TRIGYN
technologies

Quality system
Quality
Endorsed
Company

ANNUAL REPORT 2005 - 2006

QUALITY POLICY

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

Ensuring that all products and services will provide complete satisfaction through meeting or exceeding the mutually agreed requirements and expectations consistently.

Fostering a team environment where quality is everyone's responsibility.

Promoting a philosophy of continuous improvement embraced by each and every employee.

Inculcate awareness in all our employees to be responsible for what they produce.

Goals :

To maintain and continuously improve Quality System based on ISO 9001:2000 standards

To maintain and continuously improve Quality System based on SEI - CMM Level 4

Introduce / Inculcate TQM culture & Business Excellence to achieve :

Customer Delight

Empowered Employees

Higher Revenues

Lower Costs

TRIGYN technologies

BOARD OF DIRECTORS

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

FINANCE CONTROLLER

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

Y.V. GOPALAM
(Resigned on April 7, 2006)

COMPANY SECRETARY

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

SAMIR KAMAT
(Resigned on July 5, 2006)

AUDITORS

RSM & CO., CHARTERED ACCOUNTANTS

INTERNAL AUDITORS

M. H. KALE & CO., CHARTERED ACCOUNTANTS

BANKERS

ORIENTAL BANK OF COMMERCE

REGISTERED / CORPORATE OFFICE

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

US OFFICE

100, METROPLEX DRIVE,
EDISON, NJ 08817 USA

INDEX

DIRECTORS' REPORT

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

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

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

Operations :

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

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

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

Dividend:

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

Subsidiaries:

As required under section 212 of the Companies Act, 1956, the financial statements of all the subsidiaries, other than the one having implications of liquidation, are enclosed alongwith the Annual Report. The appropriate provision for losses of these subsidiaries has been made by the Company, wherever required.

Management Discussion & Analysis :

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

Depository System:

The Company's shares are already under compulsory dematerialization trading. At present around 98.42% of the shares of the Company are held in dematerialized form.

Fixed Deposits:

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

Directors Responsibility Statement

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

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

ii) Appropriate accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the profit & loss account for the year ended March 31, 2006.

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

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

Employee Stock Option Plan (ESOP):

The Company has 2 (two) Employees Stock Option Schemes for the benefit of its employees, whom it treasures as indispensable assets well worth capitalising upon. In 1998, the Company evolved the first Employee Stock Option Plan ("1998 ESOP") under which the eligible employees of the Company and its then sole Subsidiary viz. Leading Edge Infotech Limited were eligible to be allotted at Rs.265/- per equity share. Thereafter with the acquisition of eCapital Solutions (Bermuda) Limited and its the various underlying Subsidiaries and other Subsidiaries thereafter, a new Employees Stock Option Scheme otherwise known as Employee Stock Option Plan ("2000 ESOP") was formulated by the Company in 2000 as per the applicable SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999. All grants of stock options are presently being made in terms of the 2000 ESOP of the Company the details whereof are us under :

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

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

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

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

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

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

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

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

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

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

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

Corporate Governance :

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

Auditors Qualifications :

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

General Information for Shareholders:

The shares of the company are listed on Bombay Stock Exchange Limited, The National Stock Exchange of India Limited and The Stock Exchange, Ahmedabad. The listing fees for the year 2005-06 and 2006-07 have been paid to all the Stock Exchanges where the Company's shares are listed.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Ramkrishna Bhagwat and Mr. Nitin Palekar retire by rotation and are eligible for re-appointment.

Auditors:

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

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

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

Acknowledgements:

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

On behalf of the Board of Directors

Place : Mumbai	**Ramkrishna Bhagwat**	**Tushar Vaidya**
Date : June 29, 2006	**Director**	**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, 2006.

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS & OUTGO

f.	Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans	:	As detailed in the report
g.	Statement of Expenditure/Earning incurred in foreign currency		
	Foreign Exchange earned	:	Rs.3,23,63,251
	Foreign Exchange used	:	Rs.53,91,135

On behalf of the Board of Directors

Place : Mumbai
Date : June 29, 2006

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

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

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

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

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

For **Trigyn Technologies Limited**

Mumbai
June 29, 2006

Tushar Vaidya
CEO & Wholetime Director

MANAGEMENT DISCUSSION & ANALYSIS

Overview

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

Focus on Quality

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

- Customer Delight
- Empowered Employees
- Higher Revenues
- Lower Costs

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

Value Added Creative Solutions & Services

Software Project Oriented Services

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

Staff Augmentation Services

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

The core competencies herein include :

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

Data Warehousing

Internet & Intranet Architecture

Legacy Support & Migration

Regulatory Compliance

Consultancy Services - Capital Markets

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

Re-engineering/Migration Solution

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

Business Strategy

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

Procure contracts with a reasonably long duration that would involve sustained cash flows. To this extent efforts are on and the Management is confident that based on its technical credentials, moreso in the US market, the Company would be able to bag a few prestigious projects in the year to come. This would be in the IT as well as the ITES segments. The Company's Subsidiary in US viz. Trigyn Technologies Inc. is expected to play a major role overall in relation to such projects.

Grow existing relationships and build new relationships. The Company has had a fair amount of success in the United Nations project as well as in its foray in the BPO stream. Existing clients like the United Nations are being mined for more business through referrals. There would be an added focus on offshore business.
Focus on new areas of business that offer higher gross margins, specifically Telecommunications. Our recent tie up with UTL group has given us substantial depth and width in that area. Trigyn is in the process of rolling out plans for offering services in the area of risk analytics and customer assurance analytics.

Restructuring of the Trigyn Group companies across some locations whose load to carry is hampering the costs due to unnecessary overheads. This activity would subject to obtaining of requisite statutory approvals from the statutory authorities.

Retaining existing talent through high motivation levels, stock options, optimum salary structure, promotion within ranks and continuous knowledge upgradation.

Ensure strict compliance of law and regularize any noted non-compliances .

Industry Structure and Outlook

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

Trigyn Technologies believes that its business fundamentals and the value proposition to its customers remain intact despite current performance and initiatives are being taken to consolidate the existing businesses and prospect new business given the inherent strengths and legacy of the Company. The Company expects to improve on its performance and hopes to post a better performance in the year 2005-06 by adding to the top line and by securing its bottomline through control and selective rationing of costs. Trigyn Technologies have some decent projects lined up during the year and is confident of a better performance in the near future.

Opportunities

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

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

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

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

- Web Technology which include web services based on JAVA and .Net,

  B2B & B2C applications

  Messaging Middlewares and Enterprise Applications Integration (EAI)

  Data Warehousing on Oracle and Hyperion platforms for using archived data for future decisions. Trigyn this year will offer Fraud Analytics and Customer Assurance Analytics as a Service to Telecom customers.Quality Testing Studios

  BroadVision, J2E, WebMethods and WLI technologies

  Telecommunications: Operations & Maintenance of Broad Band and Cell Phone Networks,

Results of Operations

Total Income

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

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

Finance – 11 % and eBusiness – 89 %

Total Expenditure

The total expenditure including interest and depreciation of Trigyn Technologies for the year 2005-06 was Rs. 1122.53 lakhs as compared to Rs. 1292.58 lakhs during the previous year. Cost control was a priority of the Management during the year and 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.688.79 lakhs for the year 2005-06 as compared to Gross Loss of Rs.582.50 lakhs during the previous year. 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 after considering Exceptional and Extraordinary Items of Trigyn Technologies was Rs. 690.90 lakhs for the year 2005-06 as compared to a profit of Rs. 656.07 lakhs during the previous year.

Segmentwise performance for the year 2005-06

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.

(Rs. In Lakhs)

	Unaudited		
	Finance	**eBusiness**	**Total**
Total Segmental Revenues	35.70	286.55	322.25
Total Segmental Expenses	13.91	205.53	219.44
Total Segmental Gross Profit / (Loss) before Interest and Tax	21.79	81.01	102.81
Add / (Less) : Interest			(661.26)
Add / (Less) Tax			(2.12)
Add / (Less) Other net unallocable expenditure			(130.24)
Total Profit / (Loss) after Tax, Prior Period adjustment and before Exceptional items			(690.90)

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.

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

Commodotization of the Offshore Software Services business.

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

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 its Bank, Oriental Bank of Commerce from which loans have been obtained by the Company to pay their outstanding dues, if any on periodical basis. The Company is currently negotiating with the said Bank for recast / rescheduling of the credit facilities obtained from them, with a view to reduce the outflow burden on account of payment of principal as well as interest thereto.

Internal Controls and Adequacy

Trigyn Technologies continuously reviews its Internal Control system in order to further strengthen and make it commensurate with the size and nature of the business which currently is well defined and commensurate with the scale of operations of the Company.

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. The Company, as such, realizes the importance of a competent, motivated and dedicated manpower in achieving its goals. It is the constant endeavour of the Management to share with its workforce the opportunities and challenges faced in its business operations.

Cautionary Statement

Some of the statements made in this section may contain 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 .

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

The Company stands committed and upholds the code of Corporate Governance introduced by the Securities and Exchange Board of India through Clause 49 in the Listing Agreement. The Board of Directors as trustees of the Company have always endeavored to instill ethical and transparent practices while recognising the right to information of all stakeholders including the shareholders within the framework laid by Clause 49.

BOARD OF DIRECTORS

Composition and Category of Directors

During the year ended under review, the Board of Directors comprised of the following Directors :

Name	Category	No. of Directorships in other public Companies		Outside Committee positions held*	
		Chairman	Member	Chairman	Member
Mr. Tushar Vaidya	Wholetime Director and CEO	-	1	-	
	- Mr. Ramkrishna Bhagwat	Wholetime Director		-	1
	-		- Mr.	Sanjay	Patkar
	Chairman / Non Executive Director	-	1	-	1
Mr. Nitin Palekar	Independent Director / Non Executive Director	-	-	1	1
Mr. Anil Kale	Independent Director / Non Executive Director	-	-	1	1

* only two committees i.e. the Audit Committee and Share Transfer / Investor Grievance Committee are considered. Out of the above, Mr. Tushar Vaidya and Mr. Ramkrishna Bhagwat belong to the original Promoters' category but subsequent to the allotment equity shares on preferential basis to the Investor M/s. United Telecoms Limited on June 16, 2006 and consequent change in management control, Mr. Tushar Vaidya and Mr. Ramkrishna Bhagwat are no longer deemed as Promoters from this date and M/s. United Telecoms Limited is the new Promoter of the Company. The other three existing 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 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. Nitin Palekar is a qualified Chartered Accountant and also holds a degree in Law. He is currently working as the Director – Finance in a reputed software company specializing in niche software products and services and is based at Pune.

Mr. Anil Kale is a Certified Associate of the Indian Institute of Bankers and is also a Graduate in Commerce. He is an ex-Reserve Bank of India Officer and has worked in various departments, including Foreign Exchange department before taking up voluntary retirement in 1995 to carry on free lance liaison and consultancy on foreign exchange matters.

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

The Company's Board of Directors met 7 times during the year 2005-06. The Board Meetings took place on April 19, 2005, June 24, 2005, August 03, 2005, September 22, 2005, October 31, 2005, November 10, 2005 and January 31, 2006. 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 September 22, 2005
Mr. Tushar Vaidya	4	Yes
Mr. Ramkrishna Bhagwat	7	Yes
Mr. Sanjay Patkar	7	Yes
Mr. Nitin Palekar	6	Yes
Mr. Anil Kale	6	Yes

Since Mr. Tushar Vaidya operates out of New Jersey, USA, his personal attendance, when he is not available at Board Meetings in India, is ensured, to the extent possible, through a continuous telephonic link. 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.

AUDIT COMMITTEE

The Audit Committee of the Company consists of the following Independent Directors :

Mr. Nitin Palekar - Chairman (Independent)

Mr. Sanjay Patkar

Mr. Anil Kale (Independent)

Amongst other things, the Audit Committee oversees the Company's financial reporting process and disclosures of its financial information to ensure that the 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 2005-06, the Committee met thrice, on 24th June 2005, 3rd August, 2005, 10th November 2005 and 31st January 2006. All the meetings were attended by Mr. Ramkrishna Bhagwat, Mr. Sanjay Patkar, Mr. Nitin Palekar and Mr. Anil Kale.

The Statutory Auditors and Internal Auditors of the Company were invited to the Audit Committee Meetings.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company consists of the following Independent Directors :

Mr. Sanjay Patkar – Chairman

Mr. Nitin Palekar

Mr. Anil Kale

Remuneration paid to Directors during 2005 – 2006

Names	Sitting fees (Rs.)	Remuneration including Salary & Perquisites(Rs)
Mr.Ramkrishna Bhagwat	-	1,800,000/-
Mr. Tushar Vaidya *	-	-
Mr. Sanjay Patkar	1,05,000/-	-
Mr. Nitin Palekar	95,000/-	-
Mr. Anil Kale	95,000/-	-

* Tushar Vaidya is on the rolls of the US subsidiary, Trigyn Technologies Inc. at a monthly remuneration of US$ 14,000 (including perquisites).

Amongst other things, the issues under the purview of this Committee are the administration of employee stock options, the compensation policy for key personnel, etc. During the year 2005-06, the Committee met twice on November 10, 2005 and March 16, 2006. Mr. Nitin Palekar, Mr. Sanjay Patkar and Mr. Anil Kale attended the meetings.

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. The Share Trans fer / Investor Grievance Committee of the Compa ny consists of the foll owing Independent Directors :

Mr. Anil Kale – Chairman

Mr. Nitin Palekar

Mr. Sanjay Patkar

Amongst other things, this Committee reviews critical Investor Grievances and ensures the issues of Investors, both large and small are addressed timely which are referred to by the Company Secretary or by the Company's Registrar & Transfer Agents.

During the year, the Company received 4 complaints from Investors, all of which have been resolved as on date. No compliant was received from the SEBI or any of the Stock Exchanges. No share transfers were pending as on March 31, 2006

The Compa ny Secretary acts as a Secretary to all the aforesaid three Committees of the Company.

GENERAL BODY MEETINGS

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

Financial Year	Location	Date	Time
2002 – 2003	All India Plastic Manufacturers' Association Auditorium, AIIPMA House, A-52, Street No.1, M.I.D.C., Andheri (E), Mumbai 400 093.	December 30, 2003	3.00 p.m.
2003 – 2004	All India Plastic Manufacturers' Association Auditorium, AIIPMA House, A-52, Street No.1, M.I.D.C., Andheri (E), Mumbai 400 093.	September 30, 2004	3.30 p.m.
2004 - 2005	All India Plastic Manufacturers' Association Auditorium, AIIPMA House, A-52, Street No.1, M.I.D.C., Andheri (E), Mumbai 400 093.	September 22, 2005	3.30 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.

An EGM was held on June 2, 2006, at All India Plastic Manufacturers' Association Auditorium, AIIPMA House, A-52, Street No.1, M.I.D.C., Andheri (E), Mumbai 400 093 to consider increase of Authorised Capital and Issue of Shares / Warrants on preferential basis.

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, 2006" 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.

The Company has adopted the mandatory requirements and is cons idering to follow the non-mandatory requiarements on Corporate Governance as per the listing agreement.

MEANS OF COMMUNICATION

The financial results are currently being published in the leading Newspapers like Financial Express (English) / Free Press Journal (English) and Navshakti (Marathi) / Tarun Bharat (Marathi). These results are also made available on the Company's website www.trigyn.com after the respective Stock Exchanges are intimated. Official news releases, details of presentations or analystmeets, 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 Directors' Report.

GENERAL SHAREHOLDERS' INFORMATION

Date, time and venue of the Annual General Meeting

Tuesday, September 26, 2006 at 3.30 p.m. at All India Plastic Manufacturers' Association Auditorium, AIIPMA House, A-52, Street No.1, M.I.D.C., Andheri (E), Mumbai 400 093.

Financial Calendar

April 1, 2005 to March 31, 2006

Financial reporting for the Quarter ended June 30, 2005	Board Meeting was held on July 30, 2004. The results were published in newspapers on August 3, 2004
Financial reporting for the Quarter / Half Year ended September 30, 2005	Board Meeting was held on October 30, 2004. The results were published in newspapers on November 2, 2004.
Financial reporting for the Quarter ended December 31, 2005	Board Meeting was held on January 31, 2005. The results were published in newspapers on February 2, 2005.
Financial reporting for the Financial Year ended March 31, 2006	Board Meeting was held on June 29, 2005. The results were published in newspapers on July 1, 2005

Date of Book Closure

September 22, 2006 to September 26, 2006 (both days inclusive)

Dividend Payment Date

No dividend has been declared by the Company during the year 2005-06

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 TRIGYN

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 2005-06 and 2006-07.

Stock Market Price Data

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

Month / Year	Mumbai Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2005	16.70	12.15	16.60	12.75
May, 2005	17.45	12.25	18.00	12.40
June, 2005	18.00	14.16	18.00	14.00
July, 2005	21.50	14.05	21.45	14.20
August, 2005	27.60	17.00	28.80	17.05
September, 2005	29.80	19.10	30.50	18.25
October, 2005	22.10	15.00	22.10	15.00
November, 2005	18.50	15.20	18.60	15.05
December, 2005	16.40	12.80	16.50	12.85
January, 2006	16.73	13.02	16.90	13.35
February, 2006	13.60	11.50	13.65	11.65
March, 2006	12.15	7.70	12.20	7.75

Performance of the Company's share prices vis-à-vis the BSE SENSEX & NSE NIFTY

Month / Year	BSE closing price	SENSEX closing	NSE closing price	NIFTY closing
April, 2005	12.76	6154.44	12.95	1902.50
May, 2005	15.00	6715.11	15.05	2087.55
June, 2005	14.76	7193.85	14.50	2220.60
July, 2005	17.18	7635.42	17.40	2312.30
August, 2005	25.45	7805.43	25.60	2384.65
September, 2005	20.30	8634.48	20.50	2601.40
October, 2005	15.55	7892.32	15.60	2370.95
November, 2005	16.15	8788.81	16.20	2652.25
December, 2005	13.80	9397.93	13.85	2836.55
January, 2006	13.26	9919.89	13.55	3001.10
February, 2006	11.78	10370.20	11.70	3074.70
March, 2006	9.57	11280.00	9.75	3402.55

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.

They are located at :
Satam Estate, 3rd Floor
Above Bank of Baroda
Cardinal Gracious Road,
Chakala, Andheri (E), Mumbai 400 099
Tel. : 022 - 28348218 / 28329828
Fax : 022 – 28375646
E-mail: sharepro@vsnl.com

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 by sent to the Registrar and Transfer Agents for dematerialisation.

