareholder's meeting on 9th May 2003
Company's size	The company is a small company as defined in § 267 (1) HGB.
Affiliated companies	The company is included via its sole shareholder eCapital Solutions (Bermuda) Limited, Hamilton, Bermuda, in the consolidated financial statements of Trigyn Technologies Limited, Mumbai.
Managing Directors	The composition of management is set out in the company's notes to the annual financial statements.
	The notes include the information required by § 285 No. 10 HGB. The information required by § 285 No. 9 HGB has not yet been disclosed as permitted by § 286 (4) HGB.
Tax status	The company has not yet been subject to an external audit by the tax authorities.

Balance sheet at 31st March 2004

(Currency: Indian Rupee)

	Notes	2004	2003
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	**151,312,960**	151,312,960
Reserves and surplus	4	**272,423,733**	277,895,670
		423,736,693	429,208,630
APPLICATION OF FUNDS			
Investments	5	**-**	10,219,497
Current assets, loans and advances			
Cash and bank balances	6	**92,567**	4,340
Loans and advances	7	**28,948,869**	47,582,401
		29,041,436	47,586,741
Current liabilities and provisions			
Current liabilities	8	**4,847,319**	17,510,429
Net current assets		**24,194,117**	30,076,312
Profit and loss account		**399,542,575**	388,912,821
		423,736,692	429,208,630

The accompanying notes form an integral part of the financial statements. As our report of even date.

Profit and Loss Account for the year ended 31st March 2004

(Currency: Indian Rupee)

	Note	2004	2003
INCOME			
Interest income		**-**	-
Other income	9	**-**	-
		-	-
EXPENDITURE			
Operating costs	10	**410,257**	2,099,373
Loss for the year before exceptional items		**410,257**	2,099,373
Exceptional items	11	**10,219,497**	122,588,974
Loss after exceptional items		**10,629,754**	124,688,347
Accumulated losses, brought forward		**388,912,821**	264,224,474
Accumulated losses, carried forward		**399,542,575**	388,912,821
Basic and diluted earnings per share		**(1.45)**	(16.96)
Number of shares used in computing basic and diluted earnings per share		**7,350,000**	7,350,000

The accompanying notes form an integral part of the financial statements. As our report of even date.

For eCapital Solutions (Bermuda) Limited

Tushar Vaidya
Director

Ramkrishna Bhagwat
Director

Place : Mumbai:
Date: June 2, 2004

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

as a going concern and, therefore may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

2.2 Interest income

Interest on deployment of surplus funds is recognised using the time proportion method based on the underlying interest rates.

2.3 Investments

Long-term investments are carried at cost, and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments.

2.4 Provision for taxation

The Company is incorporated in Bermuda where no taxes are payable. Accordingly, the Company has not made provision for taxes in the financial statements.

2.5 Earnings per share

The basic and diluted earnings per share is computed by dividing the loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

		Note	**2004**	2003
3	**Share capital**			
	Authorised share capital			
	9,435,174 (2003: 9,435,174) equity shares of Rs 20 (equivalent USD 0.42) with voting rights		**194,240,000**	194,240,000
	7,076,380 (2003: 7,076,380) equity shares of Rs 21 (equivalent USD 0.44) without voting rights		**145,680,000**	145,680,000
			339,920,000	339,920,000
	Issued, subscribed and paid-up share capital			
	6,049,804 (2003: 6,049,804) equity shares of Rs 20 (equivalent USD 0.42) with voting rights each, fully paid up.		**124,546,105**	124,546,105
	1,300,196 (2003: 1,300,196) equity shares of Rs 20 (equivalent USD 0.42) without voting rights each, fully paid up.		**26,766,855**	26,766,855
			151,312,960	151,312,960

The above equity shares data is presented subsequent to stock consolidation carried out by the Company in March 2001, whereby 31,160,000 outstanding equity shares of the Company were consolidated into 7,350,000 equity shares in a 4.24: 1 ratio.

All the above equity shares of the Company are held by the holding company i.e. TTL.

Of the above, 117,940 (2003: 117,940) equity shares of Rs. 20 (equivalent USD 0.42) each fully paid with a premium of Rs 38 (equivalent USD 0.79) have been allotted for consideration other than cash for acquiring 2 equity shares (representing 100% of issued and paid up share capital) of Trigyn Technologies Europe, GmbH.

Refer note 12 for employee stock options issued by the Company.

Notes to the financial statements for the year ended 31st March 2004

(Currency: Indian Rupee)

1 Background

eCapital Solutions (Bermuda) Limited ('EB'), was incorporated in Bermuda in December 1998 as a 100 % subsidiary of eCapital Holdings (Bermuda) Limited ('EH'). On 12 April 2000, EH sold its 100% interest in EB, to Trigyn Technologies Limited ('TTL'), a public limited company incorporated in India, as a result of which EB became a wholly owned subsidiary of TTL. The primary objective of EB is to hold investments in its majority owned subsidiaries.

The majority owned subsidiaries of EB are primarily engaged in the business of providing software solutions and consultancy services in India, United States of America and Europe.

On 1 October 2001, EB acquired balance 49% equity stake representing 29,400 equity shares in its subsidiary Trigyn Technologies U.K ('TTUK') for consideration aggregating GBP 1 resulting in TTUK becoming a wholly owned subsidiary of EB. On 16 April 2002 the management of TTUK decided to wind up its operations and filed for liquidation.

On 30 May 2002, the Board of Directors of eVector (Cayman) Limited (EVCL), a wholly owned subsidiary of the Company, together with EVCL's preference shareholder and the Company decided to wind up EVCL and its subsidiaries' operations (refer note 11).

2 Principal accounting policies

2.1 Basis of preparation of financial statements

(a) These financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Indian Companies Act, 1956 as applicable to bodies corporate.

(b) These financial statements have been prepared for the purpose of compliance with the provisions of section 212 of the Indian Companies Act, 1956 by the holding company i.e. TTL. Accordingly, these financial statements will be attached to the financial statements of TTL as prescribed under Section 212 of the Indian Companies Act, 1956. The balance sheet and profit and loss account of the Company have been drawn up in terms of US dollars representing the functional currency of the Company. However, for purposes of compliance with the requirements of section 212 of the Indian Companies Act 1956, these financial statements have been translated into Indian Rupees in accordance with the methodology prescribed for conversion of financial statements of a non-integral operation in the revised Accounting Standard 11 on Accounting for the effects of changes in foreign exchange rates. No representation is made, that the US dollar amounts have been, could have been or could be converted in to Indian Rupees at such an exchange rate.

(c) The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements.

(d) The Company has made a net loss, before exceptional items, of Rs 10.63 million (equivalent USD 0.24 million) (2003: loss of Rs 124.69 million (equivalent USD 3.0 million)) for the year ended 31 March 2004 and has accumulated deficit aggregating Rs 399.54 million (equivalent USD 8.60 million) (2003: Rs 388.91 million (equivalent USD 8.44 million)) as at 31 March 2004. In the event, the Company is required to assume the liabilities of its subsidiary TTE, there exists significant uncertainty that the Company will be able to continue

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	Note	2004	2003
7 Loans and advances			
(unsecured, considered good)			
Advances for investment in subsidiaries, pending allotment of equity shares			
- eCapital Solution (Mauritius) Limited		**14,899,563**	20,904,197
- Trigyn Technologies Europe GmbH		**-**	-
Loans/advances to subsidiaries		**14,049,307**	20,863,791
Loans to director		**-**	5,814,413
Advances recoverable in cash or in kind or for value to be received		**-**	-
		28,948,869	47,582,401
(unsecured, considered doubtful)			
Advances for investment in subsidiaries, pending allotment of equity shares			
- eCapital Solution (Mauritius) Limited		**146,994,507**	152,172,855
- Trigyn Technologies Europe GmbH		**25,282,045**	26,172,685
Loans/advances to subsidiaries		**83,279,150**	86,212,922
Loans to director		**-**	-
		255,555,701	264,558,462
Less: Provision for doubtful loans/advances (refer note 11)		**255,555,701**	264,558,462
		-	-
		28,948,869	47,582,401

Loan to Director represents interest free loan repayable on termination of his employment. Effective May 2001, the whole time director had resigned and the Company is in the process of finalizing a settlement agreement with the Director. Based on the settlement agreement the Company had waived Rs 7,284,000 (equivalent USD 150,000) in the previous year. Advances recoverable in cash or in kind or for value to be received represents business advance paid to the same Director. Maximum amount outstanding from the Director during the year aggregated Rs 5,814,413 (equivalent USD 122,023) (2003: Rs 14,568,000 (equivalent USD 300,000)). This loan has since been recovered during the year.
Loans and advances to subsidiaries includes amount due from Trigyn Technologies Limited, UK aggregating Rs 43,248,747 (equivalent USD 939,608) (2003: Rs 44,772,321 (equivalent USD 939,608)) and amount due from Trigyn Technologies Inc. Rs 52,971,213 (equivalent USD 1,150,835) (2003: Rs 62,304,392 (equivalent USD 1,207,687)), which are companies under the same management as defined under section 370(1B) of the Indian Companies Act, 1956. Maximum amount outstanding from Trigyn Technologies Limited, UK aggregated Rs 43,248,747 (equivalent USD 939,608) (2003: Rs 44,772,321 (equivalent USD 939,608)) and from Trigyn Technologies Inc. aggregated Rs 62,304,392 (equivalent USD 1,207,687) (2003: Rs 62,304,392 (equivalent USD 1,207,687)).

8 Current liabilities			
Sundry creditors		**4,824,305**	17,486,604
Others		**23,014**	23,825
		4,847,319	17,510,429

Sundry creditors include Rs NIL (2003: Rs 12,492,543 (equivalent USD 262,173) payable to erstwhile Director.
As at 31 March 2004, the Company had no amounts due to small-scale industrial undertakings.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

		Note	2004	2003
4	**Reserves and surplus**			
	Share premium balance		**281,009,437**	281,009,437
	Foreign currency translation reserve		**(8,585,704)**	(3,113,767)
			272,423,733	277,895,670
5	***Investments***			
	Long term investments			
	Trade (unquoted) investment in subsidiaries			
	5,500 (2003: 5,500) equity shares of Rs 47.65 (equivalent USD 1) each fully paid in eCapital Solutions (Mauritius) Limited		**253,157**	262,075
	1,000 (2003: 1,000) equity shares of Rs 0.48 (equivalent USD 0.01) each fully paid in Trigyn Technologies Inc. USA.		**27,617,100**	28,590,000
	60,000 (2003: 60,000) equity shares of Rs 0.75 (equivalent GBP 0.01) each fully paid up in Trigyn Technologies Limited, U.K.		**60,528,260**	62,660,560
	2 (2003: 2) equity shares of Rs 550,750 (equivalent DM 25,000) each fully paid up in Trigyn Technologies Europe, GmbH		**9,882,089**	10,230,217
	15,000,000 (2003: 15,000,000) equity shares of Rs 0.48 (equivalent USD 0.01) each fully paid up in eVector Cayman Limited		**6,904,275**	7,147,500
			105,184,881	108,890,352
	Less: provision for decline other than temporary in the value of investments. (refer note 11)		**105,184,881**	98,670,855
			-	10,219,497
6	**Cash and bank balances**			
	Balances with non scheduled banks			
	- In current account			
	The Bank of Bermuda Limited		**92,567**	4,340
			92,567	4,340
	Maximum balance held during the year with above banks			
	- In current account			
	Lloyds TSB		**-**	-
	The Bank of Bermuda Limited		**5,661,506**	9,678
	- In deposit account			
	The Bank of Bermuda Limited		**-**	-

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

Provisions for doubtful loans and advances

Due to adverse financial conditions of its subsidiary TTI and the winding up of TTUK operations, there exists uncertainty as to realisibility of loans and advances balance due from these subsidiaries. Accordingly, the Company had made provision for doubtful loans and advances during 2003, due from these subsidiaries aggregating Rs 87.86 million (USD 1.81 million).

12 Stock options

Prior to acquisition of EB by Trigyn Technologies Ltd in April 2000, the Company had communicated stock option entitlements to its employees including employees of its subsidiaries (Employees). The Company had issued these stock options at an exercise price of USD 0.28 per option, which would vest over a period of four years from the date of grant of these options. These options were pending formal approval by the Board of Directors of the Company.

In additions to the above, the Company had also agreed to grant incentive options to its Directors on achievement of predetermined performance targets. These incentive options would vest on listing of the Company on the recognized stock exchange, sale, merger or liquidation of the Company. The exercise price of these options would be the average exercise price of the stock options granted during the period of five years immediately preceding the date of such grant. As these directors have subsequently resigned from the services of the Company and neither have they achieved their pre-determined performance targets, the Company has cancelled the above-mentioned incentive options.

Upon acquisition of EB by Trigyn Technologies Ltd in April 2000, the Company's erstwhile holding company, eCapital Holdings Bermuda Limited assumed the obligation on account of stock option granted to the employees of the non-Indian subsidiaries of EB. Further, in July 2000, TTL issued stock option to the employees of the Indian subsidiaries of EB in lieu of EB stock options held by them.

13 Commitments

The Company is also committed to convert amounts due from TTI aggregating Rs 42.23 million (equivalent USD 0.87 million) into equity capital of TTI, subject to required regulatory approvals.

14 Supplementary statutory information

(i) Operating costs include remuneration paid to whole time directors of the Company as follows:

	Note	**2004**	2003
Salaries		**-**	-
Consultancy fees paid to director		**-**	-
		-	-
(ii) Operating costs include auditors remuneration:			
– Statutory audit fees		**32,625**	**26,622**

15 Prior year comparatives

Prior year figures have been appropriately reclassified to conform to current year's presentation.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	Note	2004	2003
9. Other income			
Exchange gain (net)		**-**	-
10. Operating costs			
Salaries (including settlement cost)		**-**	-
Consultancy fees		**-**	-
Legal and professional fees		**330,522**	403,643
Bank charges		**3,611**	5,431
Travel and conveyance costs		**-**	1,068,161
Miscellaneous		**76,125**	622,138
		410,257	2,099,373
Less: Allocation of expenses to subsidiaries		**-**	-
		410,257	2,099,373

11 Exceptional items

Provision for decline other than temporary in the value of investments in subsidiaries

On the basis of the preliminary evaluation, and based on the diminution provided in the investment value of the parent Company, the Company has made a further provision of aggregating Rs 10.22 million (equivalent USD 0.22 million) for 'decline other than temporary' in the carrying value of its investments in its subsidiaries eCapital (Mauritius) Limited ('EM') and Trigyn Technologies, Inc ('TTI'), Trigyn Technologies GmBH and Trigyn Technologies Ltd., UK (put into liquidation). The primary reasons for such decline are attributed to the general downturn in the software services and products business, which may result in loss of certain perceived business synergies. The Company is in the process of performing a detailed evaluation to ascertain whether adjustments are required to record a further decline other than temporary in the carrying value of these investments.

Company's investment in eVector Cayman Limited ('EVCL') aggregate Rs 7,284,000 (equivalent USD 150,000) as at 31 March 2002. On 30 May 2002, the Company, the Board of Directors of EVCL and the EVCL's preference shareholders decided to wind up operations of EVCL and its subsidiaries. In this regard, the Company has entered into a settlement agreement with EVCL and preference shareholder of EVCL, whereby the Company would receive Rs 6.07 million (equivalent USD 125,000) towards Company's contributed share capital in EVCL. Based on the above, the Company has provided for decline other than temporary in respect of the balance investment value aggregating Rs 1.21 million (equivalent USD 25,000) as on March 31, 2002.

Provision for advances made to subsidiaries pending allotment of equity shares

Advances for investment in subsidiaries represents amount pending allotment of equity shares in TTE and EM aggregating Rs 26.67 million (equivalent USD 0.55 million) and Rs 181.96 million (equivalent USD 3.74 million) respectively. In respect of advances to TTE, the Company had made provision on March 31, 2002 in respect of the entire amount paid towards subscription of equity share capital aggregating Rs 26.67 million (equivalent USD 0.55 million). Further, in respect of advances to EM, based on preliminary evaluation, the Company had made a provision of 26% aggregating Rs 47.53 million (equivalent USD 0.98 million). During the year 2003, the Company's Management made an internal valuation of the underlying investments in EM and Trigyn Technologies Inc, USA and decided to make an additional provision in respect of the advances to EM and TTI, aggregating Rs. 162.50 million (USD 0.34 million).

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

19. Balance Sheet abstract and Company's general business

I Registration Details

Registration No.	N A	State Code	N A
Balance sheet date	31 03 2004 (Date Month Year)		

II Capital raised during the year (Amount in Rs Thousands)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private placement	N I L

III Position of mobilization and deployments of funds (Amount in Rs Thousands)

Total Liabilities	4 2 8 5 8 4	Total assets	4 2 8 5 8 4

Source of funds **:**

Paid-up capital (Incl. Share Application Money)	1 5 1 3 1 3	Reserves and surplus	2 7 2 4 2 3
Secured loans	N I L	Unsecured loans	N I L

Application of funds :

Net Fixed Assets	N I L	Investments	N I L
Net Current Assets	2 4 1 9 4	Misc. expenditure	N I L
Accumulated loss	3 9 9 5 4 2		

IV Performance of Company (Amount in Rs Thousands)

Turnover (Including Other Income)	N I L	Total Expenditure	2 1 0 0
+/- [-] Profit Before Tax	4 1 0	+/- [-] Profit for the year	1 0 6 2 9

(Please tick appropriate box + for Profit, - for Loss)

Earning per Share in Rs.	(1 . 4 5)	Dividend Rate %	N I L

V Generic names of three principal products / Services of Company (As per Monetary Terms)

Item Code no (ITC code)	Not applicable	Product description	Investment company
Item Code no (ITC Code)	Not applicable	Product description	Not applicable
Item Code no (ITC Code)	Not applicable	Product description	Not applicable

For eCapital Solutions (Bermuda) Limited

Tushar Vaidya
Director

Ramkrishna Bhagwat
Director

Place : Mumbai:
Date: June 2, 2004

Balance sheet at 31st March 2004

(Currency: Indian Rupee)

SOURCES OF FUNDS	*Note*	**2004**	2003
Shareholders' funds			
Share capital	*3*	**267,080**	267,080
Share application money		**161,894,064**	173,077,046
Foreign currency translation reserve		**6,584,252**	898,967
		168,745,396	174,243,093
APPLICATION OF FUNDS			
Investments	*4*	**-**	119,696,800
Current assets, loans and advances			
Cash and bank balances	*5*	**17,343**	96,195
Loans and advances	*6*	**1,674,701**	7,213,448
		1,692,044	7,309,643
Current liabilities and provisions			
Current liabilities	*7*	**574,044**	594,267
Net current assets		**1,117,999**	6,715,376
Profit and loss account		**167,627,397**	47,830,917
		168,745,396	174,243,093

The accompanying notes form an integral part of the financial statements.

INCOME			
Other income	*8*	-	-
		-	-
EXPENDITURE			
Operating costs	*9*	**99,680**	69,150
Loan written off (refer note 6)		**-**	-
Provision for diminution in value of investments (refer note 10)		**-**	-
		99,680	69,150
Profit / (Loss) for the year before prior year adjustments		**99,680**	69,150
Prior year adjustment (refer note 6)		**-**	5,576,523
Net profit / (loss) after exceptional and prior-period items		**99,680**	5,507,373
Exceptional items, diminution in value of investments		**119,696,800**	-
Accumulated losses, brought forward		**(47,830,917)**	(53,338,290)
Accumulated losses, carried forward		**(167,627,397)**	(47,830,917)
Basic and diluted earnings per share		**(21,781.18)**	1,001.34
Number of shares used in computing basic and diluted earnings per share		**5,500**	5,500

The accompanying notes form an integral part of the financial statements.

For eCapital Solutions (Mauritius) Limited

Date: June 2, 2004 *Director* *Director*

Notes to the financial statements for the year ended 31st March 2004

(Currency: Indian Rupee)

1. Background

eCapital Solutions (Mauritius) Limited('EM'), was incorporated in Mauritius in December 1998 as a 100 % subsidiary of eCapital Solutions (Bermuda) Limited ('EB'). The primary objective of EM is to hold investments in its majority owned subsidiaries.

The majority owned subsidiary of EM is primarily engaged in the business of providing software solutions and consultancy services in India.

2 Principal accounting policies

2.1 Basis of preparation of financial statements

(a) These financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Indian Companies Act, 1956 as applicable to bodies corporate.

(b) These financial statements have been prepared for the purpose of compliance with the provisions of section 212 of the Indian Companies Act, 1956 by the holding company i.e. TTL. Accordingly, these financial statements will be attached to the financial statements of TTL as prescribed under Section 212 of the Indian Companies Act, 1956. The balance sheet and profit and loss account of the Company have been drawn up in terms of US dollars representing the functional currency of the Company. However, for purposes of compliance with the requirements of section 212 of the Indian Companies Act 1956, these financial statements have been translated into Indian Rupees in accordance with the methodology prescribed for conversion of financial statements of a non-integral operation in the revised Accounting Standard 11 on Accounting for the effects of changes in foreign exchange rates. No representation is made, that the US dollar amounts have been, could have been or could be converted in to Indian Rupees at such an exchange rate.

(c) The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements.

(d) The Company has made a net loss of Rs 119.79 million (equivalent USD 2.75 million) (2003: profit of Rs 5.51 million (equivalent USD 0.11 million)) for the year ended 31 March 2004 and has accumulated deficit aggregating Rs 167.63 million (equivalent USD 3.85 million) (2003: Rs 47.83 million (equivalent USD 0.98 million)) as at 31 March 2004. In order to support its operation, the Company requires external financial support, in absence of which there exists a significant uncertainty that the Company will be able to continue as a going concern and, therefore may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

2.2 Interest income

Interest on deployment of surplus funds is recognised using the time proportion method based on the underlying interest rates.

2.3 Investments

Long-term investments are carried at cost, and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments.

2.4 Provision for taxation

The Company is incorporated in Mauritius where no taxes are payable. Accordingly, the Company has not made provision for taxes in the financial statements.