Based on the information given by our Registrars and Transfer Agents, no shareholder complaints were pending as on March 31, 2006. The complaints mainly related to issues related to non-receipt of dividend / revalidation of warrants, change of address, etc.

Distribution of Shareholding as on 31st march, 2006

Shareholding in No. of Shares	Shareholders		Shares	
	Nos.	% to Total	Nos.	% to Total
Less than 500	12656	75.23	2564464	17.27
501 – 1000	2173	12.92	1848420	12.45
1001 – 2000	998	5.93	1555208	10.48
2001 – 3000	354	2.11	902879	6.08
3001 – 4000	166	0.98	595802	4.02
4001 – 5000	145	0.86	688929	4.64
5001 – 10000	206	1.23	1523878	10.25
10001 and above	126	0.74	5170295	34.81
Total	**16824**	**100.00**	**14849875**	**100.00**

Shareholding Pattern as on 31st March, 2006

CATEGORY	NO OF SHARES HELD	PERCENTAGE OFSHAREHOLDING
PROMOTER'S HOLDING		
PROMOTERS		
- INDIAN PROMOTERS*	2545834	17.14
- FOREIGN PROMOTERS		
PERSONS ACTING IN CONCERT	-	-
SUB-TOTAL	**2545834**	**17.14**
NON- PROMOTERS HOLDING		
INSTITUTIONAL INVESTORS		
MUTUAL FUNDS AND UTI	156734	01.06
BANKS, FINANCIAL INSTITUTIONS,INSURANCE, COMPANIES (CENTRAL/ STATEGOV.INSTITUTIONS/NON-GOVERNMENT INSTITUTIONS)	3100	0.02
FIIs	3400	0.02
SUB-TOTAL	**163234**	**01.10**
OTHERS		
PRIVATE CORPORATE BODIES	1416534	09.54
INDIAN PUBLIC	10322809	69.52
NRIs / OCBs	401464	02.70
SUB-TOTAL	**12140807**	**81.76**
GRAND TOTAL	**14849875**	**100.00**

* Includes shares held by the relatives of the Promoter-Director Late Mr. Atul Kamath

Dematerialisation of Shares

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

As on March 31, 2006, 98.42% 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
100, Metroplex Drive,
Edison, NJ 08817,
USA

Address for Shareholder Correspondence

All Shareholders / Investors should address their correspondence to :

Mr. Prashant Vaidya
Senior Manager
Sharepro Services
Unit : Trigyn Technologies Limited
Satam Estate, 3rd Floor
Above Bank of Baroda
Cardinal Gracious Road,
Chakala, Andheri (E), Mumbai 400 099
Tel. : 022 - 28348218 / 28329828 Fax : 022 – 28375646
E-mail: praving@shareproservices.com

Mr. Rajesh Shirambekar
Company Secretary & Manager (Legal)
Trigyn Technologies Limited
Unit 27, SDF-I,
SEEPZ, Andheri (East), Mumbai 400096
Tel. : 022 - 28290909
Fax : 022 – 28291418
E-mail : rajesh.shirambekar@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** ('the Company'), for the year ended on March 31, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges. The compliance of conditions of corporate governance is the 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 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 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

Place: Mumbai
Date: June 29, 2006

Vilas Y. Rane
Partner (F-33220)

PERFORMANCE AT A GLANCE

(Rs. In Millions)
For the year ending March 31,

	2006	2005	2004	2003	2002
Total income	43.37	177.54	114.57	160.58	461.40
Operating expenses	43.43	38.08	355.42	2,814.03	4138.67
Operating Profit	-0.05	139.46	-240.85	-2,653.45	-3677.27
Interest and finance charges	66.13	67.90	79.82	127.43	66.66
Depreciation	2.65	5.91	21.05	37.01	44.70
Profit before taxes	-68.83	65.65	-341.72	-2,817.89	-3788.63
Taxation	0.05	0.04	-10.11	10.29	0.00
Net profit / (loss)	-68.88	65.61	-331.61	-2,828.18	-3788.63
<u>Dividend %</u>					
Equity	0.00	0.00	0.00	0.00	0.00
Preference	0.00	0.00	0.00	0.00	0.00
<u>Dividend Amount</u>					
Equity	0.00	0.00	0.00	0.00	0.00
Preference	0.00	0.00	0.00	0.00	0.00
<u>Share Capital</u>					
Equity	148.50	148.50	148.50	148.50	148.50
Preference	50.00	50.00	50.00	50.00	50.00
Reserves & Surplus	-71.60	-2.49	-66.76	265.96	3102.79
Net worth	-123.10	-53.99	-118.26	214.46	3301.29
Net Assets	343.35	429.89	465.67	806.08	3722.52
<u>Performance Indicators</u>					
as a % of total income					
Operating Margin	-0.13	78.55	-210.22	-1652.42	-796.99
Net Margin	-158.81	36.95	-289.44	-1761.23	-821.12
Taxation	0.11	0.02	-8.82	6.41	0.00
Taxation /Net Profit / (Loss)	-0.07	0.06	2.96	-0.37	0.00
Current Ratio	0.30	0.57	0.77	1.68	3.44
Total Income/Net Working Capital (times)	-0.31	-3.11	-4.18	1.42	1.16
Fixed Assets Turnover (times)	0.29	1.19	0.59	0.76	2.19
Receivable (in days)	192.72	28	183	276	135
<u>Investment Indicators</u>					
Book value per share	-8.29	-3.64	-7.96	14.44	222.31
Earnings per share	-4.64	4.42	-22.33	-190.45	-257.32
Return on capital employed %	0.00	0.00	0.00	0.00	0.00
Share price as on March 31, (BSE) Rs.	9.57	13.65	10.53	11.40	90.40
Market capitalisation (in millions)	142	203	156	169	1342

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, 2006, 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, ('the said Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the Act), 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. As stated in Note 5 to Schedule 18, investments in two subsidiaries are being carried at its carrying value of Rs. 479.37 million and no further provision for diminution in value of investments is considered necessary by the management. In our opinion, the extent of the erosion in the net worth of the two subsidiaries is significant. However, we are unable to comment on the amount of shortfall in the provision for further diminution in the value of the aforesaid investments.
5. Attention is invited to Note No. 2 (c) to Schedule 18 in the financial statements with regard to the financial statement having been prepared on a going concern basis for the reasons stated in the above.
6. 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, 2006 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f. subject to what is stated in paragraphs 4 above the effect of which could not be determined, in our opinion and to the best of our information and according to the explanations given to us, 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, 2006;
      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
Vilas Y. Rane
Partner (F-33220)

Mumbai: June 29, 2006

ANNEXURE TO AUDITORS' REPORT

(Referred to in our Auditors' Report to the members of Trigyn Technologies Limited of even date)

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

(b) The Company has a carried out a physical verification of fixed assets. We are informed that no material discrepancies were noticed on such verification.

(c) The Company has not disposed off substantial part of fixed assets during the year.

(ii) The Company is in the business of providing software services, hence the provisions of paragraph 4 (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 six companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 2,516.05 lacs and the year-end balance of loans granted to such parties was Rs. 2,388.04 lacs.

(b) In our opinion, the terms and conditions of the loans given 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 of the principal amount of unsecured loans given, 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 of the principal amount of the loans.

(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms, or other parties listed in the register maintained under section 301 of the Act. Accordingly, provisions of paragraph 4 (iii) (f) and (g) of the said Order relating to rate of interest and other terms and conditions of loans and regularity of payment of principal and interest are not applicable.

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

(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act 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 Act 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) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA and any other relevant provisions of the Act and the rules framed there under. No order has been passed by the National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(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 generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service Tax, Wealth Tax and any other statutory dues with the appropriate authorities and there were no such outstanding dues as at March 31, 2006 for a period exceeding six months from the date they became payable except amount payable to Investor Education and Protection Fund amounting to Rs. 1.64 Lacs. As explained to us, 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, the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and the Company has incurred cash losses in the financial year under report. The Company has not incurred cash losses in the immediately preceding financial year.

(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, March 2004 & March 2005	975.00
Total	**975.00**

(xii) As the Company has not granted any loans or advances against security, provisions of paragraph 4 (xii) of the said Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund, or a nidhi, mutual benefit funds/societies, accordingly, the provisions of paragraph 4 (xiii) of the said Order is not applicable.

(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) In our opinion and 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 Company has not used the fund borrowed on short term basis during the year for long term investments.

(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 Act.

(xix) The Company has not issued debentures or made any public issue during the year and accordingly, the provisions of paragraph 4 (xix) and (xx) of the said Order, 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

Vilas Y. Rane
Partner (F-33220)

Mumbai: June 29, 2006

BALANCE SHEET AT MARCH 31, 2006

(Currency: Indian Rupee)

	Schedule	2006	2005
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**198,498,750**	198,498,750
Share application money	2	**397,500**	397,500
Reserves and surplus	3	**6,541,127,805**	6,541,139,960
		6,740,024,055	6,740,036,210
Loan funds			
Secured loans	4	**216,046,371**	233,485,411
		6,956,070,426	6,973,521,621
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		**148,959,408**	149,250,302
Less: Accumulated depreciation		**144,734,895**	142,522,309
		4,224,513	6,727,993
Investments	6	**479,423,600**	479,423,600
Current assets, loans and advances			
Unbilled debtors	7	**-**	-
Sundry debtors	8	**17,014,906**	3,706,961
Cash and bank balances	9	**19,791,699**	38,982,905
Loans and advances	10	**24,377,313**	33,561,616
		61,183,918	76,251,482
Less: Current liabilities and provisions			
Current liabilities	11	**200,404,198**	132,511,316
Provisions	12	**1,544,180**	775,551
		201,948,378	133,286,867
Net current liabilities		**(140,764,460)**	(57,035,385)
Miscellaneous expenditure (to the extent not written off or adjusted)	13	**463,800**	773,000
Profit and loss account		**6,612,722,973**	6,543,632,413
		6,956,070,426	6,973,521,621
Notes to the accounts	18		

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

For Trigyn Technologies Limited

Ramkrishna Bhagwat — **Director**

Tushar Vaidya — **Director**

Samir Kamat
Company Secretary

Place : Mumbai

Date : June 29, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006

(Currency: Indian Rupee)

	Schedule	2006	2005
Income			
Software development services		**32,224,446**	48,572,007
Other income	14	**8,838,593**	22,435,789
Provision for doubtful debts/advances no longer required, written back		**2,310,481**	-
		43,373,520	71,007,796
Expenditure			
Personnel costs	15	**28,673,668**	29,542,257
Depreciation	5	**2,651,645**	5,906,933
Interest	16	**66,126,407**	67,899,656
Other costs	17	**14,801,532**	25,909,225
		112,253,252	129,258,071
Profit / (Loss) for the year before tax, extraordinary item, prior period adjustments and exceptional items		**(68,879,732)**	(58,250,275)
Less: Provision for taxationIncome tax provision		**-**	-
Fringe benefit tax		**210,828**	-
Add: Extraordinary Item-Profit on sale of business consideration (Refer note 3 to schedule 18)		**-**	106,534,400
Less: Prior period adjustments-Director Remuneration and payroll contributions for earlier years		**-**	4,307,907
Profit / (Loss) for the year after tax, prior period adjustments and before exceptional items		**(69,090,560)**	43,976,218
Add: Exceptional items (Refer note 4 (a and b) to schedule 18)		**-**	21,630,476
Profit / (loss) for the year after tax, prior period adjustments and exceptional items		**(69,090,560)**	65,606,694
Profit and loss account, brought forward		**(6,543,632,413)**	(6,609,239,107)
Profit and loss account, carried forward		**(6,612,722,973)**	(6,543,632,413)
Earning per share before exceptional and extraordinary adjustments extraordinary adjustments			
- Basic earnings per share		**(4.65)**	(4.21)
- Diluted earnings per share		**(4.61)**	(4.18)
Earning per share after exceptional and extraordinary adjustments			
- Basic earnings per share		**(4.65)**	4.42
- Diluted earnings per share		**(4.61)**	4.38
Number of shares (face value of Rs.10 each)		**14,849,875**	14,849,875
Notes to the accounts	18		

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

For Trigyn Technologies Limited

Ramkrishna Bhagwat — **Director**

Tushar Vaidya — **Director**

Samir Kamat
Company Secretary

Place : Mumbai
Date : June 29, 2006

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

(Currency: Indian Rupee)

		2006		2005
Cash flow from operating activities				
Profit / (Loss) after tax, prior period adjustments and exceptional items		**(69,090,560)**		65,606,694
Adjustments for:				
Interest income	**(587,422)**			
	(291,962) Income from Trade Investments			
	(7,000)			
	(7,000) Provision for doubtful			
debts/advances to debtors / subsidiaries / employees	**(2,310,481)**		6,930,650	
Depreciation and amortization	**2,948,690**		4,881,195	
Unrealised foreign exchange (gain) / loss	**13,098**		(2,410,291)	
Loss / (profit) on sale of assets,net	**(25,000)**		(104,621)	
Provision for Tax	**210,828**		-	
Interest Cost	**66,126,407**	**66,369,120**	67,899,656	76,897,627
Operating (loss)/profit before working capital changes		**(2,721,440)**		142,504,321
Changes in:				
(Increase)/Decrease in Sundry Debtors	**(13,347,353)**		42,754,905	
(Increase)/Decrease in Loans and advances	**(294,370)**		705,812	
Increase/(Decrease) in Current Liabilities and Provisions	**2,316,659**	**(11,325,064)**	(46,386,527)	(2,925,810)
Cash (used in) / generated from operations		**(14,046,505)**		139,578,511
Income taxes refund , net		**(639,567)**		1,918,969
Net cash (used in) / generated from operations (A)		**(14,686,072)**		141,497,480
Cash flow from investing activities				
Proceeds from sale of fixed assets		**25,000**		338,305
Purchase of fixed assets		**(148,165)**		(305,717)
Interest Received		**680,195**		199,189
Dividend Received		**7,000**		7,000
Loans to subsidiaries (net)		**12,370,002**		1,668,745
Net cash (used) /generated in investing activities (B)		**12,934,032**		1,907,522

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006 (Continued)

(Currency: Indian Rupee)

		2006	2005
Cash flow from financing activities			
Interest paid		**(126)**	(6,468,459)
Acceptance / (repayment) of loans from directors		**-**	(6,000,000)
Repayment of loans		**(17,439,040)**	(94,055,969)
Net Cash (used in) / generated from financing activities	**(C)**	**(17,439,166)**	(106,524,428)
(Decrease) / Increase in cash and cash equivalents	**(A + B + C)**	**(19,191,206)**	36,880,574
Cash and cash equivalents at the beginning of year		**38,982,905**	2,102,331
Cash and cash equivalents at the end of year *		**19,791,699**	38,982,905

* Includes unrealised exchange gain of Rs. 247,047 (2005: loss of Rs. 764,507)

Note:

Cash and cash equivalents consist of cash Rs. 74,783 (previous year Rs. 6,588) and bank balances in current account Rs. 19,357,871 (previous year Rs. 21,135,356) and in deposit account Rs.359,045 (previous year Rs. 17,840,961).

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

For Trigyn Technologies Limited

Ramkrishna Bhagwat — **Director**

Tushar Vaidya — **Director**

Samir Kamat
Company Secretary

Place : Mumbai
Date : June 29, 2006

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

(Currency: Indian Rupee)

	2006	2005
Schedule 1. Share capital		
Authorised		
20,000,000 (2005: 20,000,000) equity shares of Rs 10 each.	**200,000,000**	200,000,000
5,000,000 (2005: 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 (2005: 14,849,875) equity shares of Rs 10 each fully paid-up.	**148,498,750**	148,498,750
5,000,000 (2005: 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 (2005: 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 (2005: 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 (2005: 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 Oriental Bank of Commerce (earlier known as 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 (Oriental Bank of Commerce / 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.(Oriental Bank of Commerce / 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.(Oriental Bank of Commerce / the Company has not exercised this option on that date).

35% redeemable at premium of Rs 40 at the end of 60 months from the date of the issue.(Oriental Bank of Commerce / the Company has not exercised this option on that date).All these redemptions are based on Put/Call Options by GTB or the Company respectively, at these dates.

Refer note 10 to schedule 18 for Employee Stock Options granted by the Company.

	2006	2005
Schedule 2. Share application money		
Application money under Employees stock option plan ('ESOP')	**397,500**	397,500
	397,500	**397,500**
Schedule 3. Reserves and surplus		
Share premium account	**6,538,364,825**	6,538,364,825
Employee stock options outstanding		
- Balance at the beginning of the year	**2,775,135**	6,116,170
- Addition on issue of stock options	**-**	-
- Reversal on forfeiture of stock options	**(12,155)**	(3,341,035)
	2,762,980	2,775,135
Less: Deferred employee compensation expense		
- Balance at the beginning of the year	**-**	2,006,097
- Addition on issue of Stock options	**-**	-
- Reversal on forfeiture of stock options	**-**	(1,549)
- Amortisation of deferred employee Compensation expense	**-**	(2,004,548)
	-	-
	2,762,980	2,775,135
	6,541,127,805	6,541,139,960

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 4. Secured loans		
From banks		
Term loans	**216,046,371**	233,485,411
(Amount repayable within one year Rs 112,400,000 (2005: Rs. 112,400,000))		
	216,046,371	233,485,411

The Company has taken term loans from Oriental Bank of Commerce (OBC) (earlier known as Global Trust Bank (GTB)). The term loans from OBC are secured by the sole charge on all the assets of the Company and its subsidiaries in India. In addition, the term loans from OBC 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. Finance lease obligations are secured against vehicles acquired under lease. Refer Note 7 to Schedule 19.