2.5 Earnings per share

The basic and diluted earnings per share are computed by dividing the profit/loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	Note	2004	2003
3. Share capital			
Authorised share capital			
100,000 ordinary shares of Rs. 47.65 (equivalent USD 1) each		**4,856,000**	4,856,000
		4,856,000	4,856,000
Issued, subscribed and paid-up share capital			
5,500 ordinary equity shares of Rs. 47.65 (equivalent USD 1) each fully paid up		**267,080**	267,080
		267,080	267,080
All the above equity shares of the Company are held by the holding company i.e. EB.			
4 Investments			
Long term investments			
Trade (unquoted) investment in subsidiary			
1,471,024 equity shares of Rs. 100 each (equivalent USD 2.10 each (2003: USD 2.06 each)) fully paid up in Trigyn Technologies (India) Private Limited		**162,010,000**	162,010,000
Less: Provision for decline other than temporary in the value of investments. (refer note 10)		**162,010,000**	42,313,200
		-	119,696,800
5 Cash and bank balances			
Balances with non scheduled banks			
- In current account			
HSBC Limited		**17,343**	96,195
		17,343	96,195
Maximum balance held during the year with above banks			
- In current account			
HSBC Limited		**92,921**	413,343
6 Loans and advances			
(unsecured, considered good)			
Loan to SMR Investments Limited		**-**	5,479,750
Advances recoverable in cash or in kind or for value to be received		**1,674,701**	1,733,698
		1,674,701	7,213,448

The interest free loan represents loan disbursed to SMR Investments Limited, a company owned by the former Chief Executive Officer ('Suresh Rajpal') of the holding Company, during the year ended 31 March 1999. The loan was repayable at the end of 5 years from the date of disbursement. Effective 19 May 2001 Mr. Suresh Rajpal resigned as officer of the holding company, the holding company had entered into a settlement agreement with Mr. Suresh Rajpal /SMR Investments Limited. As part of this settlement agreement 50% of the loan is repayable and the balance had been waived. Accordingly, a provision of Rs of Rs. 5,499,714 (equivalent USD 115,000) was made as at 31 March 2003. However, post 31 March 2003, the Company adjusted this amount against an amount payable by a group company to the above party. Accordingly, the provision made in the earlier year has been reversed as at 31 March 2003. The loan amount has since been recovered and adjusted.
Advance recoverable includes amount recoverable from holding company. Maximum amount outstanding during the year aggregated Rs. 1,674,701 (equivalent USD 36,384) (2003: Rs. 1,733,698 (equivalent USD 36,384)).

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

	Note	2004	2003
7 Current liabilities			
Sundry creditors		**261,253**	284,542
Others		**312,791**	309,725
		574,044	594,267

As at 31 March 2004, the Company had no amounts due to small-scale industrial undertakings.

		2004	2003
8 Other income			
Exchange gain (net)		**-**	-
9 Operating costs			
Exchange loss (net)		**-**	-
Legal and professional fees		**98,375**	69,150
Bank Charges		**1,305**	-
		99,680	69,150

10 Exceptional items

Provision for decline other than temporary in the value of investments in subsidiaries

In the previous year, on the basis of a preliminary evaluation, the Company had made provision of 26% aggregating Rs 42.31 million (equivalent USD 0.89 million). During the year, the Company evaluated the underlying investments and based on the independent valuation of the underlying at the Ultimate Holding Company level, the carrying value of the assets have been subject to further diminution and been fully provided for (2003: Rs 42.31 million (equivalent USD 0.89 million)) for 'decline other than temporary' in the carrying value of its investments in its subsidiary Trigyn Technologies (India) Pvt. Ltd. ('TTIPL'). The primary reasons for such decline are attributed to the general downturn in the software services and products business, which may result in loss of certain perceived business synergies. The Company is in the process of performing a detailed evaluation to ascertain whether adjustments are required to record a further decline other than temporary in the carrying value of these investments. The company is also considering various restructuring options.

11 Taxation

The Company was incorporated prior to 1 July 1998 and is subject to tax under the Income Tax Act 1974, as amended. The chargeable income of the Company is subject to income tax in Mauritius at the rate of 0% unless it elects to pay tax at specified rate not exceeding 35%. In the previous year, the Company has not made such an election.

As from the year of Assessment commencing 1 July 2003, the Company will be liable to income tax in Mauritius on its chargeable income at 15%. It will however be entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritius Tax on its foreign source income.

12 Supplementary statutory information

		2004	2003
Operating costs include auditors remuneration:			
– Statutory audit fees		**43,500**	24,246

13 Prior year comparatives

Prior year figures have been appropriately reclassified to conform to current year's presentation.

Notes to the financial statements for the year ended 31st March 2004 *(Continued)*
(Currency: Indian Rupee)

14. Balance Sheet abstract and Company's general business

I Registration Details

Registration No.	N A	State Code	N A
Balance sheet date	31 03 2004 (Date Month Year)		

II Capital raised during the year (Amount in Rs Thousands)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private placement	N I L

III Position of mobilization and deployments of funds (Amount in Rs Thousands)

Total Liabilities	1 6 9 3 1 9	Total assets	1 6 9 3 1 9
Source of funds **:**			
Paid-up capital (Incl. Share Application Money)	1 6 2 1 6 1	Reserves and surplus	6 5 8 4
Secured loans	N I L	Unsecured loans	N I L
Application of funds :			
Net Fixed Assets	N I L	Investments	N I L
Net Current Assets	1 1 1 8	Misc. expenditure	N I L
Accumulated loss	1 6 7 6 2 7		

IV Performance of Company (Amount in Rs Thousands)

Turnover (Including Other Income)	N I L	Total Expenditure	6 9
+/- [-] Profit Before Tax	1 1 9 7 9 6	+/- [-] Profit for the year	1 1 9 7 9 6

(Please tick appropriate box + for Profit, - for Loss)

Earning per Share in Rs.	– 2 1 7 8 1 . 1 8	Dividend Rate %	N I L

V Generic names of three principal products / Services of Company (As per Monetary Terms)

Item Code no (ITC code)	Not applicable	Product description	Investment company
Item Code no (ITC Code)	Not applicable	Product description	Not applicable
Item Code no (ITC Code)	Not applicable	Product description	Not applicable

For eCapital Solutions (Mauritius) Limited

Director *Director*

Date: June 2, 2004

Consolidated Balance Sheet (Unaudited)

at 31 March 2004

(Currency: Indian Rupee)

	Note	2004	2003
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	**198,498,750**	198,498,750
Share application money	4	**397,500**	397,500
Reserves and surplus	5	**6,641,689,525**	6,554,510,036
		6,840,585,775	6,753,406,286
Minority interest	6	**347,106,880**	347,106,880
Loan funds			
Secured loans	7	**368,043,915**	388,204,559
Unsecured loans	7	**12,277,961**	-
		380,321,876	388,204,559
		7,568,014,531	7,488,717,725
APPLICATION OF FUNDS			
Goodwill	8	**479,423,600**	648,634,545
Fixed assets			
Gross block		**318,562,125**	358,501,984
Less: Accumulated depreciation		**277,667,360**	280,169,251
Net block		**40,894,764**	78,332,733
Add: Capital work in progress		-	1,461,283
		40,894,764	136,637,839
Investments	10	**589,200**	588,700
Current assets, loans and advances			
Unbilled receivables		**4,009,149**	17,894,252
Sundry debtors	11	**102,171,806**	128,432,995
Cash and bank balances	12	**78,972,101**	114,267,641
Loans and advances	13	**41,151,918**	87,153,171
		226,304,974	347,748,059
Less: Current liabilities and provisions			
Current liabilities	14	**197,815,581**	197,695,205
Provisions	15	**27,204,753**	82,349,712
		225,020,334	280,044,917
Net current assets		**1,284,640**	67,703,142
Miscellaneous expenditure			
(to the extent not written off or adjusted)	16	**1,092,195**	18,525,325
Profit and loss account		**7,044,730,131**	6,673,471,998
		7,568,014,531	7,488,717,725

The accompanying notes form an integral part of this consolidated Balance Sheet.

For **Trigyn Technologies Limited and its subsidiaries**

	Tushar Vaidya	**Ramkrishna Bhagwat**	**Sudarshan K S**
Mumbai	Director	Director	Chief Financial Officer
September 2, 2004			

Consolidated profit and loss account (Unaudited)
for the year ended 31 March 2004

(Currency: Indian Rupee)

	Note	2004	2003
Income			
Software and consultancy services		**509,398,068**	555,727,998
Other income	*17*	**73,718,220**	55,996,877
		583,116,288	910,047,678
Expenditure			
Personnel costs	*18*	**461,201,770**	495,525,180
Amortisation of goodwill	*8*	**169,210,945**	1,604,458,927
Depreciation	*9*	**31,113,042**	56,123,424
Amortisation of software development costs	*16*	**17,428,135**	9,064,893
Interest costs	*19*	**80,072,498**	99,913,798
Other costs	*20*	**184,473,095**	252,289,103
		943,499,485	2,517,375,325
Loss for the year before tax and exceptional items		**360,383,197**	1,905,650,451
Provision for taxation		**(2,581,902)**	-
Loss for the year after tax and before exceptional items		**357,801,295**	1,905,650,451
Exceptional items	*21*	-	885,779,581
Prior Period Taxes	*22*	**(9,261,186)**	9,201,065
Prior Period expenses	*23*	**22,718,025**	35,236,812
Net loss for the year after tax and exceptional items		**371,258,134**	2,835,867,909
Accumulated loss, brought forward		**6,673,471,998**	3,837,604,089
Accumulated loss, carried forward		**7,044,730,131**	6,673,471,998
Basic and diluted earnings per share	*24*	**(31.99)**	(195.77)

The accompanying notes form an integral part of this consolidated Profit and Loss Account.

For **Trigyn Technologies Limited and its subsidiaries**

	Tushar Vaidya	**Ramkrishna Bhagwat**	**Sudarshan K S**
Mumbai	Director	Director	Chief Financial Officer
September 2, 2004			

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

1 Background

Trigyn Technologies Limited (TTL or 'the Company' or 'the Parent Company') was incorporated on March 25, 1986 under the Indian companies Act, 1956, with its registered office in Mumbai, India. The Company made an initial public offering in India in January 1995 and is presently listed on the National, Mumbai, and Ahmedabad Stock Exchanges. TTL is the Holding company of the Trigyn Group of companies.

TTL is primarily engaged in the development of customised applications and client server custom engineered solutions, principally for customers in the banking and financial services, telecommunications and e-business segments.

TTL has a software development centre in Mumbai, India ('the Head Office') and branch offices at New Jersey, United States of America and Singapore. ('the Branches'). In 1997, the Company established a wholly owned subsidiary, Leading Edge Infotech Limited ('LEI'), which is engaged primarily in providing software services for the financial services market in India.

In April 2000, the Company allotted 7,350,000 equity shares of Rs 10 each to eCapital Holding (Bermuda) Limited ('EH'), in consideration for acquiring 7,350,000 equity shares of eCapital Solutions (Bermuda) Limited ("EB"), which became a wholly owned subsidiary of TTL. EB through its various subsidiaries is engaged in the business of developing software products and providing software solutions in the areas of telecommunication and financial services. EB through its subsidiaries has direct business and operational presence in United Kingdom, Germany, United States of America and India.

In September 2000, Trigyn Technologies (India) Private Limited, a wholly owned subsidiary of TTL (acquired by TTL as part of the EB acquisition), hived off eVector, a software product, into a separate company eVector (India) Private Limited ('EVIPL'), with eVector (Cayman) Limited ("EVCL") as its holding company. EVCL is presently a wholly owned subsidiary of EB with external investors having subscribed towards preference share capital in this company. EVIPL is engaged in the business of developing and marketing eVector.

On 1 January 2001, TTL acquired 100% equity stake in Applisoft Inc. ('Applisoft'), a company based in California, USA for cash consideration aggregating USD 9 million (Rs 421.6 million). Applisoft is engaged in the business of providing software-consulting services, predominantly focused on clients in the West Coast of United States of America.

In June 2001, EVCL incorporated, eVector UK Limited (EUL) as a 100% subsidiary in Reading, UK. EUL is engaged in the business of marketing eVector and providing software consulting services.

EB held 51% stake in Trigyn Technologies Limited, UK ('TTUK'). In October 2001, EB acquired the balance 49% equity stake in TTUK for consideration in cash aggregating Rs 69.26 (GBP 1), thereby making it a 100% subsidiary. Subsequently on 16 April 2002, TTUK has been referred for voluntary liquidation, since the business under TTUK was not viable and the business of the TTUK has been serviced and further developed by a branch of TTIPL.

On 30 May 2002, the Board of Directors of EVCL together with its equity and preference shareholders decided to wind up the operation of EVCL and its subsidiaries i.e. EVIPL, eVector Inc. ('EI') and EUL.

List of subsidiaries considered in these consolidated financial statements with percentage holding is summarised below:

Subsidiaries	**Country of incorporation and other particulars**	**Percentage of holding (%)**
eCapital Solutions (Bermuda) Limited, ('EB')	A subsidiary of TTL organised under the laws of Bermuda.	100
Applisoft, Inc., ('Applisoft')	A subsidiary of TTL organised under the laws of California, USA.	100
Leading Edge Infotech Limited, ('LEI')	A subsidiary of TTL incorporated under the laws of India.	100
Trigyn Technologies Inc., ('TTI')	A subsidiary of EB organised under the laws of Delaware, USA.	100
eCapital Solutions (Mauritius) Limited, ('EM')	A subsidiary of EB organised under the laws of Mauritius.	100
Trigyn Technologies (India) Private Limited, ('TTIPL')	A subsidiary of EM incorporated under the laws of India.	100
Trigyn Technologies Limited, Reading, UK (TTUK)	A subsidiary of EB organised under the laws of UK	100
Trigyn Technologies Europe Gmbh, Pforzheim, Germany ('TTE')	A subsidiary of EB organised under the laws of Germany.	100
eVector (Cayman) Limited, ('EVCL') and its 100% subsidiaries in UK, USA and India.	A subsidiary of EB organised under the laws of Cayman Islands.	100*

Since the subsidiaries TTUK and EVCL and its 100% subsidiaries have been put under voluntary liquidation, the financials of these entities are not audited and hence the Consolidated financial statements presented herein are unaudited.

* Refer note 6 for issue of Class A Preferred stock by EVCL.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

2 Principal accounting policies

2.1 Basis of preparation of consolidated financial statements and principles of consolidation

The consolidated financial statements of TTL and its subsidiaries (as listed in note 1 above), collectively referred to as the "Trigyn Group" or the "Group" have been prepared under the historical cost convention except for the separate financial statements of EVCL and its subsidiaries which have been prepared under liquidation basis of accounting (for details refer note 2.2 below). Trigyn Technologies Limited, UK has been put under voluntary liquidation proceedings and the financials of this subsidiary presented herein have been prepared under liquidation basis of accounting. These consolidated financial statements have been prepared in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India ('ICAI') and on the basis of the separate audited financial statements of Trigyn Technologies Limited and its subsidiaries included in the consolidated financial statements. All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis.

The financial statements of the Parent Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-Group balances/transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost to the Group cannot be recovered. The amounts shown in respect of accumulated losses/reserves comprises the accumulated losses/reserves as per the Balance Sheet of the Parent Company and its share in the post acquisition increase in the relevant accumulated losses/reserves of its subsidiaries.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying consolidated financial statements.

2.2 Going concern

These consolidated financial statements have been prepared assuming that the Trigyn Group will continue as a going concern despite reduced sales, negative cash flows and cash loss in the current year. Management believes that the Parent Company and its subsidiaries will be able to finance their operations and meet the commitments including commitments given to support all its subsidiaries other than TTUK, TTE and Applisoft, from internal cash generation in the foreseeable future, given the various options it is pursuing in this regard.

These consolidated financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might result should the Parent Company or any of its subsidiaries be unable to continue as a going concern, except for the separate financial statements of EVCL and its subsidiaries i.e. EVIPL, EI and EUL ('collectively referred to as the eVector Group'), as well as TTUK which have been prepared under liquidation basis of accounting, as the eVector Group is in the process of winding up its operations (for details refer note below).

The Board of Directors of EVCL, a 100% subsidiary of EB together with its equity and preference shareholders have decided to wind up the operations of the eVector Group. Accordingly, these financial statements includes separate financial statements of EVCL, EVIPL, EI and EUL prepared under liquidation basis of accounting, whereby carrying value of all assets have been presented at their estimated net realisable value and all liabilities have been presented at their estimated settlement amounts. The adjustments made to the values of assets and liabilities have been reflected as exceptional item in the consolidated financial statements (For details refer note 21).

TTUK, a 100% subsidiary of EB, has been placed in insolvent voluntary liquidation on 16 April 2002. Accordingly, these consolidated financial statements include the separate financial statements of TTUK prepared under liquidation basis of accounting. The adjustments made to the values of assets and liabilities have been reflected as exceptional item in the consolidated financial statements (For details refer note 21).

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

2.3 Revenue recognition

Revenues from software development services comprise income from time and material and fixed price contracts. Revenue from 'time and material' contracts is recognised, as and when related services are performed. Revenue from fixed price contracts is recognised using the percentage of completion method of accounting, under which the sales value of performance, including the profit thereon, is determined by relating the actual man hours of work performed to date to the estimated total man hours for each contract. Provision for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable, based on current contract estimates.

Unbilled receivables represent costs incurred and revenues recognised on contracts, to be billed in subsequent periods as per the terms of the contract.

Interest on deployment of surplus funds is recognized using the time proportion method based on the underlying interest rates.

2.4 Goodwill

The excess of cost to the Parent Company of its investments in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made is recognised as goodwill in the consolidated financial statements. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment. Goodwill is amortised on a straight-line basis over its estimated useful life as follows:

	Estimated useful life (in years)
Goodwill in relation to acquisition of EB	4
Goodwill in relation to acquisition of Applisoft	3

Goodwill is reviewed for decline other than temporary, whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Trigyn Group assesses the recoverability of goodwill by reference to the valuation methodology adopted by it on the acquisition date, which included strategic and synergic factors that were expected to enhance the enterprise value. Accordingly, the Group would consider that there would exist a decline other than temporary in the carrying value of goodwill, when, in conjunction with its valuation methodology, its expectations with respect to the underlying acquisitions it has made, deteriorate coupled with adverse market conditions.

The Group has currently reassessed the above circumstances that could indicate that there exists a decline other than temporary in the carrying value of goodwill. As a consequence of such reassessment, management has ascertained that revenue and earnings of the acquired entities have not been in line with its expectations and projections at the time of acquisition and believes that the expected revenues and earnings of acquired entities at the time of acquisition may not be sustainable in the foreseeable future. This has resulted due mainly to the downturn in software services and products business and loss of certain perceived business synergies. Based on these conditions, the Group management has presently engaged an independent third party to conduct a detailed evaluation, pending which the goodwill has been reflected at gross historical cost less a 90% provision for decline other than temporary in its carrying value including scheduled amortisation. Accordingly, Rs 990.08 million of decline other than temporary in the carrying value of goodwill has been reflected as an extraordinary item in the consolidated financial statements. (For details refer note 21).

2.5 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the fixed assets. Cost also includes financing costs directly attributable to acquisition of fixed assets. Depreciation on additions and disposals is provided pro-rata for the period of use.

The useful life of fixed assets being followed by the Group is shorter than those prescribed under Schedule XIV to the Companies Act, and are summarised below:

Asset	**Useful life (in years)**
Leasehold improvements	Over the term of the lease or the estimated useful life of the asset which ever is shorter
Buildings	20
Office equipment	3-4
Computers and peripherals	3
Furniture and fixtures	3-4
Motor vehicles	4

Software purchased along with the related hardware are capitalised and depreciated at the rates applicable to computers and peripherals. Subsequent purchase of software are capitalised and depreciated over an estimated useful life of 2-3 years.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

2.6 Retirement benefits

In accordance with Indian regulations, TTL, LEI and TTIPL provide for gratuity, a defined benefit retirement plan covering all its eligible employees. Gratuity costs are based on an actuarial valuation carried out by an independent actuary at the balance sheet date.

In accordance with Indian regulations, all employees of TTL, LEI and TTIPL receive benefits from a provident fund, which is a defined contribution retirement plan. Contributions to the provident fund are charged to the profit and loss account in the year in which the contributions are due.

TTL, LEI, TTIPL and EVIPL provide for leave encashment costs based on an actuarial valuation carried out by an independent actuary at the balance sheet date. Until previous year, TTL and LEI provided leave encashment costs based on leave balances to the credit of the employees at the year-end, at the prevalent salary rates. The above change in the method of estimating leave encashment costs did not have a material impact on the results of the Group for the current year.

Certain subsidiaries within the Group provide for leave encashment costs based on leave balances to the credit of employees at the year-end at the prevalent salary rates.

2.7 Investments

Long-term investments are carried at cost, and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments.

2.8 Miscellaneous expenditure

Miscellaneous expenditure comprises direct expenses such as salaries incurred and certain direct expenses allocated on the basis of man-hours spent on the product development of Apollo.

Apollo was conceptualized as a Convergent Billing and Customer Care solution addressing the emerging convergence between various services in the Telecom, Media and entertainment space and exploiting the IP (Internet Protocol) based billing strategy. Apollo has a very long product life cycle and the core product design has been completed as of date.

During the current year, the business focus for the Apollo product was reviewed and the immediate target segments were determined as Telecom Wireline/Wireless and Media companies in the near-medium term and Utilities and Data companies in the medium term, based on the market analysis and the potential.

The development of the Apollo as above will continue until the second half of 2003 fiscal and the development to address the other segments will be taken up thereafter.

In respect of the same, the Company:

has carried out tests to demonstrate their technical feasibility and has the intention and adequate resources to market these products; and estimates that the current and future development costs on the product together with expected development, selling and administration costs are likely to be more than covered by future revenues/ benefits.

Loan origination costs are written off on a straight-line basis over the outstanding period of the loan.

Preliminary expenses incurred by companies within the Group have been written of on a straight-line basis over a period of 5-10 years.

2.9 Income tax

EB and EM are incorporated in Bermuda and Mauritius respectively, where no taxes are currently payable and accordingly no provision for taxes is made in the consolidated financial statements.

The Institute of Chartered Accountants of India has issued Accounting Standard 22 'Accounting for taxes of income', which is mandatory for the Group in respect of accounting period commencing 1 April 2001. Income-tax expense comprises current tax expense and deferred tax expense or credit.

Current tax provision is made annually based on the tax liability computed after considering tax allowances and exemptions. Further, deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised, other than deferred tax assets in respect of unabsorbed depreciation and carry forward tax losses, which are recognised only to the extent that there is virtual certainty that they will be realised. The deferred tax assets are reviewed at each balance sheet date for the appropriateness of their carrying values.

Further, profits of TTIPL are exempt from Indian Income taxes being profit from industrial undertakings situated in Software Technology Park. Under this tax holiday scheme, the taxpayer can avail an exemption of profits from income tax for a period of ten consecutive years. TTIPL has opted out of the said provisions of the Income Tax Act, to avail benefit of the business losses carry-forward.