Schedule 5. Fixed assets

Particulars	Cost as at 1 April 2005	Additions during the year	Deductions during the year	Cost as at 31 March 2006	Accumulated depreciation as at 1 April 2005	Depreciation charge For the year	Accumulated depreciation on deductions	Accumulated depreciation as at 31 March 2006	Net book value as at 31 March 2006	Net book value as at 31 March 2005
Leasehold improvements	74,010,904	28,000	-	**74,038,904**	71,872,322	2,139,504	-	**74,011,826**	**27,078**	2,138,582
Building (Note 1)	6,449,503	-	-	**6,449,503**	2,147,945	363, 834	-	**2,511,779**	**3,937,724**	4,301,558
Office equipment	7,439,225	72,484	—	**7,511,709**	7,355,689	62,091	—	**7,417,780**	**93,929**	83,536
Computers & Peripherals	58,415,513	47,681	-	58,463,194	58,235,264	80,076	-	**58,315,340**	147,854	180,249
Motor vehicles (Note 2)	873,118	-	439,059	**434,059**	873,118	-	439,059	**434,059**	**-**	-
Furniture and fixtures	2,062,039	-	-	**2,062,039**	2,037,971	6,140	-	**2,044,111**	**17,928**	24,068
	149,250,302	**148,165**	**439,059**	**148,959,408**	**142,522,309**	**2,651,645**	**439,059**	**144,734,895**	**4,224,513**	6,727,993
Previous year	195,211,623	305,717	46,267,038	149,250,302	182,648,730	5,906,933	46,033,354	142,522,309	6,727,993	

Note 1: Building includes value of properties in Co-operative societies including shares of respective societies.

Note 2: The cost of Motor vehicles includes motor vehicle taken on hire purchase amounting to Rs. Nil; (2005: Rs. Nil)

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 6. Investments		
Long term investments (at cost)		
Trade (unquoted) investment in subsidiaries		
7,350,000 (2005:7,350,000) 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 (2005:15,000) equity shares of US $ 1 each fully paid-up in Applisoft Inc. USA	**421,629,079**	421,629,079
500,000 (2005: 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 (Refer Note 5 of schedule 18)	**6,011,975,454**	6,011,975,454
	479,370,000	479,370,000
Non - trade (unquoted) investments		
100 (2005: 100) equity shares of Rs 36 each fully paid-up in Bombay Mercantile Co operative Bank Limited	**3,600**	3,600
5,000 (2005: 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	479,423,600
Schedule 7. Unbilled Debtors		
(Unsecured)		
Debts over six months		
- Considered doubtful	**1,319,189**	1,319,189
Others debts		
- Considered good	**-**	-
	1,319,189	1,319,189
Less: Provision for doubtful debts	**1,319,189**	1,319,189
	-	-
Schedule 8. Sundry debtors		
(Unsecured)		
Debts over six months		
- Considered good	**-**	478,228
- Considered doubtful	**269,726,586**	269,726,586
Others debts		
- Considered good	**17,014,906**	3,228,733
- Considered doubtful	**-**	-
	286,741,492	273,433,547
Less: Provision for doubtful debts	**269,726,586**	269,726,586
	17,014,906	3,706,961

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)

(Currency: Indian Rupee)

	2006	2005
Schedule 9. Cash and bank balances		
Cash on hand	**3,283**	6,588
Cheques on hand	**71,500**	-
Balances with scheduled banks		
- in current account	**16,656,773**	18,272,893
- in deposit account	**359,045**	17,840,961
	17,090,601	36,120,442
Balances with other banks in current account		
- First Fidelity Bank NA, USA	**383,334**	630,012
- Overseas Chinese Banking Corporation	**2,317,764**	2,232,451
	2,701,098	2,862,463
	19,791,699	38,982,905
Maximum balance held during the year with other banks on current account		
- First Fidelity Bank NA, USA	**630,012**	1,092,904
- Overseas Chinese Banking Corporation	**2,317,764**	4,349,602
Schedule 10. Loans and advances		
(Unsecured, considered good)		
Loans to subsidiaries	**20,365,497**	30,425,019
Loans and advances to employees	**71,234**	121,504
Deposits	**150,041**	150,041
Advance income taxes	**2,876,290**	2,465,451
Advance fringe benefit taxes	**2,28,728**	-
Advances recoverable in cash or in kind or for value to be received	**685,523**	399,601
	24,377,313	33,561,616
(Unsecured, considered doubtful)		
Loans to subsidiaries	**218,438,274**	220,748,755
Loans and advances to employees	**1,016,528**	1,016,528
Advance for Purchase of Fixed Asset	**1,342,893**	1,342,893
	220,797,695	223,108,176
Less: provision for doubtful loans and advances	**220,797,695**	223,108,176
	-	-
	24,377,313	33,561,616

Loans to subsidiaries comprise amounts due from Trigyn Technologies (India) Private Limited Rs 212,202,803 (2005: Rs 221,454,943), Leading Edge Infotech Limited Rs 23,765,788 (2005: Rs 25,284,703), eVector (India) Private Limited Rs 9,505 (2005: Rs 9,505), Trigyn Technologies Limited UK Rs 2,075,814 (2005: Rs 2,075,814), Applisoft Inc. Rs 723,148 (2005: Rs 2,322,096) and eVector Inc. Rs 26,713 (2005: Rs 26,713) 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 221,474,943 (2005: Rs 225,695,372), Leading Edge Infotech Limited Rs 25,695,872 (2005: Rs 25,284,703), eVector (India) Private Limited Rs 9,505 (2005: Rs 9,505), Trigyn Technologies Limited UK Rs 2,075,814(2005: Rs 2,075,814), Applisoft Inc. Rs 2,322,096 (2005: Rs 2,322,096), and eVector Inc. Rs 26,713 (2005: Rs 26,713). Maximum amount outstanding during the year from the Directors is Rs Nil (2005: Rs 2,016,000).

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 11. Current liabilities		
Sundry creditors	**192,744**	224,738
Unclaimed dividend		
- Amount to be deposited with Investor Education and Protection Fund	**164,478**	82,270
- Others	**324,824**	407,032
Other liabilities	**69,722,152**	34,297,276
Interest accrued but not due (Refer note in Schedule 16)	**130,000,000**	97,500,000
	200,404,198	132,511,316

At 31 March 2006 and 31 March 2005, the Company had no amounts due to small-scale industrial undertakings.

	2006	2005
Schedule 12. Provisions		
Provision for income tax	**30,031**	7,721
Provision for fringe benefit tax	**210,828**	-
Provision for leave encashment and gratuity costs	**1,303,321**	767,830
	1,544,180	775,551
Schedule 13. Miscellaneous expenditure (to the extent not written off or adjusted)		
Loan origination costs	**773,000**	1,082,200
Less: written off during the year	**309,200**	309,200
	463,800	773,000
Schedule 14. Other income		
Interest received on deposits with banks (Tax Deducted at Source Rs 142,030 (2005: Rs 41,205))	**542,212**	291,962
Interest received on Income Tax Refund	**45,210**	-
Sundry Balance written back	**62,227**	606,067
Lease rental income	**7,592,606**	8,227,410
Profit on sale fixed assets	**25,000**	115,155
Dividend from non-trade investments (long term)	**7,000**	7,000
Exchange gain, net	**564,338**	13,188,195
Miscellaneous income	**-**	-
	8,838,593	22,435,789

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 15. Personnel costs		
Salaries, bonus and overseas allowances	**25,832,382**	28,249,250
Contribution to provident and other funds	**1,653,738**	1,531,291
Gratuity and leave encashment costs	**842,585**	745,177
Staff welfare	**357,118**	351,477
Employee stock option expense, net of forfeiture of options	**(12,155)**	(1,334,938)
	28,673,668	29,542,257

	2006	2005
Scheule 16. Interest costs		
On term loans *	**66,126,281**	67,869,695
Others	**126**	29,961
	66,126,407	67,899,656

* Includes Rs. 32,500,000 (2005: Rs. 32,500,000) provided for in lieu of preference dividend for 2005.

As per the Facility agreement and Preference Share Subscription Agreement signed with Oriental Bank of Commerce (OBC) earlier known as Global Trust Bank (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.

Schedule 17. Other costs

	2006	2005
Consultancy charges	**352,300**	4,687,895
Travel and conveyance costs	**5,459,036**	1,595,350
Legal and professional fees	**3,681,278**	4,345,360
Rent	**517,525**	442,550
Rates and Taxes	**85,565**	91,530
Electricity Charges	**1,006,050**	1,229,325
Communication expenses	**916,107**	906,859
Insurance	**28,983**	31,320
Repairs and maintenance		
- Buildings	**3,200**	5,500
- Plant and machinery	**158,688**	204,119
- Others	**101,515**	73,271
Bad debts written off	**-**	36,397
Provision for doubtful debts / advances (net)	**-**	9,611,238
Miscellaneous expenses	**2,182,085**	2,339,311
Amortisation of miscellaneous expenditure	**309,200**	309,200
	14,801,532	25,909,225

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

Schedule 18. Notes to Accounts

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'). The Branch has effectively closed down its operations w.e.f September 2004 and the Company operates in US through its subsidiary Trigyn Technologies Inc.. In 1997, the Company established a wholly owned subsidiary, Leading Edge Infotech Limited ('LEIL'), which is engaged primarily in providing software services for the financial services market in India. The Company who had begun providing services to one of its key clients in Singapore through its branch there since March 2003 has effectively closed down the operations of Singapore Branch w.e.f July 2004 on sale of the above business to iflex Group.

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

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 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 substantial erosion of net worth, current liabilities exceed current assets, negative cash flow and reduced sales, 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. Further, subsequent to the year end, the Company has entered into a one time settlement with the bank for repayment of its dues in full and has also issued further shares to a strategic investor. These will make the Company completely debt free and also provide the Company with the much needed working capital for its operations. 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.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (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.

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.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

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 other than the exchange rate difference relating to fixed assets, that are adjusted against the carrying costs of corresponding fixed assets.

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.

2.13 Provision and contingent liabilities

Provisions are recognized when the Company has present legal or constructive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

3. Extraordinary Item

During the previous year, Rs.10.65 crores (USD 2.32 million) were received as business consideration from i – flex Group towards payment in full on account of transaction involving transfer of a material business / contract. The proceeds from this transaction would be used for reducing the debt burden and also infuse the much needed working capital for the business growth

4. Exceptional items

(a) Provisions for income tax on salary for earlier years written back amounting to Rs.31,630,476

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 had appealed against this above order, the amount provided for and the refund received had been disclosed in the financial statements as liability. The Company has received an order in August 2004 from the Income-Tax Appellate Tribunal dismissing the appeals filed by the Income-tax Authorities regarding assessment of tax deductible at source on the salary of the employees deputed to United States of America. As a result of this, the tax liability provided by the Company on such salary has been written back as an exceptional adjustment in the earlier year.

(b) Provision for loan given to a subsidiary amounting to Rs. 10,000,000

In the year 2004 – 2005 Trigyn Technologies (India) Private Limited (TTIPL) and its UK Branch have discontinued its software operations. Accordingly, the Company has made an additional provision for doubtful loans and advance due from this subsidiary aggregating Rs. 10,000,000 on the basis of the realisability of the funds from the subsidiary generated by rent and interest income in the following two years. The earlier provision was made in the year 2001 – 2002 aggregating Rs. 183.64 million

5. Provision for decline other than temporary in the value of investments

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.
.

In the year 2004, 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 for 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 that balance sheet date. As a result of which management decided to make a further provision amounting to Rs. 169.26 million in the year 2004. Further, since the companies have made a profit during the current year and looking at the future prospects and underlying potential, the Company is of the opinion that no further diminution in value of investments is currently required.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

6. Earnings per share

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

	2006	2005
Profit / (Loss) attributable to equity share holders	**(69,090,560)**	65,606,694
Less: Extraordinary adjustment	**-**	106,534,400
Less: Exceptional adjustment	**-**	21,630,476
	(69,090,560)	(62,558,182)
Profit / (Loss) before extraordinary and exceptional adjustment		
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)	**14,975,901**	14,975,932
Earnings per share before exceptional and extraordinary adjustment-		
- Basic	**(4.65)**	(4.21)
- Diluted	**(4.61)**	(4.18)
Earnings per share after exceptional and extraordinary adjustment		
- Basic	**(4.65)**	4.42
- Diluted	**(4.61)**	4.38

7. Onetime settlement with Oriental Bank of Commerce

Subsequent to the year end, the Company has entered with onetime settlement (OTS) with Oriental Bank of Commerce ('OBC' or 'the bank'). As per the terms of the OTS, the bank has permitted the full and final settlement of term loan granted to the Company amounting to Rs.216,046,371 (interest thereon Rs. 62,557,478) and the investment made by the bank in preference share capital of the Company amounting to Rs. 50,000,000 (interest thereon Rs.130,000,000) for Rs. 112,500,000 subject to fulfillment of certain conditions.

8. Deferred Taxes

In view of losses incurred by the Company, deferred tax assets on carry forward business losses and unabsorbed depreciation have not been created as there is no reasonable certainty that sufficient future taxable income will be available against such deferred tax assets.

9. Leases

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. The same has been further extended for further for a period of 3 years from August 1, 2004 to April 30, 2007. 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. The same has been further extended for a period of 35 months starting from March 15, 2006 to February 14, 2009. These assets are being depreciated

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)

(Currency: Indian Rupee)

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 leased assets:

	2006	2005
Gross block of leasehold improvements	**71,542,903**	71,542,903
Less accumulated depreciation	**71,541,156**	69,404,322
	-	-
Net Block	1,747	2,138,581

The future minimum lease income in respect of the above non-cancelable operating lease as at 31 March 2006 are summarized below:

	2006	2005
Amount due within one year from the balance sheet date	**6,939,864**	7,486,266
Amount due in the period between one year and five years	**5,258,978**	4,681,638
Amount due after five years	**-**	-
	12,198,842	12,167,904

10. 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, 31 March 2004, 31March 2005 and 31 March 2006:

	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
Forfeited during the year 2005	(500)
Balance at 31 March 2005	6,375
Forfeited during the year 2006	(2,375)
Balance at 31 March 2006	4,000

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

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

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.498,750 (2005: Rs. 134,775).

10. 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. 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 has reconstituted a compensation committee as prescribed by the SEBI guidelines in March 2005, for the purpose of administering this Plan.

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

Further, during the year ended 31 March 2001, the Company issued 156,050 options including 34,250 options to employees of its subsidiaries, at an exercise price of Rs 380 per option and the prevalent market price of the shares, on the date of grant of these options was Rs 394.3 per share. In the current year, in respect of the above, 850 options including Nil options to employees of its subsidiaries (2005: 12,450 options , including 6,750 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, Nil options (2005: 10,000) have been forfeited.

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

During the year the Company has granted stock options to Mr. Thomas A Gordon, Senior Vice President – US Operations and Employee of the Subsidiary Company, Trigyn Technologies Inc., upto a maximum limt of 150,000 stock options convertible into equivalent amount of equity shares at market price during the month of November 2005 in terms of the Employees Stock Options Plan of the Company as applicable to its overseas subsidiaries' employees These shares., if opted for, are to vest pro rata after a lock in period of one year from the date of grant of the said stock options This grant is subject to the approval of the members of the Company at the forthcoming Annual General Meeting and also other statutory approvals like SEBI, RBI, etc., as may be required.

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, 31 March 2004, 31 March 2005 and 31 March 2006:

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

	Number of options
Options granted during the year 2001	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
Options granted during the year	150,300
Forfeited during the year	45,750
Balance at 31 March 2005	404,150
Options granted during the year	626,000
Forfeited during the year	1,400
Balance at 31 March 2006	1,028,750

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 Employee Stock Option Plans compensation income for the year ended 31 March 2006 aggregated Rs 12,155 (2005: Rs 1,334,938).

11. 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:

Discount cost aggregating Rs 116.83 million representing allowances made by the Company, arising from negotiations and settlement with a certain customer outside India.

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

12. Related party transactions

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2006 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	

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

Subsidiary companies

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 2006

Nature of transactions	Transactions with subsidiaries	
	2006	2005
Transactions during the year		
Services rendered by the Company	**32,224,446**	41,817,512
Cost of services rendered by the subsidiaries	**-**	-
Expenses incurred by the Company	**5,221,030**	7,432,560
Expenses incurred on behalf of the Company	**6,748,919**	10,142,626
Loans to subsidiaries	**200,000**	582,691
Provision for doubtful loans	**-**	10,050,321
Provisions for doubtful debts/advances written back	**(2,310,481)**	(4,710,097)
Provisions for diminution in value of investments	**-**	-
Transfer of fixed assets	**-**	-
Year-end balances		
Gross amounts due as loans	**238,803,771**	251,173,774
Provisions for doubtful loans	**113,724,421**	220,748,755
Gross amounts due as debts	**218,438,274**	100,416,476
Provisions for doubtful debts	**96,709,515**	96,709,515
Gross amounts due to subsidiaries	**-**	-
Provisions for diminution in value of investments	**6,011,975,454**	6,011,975,454

For ESOP's granted to employees of subsidiaries refer note 9.

For counter guarantees given on behalf of subsidiary refer note 14.

Transactions with Directors

For remuneration paid to the Directors refer note 17 (i) to schedule 18 to the financial statements.

For amounts due to and from Directors refer schedule 10 to the financial statements.

13. Capital commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances at 31 March 2006 aggregated Rs. Nil (2005: Rs. 19,681).

14. Contingent liabilities

Counter guarantees on behalf of Leading Edge Infotech Limited, a wholly owned subsidiary Rs 1,000,000 (2005: Rs.1,000,000).

15. Income tax matter

Income tax assessments for the AY 1995 – 1996 and AY 1996 – 1997 are pending for rectification while an appeal is pending before the tribunal for AY 2000 – 2001. The primary assessments for the above years have been completed and the demand as arrived by the Income Tax Department has been adjusted against the refund received against the assessment for AY 2001 – 2002. In view of this no provision for the same has been created.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006 (Continued)
(Currency: Indian Rupee)

16. Exchange gain and provision for doubtful debts / advances

In the last year, exchange gain of Rs. 13,188,195 and provision for doubtful debts / advances of Rs. 9,611,238 includes Rs. 12,680,588 as reinstatement of debtors and provisions for doubtful debts.

17. Supplementary statutory information

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

		2006	2005
	Salary	**1,800,000**	1,800,000
	Contribution to provident and other funds	**216,000**	216,000
		2,016,000	2,016,000
(ii)	Other costs include:		
	Auditor's remuneration:		
	-statutory audit fees	**1,010,160**	991,800
	-taxation matters	**168,360**	165,300
	-other services	**66,120**	589,170
	-out of pocket expenses	**24,537**	39,710
		1,269,177	1,785,980
(iii)	Expenditure in foreign currency:		
	Personnel costs	**3,915,135**	5,569,214
	Travel and conveyance	**1,158,045**	(23,607)
	Legal and professional fees	**215,853**	360,936
	Consultancy fees	**-**	3,827,823
	Others	**102,102**	(1,715,739)
		5,391,135	8,018,627

17. Supplementary statutory information (continued)

(iv)	Earnings in foreign currency:		
	Software development services	**32,224,446**	47,154,732
	Exchange gain, net	**138,805**	847,982
	Write back of Outstanding Liabilities	**-**	107,685
		32,363,251	48,110,399

18. Prior year comparatives

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

For Trigyn Technologies Limited

Ramkrishna Bhagwat — **Director**

Tushar Vaidya — **Director**

Samir Kamat
Company Secretary

Place : Mumbai

Date : June 29, 2006

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

I Registration Details

Registration No. 3 9 3 4 1 State code 1 1

Balance sheet date 3 1 | 0 3 | 2 0 0 6

Date Month Year

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

Public issue	Rights issue
-	-

Bonus issue	Private placement(including share application money)
-	-

III Position of mobilization and deployment of funds (Amount in Rs thousands)

Total liabilities	Total assets
7 1 5 8 0 3 7	7 1 5 8 0 3 7

Source of funds

Paid-up capital (including share application money)	Reserves and surplus
1 9 8 8 9 6	6 5 4 1 1 2 8
Secured loans	**Unsecured loans**
2 1 6 0 4 6	-

Application of Funds

Net fixed assets	Investments
4 2 2 5	4 7 9 4 2 3
Net current assets	**Miscellaneous expenditure**
- 1 4 0 7 8 2	4 6 4
Accumulated loss	
6 6 1 2 7 4 1	

IV Performance of company (Amount in Rs thousands)

Turnover (including other income)	Total expenditure
4 3 3 7 4	1 1 2 6 4 3

+/-	Profit before tax	+/-	Profit for the year
6 8 -	8 3 2		6 9 1 0 8

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

Earning per share in Rs	Dividend rate %
- 4 . 6 8	-

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

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, 2006.

Financial Results

Financial Results for the period ended March 31, 2006 are given below:

(Rs.In lakhs)

	Year ended March 31, 2006	Year ended March 31, 2005
Income		
From Operations	-	186.42
Other Income	161.59	244.59
Provision no longer required, written back	56.58	-
Total Revenue	218.17	431.01
Expenditure		
Depreciation	41.40	62.52
Operating and Other Expenses	126.91	348.97
Total Expenditure	168.31	411.49
Profit / (Loss) before Tax and Exceptional Items	49.86	19.52
Fringe benefit tax	0.08	-
Provision for Taxation (for earlier years)	-	0.25
Exceptional Items	-	(94.85)
Profit / (Loss) after Tax and Exceptional Items	49.78	(75.58)
Loss brought forward	3293.33	3217.75
Loss carried forward	3243.55	3293.33

Review of Operations

During the year under review the company has achieved a turnover of Rs. 218.17 lakhs as against Rs. 431.01 lakhs for the previous year. The Company posted a profit before tax of Rs.49.86 lakhs as against a profit of Rs 19.52 lakhs for the previous year. However no dividend has been recommended by the Directors 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 31,2006 and of the profit & loss account for the year ended March 31,2006.

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

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

Directors

In accordance with the provisions of the Companies Act, 1956, Mr. Ramkrishna Bhagwat and Mr. Nitin Palekar retire by rotation, and being eligible, offer themselves for re-appointment.

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.

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 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 Ccompany.

On behalf of the Board of Directors
Ramkrishna Bhagwat
Chairman

Place : Mumbai
Date : June 29, 2006

ANNEXURE TO DIRECTORS' REPORT

Information under section 217 (1) (e) of the Companies Act, 1956, read with Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2006.

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings & Outgo

f.	Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans	:	N.A.
g.	Statement of Expenditure/Earning incurred in foreign currency		
	Outgo	:	Rs. 1,41,945
	Income	:	Rs. Nil

On behalf of the Board of Directors
Ramkrishna Bhagwat
Chairman

Place : Mumbai
Date : June 29, 2006

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, 2006, 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, ('the said Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the Act), 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) to schedule 14 in the financial statements. These financial statements have been prepared assuming the Company will continue as going concern despite ceasation of software operations and negative networth. 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.
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, 2006 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, 2006;
      ii. in the case of the Profit and Loss Account, of the Profit 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 29, 2006

Vilas Y. Rane
Partner (F-33220)

Annexure to Auditors' Report

(Referred to in our Auditors' Report to the Members of Trigyn Technologies (India) Limited of even date)

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

(b) The Company has a carried out a physical verification of fixed assets. We are informed that no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any part of fixed assets during the year.

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

(iii) (a) According to information and explanations given to us, the Company has granted interest free unsecured loans to three companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 28.96 lacs and the year-end balance of loans granted to such parties was Rs. 28.96 lacs.

(b) In our opinion, the terms and conditions of the loans given 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 of the principal amount of unsecured loans given, 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 of the principal amount of the loans.

(e) According to information and explanations given to us, the Company has taken interest free unsecured loan from a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 2,214.55 lacs and the year end balance of loans taken from this company was Rs. 2,122.03 lacs.

(f) 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.

(g) 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.

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

(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act 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 Act 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) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA and any other relevant provisions of the Act and the rules framed there under. Accordingly, the provisions of paragraph 4(vi) of the said Order are not applicable.

(vii) The Company does not have an internal audit system.

(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 generally 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, 2006 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, service tax 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, service tax and cess remaining unpaid as at the year end except for the following:

Name of the	Nature of	Amount	Period	Forum
Delhi Sales Tax Act, 1975	Sales Tax Liability	1,179,273	2000-2001	The Deputy commissioner of Sales Tax IV

(x) In our opinion and according to the information and explanations given to us, the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and the Company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.

(xi) As the Company has not borrowed any loans from financial institutions, banks and debenture holders, the provisions of paragraph 4(xi) of the said Order are not applicable.

(xii) As the Company has not granted any loans or advances against security, the provisions of paragraph 4 (xii) of the said Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund, or a nidhi, mutual benefit funds/societies, accordingly, the provisions of paragraph 4 (xiii) of the said Order are not applicable.

(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) In our opinion and 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) In our opinion and 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 Company has not used the fund borrowed on short term basis during the year for long term investments.

(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 Act.

(xix) The Company has not issued debentures or made any public issue during the year and accordingly, the provisions of paragraph 4 (xix) and (xx) of the said Order, 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
Vilas Y. Rane
Partner (F-33220)

Pla ce : Mumbai
Date : June 29, 2006

Balance sheet at 31 March 2006
(Currency: Indian Rupee)

	Schedule	2006	2005
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**147,104,400**	147,104,400
Loan funds			
Unsecured loans	2	**212,202,803**	221,545,160
		359,307,203	368,649,560
APPLICATION OF FUNDS			
Fixed assets	3		
Gross block		**91,635,958**	91,635,958
Less: Accumulated depreciation		**77,659,588**	73,520,801
Net block		**13,976,370**	18,115,157
Investments	4	**-**	-
Current assets, loans and advances			
Unbilled receivables	5	**-**	16,890
Sundry debtors	6	**17,921,933**	21,875,856
Cash and bank balances	7	**6,220,418**	8,848,109
Loans and advances	8	**13,209,020**	10,892,741
		37,351,371	41,633,596
Less: Current liabilities and provisions			
Current liabilities	9	**14,055,673**	18,121,812
Provisions	10	**2,320,312**	2,311,458
		16,375,985	20,433,270
Net current assets		**20,975,386**	21,200,326
Profit and loss account		**324,355,447**	329,334,077
		359,307,203	368,649,560
Notes to Accounts	14		

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

For Trigyn Technologies (India) Private Limited

Ramkrishna Bhagwat — **Director**

Tushar Vaidya — **Director**

Place : Mumbai
Date : June 29, 2006

Profit and loss account for the year ended 31 March 2006
(Currency: Indian Rupee)

	Schedule	2006	2005
Income			
Software development services, projects and professional services		**-**	18,641,970
Lease Rental Income		**15,724,272**	15,724,272
Other income	11	**434,096**	8,734,691
Provision no longer required, written back		**5,658,399**	-
		21,816,767	43,100,933
Expenditure			
Personnel costs	12	**246,422**	7,176,110
Depreciation	3	**4,138,787**	6,251,950
Operating and administration expenses	13	**12,445,149**	27,720,717
		16,830,358	41,148,777
Profit for the year before tax and exceptional items		**4,986,409**	1,952,156
Less: Provision for taxation			
Current tax		**-**	-
Fringe benefit tax		**7,779**	-
For earlier year		-	25,448
Profit for the year after tax and before exceptional items		**4,978,630**	1,926,708
Exceptional items (refer note 3 to schedule 14)		**-**	(9,485,434)
Net profit / (loss) for the year after tax and exceptional items		**4,978,630**	(7,558,726)
Add loss brought forward from the previous year		**329,334,077**	321,775,351
Balance carried forward		**324,355,447**	329,334,077
Basic and diluted earnings per share before exceptional item		**3.38**	1.31
Basic and diluted earnings per share after exceptional item		**3.38**	(5.14)
Number of shares (face value of Rs. 100 each)		**1,471,044**	1,471,044
Notes to Accounts	14		

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

For Trigyn Technologies (India) Private Limited

Ramkrishna Bhagwat — **Director**
Tushar Vaidya — **Director**

Place : Mumbai
Date : June 29, 2006

Cash Flow Statement for the year ended 31 March 2006

(Currency: Indian Rupee)

		2006		2005
Cash flow from operating activities				
Cash flow from operating activities				
Profit / (Loss) after tax, prior period adjustments and exceptional items		**4,978,630**		(7,558,726)
Adjustments for:				
Diminution other than temporary in value of investments	**-**		485,600	
Interest income	**(414,652)**		(196,042)	
Provision for doubtful debts / advances to debtors / subsidiaries	**(5,658,399)**		9,981,326	
Depreciation and amortization	**4,138,787**		6,251,950	
Unrealised foreign exchange (gain) / loss	**2,283,369**		(3,109,809)	
Fringe benefit tax provision	**7,779**		-	
Loss / (profit) on sale of assets,net	**-**	**356,884**	(46,643)	13,366,382
Operating profit before working capital changes		**5,335,514**		5,807,656
Changes in:				
(Increase)/Decrease in Sundry Debtors	**4,295,787**		6,881,156	
(Increase)/Decrease in Loans and advances	**(755,804)**		(1,542,054)	
Increase/(Decrease) in Current Liabilities and Provisions	**(1,015,008)**	**2,524,975**	(6,120,615)	(781,513)
Cash generated/(used) in operations		**7,860,490**		5,026,143
Income taxes refund, net		**(1,547,144)**		(798,991)
Net cash generated/(used) in operations (A)		**6,313,345**		5,825,134
Cash flow from investing activities				
Proceeds from sale of fixed assets		**-**		66,999
Interest Received		**401,321**		196,042
Net cash generated/(used) from investing activities (B)		**401,321**		263,041
Cash flow from financing activities				
Loans to subsidiaries (net)		**-**		2,463
Repayments of loans		**(9,342,357)**		(3,396,304)
Net cash flow (used in) / generated from (C) financing activities		**(9,342,357)**		(3,393,841)
Increase / (decrease) in cash and cash equivalents (A+B +C)		**(2,627,691)**		2,694,334
Cash and cash equivalents at the beginning of year		**8,848,109**		6,153,775
Cash and cash equivalents at the end of year*		**6,220,418**		8,848,109

*Includes unrealised exchange gain of Rs. 101 (2005: Rs. 195,094)

Cash and cash equivalents consist of cash and cheques on hand Rs. 80,338 (previous year Rs. 391) and bank balances in current account Rs. 6,140,080 (previous year Rs. 8,847,718).

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

For Trigyn Technologies (India) Private Limited

Ramkrishna Bhagwat — **Director**

Tushar Vaidya — **Director**

Place : Mumbai
Date : June 29, 2006

Schedules annexed to and forming part of accounts for the year ended March 31, 2006
(Currency: Indian Rupee)

	2006	2005
Schedule 1. Share capital		
Authorised		
1,500,000 (2005: 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 (2005: 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.

Schedule 2. Unsecured loan

(Short term interest free loan)		
Loan from Trigyn Technologies Limited	**212,202,803**	221,454,943
Loan from Trigyn Technologies Inc.	**-**	90,217
	212,202,803	221,545,160

Schedule 3. Fixed assets

Particulars	Cost as at 1 April 2005	Additions during the year	Deductions during the year	Cost as at 31 March 2006	Accumulated depreciation as at 1 April 2005	Depreciation for the year	Accumulated depreciation on deductions	Accumulated depreciation as at 31 March 2006	Net book value as at 31 March 2006	Net book value as at 31 March 2005
Leasehold improvements	39,120,061	-	-	39,120,061	21,072,197	4,098,290	-	25,170,487	13,949,574	18,047,864
Computers & peripherals	34,746,431	-	-	34,746,431	34,731,813	14,618	-	34,746,431	-	14,618
Software	9,917,607	-	-	9,917,607	9,917,607	-	-	9,917,607	-	-
Office Equipment	5,632,638	-	-	5,632,638	5,590,515	22,411	-	5,612,926	19,712	42,123
Furniture and fixtures	2,219,221	-	-	2,219,221	2,208,669	3,468	-	2,212,137	7,084	10,552
	91,635,958	**-**	**-**	**91,635,958**	**73,520,801**	**4,138,787**	**-**	**77,659,588**	**13,976,370**	**18,115,157**
Previous year	91,929,861	-	293,903	91,635,958	67,542,399	6,251,950	273, 548	73,520,801	18,115,157	

	2006	2005
Schedule 4. Investments (at cost, unquoted)		
100,000 shares of $0.01 each of Empowertel Systems, each fully paid up. (2005: 100,000)	**485,600**	485,600
Less: Provision for decline other than temporary in the value of investment	**485,600**	485,600
	-	-

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

Schedule 5. Unbilled debtors
(Unsecured, considered good)

Debts less than six months	**-**	16,890
	-	16,890

Schedules annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 6. Sundry debtors		
(Unsecured)		
Debts over six months		
- considered good	**17,921,933**	18,111,546
- considered doubtful	**121,504,514**	124,112,857
Others debts		
- considered good	**-**	3,764,310
	139,426,447	145,988,713
Less: Provision for doubtful debts	**121,504,514**	124,112,857
	17,921,933	21,875,856
Schedule 7. Cash and bank balances		
Cash on hand	**338**	391
Cheques on hand	**80,000**	-
Balances with scheduled banks		
- on current account	**258,560**	5,882,176
- on deposit account	**5,881,520**	2,700,883
Balances with non-scheduled banks		
- on current account	**-**	264,659
	6,220,418	8,848,109
Maximum balance outstanding during the year in respect of non-scheduled bank (Barclays Bank)	**4,709,615**	6,164,132
Schedule 8. Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	**3,984,167**	3,207,253
Security Deposits	**7,108,530**	7,108,530
Tax deducted at source	**2,116,323**	576,958
	13,209,020	10,892,741
(Unsecured, considered doubtful)		
Loans to subsidiaries	**2,896,060**	2,896,060
Less: Provision for doubtful loans and advances	**2,896,060**	2,896,060
	-	-
	13,209,020	10,892,741

Loans to subsidiaries comprise amounts due from eCapital Solutions (Bermuda) Limited Rs. 2,739,880 (2005: Rs. 2,739,880), eCapital Solutions (Mauritius) Limited Rs. 36,980 (2005: Rs. 36,980) and Trigyn Technologies Limited UK Rs. 119,200 (2005: Rs. 119,200). The above amounts also represent the maximum amounts due at any time during the year.

	2006	2005
Schedule 9. Current liabilities		
Sundry creditors	**2,711,858**	3,507,484
Security Deposits	**10,823,488**	14,381,700
Accrued expenses and other liabilities	**520,327**	232,628
	14,055,673	18,121,812

At 31 March 2006 and 31 March 2005, the Company had no amounts due to small-scale industrial undertakings.

Schedules annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 10. Provisions		
Taxation	**2,302,500**	2,302,500
Fringe benefit tax	**7,779**	
Gratuity and leave encashment	**10,033**	8,958
	2,320,312	2,311,458
Schedule 11. Other income		
Interest on loans and deposits with banks (Tax Deducted at Source Rs. 75,548) (2005: Rs. 11,746)	**388,169**	96,206
Interest received on income tax refund	**26,483**	99,836
Foreign Exchange gain (net)	**-**	3,265,935
Non technical consulting income including VAT	**-**	3,538,209
Profit on sale of fixed assets	**-**	46,643
Miscellaneous income	**19,444**	444,455
Sundry balances written back (net)	**-**	1,243,407
	434,096	8,734,691
Schedule 12. Personnel costs		
Salaries and bonus	**192,552**	6,085,952
Contribution to provident and other funds	**17,292**	596,349
Gratuity and leave encashment costs	**7,277**	(44,881)
Staff welfare	**29,301**	538,690
	246,422	7,176,110
Schedule 13. Operating and Administration Expenses		
Consultancy charges	**-**	12,485,945
Travel and conveyance costs	**87,311**	1,016,548
Legal and professional charges	**512,993**	1,114,442
Rent, rates and taxes	**8,379,167**	8,080,929
Power and fuel	**52,942**	159,704
Communication expenses	**89,920**	493,308
Insurance	**244,152**	264,377
Repairs and maintenance		
- Plant and machinery	**-**	60,874
- Others	**243,196**	86,232
Foreign Exchange gain (net)	**2,404,479**	-
Provision for doubtful debts	**-**	981,492
VAT expenses on revenues	**-**	2,372,270
Miscellaneous Expenses	**430,989**	604,596
	12,445,149	27,720,717

Schedules annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

Schedule 14. Notes to Accounts

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.

In the year 2004 - 2005, the Company closed down its branch office at United Kingdom whereas the operations at the Bangalore Software Development Centre have been temporarily suspended. The major source of income in the current and the following periods would be the lease rent income on the assets leased at Bangalore.

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 ceasation of software operations and negative net worth. Management believes that the Company will be able to finance its operations and meet its commitments and also commitments given by the ultimate holding company to support its subsidiaries and 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.

2.3 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.

Schedules annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

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
Goodwill	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 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 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.

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.

2.6 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.

Schedules annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

2.7 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.

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.

2.9 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.

2.10 Provision and contingent liabilities

Provisions are recognized when the Company has present legal or constructive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet.

3. Exceptional Items

Provision for decline other than temporary in the value of investments

In June 2002, the Company was allotted 100,000 shares of Common Stock of empowerTel Networks, Inc. of USD 0.01. In view of adverse performance of this company, the entire investment amount of Rs.485, 600 has been provided in the books of the Company in the year 2004 - 2005.