In view of losses incurred by the Company and its subsidiaries, deferred tax assets have not been recognised in the financial statements as at 31 March 2004. At each balance sheet date, such unrecognised deferred tax assets would be re-assessed and recorded in the financial statements when the realisation of such assets becomes reasonably certain or virtually certain, as the case may be.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

2.10 Leases

The Institute of Chartered Accountants of India has issued Accounting Standard 19 'Leases', which is mandatory in respect of assets leased during accounting periods commencing on or after 1 April 2001. Accordingly, assets acquired on finance leases during the current year, including assets acquired on hire purchase, have been recognised as an asset and a liability at the inception of the lease and have been recorded at an amount equal to the lower of the fair value of the leased asset or the present value of the future minimum lease payments. Such leased assets are depreciated over the lease term or its estimated useful life whichever is shorter. Further, the payment of minimum lease payments have been apportioned between finance charges, which are debited to the profit and loss account and reduction in lease obligations recorded at the inception of the lease.

TTI, TTUK and Applisoft had entered into finance leases prior to 1 April 2001, accordingly these companies have followed the accounting treatment prescribed by the International Accounting Standard-17 on "Accounting for leases" as permitted by the Guidance Note on "Accounting for leases" issued by the Institute of Chartered Accountants of India. This accounting treatment is similar to the Accounting Standard-19 issued by the ICAI.

Assets given under operating lease are reflected in the financial statements under fixed assets. Further, lease income from such operating lease arrangements have been recognised in the profit and loss account on a straight-line basis over the lease term.

2.11 Foreign currency transactions

Transactions in foreign currency are recorded at the monthly average exchange rates. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the year are recognised in the profit and loss account. Foreign currency denominated current assets and current liabilities at year-end are translated at the year-end exchange rates and the resulting net gain or loss is recognised in the profit and loss account.

2.12 Foreign currency translation

Non-Indian operations

The consolidated financial statements are reported in Indian rupees. The translation of the local currency of each foreign subsidiary including foreign branches within the Group into Indian rupees is performed in respect of assets and liabilities other than fixed assets using the exchange rate in effect at the balance sheet date and for revenue and expense items other than the depreciation costs using a monthly simple average exchange rate for the year. Fixed assets are translated at exchange rates on the date of the transaction and depreciation on fixed assets is translated at exchange rates used for translation of the underlying fixed assets.

Net exchange difference resulting from the above translation of the financial statements of foreign subsidiaries and foreign branches is recognised in the consolidated profit and loss account.

2.13 Stock based compensation

TTL being a listed company is required to comply with the 'Employees Stock Option Scheme and Employees Stock Purchase Scheme' guidelines, 1999 issued by Securities and Exchange Board of India ('SEBI') for accounting compensation cost relating to employee stock options granted by the Company. Accordingly, the excess of the market price of the underlying equity share as at the date of grant of the option over the exercise price of the options on the date of grant has been recognised as employee compensation expense and is being amortised on a straight line basis over the vesting period.

Since, SEBI guidelines are not applicable to unlisted companies, compensation cost relating to employee stock options granted by EVCL has not been accounted in the consolidated financials statements.

2.14 Earnings per share

The basic and diluted earnings per share is computed by dividing the loss after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

	2004	2003
3 Share capital		
Authorised		
20,000,000 equity shares of Rs 10 each.	**200,000,000**	200,000,000
5,000,000 preference shares of Rs 10 each.	**50,000,000**	50,000,000
	250,000,000	250,000,000
Issued, subscribed and paid-up		
14,849,875 equity shares of Rs 10 each fully paid up.	**148,498,750**	148,498,750
5,000,000 cumulative redeemable preference shares of Rs 10 each fully paid up.	**50,000,000**	50,000,000
	198,498,750	198,498,750

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

Of the above, 5,251,666 (2003: 5,251,666) equity shares of Rs. 10 each fully paid up have been issued as bonus shares by capitalisation of share premium.

Of the above, 7,350,000 (2003: 7,350,000) equity shares of Rs 10 each fully paid with a premium of Rs 815 have been allotted to eCapital Holding (Bermuda) Limited for consideration other than cash for acquiring 7,350,000 equity shares (representing 100% of issued and paid up share capital) of eCapital Solutions (Bermuda) Limited.

Of the above, 5,000,000 (2003: 5,000,000) cumulative redeemable preference shares of Rs 10 each fully paid with a premium of Rs 40 were issued on 30 January 2001 to Global Trust Bank. The cumulative preference shares are redeemable at a premium of Rs 40 with a put and call option as defined below:

10% redeemable at premium of Rs 40 at the end of 24 months from the date of the issue.
20% redeemable at premium of Rs 40 at the end of 36 months from the date of the issue.
35% redeemable at premium of Rs 40 at the end of 48 months from the date of the issue.
35% redeemable at premium of Rs 40 at the end of 60 months from the date of the issue.

All these redemptions are based on Put/Call Options by GTB or the Company respectively, at these dates. As on the balance sheet date, neither the Bank has exercised its put option nor has the Company exercised the Call Option.

In respect of arrears of cumulative preference dividend refer note 30. In respect of Employees Stock Options granted by the Company refer note 24.

		2004	2003
4	**Share application money**		
	Application money under Employees stock option plan ('ESOP').	**397,500**	397,500
5	**Reserves and surplus**		
	Share premium account		
	- Balance at the beginning of the year	**6,538,364,825**	6,538,364,825
	General reserve		
	- Balance at the beginning of the year	**44,133,108**	44,133,108
	- Transfer to the Profit and Loss Account	**44,133,108**	44,133,108
		-	-
	Employee stock options outstanding		
	- Balance at the beginning of the year	**21,253,974**	29,385,870
	- Reversal on forfeiture of stock options	**(15,349,679)**	(8,131,896)
		5,904,295	21,253,974
	Less: Deferred employee compensation expense		
	- Balance at the beginning of the year	**7,372,935**	24,488,225
	- Reversal on forfeiture of stock options	**(5,095,031)**	(6,776,580)
	- Amortisation of deferred employee compensation expense	**(1,598,729)**	(10,338,710)
		679,175	7,372,935
		5,225,120	13,881,039
	Foreign Exchange Translation Reserve	**76,863,977**	10,920,091
		6,641,689,525	6,554,510,036

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

6 Minority interest

Composition

At 31 March 2003, minority interest aggregating Rs 347.11 million (equivalent of USD 10 million original investment less the distributions made as on balance sheet date to the holders of the Class A Preferred Stock) represents the interest of the holders of 5 million Class A Preferred Stock issued by EVCL at Rs 0.49 (equivalent USD 0.01) each with a premium of Rs 96.63 (equivalent USD 1.99) per share. The holders of each share of Class A Preferred Stock vote together with the common equity stockholders of EVCL and have the right to those many votes equal to the number of equity stock, which would be issued to the preferred stockholders upon conversion of their stock into common equity stock.

The holders of Class A Preferred Stock are entitled to receive cumulative dividends of Rs 7.76 (equivalent USD 0.16) per share per annum, subject to the profits of EVCL and until such time that EVCL closes a round of financing involving the sale of preferred securities in excess of Rs 291.36 (equivalent USD 6) per share with aggregate subscription amount to be received by EVCL of at least Rs 485,600,000 (equivalent USD 10,000,000).

The Class A Preferred Stock is convertible at the option of the stock holder at any time into such number of fully paid equity shares as is determined by dividing the applicable initial purchase price of Rs 97.12 (equivalent USD 2), by the Class A Preferred Stock Conversion price. The conversion price is to be determined at the time of the conversion subject to adjustments as per formula stipulated in the New Article of Association of EVCL dated 21 December 2000. Initially the Class A Preferred Stock conversion price has been determined at Rs 97.12 (equivalent USD 2) per share.

The Class A Preferred Stock shall automatically convert into common equity share of EVCL at the then effective Class A Preferred Stock conversion price (based on the prescribed formula) upon closing of an underwritten public issue pursuant to an effective registration statement under the US Securities Act of 1933, at a public offering price of at least Rs 291.36 (equivalent USD 6) per share with the gross proceeds to EVCL being in excess of Rs 1,214,000,000 (equivalent USD 25,000,000) or in a similar public offering of equity shares in jurisdiction and on a recognised securities exchange outside of the United States.

The holders of at least 66.67% of the Class A Preferred Stock have the right to cause the forced auction of EVCL, in case EVCL does not complete a qualified Initial Public Offering, within three year following the closing, or commits any Protective Provision Breach as stipulated in the Investors Rights Agreement dated 22 December 2000.

Upon liquidation, the Preferred Stock holders are entitled to an amount equal to 150% of the initial purchase price, which is Rs 145.68 (equivalent USD 3) and cumulative dividend unpaid until liquidation ('liquidation preference amount'). The remaining assets would be distributed to equity and preferred stock holders on a pro-rata basis, based on the number of common equity shares held by each shareholder on an 'as converted basis', only after the preferred stockholders receive Rs 291.36 (equivalent USD 6) including the liquidation preference amount mentioned above.

In respect of arrears of cumulative preference dividend refer note 30.

As explained in note 2.2, on 30 May 2002, the Board of Directors of EVCL decided to wind up operations of the eVector Group. Upon conclusion of winding up proceedings, the balance net assets remaining with the eVector Group after meeting its liquidation related expenses, recurring operating expenses for the period from the balance sheet date until the date of liquidation and payment of its outstanding liabilities would be distributed between the equity shareholder i.e. EB and the preference share holders in accordance with the settlement agreement entered into between them. In this regard, in accordance with the settlement agreement, Rs 5.96 million would be paid to EB in relation to EB's contribution towards share capital in EVCL and the balance net assets would be distributed to the preference stockholders of EVCL.

Accordingly, upon conclusion of eVector Group's liquidation proceedings, losses of the eVector Group aggregating Rs 290,122,405 as at 31 March 2003, which have been presently consolidated as part of the Trigyn Group's accumulated losses, net of un-recovered investment value of EB in the eVector Group aggregating Rs 1,214,000 would be credited to the consolidated profit and loss account of Trigyn Group. The minority interest also has reduced from the Rs. 485.6 million in 2002 to Rs. 347.11 million in 2003 and 2004 on account of the pay-out to the investors from their invested funds in Preference A Shares, as per the Settlement Agreement.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

		2004	2003
7	**Secured loans**		
	From banks		
	Term loans	**327,267,818**	339,848,681
	Interest accrued and due on term loans	-	710,000
		327,267,818	340,558,681
	From others		
	Lease obligation in relation to fixed assets acquired under finance lease (refer note 23)	**273,562**	786,468
	Loan from officer of Applisoft (refer note below).	**40,502,535**	46,859,410
		40,776,097	47,645,878
		368,043,915	388,204,559

Term loans taken by TTL are Global Trust Bank (GTB). The Term Loan from Exim Bank has been repaid during the year fully. The term loans from GTB are secured by the sole charge on all assets of the Company and its subsidiaries in India and by the second pari-passu charge on all assets in respect of which Exim Bank has the first charge. In addition, the term loans from GTB are secured by the pledge of the 100% shares of eCapital Solutions (Bermuda) Limited and Applisoft Inc., the two wholly owned subsidiaries of Trigyn Technologies Limited and the pledge of 75 % of the shares owned by the two promoter directors of the Company.

Finance lease obligations are secured against fixed assets acquired under lease.

Loan from Officer of Applisoft is secured by a first charge on the fixed and current assets of this subsidiary company. On 1 January 2001, TTL acquired 100% equity interest in Applisoft for purchase consideration in cash aggregating Rs 421.6 million (equivalent USD 9 million). In accordance with the asset purchase agreement entered into with the erstwhile stockholder of Applisoft, TTL acquired net fixed assets less lease obligations aggregating Rs 1.36 million. The balance net assets existing at 1 January 2001 aggregating Rs 53.48 million was to be paid to the erstwhile stockholder as and when those assets would be recovered net of liabilities settled. Accordingly, the Company adjusted the net assets not acquired by TTL aggregating Rs 53.48 million from the opening Profit and Loss account balance as at 1 January 2001 and recorded the unpaid amounts as loan payable to the erstwhile shareholder.

Subsequently, the erstwhile stockholder also disbursed loans to Applisoft aggregating Rs 145.68 million at interest rate of 9%. Of these loans disbursed, Rs 72.84 million had a term of one year. To the extent, such amounts have not yet been repaid to the erstwhile stockholder and are outstanding, these have been reflected above in the financial statements as secured loan. The erstwhile stockholder was the Chief Executive Officer of Applisoft, until June 2003. The Company has negotiated, subsequent to the balance sheet date, a settlement agreement with the erstwhile shareholder, under which nearly 90% of the outstanding loan due from Applisoft to him would be written off by him.

8 Business acquisitions

Acquisition of EB

In April 2000, TTL acquired 7,350,000 equity shares of EB representing 100% equity stake in a 1:1 stock swap deal. Accordingly, TTL allotted 7,350,000 equity shares of Rs. 10 each at a premium of Rs 815 per equity share aggregating Rs 6,063.75 million. As a result of this acquisition, EB became a wholly owned subsidiary of TTL. The Company incurred direct expenses related to acquisition aggregating Rs 0.97 million, which have been considered as part of the cost of investment in EB.

Equity of EB on the date of acquisition representing the residual interest in the assets of EB after deducting its liabilities aggregated Rs 207.24 million. TTL's cost of investment in EB in excess of EB's equity on the date of investment aggregating Rs 5,857.48 million has been classified as goodwill in the consolidated financial statements. The Company is amortising such goodwill over its estimated useful life of four years on a straight line basis.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

Acquisition of Applisoft

On 1 January 2001, TTL acquired 100% equity interest in Applisoft, a company primarily engaged in providing software consulting services. The purchase price of Rs 420.69 million (equivalent to USD 9 million) was paid in cash. Further, direct expenses related to acquisition aggregated Rs 0.94 million, which have been considered as part of the cost of investment in Applisoft Inc.

Equity of Applisoft on the date of acquisition representing the residual interest in the assets of Applisoft after deducting its liabilities aggregated Rs 1.36 million. TTL's cost of investment in excess of Applisoft's equity on the date of investment aggregating Rs 420.27 million has been classified as goodwill in the consolidated financial statements. The share purchase agreement specifies, that for a period of three years from the date of acquisition, the seller of Applisoft shall not operate or control similar business. Management believes that this goodwill essentially represents non-compete arrangement with the erstwhile stockholder of Applisoft. Accordingly, goodwill is being amortised over a three-year period on a straight-line basis.

Acquisition of balance 49% equity stake in TTUK

EB, a wholly owned subsidiary of TTL, held 51% equity stake in TTUK. In October 2001, EB acquired balance 49% equity stake in TTUK for consideration in cash aggregating Rs 69.26 (equivalent 1 GBP), thereby making TTUK a 100% subsidiary of EB. At the date of acquisition of this balance 49% equity stake in TTUK, the accumulated losses of TTUK exceeded its share capital and reserves. Accordingly, in the consolidated financial statements, TTL has recorded payment of this consideration aggregating Rs 69.26 as goodwill.

The movement in goodwill balances is summarised below:

Gross Value of Investment recorded upon acquisition of:

- EB	**6,064,716,375**
- Applisoft	**421,629,079**
Goodwill recorded upon acquisition of balance 49% equity stake in TTUK	**69**
	6,486,345,523
Less: Accumulated amortisation until 31 March 2003	**(5,837,710,978)**
Balance at 1 April 2003	**648,634,545**
Less: Amortisation during the year, adjustment in value, based on independent valuation (refer note 2.4)	**(169,210,945)**
Balance at 31 March 2004	**479,423,600**

9 Fixed assets

Particulars	Cost as at 1 April 2003	Additions during the year	Deductions during the year	Cost as at 31 March 2004	Accumulated depreciation as at 1 April 2003	Depreciation charge/ (credit) for the year	Accumulated depreciation on deductions	Accumulated depreciation as at 31 March 2004	Net book value as at 31 March 2004
Leasehold improvements	116,282,767	770,367	3,126,686	113,926,448	69,719,238	18,360,450	2,766,955	85,312,733	**28,613,715**
Buildings	17,940,333	–	11,490,830	6,449,503	3,492,757	897,683	2,801,135	1,589,305	**4,860,198**
Office equipment	23,886,824	681,175	2,020,874	22,547,125	19,607,893	2,628,308	2,661,444	19,574,757	**2,972,367**
Computers & peripherals	138,879,520	291,657	8,099,513	131,071,665	121,490,804	7,777,750	1,096,168	128,172,386	**2,899,278**
Motor vehicles	6,105,462	–	2,308,834	3,796,628	5,108,989	483,329	2,308,834	3,283,484	**513,144**
Furniture and fixtures	13,261,176	245,585	1,018,792	12,487,969	12,227,501	331,679	601,719	11,957,461	**530,508**
Software	14,680,559	72,456	91,000	14,662,015	11,896,754	2,156,261	77,914	13,975,101	**686,914**
	345,033,277	**2,009,377**	**28,480,528**	**318,562,125**	**245,622,283**	**44,676,845**	**12,631,768**	**277,667,360**	**40,894,764**

Note: 1) Depreciation cost includes accelerated depreciation due to discontinuance of operation classified as exceptional items aggregating Rs 16,358,391, refer note 21 for details.
2) Cost includes assets acquired on finance leases, refer note 23 for details.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

		2004	2003
10	**Investments**		
	Long term/Non trade (unquoted) investments		
	100 equity shares of Rs 36 each fully paid up in Bombay Mercantile Co operative Bank Limited (2003: 3,600)	**3,600**	3,600
	100,000 shares of $0.01 each fully paid up of Empowertel Systems, each fully paid up (2003: NIL)	**485,600**	-
	10,000 equity shares of Rs 10 each fully paid up in North Kanara GSB Co operative Bank Limited	**100,000**	99,500
		589,200	103,100
11	**Sundry debtors**		
	(Unsecured)		
	Debts over six months		
	- considered good	**76,723,225**	122,334,697
	- considered doubtful	**212,471,055**	183,236,158
	Others debts		
	- considered good	**25,448,581**	6,098,297
	- considered doubtful	**676,110**	101,329
		26,124,691	6,199,626
	Less: Provision for doubtful debts	**213,147,165**	183,337,487
		102,171,807	128,432,995
12	**Cash and bank balances**		
	Cash balance on hand	**47,955**	770,418
	Cheques in hand	-	-
	Balances with scheduled banks		
	- On current account	**4,808,746**	3,431,105
	- On deposit account	**3,192,397**	18,173,362
	Balances with non scheduled banks		
	- On current account	**11,737,631**	33,361,130
	- On deposit account	**59,185,372**	58,531,626
		78,972,101	114,267,641

As morefully explained in note 2.2, the eVector Group is in the process of winding up its operations. Accordingly, the above cash and bank balance include amounts held by the eVector Group-aggregating Rs 57,326,577. This balance would be utilised by the eVector Group for meeting its liquidation related expenses, recurring operating expenses for the period from the balance sheet date until the date of liquidation, payment of its outstanding liabilities and payment of Rs 6.07 million to EB in relation to EB's contribution towards share capital in EVCL. The balance cash surplus would be repaid to the preference stockholders of EVCL.

As more fully explained in note 2.2, TTUK has been placed in insolvent liquidation. Accordingly, the above cash and bank balance includes amount held by TTUK aggregating Rs 671,563 for the purposes of meeting its liquidation related expenses and payment of outstanding liabilities.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

	2004	2003
13 Loans and advances		
(Unsecured, considered good)		
Deposits	**8,681,221**	8,330,883
Prepaid expenses	**5,240,049**	4,136,911
Loans and advances to employees (refer note below)	**4,695,859**	10,228,213
Advance income taxes	**6,301,331**	49,738,203
Advances recoverable in cash or in kind for value to be received	**7,300,930**	101,316
Others	**9,080,710**	8,716,093
	41,300,100	81,259,619
(Unsecured considered doubtful)		
Advances recoverable in cash or in kind for value to be received	**236,561**	410,130
Loans and advances to employees (refer note below)	**1,016,529**	1,010,036
Less: Provision made for advances to employees	-	-
Others	**1,740,000**	1,202,922
	2,993,090	6,911,588
Less: provision for doubtful loans and advances	**3,141,271**	1,010,036
	41,151,919	87,153,171

Loans and advances to employees includes advances recoverable from the Directors of the Company and its subsidiaries aggregating Rs NIL. (2003: Rs 28,780,862) (Also Refer note 25). Of the above NIL is considered doubtful at 31 March 2004 (2003: NIL).

	2004	2003
14 Current liabilities		
Sundry creditors	**22,206,376**	56,692,292
Billings in excess of costs and estimated earnings on uncompleted contracts	**4,240,391**	417,080
Advance from customers	**1,043,566**	698,154
Income tax liability on salaries (refer note below)	**31,630,476**	31,630,476
Interest accrued but not due on term loans	**65,000,000**	32,955,967
Other liabilities	**73,694,772**	75,301,236
	197,815,581	197,695,205

In March 2000, TTL had received a demand from the Income tax authorities aggregating Rs 29.56 million, representing the amount of tax not deducted at source by the Company on salaries of certain employees for the five assessment years ended 31 March 1999. As at 31 March 2000, the Company had provided for the entire amount in the financial statements. Further, the Company had filed an appeal contesting this demand, and paid Rs 14.78 million under protest. In March 2001, the above appeal was decided in the favour of the Company and in the current year, the Company has received refund of the above taxes paid including interest aggregating Rs 16.84 million.
However, since the tax authorities can appeal against this above order, no adjustments have been made in the financial statements in this regard and the amount received has been reflected above as a liability balance. In the event that the matter is ultimately not decided in the Company's favour, the Company may be contingently liable to pay interest on the amount of demand not paid by it and taxes for subsequent assessment years.

	2004	2003
15 Provisions		
Provision for income tax	**3,261,845**	49,665,959
Provision for leave encashment and gratuity costs	**7,325,453**	11,897,600
Provision for estimated loss on contracts	-	4,703,060
Other Provisions	**16,617,455**	16,599,793
	27,204,753	**82,349,712**

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

		2004	2003
16	**Miscellaneous expenditure**		
	(to the extent not written off or adjusted)		
	Software development costs balance at the beginning of the year	**18,535,320**	15,863,553
	Add: Capitalised during the year	**-**	10,176,672
	Less: Written off during the year	**18,525.325**	9,064,893
		9,995	16,975,335
	Loan origination costs balance at the beginning of the year	**1,535,000**	2,400,000
	Less: written off during the year	**452,800**	865,000
		1,082,200	1,535,000
	Preliminary expenses balance at the beginning of the year	**14,990**	19,984
	Less: written off during the year	**14,990**	4,994
		-	14,990
		1,092,195	18,525,325
17	**Other income**		
	Interest received on deposits with banks (TDS Rs 32,353, 2003:Rs. 13,15,554)	**5,660,641**	10,126,379
	Lease rental income	**19,719,532**	12,911,176
	Exchange gain, net (refer note below)	**-**	16,006,738
	Profit on sale of investments	**-**	-
	Dividend from non trade investments	**7,000**	7,000
	Provision for earlier years, no longer required, written back	**39,774,025**	3,721,741
	Miscellaneous income	**8,557,022**	13,223,843
		73,718,220	55,996,877

Exchange gain includes net exchange loss NIL of (2003: Rs 5,448,511) recognised on account of translation of financial statements of foreign subsidiaries for the purpose of preparation of the consolidated financial statements.