Provision for loan given to associate companies

In view of absence of any chances of recoverability of loan given to eCapital Solutions (Bermuda) Limited, eCapital Solutions (Mauritius) Limited and Trigyn Technologies Limited UK, these loans have been provided fully amounting to Rs. 2,896,060 in the year 2004 - 2005.

Provision for dues from associate company

In view of absence of any chances of recoverability of dues from eVector (India) Private Limited they have been provided fully to the extent of Rs. 6,703,774 in the previous years.

4. Earnings per share

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

	2006	2005
Profit / (loss) for the yearLess: Exceptional adjustment		
Profit / (loss) for the year before exceptional adjustment	**4,978,630**	(7,558,726)
-	**-**	9,485,434
	4,978,630	1,926,708
Weighted average number of shares used in computing earning per share	**1,471,044**	1,471,044
Earnings per share basic and diluted for profit / (loss)		
- before exceptional adjustment	**3.38**	1.31
- after exceptional adjustment	**3.38**	(5.14)

Schedules annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

5. Deferred Taxes

In view of losses incurred by the Company, deferred tax assets on carry forward business losses and unabsorbed depreciation have not been created as there is no reasonable certainty that sufficient future taxable income will be available against such deferred tax assets.

6. Leases

The Company has entered into operating lease arrangements, for leasing office premises in India. The Company received and recognized sub-lease rentals in the profit and loss account for the year amounted to Rs. 15,724,272 (2005: Rs. 15,724,272).

Fixed assets include the following assets leased in relation to the above sub-leased premises:

	Year ended March 31, 2006	Year ended March 31, 2005
Gross block	**46,971,920**	46,971,920
Less: Accumulated depreciation	**32,995,550**	28,871,381
Net Block	**13,976,370**	18,100,539

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, 2006 are summarized below:

	2006	2005
Amount due within one year from the balance sheet date	**9,172,492**	7,862,136
Amount due in the period between one year and five years	**14,367,411**	22,208,412
Amount due after five years	-	-

The future minimum lease payments in respect of such non-cancellable operating leases as at March 31, 2006 are summarized below:

	2006	2005
Amount due within one year from the balance sheet date	**8,327,700**	7,241,484
Amount due in the period between one year and five years	**23,317,554**	16,584,529
Amount due after five years	**-**	-

7. Related party transactions

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2006 are summarized below:

Holding company
ECapital Solutions (Mauritius) Limited

Ultimate Holding company
Trigyn Technologies Limited

Fellow associate companies
Applisoft Inc.
ECapital Solutions (Bermuda) Limited
Leading Edge Infotech Limited
Trigyn Technologies Europe GmbH
Trigyn Technologies Inc
EVector (Cayman) Limited
EVector Inc.
EVector (India) Private Limited
EVector (UK) Limited
Trigyn Technologies Limited, UK

Whole-time directors of the Company
Tushar Vaidya
Ramkrishna Bhagwat

Schedules annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

Particulars of related party transactions during the year ended 31 March 2006

Nature of transactions	Holding & ultimate holding company	Fellow associates companies
Cost of services rendered to the Company	**-** (-)	**-** (2,724,664)
Expenses incurred by the Company	**-** (101,833)	**-** (725,759)
Expenses incurred on behalf of the Company	**69,737** (-)	**-** (502,160)
Loans repaid by the company	**9,321,877** (3,500,000)	**90,217** (-)
Provision for doubtful debts	**-** (36,980)	**-** (2,859,080)
Provisions for doubtful debts written off	- (-)	- (6,784,404)
Provisions for doubtful debts back	**-** (-)	**2,608,343** (-)
Year-end balances		
Gross amount due as loans	**212,202,803** (221,545,160)	**-** (-)
Gross amounts receivable as loans	**-** (-)	**2,896,060** (2,896,060)
Gross amounts receivable as debts	- (-)	134,398,361 (137,196,317)
Provision for doubtful loans	**-** (-)	**116,476,428** (119,084,770)
Provision for doubtful debts	**-** (-)	**2,896,060** (2,896,060)
Previous years figures are given in the bracket		

8. Contingent Liabilities

I. During the year 2002, 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 honorable 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.

II. Sales tax claim against the Company amounting to Rs. 1,310,303 against which the Company has gone into appeal.

Schedules annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

9. Supplementary statutory information

		2006	2005
(i)	Legal and professional fees include auditors' remuneration:		
	-statutory audit fees	**56,120**	110,200
	-taxation audit fees	**56,120**	110,200
	-other services	**-**	277,700
		112,240	498,100
(ii)	Expenditure in foreign currency:	**2006**	2005
	Personnel costs	**-**	5,008,918
	Consultancy Charges	**-**	12,385,112
	Travel and conveyance	**-**	71,818
	Legal and professional fees	**137,058**	477,572
	Others	**4,887**	2,936,073
		141,945	2,0879,493
(iii)	Earnings in foreign currency:		
	Software development services	**-**	18,641,970
	Interest and other income	**-**	3,538,210
		-	22,180,180

10. Bank guarantees

The current Company's software development centre in India is 100% Export Oriented ('EOU') / Software Technology Park ('STP') Units under the STP guidelines issued by the Government of India. It is 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, 2006 (March 31, 2005: Rs 2,500,000).

11. Prior year comparatives

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

For Trigyn Technologies (India) Private Limited

Ramkrishna Bhagwat — **Director**

Tushar Vaidya — **Director**

Place : Mumbai

Date : June 29, 2006

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

I Registration Details

Registration No.	1 0 0 1 9 8	State code	1 1
Balance sheet date	3 1 0 3 2 0 0 6		
	Date Month Year		

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

Public issue	-	Rights issue	-
Bonus issue	-	Private placement (including share application money)	-

III Position of mobilization and deployment of funds (Amount in Rs thousands)

Total liabilities	3 7 5 6 8 2	Total assets	3 7 5 6 8 2

Source of funds

Paid-up capital	1 4 7 1 0 4	Reserves and surplus	-
Secured loans	2 1 2 2 0 3	Unsecured loans	-

Application of Funds

Net fixed assets	1 3 9 7 6	Investments	-
Net current assets	2 0 9 7 5	Miscellaneous expenditure	-
Accumulated loss	3 2 4 3 5 5		

IV Performance of company (Amount in Rs thousands)

Turnover (including other income)	2 1 8 1 7	Total expenditure	1 6 8 3 0
+/-		+/-	
+ Profit before tax and exceptional items	4 9 8 6	+ Profit for the year	4 9 7 9

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

Earning per share in Rs	3 . 3 8	Dividend rate %	-

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

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, 2006.

Financial Results

Financial Results for the period ended March 31, 2006 are given below:

	Year ended March 31, 2006	(Rs. In lakhs) Year ended March 31, 2005
Income		
From Operations	**54.57**	42.03
Other Income	**0.26**	0.22
Total Revenue	**54.83**	42.25
Expenditure		
Operating and Other Expenses	**35.23**	42.82
Total Expenditure	**35.23**	42.82
Profit / (Loss) before Tax	**19.60**	(0.57)
Provision for Taxation		
Current Tax	**1.06**	-
Fringe benefit tax	**0.08**	-
Profit / (Loss) after Tax	**18.46**	(0.57)
Loss brought forward	**288.43**	287.86
Loss carried forward	**269.97**	288.43

Review of Operations

During the year under review the company has achieved a turnover of Rs. 54.83 lakhs as against Rs. 42.25 lakhs for the previous year. After deducting the expenses there from, the operations of the Company has resulted in to a profit of Rs. 18.46 lakhs.

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 31,2006 and of the profit & loss account for the year ended March 31,2006.

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

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

Directors

In accordance with the provisions of the Companies Act, 1956, Mr. Ramkrishna Bhagwat 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.

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 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 Ccompany.

On behalf of the Board of Directors

Place : Mumbai **Ramkrishna Bhagwat**

Date : June 29, 2006 **Chairman**

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 2006.

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings & Outgo

f.	Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans	:	N.A.
g.	Statement of Expenditure/Earning incurred in foreign currency		
	Outgo	:	Rs. Nil
	Income	:	Rs. Nil

On behalf of the Board of Directors

Place : Mumbai **Ramkrishna Bhagwat**

Date : June 29, 2006 **Chairman**

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, 2006, 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, ('the said Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the Act), 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) to schedule 11 in the financial statements. These financial statements have been prepared assuming the Company will continue as going concern despite of negative networth. 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.
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, 2006 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, 2006;
      ii. in the case of the Profit and Loss Account, of the profit 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 29, 2006

Vilas Y. Rane
Partner (F-33220)

Annexure to Auditors' Report

(Referred to in our Auditors' Report to the Members of Leading Edge Infotech Limited of even date)

(i) The Company does not have any fixed assets during the year. According, the provisions of paragraph 4(i)(a) to (c) of the said Order are not applicable

(ii) The Company is in the business of providing software services, hence the provisions of paragraph 4 (ii) (a), (b) and (c) of the said Order are not applicable.

(iii) (a) According to information and explanations given to us, the Company had not granted any loans, secured or unsecured to companies, firms, or other parties listed in the register maintained under section 301 of the Act. Accordingly, the provisions of paragraph 4(iii)(b) to (d) of the said Order relating to rate of interest and other terms and conditions of loans, regularity of receipt of principal and interest and steps for recovery of overdue amount in excess of Rupees one lakh are not applicable.

(b) According to information and explanations given to us, the Company had taken interest free unsecured loan from a holding company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 256.96 lacs and the year end balance of loans taken from holding company was Rs.237.67 lacs.

(c) 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.

(d) 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.

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

(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Act 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 Act 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) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA and any other relevant provisions of the Act and the rules framed there under. No order has been passed by the National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(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. Accordingly, the provisions of paragraph 4 (vii) of the said Order are 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, service tax and any other statutory dues with the appropriate authorities and there were no such outstanding dues as at March 31, 2006 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, sales tax 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, sales tax, wealth tax, custom duty, service 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, the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and the Company has not incurred cash losses in the financial year under report. In the immediately preceding financial year the Company has incurred cash losses.

(xi) As the Company has not borrowed any loans from financial institutions, banks and debenture holders, the provisions of paragraph 4(xi) of the said Order is not applicable.

(xii) As the Company has not granted any loans or advances against security, the provisions of paragraph 4 (xii) of the said Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund, or a nidhi, mutual benefit funds/societies, accordingly, the provisions of paragraph 4 (xiii) of the said Order is not applicable.

(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) In our opinion and 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) In our opinion and 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 Company has not used the fund borrowed on short term basis during the year for long term investments.

(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 Act.

(xix) The Company has not issued debentures or made any public issue during the year and accordingly the provisions of paragraph 4 (xix) and (xx) of the said Order 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 29, 2006

Vilas Y. Rane
Partner (F-33220)

Balance sheet at March 31, 2006

(Currency: Indian Rupee)

	Schedule	2006	2005
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**5,000,000**	5,000,000
Loan funds			
Unsecured loan from holding company 'Trigyn Technologies Limited'		**23,765,788**	25,284,702
		28,765,788	30,284,702
APPLICATION OF FUNDS			
Investments	2	**50,000**	50,000
Current assets, loans and advances			
Sundry debtors	3	**1,404,736**	418,300
Cash and bank balances	4	**703,419**	1,498,512
Loans and advances	5	**1,325,841**	1,138,610
		3,433,996	3,055,422
Less: Current liabilities and provisions			
Current liabilities	6	**975,551**	1,281,662
Provisions	7	**739,746**	387,322
		1,715,297	1,668,984
Net current Assets/ (Liabilities)		**1,718,699**	1,386,438
Miscellaneous expenditure (to the extent not written off or adjusted)		**-**	5,000
Profit and loss account		**26,997,089**	28,843,264
		28,765,788	30,284,702
Notes to the accounts	11		

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

For Leading Edge Infotech Limited

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

Place : Mumbai
Date : June 29, 2006

Profit and loss account for the year ended March 31, 2006

(Currency: Indian Rupee)

	Schedule	2006	2005
Income			
Software development services (Local)		**5,457,245**	4,203,446
Other income	8	**26,297**	22,000
		5,483,542	4,225,446
Expenditure			
Personnel Costs	9	**3,219,728**	3,652,496
Administrative and other expenses	10	**298,516**	624,702
Preliminary expenses written off		**5,000**	4,995
		3,523,244	4,282,193
Profit/(loss) for the year before tax adjustments		**1,960,298**	(56,747)
Less: Provision for taxation			
Current tax		**106,529**	-
Fringe benefit tax		**7,594**	-
Profit/(loss) for the year after tax adjustments		**1,846,175**	(56,747)
Loss brought forward from previous year		**28,843,264**	28,786,517
Loss carried forward		**26,997,089**	28,843,264
Earning per share (basic and diluted)		**3.69**	(0.11)
Number of shares of face value Rs. 10 each		**500,000**	500,000
Notes to the accounts	11		

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

For Leading Edge Infotech Limited

Ramkrishna Bhagwat — **Director**

Tushar Vaidya — **Director**

Place : Mumbai
Date : June 29, 2006

Cash Flow Statement for the year ended March 31, 2006

(Currency: Indian Rupee)

		2006		2005
Cash flow from operating activities				
Profit / (loss) before tax adjustments		**1,960,298**		(56,747)
Adjustments for:				
Interest income	**(14,977)**		(15,000)	
Income from Trade Investments	**(7,000)**		(7,000)	
Depreciation and amortization	**5,000**	**(16,977)**	4,995	(17,005)
Operating profit before working capital changes		**1,943,321**		(73,752)
Changes in:				
(Increase)/Decrease in Sundry Debtors	**(986,436)**			
(Increase)/Decrease in Loans and advances	**3,060**		(4,060)	
Increase/(Decrease) in Current Liabilities and Provisions	**(67,810)**	**(1,051,186)**	(600,043)	(664,903)
Cash generated/(used) in operations		**892,135**		(738,655)
Income taxes paid, net		**(190,291)**		(186,588)
Net cash generated/(used) in operations	**(A)**	**701,844**		(925,243)
Cash flow from investing activities				
Interest Received		**14,977**		15,000
Dividend Received		**7,000**		7,000
Net cash generated/(used) from investing activities	**(B)**	**21,977**		22,000
Cash flow from financing activities				
Loans from / (repaid to) holding company (net)		**(1,518,914)**		1,714,043
Net cash generated/(used) from financing activities	**(C)**	**(1,518,914)**		1,714,043
Increase / (decrease) in cash and cash equivalents	**(A+B +C)**	**(795,093)**		810,800
Cash and cash equivalents at the beginning of year		**1,498,512**		687,712
Cash and cash equivalents at the end of year		**703,419**		1,498,512

Note:

Cash and cash equivalents consists of cash Rs.100 (previous year Rs.100), bank balances in current account Rs. 453,319 (previous year Rs.1,248,412) and bank deposits Rs.250,000 (previous year Rs.250,000).

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)

For Leading Edge Infotech Limited

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

Place : Mumbai
Date : June 29, 2006

Schedules Annexed to and forming part of accounts for the year ended March 31, 2006

(Currency: Indian Rupees)

	2006	2005
Schedule 1. Share Capital		
Authorised		
500,000 (2005: 500,000) equity shares of Rs 10 each.	**5,000,000**	5,000,000
Issued, subscribed and paid-up		
500,000 (2005: 500,000) equity shares of Rs 10 each fully paid up. (the entire share capital is held by Trigyn Technologies Limited, the holding company)	**5,000,000**	5,000,000
	5,000,000	5,000,000
Schedule 2. Investments		
Long-term, non - trade and unquoted		
5,000 (2005: 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
Schedule 3. Sundry debtors		
(Unsecured, considered good)		
Debts less than six months	**1,404,736**	418,300
	1,404,736	418,300
Schedule 4. Cash and bank balances		
Cash on hand	**100**	100
Balances with scheduled banks		
- on current account	**453,319**	1,248,412
- on deposit account (pledged with bank towards guarantee)	**250,000**	250,000
	703,419	1,498,512
Schedule 5. Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	**397,500**	400,560
Deposits and prepaid expenses	**10,500**	10,500
Advance income taxes	**909,749**	727,550
Advance fringe benefit tax	**8,092**	-
	1,325,841	1,138,610
Schedule 6. Current liabilities		
Sundry creditors	**312,377**	253,634
Advance from customers	**12,500**	888,320
Other liabilities	**650,674**	139,708
	975,551	1,281,662

At 31 March 2006 and 31 March 2005, the Company had no amounts due to small-scale industrial undertakings and the Investor Education and Protection Fund.

	2006	2005
Schedule 7. Provisions		
Provision for leave encashment and gratuity costs	**625,623**	387,322
Provision for taxes	**106,529**	—
Provision for fringe benefit tax	**7,594**	—
	739,746	387,322

Schedules Annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)

(Currency: Indian Rupees)

Schedule 8. Other income

Interest received on deposits with banks (TDS Rs. 3,361 (2005: Rs. 3,137))	**14,977**	15,000
Miscellaneous income	**11,320**	7,000
	26,297	22,000

Schedule 9. Personnel costs

Salaries, bonus and other allowances	**4,043,439**	3,408,572
Contribution to provident and other funds	**225,959**	178,834
Gratuity and leave encashment costs	**257,559**	45,918
Staff welfare	**10,923**	6,056
Software development services expenses/(recovery) – net	**(1,318,152)**	13,116
	3,219,728	3,652,496

Schedule 10. Administrative and other expenses

Consultancy charges	**70,000**	-
Travel and conveyance costs	**-**	778
Legal and professional fees	**169,436**	226,736
Communication expenses	**779**	-
Bad debts written off	**-**	195,000
VAT / Sales Tax Expenses	**7,659**	174,165
Miscellaneous	**50,642**	28,023
	298,516	624,702

Schedule 11. Notes to Accounts

1. Background

Leading Edge Infotech Limited ('LEIL' or 'the Company') was incorporated on 16 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 negative net worth in the current year. Management believes that the Company will be able to finance its operations and meet its commitments and also commitments given by its holding company and 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.

Schedules Annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)

(Currency: Indian Rupees)

2.2 Revenue recognition

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

2.3 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.

2.4 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.

2.5 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.

2.6 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. 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. The deferred tax assets are reviewed at each balance sheet date for the appropriateness of their carrying values.

2.7 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.

2.8 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.

2.9 Provision and contingent liabilities

Provisions are recognized when the Company has present legal or constructive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet.

3. Deferred Taxes

In view of losses incurred by the Company, deferred tax assets on carry forward business losses and unabsorbed depreciation have not been created as there is no reasonable certainty that sufficient future taxable income will be available against such deferred tax assets.