		2004	2003
18	**Personnel costs**		
	Salaries, bonus and overseas allowances	**408,392,552**	490,909,577
	Contribution to provident and other funds	**48,860,595**	14,360,855
	Gratuity and leave encashment costs	**2,031,401**	(58,050)
	Staff welfare	**687,679**	3,086,411
	Sales commission	**2,095,623**	2,470,861
	Employee stock option costs	**(866,080)**	(8,655,920)
	Less: Capitalised as software development costs	**-**	(7,421,021)
		461,201,770	495,525,180

Personnel costs include NIL (2003: NIL) pertaining to earlier years.

		2004	2003
19	**Interest costs**		
	On term loans	**79,683,936**	94,746,609
	Others	**388,562**	5,167,189
		80,072,498	99,913,798
20	**Other costs**		
	Consultancy charges	**14,123,810**	103,444,283
	Provision for doubtful debts/advances	**1,271,961**	(9,285,507)
	Rent, rates and taxes	**32,141,450**	45,160,597
	Travel and conveyance costs	**20,777,285**	24,982,987
	Legal and professional fees	**21,699,587**	27,138,458
	Communication expenses	**8,568,192**	12,270,250
	Staff recruitment costs	**70,104**	115,070
	Insurance	**3,868,455**	8,716,422
	Repairs and maintenance	**875,037**	1,305,683
	Provision for estimated loss on contracts	**(1,851,150)**	2,417,799
	Cost of license fees	**-**	154,491
	Loss on sale of fixed asset	**4,995**	869,995
	Preliminary expenses written off	**38,499,298**	29,206,152
	Miscellaneous expenses	**44,424,071**	5,448,511
	Less: capitalised as software development costs	**-**	(666,488)
		184,473,095	**251,278,703**

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

21 Exceptional items

Exceptional items included in the consolidated financial statements are summarised below:

	Ref	2004	2003
Decline other than temporary in the carrying value of goodwill	*21 (a)*	**–**	885,779,581
		–	885,779,581

(a) Decline other than temporary in the carrying value of goodwill

As explained in notes 2.4 and 8, TTL has recorded provision for decline other than temporary in the carrying value of goodwill as at 31 March 2004. Such provision charged to the consolidated profit and loss account aggregating NIL (2003: Rs 885.78 million) has been included under exceptional items.

22 Earnings per share

Details of numerator and denominator used for the purposes of computing earnings per share are summarised below:

	2004	2003
Loss for the year after tax and exceptional items	**371,258,134**	2,835,867,909
Add: cumulative preference dividend	**103,848,800**	71,348,800
Loss attributable to equity share holders	**475,106,934**	2,907,216,709
Weighted average number of shares used in computing earnings per share	**14,849,875**	14,849,875
Basic and diluted earnings per share	**(31.99)**	(195.77)

23 Leases

Fixed assets include the following amounts in relation to the assets taken on finance lease as at 31 March 2004:

	Vehicles	Office equipment	Computers
Gross block	2,217,922	–	–
	(2003: 4,387,709)	(2003: 1,136,977)	(2003: 1,861,111)
Less: accumulated depreciation	1,704,778	738,575	–
	(2003: 2,078,013)	(2003: 738,575)	(2003: 1,358,757)
Net block	**513,144**	**–**	**–**

Future minimum lease payments in respect of the above assets as at 31 March 2004 are summarised below:

	Minimum lease payments	Finance charge	Present value of minimum lease payments
Amount due within one year from the balance sheet date	299,414	25,816	273,598
Amount due in the period between one year and five years	–	–	–
	299,414	**25,816**	**273,598**

The Trigyn Group has entered into operating lease arrangements, for leasing office premises in India, Europe and US.

TTL

The lease agreement in Mumbai, India in relation to office premises provides for a cancellation by the Company by giving 180 days notice. The lessor has the option of cancelling the lease by giving 90 days notice, which cannot be given prior to November 2006. The office premises in New Jersey, has been taken under a non-cancellable lease for a period of 36 months, which is renewable at the option of the Lessee.

TTIPL

The lease agreement in Bangalore, India, in relation to office premises, provides for cancellation by the company, by giving 3 months notice.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

TTE

TTE has entered into operating lease arrangements for its office and residential accommodation premises in Germany. The lease agreements have non-cancellable period ranging from one-month up to 21 months.

In July 2001, TTL surrendered a part of its leased office premises in Mumbai, India. The Company has subsequently leased the existing leasehold improvements of the Company in these premises. Initial period of this lease is 35 months, and cannot be terminated by the lessee for the first 11 months period. The lease can be further extended by 6 years (3 years at a time) from the end of the initial lease period. These assets are being depreciated over a period of 35 months representing the initial lease period, as the management believes that the lease would continue until the end of this period.

Similarly in February 2002, TTIPL has subleased portion of its office premised in Bangalore, India together with existing leasehold improvements. The sub lessee has an option of terminating this arrangement by giving 6 months notice. The sub lease cannot be terminated up to December 2004. TTIPL also sub-let the other portion of its leased premises in Bangalore, from January 2004. This sub-lease cannot be terminated until January 2005.

Fixed assets include the following amounts in relation to the above leased assets:

Gross block of leasehold improvements	**118,631,964**	(2003: Rs. 41,479,492)
Less: accumulated depreciation	**89,673,351**	(2003: Rs. 15,187,182)
Net Block	**28,958,613**	(2003: Rs. 26,292,310)

The future minimum lease income in respect of the above non-cancelable operating leases as at 31 March 2004 are summarised below:

Amount due within one year from the balance sheet date	**17,518,007**	(2003: Rs. 6,769,206)

24 Employee Stock Option Plans

TTL - The 1998 Employee stock option plan

The 1998 Employees Stock Option Plan ('the Plan') provides for the issue of options up to 5% of the paid up equity share capital at a minimum exercise price of Rs 265 per equity share, with a vesting period of 36 months from the date of grant of option. In the previous year, the Company revised the Plan, whereby the options granted to the employees would vest in four equal installments from the date of the grant of the options.

Presented below is a summary of the Company's 1998 stock option plan activity during the year ended 31 March 2003:

	No. of Options
Balance as at 1 April 2000	**31,000**
Exercised during the year	**(1875)**
Forfeited during the year	**(3750)**
Balance as at 31 March 2001	**25,375**
Forfeited during the year 2002	**(4500)**
Balance at 1 April 2002	**20,875**
Forfeited during the year	**(5250)**
Balance at 31 March 2003	**15,625**
Forfeited during the year 2004	**(8,750)**
Balance at 31 March 2004	**6,875**

The Securities and Exchange Board of India ("SEBI") issued Employees Stock Option Scheme and Employees Stock Purchase Scheme Guidelines, 1999 ("the Guidelines"), which are effective for all stock option schemes established after 19 June 1999. In accordance with the Guidelines, the excess of the market price of the underlying equity shares as at the date of the grant of the options over the exercise price of the options, including upfront payments, if any, is to be recognised and amortised on a straight line basis over the vesting period.

The Company's 1998 Stock Option Plan was established prior to the Guidelines. Had the stock compensation cost for the plan been determined as per the Guidelines, the Company's reported net loss would have been higher by Rs 0.023 million (2003: Rs. Rs 0.46 million.)

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

TTL - Employee stock option plan 2000

In June 2000 the shareholders of the Company approved the Employees Stock Option Plan 2000 ("the 2000 Plan"), which covers the employees of the Company including its subsidiaries and affiliates. The Plan provides for issue of options up to a 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 the grant of these options. The Company is in the process of setting up a compensation committee as prescribed by the SEBI guidelines for the purpose of administering this Plan.

During the year, the Company issued 6,350 options to employees of its subsidiaries, (2003: 26,000 options, including 23,500 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, 2,150 options to employees of its subsidiaries (2003: 38,738 options, including 32,475 options to employees of its subidiaries) have been forfeited.

Further, during the previous 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 per share. In the current year, in respect of the above, 75,413 options including 17,675 options to employees of its subsidiaries have been forfeited.

Prior to acquisition of EB by TTL in April 2000, EB had communicated stock option entitlements to its employees including employees of its subsidiaries (Employees). EB had issued these stock options at an exercise price of USD 0.28 per option, which would vest over a period of four years from the date of grant of these options. These options were pending formal approval by the Board of Directors of EB. In addition to the above, EB had also agreed to grant incentive options to its Directors on achievement of predetermined performance targets. These incentive options would vest on listing of EB on the recognised stock exchange, sale, merger or liquidation of the company. The exercise price of these options would be the average exercise price of the stock options granted during the period of five years immediately preceding the date of such grant. As these directors have subsequently resigned form the services of the Company and neither did they achieve their predetermined performance targets, the Company has cancelled the above mentioned incentive options.

In April 2000, upon acquisition of EB by TTL, eCapital Holding Bermuda Limited ('EH'), the erstwhile holding company of EB and now the principal stockholder in TTL (EH owns 49 % stake in TTL) assumed the obligation on account of stock options granted to the employees of EB and its non-Indian subsidiaries.

Further, in July 2000, TTL issued stock options to the employees of the Indian subsidiaries of EB in lieu of EB stock options held by them. Accordingly, 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, 22,300 options have been forfeited.

Subsequent to acquisition of EB by TTL, certain employees of EB and its non-Indian subsidiaries, including employees of the US Branch office of TTL, have been granted options in EH with exercise price ranging between USD 0.08 to 1.03 per options, with a vesting period ranging from 2 to 4 years. Presently, these option entitlements are under review by the Company's attorneys and pending formal approval/adoption by the Board of Directors of EH and the Company.

Presented below is a summary of the Company's 2000 stock option plan activity during the year ended 31 March 2004:

	Number of options
Balance as at 1 April 2000	**–**
Options granted during the year	**324,050**
Balance at 31 March 2001	**324,010**
Options granted during the year	**26,000**
Forfeited during the year	**(136,451)**
Balance at 31 March 2002	**213,599**
Options granted during the year	**17,050**
Forfeited during the year	**(111,899)**
Balance as at 31, March 2003	**118,750**
Options granted during the year	**250,150**
Forfeited during the year	**(69,650)**
Balance at 31 March 2004	**299,600**

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

In accordance with the SEBI guidelines, the excess of the market price of the underlying equity share as at the date of grant of the option over the exercise price of the options on the date of grant has been recognized as employee compensation expenses and is being amortised on a straight line basis over the vesting period. Employee stock option compensation cost for the year ended 31 March 2003 aggregated Rs 1,115,047 (2003: Rs (8,655,920)).

Options granted to employees of the US branch and subsidiaries ('Overseas)

eCapital Holding Bermuda Limited ('EH'), the principal stockholder in TTL (EH owns 49% equity stake in TTL) has granted options to the employees of the Branch at an exercise price ranging between USD 0.65 (Rs 31.54) and USD 0.08 (Rs 3.88) per option, which would vest over a period of four years from the original date of grant of these options. EH has also issued options to certain employees at an exercise price of USD 0.28 (Rs. 13.59) per option, which would vest over a period of 2 years. Presently, these option entitlements are under review by the Company's attorneys and pending formal approval/adoption by the Board of Directors of EH and the Company. The Company has not accounted employee compensation expense in this regard, as these stock options have been granted by EH and do not represent Company's stock options.