4. Contingent Liabilities

Counter guarantees on behalf of the Company Rs. 1,000,000 (2005: Rs. 1,000,000), given by the parent to the Banks which have provided these Bank Guarantees for and on behalf of the Company.

5. Related party transactions

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2005 are summarized below:

Schedules Annexed to and forming part of accounts for the year ended March 31, 2006 (Continued)

(Currency: Indian Rupees)

6. Related party transactions (continued)

Holding company
Trigyn Technologies Limited

Fellow associate companies
Applisoft Inc.
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

Whole-time directors of the Company
Tushar Vaidya
Ramkrishna Bhagwat

Particulars of related party transactions during the year ended 31 March 2006 and 31 March 2005

Nature of transactions	**Transactions with Holding company**	
	2006	2005
Transactions during the year		
Expenses incurred by the Company	**3,973,536**	2,335,776
Expenses incurred on behalf of the Company	**3,688,106**	4,863,348
Loans from related parties	**200,000**	582,691
Loans repaid to related parties	**1,433,484**	1,396,220
Year-end balances		
Gross amounts due as loans	**23,765,788**	25,284,702
Guarantees given on behalf of the Company (refer note 4 to schedule 11)	**1,000,000**	1,000,000
Transactions with Directors	**-**	**-**

7. Supplementary statutory information

Legal and professional fees include:
Auditor's remuneration:

- statutory audit fees	**56,120**	110,200
- tax audit fees	**28,060**	55,100
- other services	**-**	1,100
	84,180	166,400

8. Prior year comparatives

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

For Leading Edge Infotech Limited

Ramkrishna Bhagwat
Director

Tushar Vaidya
Director

Place : Mumbai
Date : June 29, 2006

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

I Registration Details

Registration No. 1 0 1 0 9 5 State code 1 1

Balance sheet date 3 1 0 3 2 0 0 6

Date Month Year

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

Public issue	Rights issue
-	-

Bonus issue	Private placement(including share application money)
-	-

III Position of mobilization and deployment of funds (Amount in Rs thousands)

Total liabilities	Total assets
1 0 1 0 9 5	1 0 1 0 9 5

Source of funds

Paid-up capital (including share application money)	Reserves and surplus
5 0 0 0	-
Secured loans	Unsecured loans
-	2 3 7 6 6

Application of Funds

Net fixed assets	Investments
-	5 0
Net current assets	Miscellaneous expenditure
1 7 1 9	-
Accumulated loss	
2 6 9 9 7	

IV Performance of company (Amount in Rs thousands)

Turnover (including other income)	Total expenditure
5 4 8 4	3 5 2 3

+/-	Profit before tax	+/-	Profit for the year
+	1 9 6 0		1 8 4 6

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

Earning per share in Rs	Dividend rate %
3 . 6 9	-

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

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, 2006 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended March 31, 2006 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) to schedule 13, 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 Report) Order, 2003, ('the said Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the Act), 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, to the extent applicable to the Company.
5. We draw attention to note 2.1 (d) to schedule 13 in the financial statements. These financial statements have been prepared assuming the Company will continue as going concern despite negative networth, negative cash flow and negative current assets. 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, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
   c. 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;
   d. 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, 2006;
      (ii) in the case of the profit and loss account, of the loss of the Company for the year ended March 31, 2006; 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 29, 2006

Vilas Y. Rane
Partner(F-33220)

Annexure to Auditors' Report

(Referred to in our Auditors' Report to the members of Trigyn Technologies Inc. of even date)

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

(b) The Company has a carried out a physical verification of fixed assets. We are informed that no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any part of fixed assets during the year.

(ii) The Company is in the business of providing software services, hence the provisions of paragraph 4 (ii) (a), (b) and (c) of the said Order are not applicable.

(iii) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system. We are informed that the nature of Company's business does not involve purchase of inventory and sale of goods.

(iv) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA and any other relevant provisions of the Act and the rules framed there under, hence the provisions of paragraph 4 (iv) of the said Order are not applicable.

(v) The Company does not have an internal audit system.

(vi) (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed employee benefits fund dues with the appropriate authorities during the year. There are no arrears as on March 31, 2006 exceeding six months from the date they became payable.

(b) There are no disputed amounts pending with the relevant Authorities.

(vii) In our opinion and according to the information and explanations given to us, the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and the Company has incurred cash losses in the financial year under report. The Company has not incurred cash losses in the immediately preceding financial year.

(viii) As the Company has not borrowed any loans from financial institutions, banks and debenture holders, the provisions of paragraph 4(xi) of the said Order are not applicable.

(ix) As the Company has not granted any loans or advances against security, the provisions of paragraph 4 (xii) of the said Order are not applicable.

(x) In our opinion and according to the information and explanations given to us, the Company is not a chit fund, or a nidhi, mutual benefit funds/societies; accordingly, the provisions of paragraph 4 (xiii) of the said Order are not applicable.

(xi) 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.

(xii) In our opinion and 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.

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

(xiv) In our opinion and 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 Company has not used the fund borrowed on short term basis during the year for long term investments.

(xv) The Company has not issued debentures or made any public issue during the year and accordingly the provisions of paragraph 4 (xix) and (xx) of the said Order, are not applicable.

(xvi) 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 29, 2006

Vilas Y. Rane
Partner(F-33220)

Balance sheet as at March 31, 2006
(Currency: Indian Rupees)

	Schedule	2006	2005
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**486**	486
Reserves and surplus	2	**68,759,420**	71,129,818
Unsecured loans	3	**9,593,300**	9,414,850
		78,353,206	80,545,154
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**9,690,000**	9,324,701
Less: Accumulated depreciation		**9,118,482**	8,751,983
Net block		**571,518**	572,718
Current assets, loans and advances			
Sundry debtors	5	**101,287,067**	53,180,728
Unbilled receivables		**12,185,347**	4,533,543
Cash and bank balances	6	**23,143,751**	22,241,878
Loans and advances	7	**2,221,662**	1,970,052
		138,837,827	81,926,201
Current liabilities and provisions			
Current liabilities	8	**261,245,759**	192,966,964
Provisions	9	**1,620,705**	1,490,900
		262,866,464	194,457,864
Net current assets / (liabilities)		**(124,028,637)**	(112,531,663)
Profit and loss account		**201,810,325**	192,504,099
		78,353,206	80,545,154
Notes to Accounts	13		

As per our report of even date attached.

For RSM & Co.
Chartered Accountants
Vilas Y. Rane
Partner (F-33220)
Place : Mumbai
Date : June 29, 2006

For Trigyn Technologies Inc.

Tushar Vaidya — **Director**

Ramkrishna Bhagwat — **Director**

Profit and loss account for year ended March 31, 2006
(Currency: Indian Rupees)

	Schedule	2006	2005
Income			
Software and consultancy services		**429,918,255**	323,245,417
Other income	10	**6,091,914**	18,633,702
Excess provision no longer required, written back		**322,238**	2,727,974
		436,332,407	344,607,093
Expenditure			
Personnel costs	11	**185,017,255**	168,089,117
Consultancy charges		**230,245,685**	139,714,043
Depreciation	4	**199,118**	281,259
Other costs	12	**29,512,262**	32,800,565
		444,974,320	340,884,984
Profit / (loss) for the year before prior period adjustments and extraordinary income		**(8,641,913)**	3,722,109
Less: Provision for taxation		**-**	-
Less: Prior period expense (refer note 3 to schedule 13)		**664,313**	(3,895,145)
Add: Extraordinary income (refer note 4 to schedule 13)		**-**	77,380,997
Net profit / (loss) for the year		**(9,306,226)**	77,207,961
Accumulated loss, brought forward		**192,504,099**	269,712,060
Accumulated loss, carried forward		**201,810,325**	192,504,099
Basic and diluted earnings per share before extraordinary income		**(9,306.23)**	(173.04)
Basic and diluted earnings per share after extraordinary income		**(9,306.23)**	77,207.96
Number of shares (face value of USD 0.01 each)		**1,000**	1,000
Notes to Accounts	13		

As per our report of even date attached.

For RSM & Co.	**For Trigyn Technologies Inc.**	
Chartered Accountants		
Vilas Y. Rane	**Tushar Vaidya**	**Ramkrishna Bhagwat**
Partner (F-33220)	**Director**	**Director**

Place : Mumbai

Date : June 29, 2006

Cash Flow Statement for the year ended March 31, 2006

(Currency: Indian Rupee)

		2006		2005
Cash flow from operating activities				
Profit / (loss) after tax, prior period adjustments and exceptional items		**(9,306,226)**		77,207,961
Adjustments for:				
Interest income	**(169,765)**		(185,493)	
Provision for doubtful debts/advance`	**(322,238)**		(1,168,176)	
Depreciation and amortization	**199,118**	**(292,885)**	281,259	(1,072,410)
Operating profit before working capital changes		**(9,599,111)**		76,135,551
Changes in:				
(Increase)/Decrease in Sundry Debtors	**(55,758,143)**		9,771,981	
(Increase)/Decrease in Loans and advances	**181,220**		602,877	
Increase/(Decrease) in Current Liabilities and Provisions	**68,408,600**	**12,831,677**	(68,852,305)	(58,477,447)
Cash generated/(used) in operations		**3,232,566**		17,658,104
Income taxes refund, net		**-**		-
Net cash generated/(used) in operations (A)		**3,232,566**		17,658,104
Cash flow from investing activities				
Purchase of fixed assets		**(197,918)**		(639,692)
Interest received		**169,765**		185,493
Loan repayment from /(to) subsidiaries (net)		**(110,592)**		984,498
Net cash generated/(used) from investing activities(B)		**(138,745)**		530,299
Cash flow from financing activities				
Acceptance on unsecured loans from subsidiaries (net)		**178,450**		62,350
Net cash generated/(used) from financing activities(C)		**178,450**		62,350
Increase / (decrease) in cash and cash equivalents		**3,272,271**		18,250,753
Adjustment on account of currency translation reserve **(A+B +C)**		**(2,370,398)**		(2,773,400)
Cash and cash equivalents at the beginning of year		**22,241,878**		6,764,525
Cash and cash equivalents at the end of year		**23,143,751**		22,241,878

Note:Cash and cash equivalents consists of cash Rs. Nil (previous year Rs. Nil) and bank balances in current account Rs. 22,587,915 (previous year Rs. 2,320,196) and in deposit account Rs. 555,836 (previous year Rs. 19,921,682).

As per our report of even date attached.

For RSM & Co.	**For Trigyn Technologies Inc.**	
Chartered Accountants		
Vilas Y. Rane	**Tushar Vaidya**	**Ramkrishna Bhagwat**
Partner (F-33220)	**Director**	**Director**

Place : Mumbai

Date : June 29, 2006

Schedules to the financial statements for year ended March 31, 2006 (continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 1. Share capital		
Authorised share capital		
1,000 (2004: 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 (2004: 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.

Schedule 2. Reserve and surplus

	2006	2005
Share premium account	**29,135,514**	29,135,514
Capital reserve	**22,915,901**	22,915,901
Foreign currency translation reserve	**16,708,005**	19,078,403
	68,759,420	71,129,818

Schedule 3. Unsecured loans, interest free

	2006	2005
Holding company	**5,354,400**	5,254,800
Others	**4,238,900**	4,160,050
	9,593,300	9,414,850

Schedule 4. Fixed assets

Particulars	Cost				Accumulated Depreciation				Net book value	
	as at 1 April 2005	Additions during the year	Deletions/ Adjustments during the year	As at 1st April 2006	As at 31 March 2006	Depreciation for the Year	Adjustments during the year	As at 31 March 2006	as at 31 March 2006	as at 31 March 2005
Computers and peripherals	4,768,656	188,557	90,386	5,047,599	4,358,820	156,145	83,790	4,598,755	448,844	409,836
Software	4,379,000	-	83,000	4,462,000	4,379,000	-	83,000	4,462,000	-	-
Furniture & Fittings	177,045	-	3,356	180,401	14,163	42,973	591	57,727	122,674	162,882
Total	**9,324,701**	**188,557**	**176,742**	**9,690,000**	**8,751,983**	**199,118**	**167,381**	**9,118,482**	**571,518**	**572,718**
Previous year figures	8,636,059	631,068	57,574	9,324,701	8,421,774	281,259	48,950	8,751,983	572,718	

Schedule 5. Sundry debtors
(Unsecured)

	2006	2005
Debts over six months		
- Considered good	**1,622,205**	7,051,822
- Considered doubtful	**37,865,660**	37,161,301
Other debts		
- Considered good	**99,664,862**	46,128,906
	139,152,727	90,342,029
Less: Provision for doubtful debts	**37,865,660**	37,161,301
	101,287,067	53,180,728

Schedules to the financial statements for year ended March 31, 2006 (continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 6. Cash and bank balances		
Balances with non-scheduled banks:		
in current account		
- Wachovia bank	**22,587,915**	2,320,196
In fixed deposit		
- Wachovia bank	**555,836**	19,921,682
	23,143,751	22,241,878
Maximum balance held during the year with above banks		
- Wachovia bank	**29,281,081**	28,224,949

Schedule 7. Loans and advances		
(Unsecured, considered good)		
Loans to fellow subsidiaries	**-**	106,530
Prepaid expenses	**1,119,599**	826,145
Loans and advances to employees	**180,192**	118,233
Deposits	**427,125**	419,180
Advances recoverable in cash or in kind or for value to be received	**494,746**	499,964
	2,221,662	1,970,052
(Unsecured, considered doubtful)		
Loans to fellow subsidiaries	**28,800,829**	28,583,707
Other loans	**4,015,800**	3,941,100
Less: Provision for doubtful loans	**32,816,629**	32,524,807
	-	-
	2,221,662	1,970,052

Loans and advances to fellow subsidiaries include amounts due from Trigyn Technologies Limited, UK Rs 24.67 million (equivalent USD 552,866) (2005: Rs 24.21 million (equivalent USD 552,866)), Applisoft, Inc., Rs 4.13 million (equivalent USD 92,603) (2005: Rs 4.37 million (equivalent USD 99,879)), and Trigyn Technologies (India) Private Limited (UK Branch) Rs Nil (equivalent USD Nil) (2005: Rs 0.11 million (equivalent USD 2,433)), 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 24.67 million (equivalent USD 552,866) (2005: 24.21 million (equivalent USD 552,866)), Applisoft, Inc. Rs 4.37 million (equivalent USD 99,879) (2005: Rs 5.52 million (equivalent USD 126,879)) and Trigyn Technologies (India) Private Limited (UK Branch) Rs 0.11 million (equivalent USD 2,433) (2005: Rs 0.11 million (equivalent USD 2,433)).

Schedule 8. Current liabilities		
Sundry creditors	**255,572,658**	184,921,406
Billings in excess of costs and estimated earnings on uncompleted contracts	**-**	3,971,341
Other liabilities	**5,673,101**	4,074,217
	261,245,759	192,966,964

Schedules to the financial statements for year ended March 31, 2006 (continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 9. Provisions		
Provision for leave encashment costs	**1,620,705**	1,490,900
	1,620,705	1,490,900
Schedule 10. Other income		
Interest received	**169,765**	185,493
Royalty income	**3,714,101**	4,539,919
Sundry balance written back	**1,135,226**	13,766,317
Miscellaneous income	**1,072,822**	141,973
	6,091,914	18,633,702
Schedule 11. Personnel costs		
Salaries and bonus	**158,908,572**	143,669,973
Payroll taxes	**12,191,247**	11,162,700
Leave encashment	**472,764**	1,933,867
Staff insurance and benefits	**8,357,456**	6,432,923
Sales commissions	**5,087,216**	4,889,654
	185,017,255	168,089,117
Schedule 12. Other costs		
Provision for doubtful debts	**-**	1,559,798
Communication costs	**1,309,302**	2,228,282
Legal and professional fees	**4,795,470**	4,808,053
Statutory audit fees	**220,658**	202,215
Travel and conveyance costs	**13,131,703**	9,375,141
Insurance	**1,920,003**	2,692,657
Staff recruitment costs	**1,264,417**	2,828,516
Rent, rates and taxes	**3,725,782**	4,911,725
Repairs and maintenance	**78,708**	85,880
Interest costs	**70,926**	166,817
Miscellaneous expenses	**2,995,293**	3,941,481
	29,512,262	32,800,565

Schedules to the financial statements for year ended March 31, 2006 (continued)

(Currency: Indian Rupee)

Schedule 13. Notes to Accounts

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.

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 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) These financial statements have been prepared assuming the Company will continue as a going concern despite current liabilities exceeding current assets, negative cash flow and negative net worth. Management believes that the Company will be able to finance its operations and meet its commitments and also commitments given by the ultimate holding company to support its subsidiaries, and 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 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-

Schedules to the financial statements for year ended March 31, 2006 (continued)
(Currency: Indian Rupee)

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
Furniture & Fittings	4

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. The Company has made provision for the minimum state taxes for the year ended March 31, 2006.

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.

2.7 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.

2.8 Provision and contingent liabilities

Provisions are recognized when the Company has present legal or constructive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet.

3. Prior period expense

Prior period expense consists of commission paid to an ex – employee of the Company.

4. Extraordinary Item

Last year, Rs. 7.74 crores (USD 1.72 million) were received as business consideration from i –flex Group towards payment in full on account of transaction involving transfer of a material business / contract.

Schedules to the financial statements for year ended March 31, 2006 (continued)
(Currency: Indian Rupee)

5. Earnings per share

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

	2006	2005
Profit / (Loss) for the year	**(9,306,226)**	77,207,961
Less: Extraordinary income	**-**	77,380,997
	(9,306,226)	(173,036)
Weighted average number of shares used in computing earning per share	**1,000**	1,000
Basic and diluted earnings per share for profit / (loss)		
- before extraordinary income	**(9,306.23)**	(173.04)
- after extraordinary income	**(9,306.23)**	77,207.96

6. Leases

The Company has entered into operating lease arrangements, for leasing office premises in USA. The office premises has been taken under a non-cancelable lease for a period of 5 years, which was renewable at the option of the Company.

The future minimum lease payments in respect of non-cancelable operating lease in the US as at 31 March 2006 are summarized below:

	2006	2005
Amount due within one year from the balance sheet date	**2,543,653**	2,580,939
Amount due in the period between one year and five years	**6,359,131**	9,033,288
Amount due after five years	**-**	-
	8,902,784	11,614,227

7. Related party transactions

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2006 are summarized below:

Holding company
ECapital Solutions (Bermuda) Limited

Ultimate Holding company
Trigyn Technologies Limited

Fellow associate companies
Applisoft Inc.
ECapital Solutions (Mauritius) Limited
Leading Edge Infotech Limited
Trigyn Technologies Europe GmbH
Trigyn Technologies Inc
EVector (Cayman) Limited
EVector Inc.
EVector (India) Private Limited
EVector (UK) Limited
Trigyn Technologies Limited, UK

Whole-time directors of the Company
Tushar Vaidya
Ramkrishna Bhagwat

Schedules to the financial statements for year ended March 31, 2006 (continued)
(Currency: Indian Rupee)

Particulars of related party transactions during the year ended 31 March 2006

Nature of transactions	Holding & ultimate holding company	Fellow associates companies
Cost of services rendered to the Company	**32,104,648**	**-**
	(39,774,356)	(1,698,428)
Expenses incurred by the Company	**2,740,733**	**6,287,757**
	(7,937,443)	(10,056,099)
Expenses incurred on behalf of the Company	**1,344,681**	**-**
	(2,382,027)	(503,291)
Provision for doubtful debts	**-**	**-**
	(-)	(252,140)
Write back of doubtful loans	**322,238**	**-**
	(-)	(1,213,291)
Year-end balances	**Holding & ultimate holding company**	**Fellow associates companies**
Gross amounts payable to creditors	**109,434,062**	**63,799,377**
	(93,498,690)	(62,612,612)
Gross amounts receivable as loans	**-**	**28,800,829**
	(-)	(28,690,237)
Gross amounts receivable as debts	**-**	**250,363**
	(-)	(1,234,443)
Provision for doubtful loans	**-**	**28,800,829**
	(-)	(28,583,707)
Provision for doubtful debts	**-**	**250,363**
	(-)	(245,706)

Transactions with directors (refer note 8(i) to schedule 13)

Previous years figure are given in brackets

8. Supplementary statutory information

	2006	2005
(i) Personnel costs includes managerial remuneration paid to the whole-time directors of the Company as follows:		
- Salaries and bonus	**6,986,036**	7,442,917
- Others	**2,116,005**	611,420
	9,102,041	8,054,337

9. Prior year comparatives

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

For Trigyn Technologies Inc.

Tushar Vaidya	**Ramkrishna Bhagwat**
Director	**Director**

Place : Mumbai

Date : June 29, 2006

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

I Registration Details

Registration No.	N A	State code	N A
Balance sheet date	31 03 2006 (Date Month Year)		

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

Public issue	-	Rights issue	-
Bonus issue	-	Private placement	-

III Position of mobilization and deployment of funds (Amount in Rs thousands)

Total liabilities	341220	Total assets	341220

Source of funds

Paid-up capital (Including share application monoey)	0.486	Reserves and surplus	-
Secured loans	-	Unsecured loans	9593

Application of Funds

Net fixed assets	571	Investments	-
Net current assets (Liabilities)	(124029)	Miscellaneous expenditure	-
Accumulated loss	201810		

IV Performance of company (Amount in Rs thousands)

Turnover (including other income)	436332	Total expenditure	444291
+/-		+/-	
- Profit before tax	(7959)	- Profit for the year	(9306)

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

Earning per share in Rs	(9306.23)	Dividend rate %	-

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

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, 2006 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended March 31, 2006 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) to schedule 11, 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 Report) Order, 2003, ('the said Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (the Act), 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, to the extend applicable to the Company.
5. We draw attention to note 2.1 (d) to schedule 11 in the financial statements. These financial statements have been prepared assuming the Company will continue as going concern despite negative networth and reduced sales. 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, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
   c. 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;
   d. 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, 2006;
      (ii) in the case of the profit and loss account, of the profit of the Company for the year ended March 31, 2006; 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 29, 2006

Vilas Y. Rane
Partner (F-33220)

Annexure to Auditors' Report

(Referred to in our Auditors' Report to the members of Applisoft Inc. of even date)

(i) The Company does not have any fixed assets during the year. Accordingly, the provisions of paragraph 4(i)(a) to (c) of the said Order are not applicable

(ii) The Company is in the business of providing software services, hence the provisions of paragraph 4 (ii) (a), (b) and (c) of the said Order are not applicable.

(iii) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system . We are informed that the nature of Company's business does not involve purchase of inventory and sale of goods .

(iv) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA and any other relevant provisions of the Act and the rules framed there under, hence the provisions of paragraph 4 (iv) of the said Order are not applicable.

(v) The Company does not have an internal audit system.

(vi) (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed employee benefits fund dues with the appropriate authorities during the year. There are no arrears as on March 31, 2006 exceeding six months from the date they became payable.

(b) There are no disputed amounts pending with the relevant Authorities .

(vii) In our opinion and according to the information and explanations given to us, the Company's accumulated losses exceed 50% of its net worth at the end of the financial year under reporting; and the Company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.

(viii) As the Company has not borrowed any loans from financial institutions, banks and debenture holders, the provisions of paragraph 4(xi) of the said Order is not applicable.

(ix) As the Company has not granted any loans or advances against security, the provisions of paragraph 4 (xii) of the said Order is not applicable.

(x) In our opinion and according to the information and explanations given to us, the Company is not a chit fund, or a nidhi, mutual benefit funds/societies, accordingly, the provisions of paragraph 4 (xiii) of the said Order is not applicable.

(xi) 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 .

(xii) In our opinion and 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 .

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

(xiv) In our opinion and 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 Company has not used the fund borrowed on short term basis during the year for long term investments.

(xv) The Company has not issued debentures or made any public issue during the year and accordingly the provisions of paragraph 4 (xix) and (xx) of the said Order, are not applicable.

(xvi) 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 29, 2006

Vilas Y. Rane
Partner (F-33220)

Balance sheet at March 31, 2006
(Currency: Indian Rupee)

	Schedule	2006	2005
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**728,400**	728,400
Reserves and surplus	2	**4,069,310**	4,238,950
Loan funds			
Secured loan	3	**3,123,400**	3,284,250
Unsecured loans	4	**6,143,639**	7,628,307
		14,064,749	15,879,907
APPLICATION OF FUNDS			
Current assets, loans and advances			
Sundry debtors	5	**374,808**	3,088,071
Cash and bank balances	6	**162,384**	1,052,748
		537,192	4,140,819
Current liabilities and provisions			
Current liabilities	7	**364,061**	2,195,236
		364,061	2,195,236
Net current assets / (liabilities)		**173,131**	1,945,583
Profit and loss account		**13,891,618**	13,934,324
		14,064,749	15,879,907
Notes to Accounts	11		

As per our report of even date attached.

For RSM & Co.
Chartered Accountants
Vilas Y. Rane
Partner (F-33220)
Place : Mumbai
Date : June 29, 2006

For Applisoft Inc.

Tushar Vaidya
Director

Ramkrishna Bhagwat
Director

Profit and loss account for the year ended March 31 2006
(Currency: Indian Rupee)

	Schedule	2006	2005
Income			
Software consultancy services		**6,697,377**	18,581,955
Other income	8	**197,773**	2,983,417
		6,895,150	21,565,372
Expenditure			
Personnel costs	9	**-**	8,936,615
Consultancy Charges		**5,490,582**	6,874,026
Other costs	10	**1,361,862**	3,427,492
		6,852,444	19,238,133
Profit for the year before prior period adjustments and extraordinary item		**42,706**	2,327,239
Prior period adjustments (refer note 3 to schedule 11)		**-**	(780,188)
Profit for the year after prior period adjustments but before extraordinary item		**42,706**	1,547,051
Extraordinary item (refer note 4 to schedule 11)		**-**	40,853,696
Profit for the year after prior period adjustments and extraordinary item		**42,706**	42,400,747
Accumulated loss, brought forward		**(13,934,324)**	(56,335,071)
Accumulated loss, carried forward		**(13,891,618)**	(13,934,324)
Basic and diluted earnings per share before extraordinary item		**2.85**	103.14
Basic and diluted earnings per share after extraordinary item		**2.85**	2,826.72
Number of shares (face value of USD 1.00 each)		**15,000**	15,000
Notes to Accounts	11		

As per our report of even date attached.

For RSM & Co.
Chartered Accountants
Vilas Y. Rane
Partner (F-33220)
Place : Mumbai
Date : June 29, 2006

For Applisoft Inc.

Tushar Vaidya	**Ramkrishna Bhagwat**
Director	**Director**

Cash Flow Statement for the year ended March 31, 2006
(Currency: Indian Rupee)

		2006		2005
Cash flow from operating activities				
Profit after tax, prior period adjustments and exceptional items		**42,706**		42,400,747
Adjustments for:				
Interest income	**(744)**		(5,208)	
Provision for doubtful debts	**(195,751)**	**(196,495)**	2,219,469	2,214,261
Operating profit before working capital changes		**(153,789)**		44,615,008
Adjustments in:				
(Increase)/Decrease in Sundry Debtors	**2,909,014**		1,521,364	
(Increase)/Decrease in Loans and advances	**-**		478,500	
Increase/(Decrease) in Current Liabilities and Provisions	**184,595**	**3,093,609**	(7,883,556)	(5,883,692)
Net cash generated/(used) in operations (A)		**2,939,820**		38,731,316
Cash flow from investing activities				
Interest (Paid)/Received		**744**		5,208
Net cash generated/(used) from investing activities (B)		**744**		5,208
Cash flow from financing activities				
Repayments of loans to subsidiaries		**(3,525,453)**		(37,209,545)
Repayments of loans to director/ex-officer		**(135,836)**		(1,132,722)
Net generated/(used) in financing activities (C)		**(3,661,289)**		(38,342,267)
Increase / (decrease) in cash and cash equivalents (A+B +C)		**(720,725)**		394,257
Adjustment on account of currency translation reserve		**(169,639)**		(1,396,197)
Cash and cash equivalents at the beginning of year		**1,052,748**		2,054,688
Cash and cash equivalents at the end of year		**162,384**		1,052,748

Note:

Cash and cash equivalents consists of cash Rs. Nil (previous year Rs. Nil) and bank balances in current account Rs. 162,384 (previous year Rs. 1,052,748).

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane

Partner (F-33220)

For Applisoft Inc.

Tushar Vaidya — **Director**

Ramkrishna Bhagwat — **Director**

Place : Mumbai

Date : June 29, 2006

Schedulesto the financial Statements for the year ended March 31, 2006
(Currency: Indian Rupee)

	2006	2005
Schedule 1. Share capital		
Authorised share capital		
1,000,000 (2005:1,000,000) shares of par value Rs 48.56 (equivalent US$ 1.00) each.	**48,560,000**	48,560,000
Issued, subscribed and paid-up share capital		
15,000 (2005:15,000) shares of par value Rs 48.56 (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.		
Schedule 2. Reserves and surplus		
Foreign currency translation reserve	**4,069,310**	4,238,950
Schedule 3. Secured loans		
From ex-officer of the Company	**3,123,400**	3,284,250
The above loan is secured against the first charge on the fixed and current assets of the Company.		
Schedule 4. Unsecured loans (interest free)		
From holding company/Associates	**4,798,792**	6,308,475
From Director	**1,344,847**	1,319,832
	6,143,639	7,628,307
Schedule 5. Sundry debtors		
(Unsecured)		
Debts over six months		
- Considered good	**-**	53,599
- Considered doubtful	**13,614,360**	13,050,203
Other debts		
- Considered good	**374,808**	3,034,472
- Considered doubtful	**-**	504,461
	13,989,168	16,642,735
Less: Provision for doubtful debts	**13,614,360**	13,554,664
	374,808	3,088,071
Schedule 6. Bank balances		
Balances with non-scheduled banks		
- In current Account	**162,384**	1,052,748
	162,384	1,052,748
Maximum balance held during the year with the above bank (Wachovia Bank)	**2,636,751**	4,129,645
Schedule 7. Current Liabilities		
Sundry creditors	**71,033**	2,085,761
Other liabilities	**293,028**	109,475
	364,061	2,195,236

Schedules to the financial Statements for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

	2006	2005
Schedule 8. Other income		
Interest received	**744**	5,208
Provision for doubtful debts written back (net)	**195,751**	-
Miscellaneous income	**1,278**	404,944
Sundry balance written back	**-**	2,573,265
	197,773	2,983,417
Schedule 9. Personnel costs		
Salaries and bonus	**-**	8,441,087
Contribution to provident and other funds	**-**	301,712
Leave encashment costs	**-**	(251,611)
Medical and health insurance and benefits	**-**	382,516
Sales commission	**-**	62,911
	-	8,936,615
Schedule 10. Other costs		
Provision for bad and doubtful debts	**-**	2,219,470
Legal and professional fees	**1,223,186**	1,099,998
Interest Costs	**13,906**	1,438
Taxation	**119,709**	(155,824)
Miscellaneous expenses	**5,061**	262,410
	1,361,862	3,427,492

Schedule 11. Notes to Accounts

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.

Schedules to the financial Statements for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

(d) These financial statements have been prepared assuming the Company will continue as a going concern despite reduced sales and negative net worth. Management believes that the Company will be able to finance its operations and meet its commitments and also commitments given by the ultimate holding company to support its subsidiaries and 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

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.

2.3 Income tax

Current taxes comprise state and federal taxes in the United States. In view of the carry forward 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 till the current period, deferred tax assets have not been recognized in the financial statements as at 31 March 2006. 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.

2.4 Earnings per share

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

2.5 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.

2.6 Provision and contingent liabilities

Provisions are recognized when the Company has present legal or con structive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet.

3. Prior Period Adjustment

In the year 2005, prior period adjustment consists of legal fees paid for the earlier years amounting to Rs. 668,744 and sales commission paid for the year 2003 – 2004 amounting to Rs. 111,444.

4. Extraordinary Item

In the year 2005, a Settlement Agreement was signed between the Company and the erstwhile shareholder / ex-officer of the Company from whom the loan was availed in the earlier years. As per the terms of the above agreement, the Company had agreed to pay USD 100,000 in full satisfaction of any debts owed (net of any recoverable) to the said erstwhile shareholder / ex-officer . In the year 2005, the Company had already paid USD 25,000 as per the schedule set forth in the above agreement. The balance USD 75,000 are to paid equally in the current year and 2006 – 2007. The amount of Rs. 40,853,696 (USD 909,139) which was now not payable as per the terms of the above agreement has been treated as an extraordinary income in the year 2005. USD 5,000 are paid out of the total payable of USD 37,500 in the current year and the shortfall is USD 32,500.

Schedules to the financial Statements for the year ended March 31, 2006 (Continued)
(Currency: Indian Rupee)

5. Earnings per share

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

	2006	2005
Profit / (loss) for the year	**42,706**	42,400,747
Less: Extraordinary income	**-**	40,853,696
Profit / (loss) for the year before extraordinary item	**42,706**	1,547,051
Weighted average number of shares used in computing earning per share	**15,000**	15,000
Basic and diluted earnings per share for profit / (loss)		
- before extraordinary income	**2.85**	103.14
- after extraordinary income	**2.85**	2,826.72

6. Related party transactions

Details of related parties including summary of transactions entered into by the Company during the year ended 31 March 2006 are summarized below:

Holding company
Trigyn Technologies Limited

Whole-time directors of the Company
Tushar Vaidya
Ramkrishna Bhagwat

Fellow associate companies:

Trigyn Technologies (India) Private Limited, ECapital Solutions (Bermuda) Limited, ECapital Solutions (Mauritius) Limited, Leading Edge Infotech 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 2006

Nature of transactions	**Holding & ultimate holding company**	**Fellow associates companies**	**Key Management Personal**
Expenses incurred by the Company	**-**	**-**	**-**
	(-)	(503,291)	(-)
Expenses incurred on behalf of the Company	**111,860**	**6,287,757**	**-**
	(102,741)	(9,838,615)	(-)
Loans repaid	**1,585,241**	**-**	**-**
	(-)	(1,182,330)	(-)
Year-end balances	**Holding & ultimate holding company**	**Fellow associates companies**	**Key Management Personal**
Gross amounts payable as loans	**736,855**	**4,061,937**	**1,344,849**
	(2,322,096)	(3,986,379)	(1,319,832)
Gross amounts receivable as debts	**-**	**69,992**	**-**
	(578,347)	(1,507,415)	(-)

Previous years figure given in bracket)

7. Supplementary statutory information

Legal and professional fees include: Auditor's remuneration: - audit fees	**57,262**	112,342

8. Prior year comparatives

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

For Applisoft Inc.

Place : Mumbai
Date : June 29, 2006

Tushar Vaidya
Director

Ramkrishna Bhagwat
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

I Registration Details

Registration No. | N | A | State code | N | A

Balance sheet date | 3 1 | 0 3 | 2 0 0 6
Date Month Year

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

Public issue	Rights issue
-	-
Bonus issue	**Private placement(including share application money)**
-	-

III Position of mobilization and deployment of funds (Amount in Rs thousands)

	Total liabilities	Total assets
	14429	14429
Source of funds	Paid-up capital (including share application money)	Reserves and surplus
	728	4069
	Secured loans	Unsecured loans
	-	9267
Application of Funds	Net fixed assets	Investments
	-	-
	Net current assets	Miscellaneous expenditure
	173	-
	Accumulated loss	
	13892	

IV Performance of company (Amount in Rs thousands)

	Turnover (including other income)		Total expenditure
	6895		6852
+/-	Profit Loss before tax	+/-	Profit/Loss for the year
4 3 +			4 3

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

Earning per share in Rs	Dividend rate %
2 . 8 5	-

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

Annual Financial Statements of eCapital Solutions (Bermuda) Limited for the year 2004-05 (Unaudited)

Balance sheet at March 31, 2005
(Currency: Indian Rupee)

	Note	2005	2004
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	**151,312,960**	151,312,960
Reserves and surplus	4	**272,423,733**	272,423,733
		423,736,693	423,736,693
APPLICATION OF FUNDS			
Investments	5	**-**	-
Current assets, loans and advances			
Cash and bank balances	6	**92,568**	92,568
Loans and advances	7	**28,948,869**	28,948,869
		29,041,437	29,041,437
Current liabilities and provisions			
Current liabilities	8	**4,847,319**	4,847,319
Net current assets		**24,194,118**	24,194,118
Profit and loss account		**399,542,575**	399,542,575
		423,736,693	423,736,693

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

Profit and Loss Account for the year ended March 31, 2005
(Currency: Indian Rupee)

	Note	2005	2004
INCOME			
Interest income	**-**	-	
Other income	9	**-**	-
		-	-
EXPENDITURE			
Operating costs	10	**-**	410,257
Loss for the year before exceptional items		**-**	410,257
Exceptional items	11	**-**	10,219,497
Loss after exceptional items		-	10,629,754
Accumulated losses, brought forward		**3,99,542,575**	388,912,821
Accumulated losses, carried forward		**399,542,575**	399,542,575
Basic and diluted earnings per share		**-**	(1.45)
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.