Summary of the Company's ESOP plan activity is given below:

	Number of EH options
Balance at 1 April 2000	–
Options granted during the year	1,018,024
Forfeited during the year	(3,087)
Balance at 31 March 2001	1,014,937
Options granted during the year	27,440
Forfeited during the year	(148,519)
Balance at 31 March 2002	893,858
Options granted during the year	–
Forfeited during the year	(125,023)
Balance at 31 March 2003	768,835
Forfeited during the year	(172,232)
Balance at 31 March 2004	**596,603**

EVCL - Employee Stock Option Plans

EVCL has also granted options to the employees of the E-Vector Group, the details of which are summarised below:

Employee Stock Option Plan-1 ('ESOP plan-1')

During the 7 months period ended 31 March 2001 and in the current financial year ended 31 March 2002, EVCL has granted 1,032,000 options to its employees including employees of its subsidiaries ('eVector Group') under the ESOP plan-1, pending approval of the Board of Directors of EVCL. The options have been granted at an exercise price of Rs 97.12 (equivalent to USD 2) per share with a vesting period of 48 months. These options granted to the employees would vest in four equal installments from the date of grant of the options. In the event of employee resignations, the employee can exercise the vested options up to the date of resignation within 30 days from the date of termination of employment.

Presented below is a summary of EVCL's ESOP plan-1 activity during the current financial year ended 31 March 2004:

	Number of options
Balance at 1 April 2001	**930,500**
Granted during the year	**101,500**
Lapsed/forfeited during the year	**(467,875)**
Balance at 31 March 2002	**564,125**
Exercisable at 31 March 2002	**124,000**
Forfeited during the year	**124,000**
Balance as at 31 March 2003	**-**

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

Employee Stock Option Plan-2 ('ESOP plan-2') and Merger and Acquisition Incentive Program ('M&A plan')

Further, in April 2002, the management of EVCL has issued option letters to certain employees of the eVector Group informing them of their option entitlements under the ESOP plan-2 and M&A plan. EVCL has granted 832,500 options and 495,000 options under the ESOP Plan-2 and M&A Plan respectively. The vesting period of the options granted under ESOP Plan-2 is 48 months and would vest in four equal installments from the date of grant of the options. In case of options granted under the M&A Plan, the options would vest on successful completion of the M&A process.

Formal communications containing details of exercise price and ESOP agreements in respect of the above option plans was not completed as the Board of Directors of EVCL have yet not adopted these schemes.

ESOPS granted to Senior Management

Additionally, the Company has granted certain options to its whole time Director & Chief Executive Officer and President. As more fully explained in note 2.2, since EVCL is in the process of winding up its operations, subsequent to the year-end, the company has cancelled all the above outstanding options.

25 Related party transactions

Details of related parties including summary of transactions entered into by the Trigyn Group during the year ended 31 March 2004 are summarised below:

Names of related parties

Whole-time Directors	**Principal stockholder**	**Companies in which the directors are interested other than subsidiaries**
Tushar Vaidya		
Ramkrishna Bhagwat	Amos Grove Holdings Limited	INS Experts Inc.
Couldip Basant Lala		
Deepak Shahdadpuri	eCapital Holding (Bermuda) Limited	SMR Investments Limited
Bhaskar Sanyal		
Kapil Dev Joory	eVector Holdings Limited	
	Intel Pacific, Inc	
Sarvajit Thakur	Reuter Holdings	
Thomas Dreller		

Particulars of related party transactions during the year ended 31 March 2004

Particulars	**Transactions with proposed joint ventures**	**Transactions with whole-time Directors**	**Transactions with companies in which the directors are interested**
Transactions during the year			
Salary paid to Directors *	**NIL** (2003:NIL)		–
Other expenses paid	**NIL** (2003:NIL)		**NIL** (2003:NIL
Expenses incurred on behalf of the related party	**NIL** (2003:NIL)	–	**NIL** (2003:1,262,080)
Interest paid on loans	**NIL** (2003:NIL)	**NIL** (2003: 4,317,974)	**NIL** (2003:NIL)
Provision for doubtful loans	**NIL** (2003:NIL)	**NIL** (2003:NIL)	**NIL** (2003:NIL)
Provision for doubtful debts	**NIL** (2003:NIL)	**NIL** (2003:NIL)	**NIL** (2003:NIL)
Year-end balances			
Gross amounts due as debts	**NIL** (2003:NIL)	**NIL** (2003:NIL)	**NIL** (2003:NIL)
Provisions for doubtful debts	**NIL** (2003:NIL)	**NIL** (2003:NIL)	**NIL** (2003:NIL)
Gross amounts due as loans and advances	**NIL** (2003:NIL)	**NIL** (2003:NIL)	**NIL** (2003:NIL)
Provisions for doubtful loans and advances	**NIL** (2003:NIL)	**NIL** (2003:NIL)	**NIL** (2003:NIL)
Loan from officer of the Group	**NIL** (2003:NIL)	**40,502,535** (2003:46,859,410)	**NIL** (2003:NIL)
Amounts payable	**NIL** (2003:NIL)	**NIL** (2003: NIL)	**NIL** (2003:NIL)

For ESOP's granted by EH to the employees of the Company and its subsidiaries refer note 24.
* For remuneration paid to the Directors, refer Note 25 below. For amounts due from the Directors, refer note 11 to the financial statements.
* Refer note below.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

TTL

In the year ended 31 March 2001, in anticipation of profits, TTL had paid certain managerial remuneration to its whole time Directors that exceeded the maximum limits prescribed under section 198 of the Companies Act, 1956. This excess amount of Rs 13.73 million was recorded in the financial statements as at 31 March 2001 as an advance recoverable from the Directors.

The Company obtained confirmation from its Directors that this amount is held in trust by them, pending the outcome of the application made to the Central Government for approval to pay this amount. In the event that the approval is not granted, the Directors would repay the amount back to the Company. With respect to the application made by the Company, the Central Government has sought certain clarifications and information, which the Company is in the process of replying.

During the year and during the previous years ended March 31, 2001 and March 31, 2002, the Company has paid managerial remuneration NIL (2003: Rs. 20,103,386) in excess of the limits prescribed under the Companies Act, 1956.

TTIPL

Loans and advances to employees includes advances recoverable from the Director of TTIPL aggregating to NIL (2003: Rs 7,225,000). This loan was repayable on termination of employment or 20 years whichever is earlier. The Director resigned in April 2001.The company has recovered this amount of the loan from the Director in April 2003. TTIPL had paid remuneration to its Director in excess of the limits specified under section 198 of the Companies Act, 1956, by approximately Rs 136,671 during the year ended 31 March 2001. However, TTIPL is in the process of recovering the excess amount paid.

26 Segmental reporting

The Institute of Chartered Accountants of India has issued Accounting Standard AS 17, "Segmental Reporting", which is mandatory for TTL, in respect of the accounting period commencing 1 April, 2001. In accordance with the Accounting Standard, if the Company single financial report contains both the consolidated financial statements and the separate financial statements of the parent (i.e., TTL), segment TTL and its subsidiaries' operations predominantly relate to providing software services, which are delivered to clients globally operating in various business segments. Accordingly, TTL had chosen to present segmental information in these consolidated financial statements and made no disclosures in its separate financial statements. However, the Group has not included the segmental information in these consolidated financial statements as required by AS 17 as the same is still under compilation.

27 Transfer pricing

TTL, TTIPL and EVIPL have developed a comprehensive system of maintenance of information and documents as required by the newly introduced transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961, which require existence of these records latest by October 2002. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation for the year ended 31 March 2004.

28 Regulatory matters

TTL

TTL is in the process of initiating action with the concerned authorities for condonation of and explaining reasons for certain non-compliances, the effect of which cannot be presently ascertained. Most of these non-compliances are a result of the persistent down trend in the software industry, particularly in the United States, which is the largest customer market for the Company. These matters are summarised below:

- Non-receipt of export proceeds within six months from the date of the exports as required by Indian foreign exchange laws
- Non remittance of 30% of profits from the US branch into India as required by Reserve Bank of India ('RBI') in its branch approval;
- Loans and other amounts recoverable from its foreign subsidiaries aggregating Rs. 58.59 million as at 31 March 2003. This loan was completely repaid by the foreign subsidiaries as per RBI directions before 30 September 2003.

Notes to the unaudited consolidated financial statements *(continued)*
for the year ended 31 March 2004
(Currency: Indian Rupee)

- Assignment with recourse of certain debtors of foreign subsidiaries to the US branch aggregating Rs 2.53 million.
- Discount cost aggregating Rs 116.83 million representing allowances made by the Company, arising from negotiations and settlement with a certain customer outside India; and
- A foreign branch of the Company had rendered certain software development services resulting in revenue of Rs 2.13 million and incurred personnel costs and other expenses aggregating Rs 0.85 million during the year ended 31 March 2001. These transactions have not been recognised in the financial statements, pending completion of certain regulatory formalities. The net surplus aggregating Rs 1.28 million had been transferred to a foreign subsidiary. RBI approval for the same has been granted during the year.

The management is confident that the pending applications will be reviewed favourably by the concerned authorities without any significant penalty.

Other subsidiaries

TTIPL and EVIPL have filed with the Reserve Bank of India/other authorities for extensions to realise export proceeds in respect of debtor balances including recoverable from fellow subsidiaries, which are outstanding for a period greater than six months.

29 Capital and other commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances at 31 March 2004 aggregated Rs. 1.535 million (2003: Rs 1.535 million).

30 Contingent liabilities

Counter guarantees on behalf of LEI, a wholly owned subsidiary aggregates Rs. 1.0 million as at 31 March 2004 (2003: Rs 6.0 million).

Minority preferred stockholders in EVCL are entitled to receive cumulative dividend subject to profits in EVCL. In this regard, EVCL has construed profits as consolidated profits of the eVector Group that includes EVCL and its subsidiaries i.e. EVIPL, EI and EUL. Accordingly, since in the previous period and in the current year ended 31 March 2002, the eVector Group has made losses on a consolidated basis, EVCL has not appropriated preference dividend. Arrears of preference dividend in this regard aggregate Rs 77.7 million as at 31 March 2004.

At 31 March 2002, EI has issued an irrevocable letter of credit through its bankers aggregating Rs 0.70 million, in favour of the lessor. The letter of credit has been issued towards the security deposit of the leased premises. This letter of credit has since been annulled with the termination of the lease.

TTIPL and EVIPL being units situated in Software Technology Parks are exempted from customs, central excise and government levies in respect of imported and indigenous capital goods purchased by these units. TTIPL and EVIPL have executed bonds to pay customs duty, central excise duty, levies and liquidated damages, if any payable in respect of imported and indigenous capital goods acquired duty free, in the event, certain terms and conditions prescribed by the government authorities are not fulfilled by these companies. Accordingly, bank guarantees aggregating Rs 5,000,000 have been given to the Customs Authorities in this regard as at 31 March 2004 (2003: Rs. 5,000,000).

For **Trigyn Technologies Limited and its subsidiaries**

	Tushar Vaidya	**Ramkrishna Bhagwat**	**Sudarshan K S**
Mumbai	Director	Director	Chief Financial Officer
September 2, 2004			