For eCapital Solutions (Bermuda) Limited

Place : Mumbai

Date : June 29, 2005

Tushar Vaidya — **Director**

Ramkrishna Bhagwat — **Director**

Notes to the financial statements for the year ended March 31, 2005

(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 NIL (equivalent NIL USD) (2004: loss of Rs 10.63 million (equivalent USD 0.24 million)) for the year ended 31 March 2005 and has accumulated deficit aggregating Rs 399.54 million (equivalent USD 8.60 million) (2004: Rs 399.54 million

(e) quivalent USD 8.60 million)) as at 31 March 2005. 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 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.

Notes to the financial statements for the year ended March 31, 2005 (Continued)
(Currency: Indian Rupee)

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.

	2005	2004
3. Share capital		
Authorised share capital		
9,435,174 (2004: 9,435,174) equity shares of Rs 20 (equivalent USD 0.42) with voting rights	**194,240,000**	194,240,000
7,076,380 (2004: 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 (2004: 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 (2004: 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 (2004: 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.

4 Reserves and surplus		
Share premium balance	**281,009,437**	281,009,437
Foreign currency translation reserve	**(8,585,704)**	(8,585,704)
	272,423,733	272,423,733

5. Investments		
Long term investments		
Trade (unquoted) investment in subsidiaries		
5,500 (2004: 5,500) equity shares of Rs 47.65 (equivalent USD 1) each fully paid in eCapital Solutions (Mauritius) Limited	**253,157**	253,157
1,000 (2004: 1,000) equity shares of Rs 0.48 (equivalent USD 0.01) each fully paid in Trigyn Technologies Inc. USA.	**27,617,100**	27,617,100
60,000 (2004: 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**	60,528,260
2 (2004: 2) equity shares of Rs 550,750 (equivalent DM 25,000) each fully paid up in Trigyn Technologies Europe, GmbH	**9,882,089**	9,882,089

Notes to the financial statements for the year ended March 31, 2005 (Continued)
(Currency: Indian Rupee)

		2005	2004
	15,000,000 (2004: 15,000,000) equity shares of Rs 0.48 (equivalent USD 0.01) each fully paid up in Vector Cayman Limited	**6,904,275**	6,904,275
	Less: provision for decline other than temporary in the value of investments. (refer note 11)	**105,184,881**	105,184,881
		105,184,881	105,184,881
		-	-
6.	**Cash and bank balances**		
	Balances with non scheduled banks		
	- In current account		
	The Bank of Bermuda Limited	**92,568**	92,568
		92,568	92,568
	Maximum balance held during the year with above banks		
	- In current account		
	Lloyds TSB	**-**	-
	The Bank of Bermuda Limited	**92,568**	5,661,506
	- In deposit account		
	The Bank of Bermuda Limited	**-**	-
7.	**Loans and advances**		
	(unsecured, considered good)		
	Advances for investment in subsidiaries, pending allotment of equity shares		
	- eCapital Solution (Mauritius) Limited	**14,899,563**	14,899,563
	Loans/advances to subsidiaries	**14,049,306**	14,049,306
		28,948,869	28,948,869
	(unsecured, considered doubtful) Advances for investment in subsidiaries, pending allotment of equity shares		
	- eCapital Solution (Mauritius) Limited	**146,994,506**	146,994,506
	- Trigyn Technologies Europe GmbH	**25,282,045**	25,282,045
	Loans/advances to subsidiaries	**83,279,150**	83,279,150
		255,555,701	255,555,701
	Less: Provision for doubtful loans/advances (refer note 11)	**255,555,701**	255,555,701
		-	-
		28,948,869	28,948,869

Loans and advances to subsidiaries includes amount due from Trigyn Technologies Limited, UK aggregating Rs 43,248,747 (equivalent USD 939,608) (2004: Rs 43,248,747 (equivalent USD 939,608)) and amount due from Trigyn Technologies Inc. Rs 52,971,213 (equivalent USD 1,150,835) (2004: Rs 52,971,213 (equivalent USD 1,150,835)), 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) (2004: Rs 43,248,747 (equivalent USD 939,608)) and from Trigyn Technologies Inc. aggregated Rs 62,304,392 (equivalent USD 1,207,687) (2004: Rs 62,304,392 (equivalent USD 1,207,687)

		2005	2004
8	**Current liabilities**		
	Sundry creditors	**4,824,305**	4,824,305
	Others	**23,014**	23,014
		4,847,319	4,847,319

Sundry creditors include Rs NIL (2004: Rs 12,492,543 (equivalent USD 262,173) payable to erst while Director. As at 31 March 2005, the Company had no amounts due to small-scale industrial undertakings.

Notes to the financial statements for the year ended March 31, 2005 (Continued)
(Currency: Indian Rupee)

		2005	2004
9	**Other income**		
	Exchange gain (net)	-	-
10	**Operating costs**		
	Legal and professional fees	-	330,552
	Bank charges	-	3,610
	Travel and conveyance costs	-	-
	Miscellaneous	-	76,125
		-	410,257

11 Exceptional items

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

On the basis of the preliminary evaluation, done in previous years 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).

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 Supplementary statutory information

	Note	2005	2004
(i) Operating costs include auditors remuneration:			
- Statutory audit fees		-	**32,625**

13 Prior year comparatives

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

For eCapital Solutions (Bermuda) Limited

Place : Mumbai — **Tushar Vaidya**, **Director** — **Ramkrishna Bhagwat**, **Director**

Date : June 29, 2005

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

I Registration Details

Registration No. NA State code NA

Balance sheet date 31 03 2005
Date Month Year

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

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

III Position of mobilization and deployment of funds (Amount in Rs thousands)

	Total liabilities	Total assets
	428584	428584
Source of funds	Paid-up capital (including share application money)	Reserves and surplus
	151313	272423
	Secured loans	Unsecured loans
	NIL	NIL
Application of Funds	Net fixed assets	Investments
	NIL	NIL
	Net current assets	Miscellaneous expenditure
	29042	NIL
	Accumulated loss	
	399542	

IV Performance of company (Amount in Rs thousands)

	Turnover (including other income)		Total expenditure
	NIL		NIL
+/-	Profit Loss before tax	+/-	Profit/Loss for the year
N +	L		NIL

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

Earning per share in Rs	Dividend rate %
NIL	NIL

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

Annual Financial Statements of eCapital Solutions (Mauritius) Limited for the year 2004-05 (Unaudited)

Balance sheet at March 31, 2005

(Currency: Indian Rupee)

	Note	2005	2004
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	**267,080**	267,080
Share application money		**161,894,064**	161,894,064
Foreign currency translation reserve		**6,584,252**	6,584,252
		168,745,396	168,745,396
APPLICATION OF FUNDS			
Investments	4	**-**	-
loans and advances			
Cash and bank balances	5	**17,342**	17,342
Loans and advances	6	**1,674,701**	1,674,701
		1,692,043	1,692,043
Current liabilities and provisions			
Current liabilities	7	**574,044**	574,044
Net current assets		**1,117,999**	1,117,999
Profit and loss account		**167,627,397**	167,627,397
		168,745,396	168,745,396

Current a

Profit and Loss Account for the year ended March 31, 2005

(Currency: Indian Rupee)

	Note	2005	2004
INCOME			
Other income	8	-	-
		-	-
EXPENDITURE			
Operating costs	9	**-**	99,680
Loan written off (refer note 6)		**-**	-
Provision for diminution in value if investments (refer note 10)		**-**	-
		-	99,680
Profit / (Loss) for the year before prior year adjustments		**-**	99,680
Prior year adjustment (refer note 6)		**-**	-
Net profit / (loss) after exceptional and prior-period items		**-**	99,680
Exceptional items, diminution in value of investments		**-**	119,696,800
Accumulated losses, brought forward		**(167,627,397)**	(47,830,917)
Accumulated losses, carried forward		**(167,627,397)**	(167,627,397)
Basic and diluted earnings per share		-	(21,781.12)
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

Place : Mumbai
Date : June 29, 2005

Director **Director**

Notes to the financial statements for the year ended March 31, 2005

(Currency: Indian Rupee)

1. 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 NIL (equivalent NIL USD) (2004: loss of Rs 119.79 million (equivalent USD 2.75 million)) for the year ended 31 March 2005 and has accumulated deficit aggregating Rs 167.63 million (equivalent USD 3.85 million) (2004: Rs 167.63 million (equivalent USD 3.85 million)) as at 31 March 2005. 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

Notes to the financial statements for the year ended March 31, 2005 (Continued)
(Currency: Indian Rupee)

		2005	2004
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 (2004: USD 2.10 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**	162,010,000
		-	-
5.	**Cash and bank balances**		
	Balances with non scheduled banks		
	- In current account		
	HSBC Limited	**17,342**	17,342
		17,342	17,342
	Maximum balance held during the year with above banks		
	- In current account		
	HSBC Limited	**17,342**	92,921
6.	Loans and advances (unsecured, considered good)		
	Advances recoverable in cash or in kind or for value to be received	**1,674,701**	1,674,701
		1,674,701	1,674,701

Advance recoverable includes amount recoverable from holding company. Maximum amount outstanding during the year aggregated Rs. 1,674,701 (equivalent USD 36,384) (2004: Rs. 1,674,701(equivalent USD 36,384)

		2005	2004
7.	**Current liabilities**		
	Sundry creditors	**261,253**	261,253
	Others	**312,791**	312,791
		574,044	574,044

As at 31 March 2005, the Company had no amounts due to small-scale industrial undertakings.

Notes to the financial statements for the year ended March 31, 2005 (Continued)
(Currency: Indian Rupee)

		2005	2004
8	**Other income**		
	Exchange gain (net)	**-**	-
9	**Operating costs**		
	Legal and professional fees	-	98,375
	Bank charges	-	1,305
		-	99,680

10 Exceptional items

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

In the year 2001-2002, 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 previous 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 (2004: 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 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

Operating costs include auditors remuneration:

	2005	2004
- Statutory audit fees	-	43,500

13 Prior year comparatives

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

For eCapital Solutions (Mauritius) Limited

Place : Mumbai
Date : June 29, 2005

Director **Director**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

I Registration Details

Registration No. N A   State code N A

Balance sheet date 3 1 / 0 3 / 2 0 0 5
Date Month Year

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

Public issue	Rights issue
N I L	N I L

Bonus issue	Private placement(including share application money)
N I L	N I L

III Position of mobilization and deployment of funds (Amount in Rs thousands)

Total liabilities	Total assets
1 6 9 3 1 9	1 6 9 3 1 9

Source of funds

Paid-up capital (including share application money)	Reserves and surplus
1 6 2 1 6 1	6 5 8 4

Secured loans	Unsecured loans
N I L	N I L

Application of Funds

Net fixed assets	Investments
N I L	N I L

Net current assets	Miscellaneous expenditure
1 1 1 8	N I L

Accumulated loss
1 6 7 6 2 7

IV Performance of company (Amount in Rs thousands)

Turnover (including other income)	Total expenditure
N I L	N I L

+/-	Profit Loss before tax	+/-	Profit/Loss for the year
N I +	L		N I L

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

Earning per share in Rs	Dividend rate %
N I L	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

Annual Financial Statement of Trigyn Technologies Europe GmbH for the year 2005-06 (Unaudited)

A. Basic conclusions

I. Significant comments on the annual financial statements

Development of earnings and performance

The financial year 2005/2006 closed with a net profit of T€ 4 compared to a net profit of T€ 52 in the fiscal year 2004/2005 (1.4.04-31.3.05). Drastic restructuring of the number of personnel, implemented in the previous financial year, and two new short project orders eliminated the deficit, and achieved the turnaround in the fiscal year 2004/2005. This year's drop in sales is significantly similar to that in the previous year in absolute value and its impact was completely offset by reduction of costs, especially personnel expenses, but also administration and sales expenses.

Net assets development

Despite the net profit for the year of T€ 4, the deficit not covered by shareholder's equity could not be completely closed, it reduced from T€ 1,040 to T€ 1,036

The balance sheet total has decreased compared to the fiscal year 1.4.2004-31.3.2004, including also a changed structure (composition). The changed composition of the balance sheet total can be seen in "C. III. Balance sheet position" of this financial report.

Development in financial position

The decrease in trade accounts payable and increase in provisions, accruals and trade accounts receivable contributed to a positive cash flow of T€ 23 from operating activities. Compared to the previous year, however, this appears to be a very positive development. The previous year had a positive Cashflow of T€ 10 in this respect.

II. Circumstances hindering 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 (31.03.2005), the excess balance sheet debt amounted to € 1,040,123.86 and this year, as of 31.03.2006, has decreased by € 4,036.22 to € 1,036,087.64. 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 Insolvency Law, 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 97% 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 presently nor expected and the debt overload of €72713,84 not actually covered by the declarations of the mother company can be expected to be overcome in the financial year 2006/2007 and 2007/2008 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 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 2005 to 31st March 2006 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.

C. Explanatory comments on the annual financial statements

I. Summary statement

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

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

		1.4.2005 – 31.3.2006		1.4.2004 - 31.3.2005	
		T€	%	T€	%
Sales	(1)	471	87,9	679	89,3
Other operating income	(2)	65	12,1	81	10,7
Total operating income		**536**	**100,0**	**760**	**100,0**
Material costs	(3)	63,9	11,9	129	17,0
Personnel costs	(4)	367,4	68,5	442	58,2
Scheduled depreciation of tangible assets		2,0	0,4	4	0,5
Other operating expenses	(5)	0	0,0	0	0,0
Administrative expenses	(6)	86,2	16,1	102	13,4
Selling expenses	(7)	12,1	2,3	30	3,9
Taxes other than on income		0,4	0,1	1	0,1
Total operating expenses		**532,0**	**99,3**	**708**	**93,2**
Result of operations		**4,0**	**0,7**	**52**	**6,8**
Interest, net		0	0,0	0	0,0
Result from ordinary activities		**4,0**	**0,7**	**52**	**6,8**
Items relating to other accounting periods, net	(8)	0	0,0	0	0,0
Net profit / - loss for the year		**4,0**	**0,7**	**52**	**6,8**

(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:

	1.4.2005 31.3.2006 T€	1.4.2004 - 31.3.2005 T€
Employee remuneration in kind	0	1
Group cross charges	0	0
Employee withholdings for rent	44,3	51
Foreign exchange gains	0	0
Other	20,8	29
	65,1	**81**

(3) Material costs

The material cost ratio (material costs as a percentage of sales) stands at 11.9% (as compared to 17.0% 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 more sharply in this Financial year than 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

	1.4.2005 31.3.2006 T€	**1.4.2004 - 31.3.2005** T€
Personnel search cost	0	0
Other	0	0
Netherlands cost assumed	0	0

(6) Administrative expenses

Administrative expenses comprise the following:

	1.4.2005 31.3.2006 T€	**1.4.2004 - 31.3.2005** T€
Legal and professional fees	6,9	7
Rent	61,8	74
Telephone and telefax	5,9	10
Bookkeeping costs	6,2	7
Office supplies, printed matter	1,9	3
Other	3,5	1
	86,2	**102**

(7) Selling expenses

Selling expenses are analysed below:

	1.4.2005 31.3.2006 T€	**1.4.2004 - 31.3.2005** T€
Travelling expenses	4,7	19
Motor vehicle expenses	7,4	10
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	0
Transfer to the general provision for bad and doubtful debts	0	0
	12,1	**30**

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

(8) Items relating to other accounting periods, net

Income	1.4.2005 31.3.2006 T €	1.4.2004 - 31.3.2005 T €
Income from the reduction in the general provision	0	0
Income from the reduction in the specific provision	0	0
Income from the release of accruals	0	0
Income from the disposal of fixed assets	0	0
	0	**0**
Expenses		
Losses on the disposal of fixed assets	0	0
Expenses unrelated to accounting period	0	0
	0	**0**

III. Balance Sheet Situation

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

		31.3.2006		31.3.2005		Change
		T €	%	T €	%	T €
Assets						
Fixed assets	(1)					
Tangible assets		5	2,6	2	1,1	+3
Financial assets		85	44,3	77	40,7	+8
		90	**46,9**	**79**	**41,8**	**+11**
Current assets	(2)					
Inventories		0	0,0	0	0,0	0
Trade accounts receivable		43	22,4	68	36,0	-25
Amounts receivable from affiliated companies		4	2,1	4	2,1	0
Other assets	(2A)	5	2,6	11	5,8	-6
Liquid funds		48	25,0	25	13,2	+23
		100	**52,1**	**108**	**57,1**	**-8**
Prepaid expenses	2	1,0	2	1,1	0	
Total assets		192	100,0	189	100,0	+3
Shareholder's equity and liabilities						
Shareholder's equity	(3)					
Subscribed capital and reserves		635	330,7	635	336,0	0
Retained losses		-1675	-872,4	-1727	-913,8	+52

		31.3.2006		31.3.2005		Change
		T €	%	T €	%	T €
Profit/ loss for the year		4	2,1	52	27,5	-48
		-1036	-539,6	-1040	-550,3	+4
Long-term external financing						
Pension provisions	(4)	130	67,7	117	61,9	+13
Short-term external financing						
Provisions for taxation		0	0,0	0	0,0	0
Other provisions and accruals	(5)	18	9,4	15	8,0	+3
Advance Payments received		0	0,0	0	0,0	0
Trade accounts payable		15	7,8	11	5,9	+4
Amounts due to affiliated companies	(6)	1061	552,6	1074	572,8	-13
Other payables	(7)	4	2,1	12	6,4	-8
		1098	571,9	1112	588,8	-14
Total external financing		1228	639,6	1229	650,3	+1
Total capital & liabilities		192	100,0	189	100,0	+3

(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 in the course of the year.

(2) Current assets

The slight decrease in current assets by T€ 8 is mainly the result of decreases in Other Assets and Trade Account Receivable offset almost by increases in liquid funds.

(2A) Other assets are made up as follows:

	31.3.2006	31.3.2005
	T€	T€
Claims against tax authorities		
withheld, reclaimable corporate income tax and solidarity levy 2002	0	0
withheld, reclaimable corporate income tax and solidarity levy 2003	0	3
withheld, creditable corporate income tax and solidarity levy 2004	0	0
	0	**3**
Other claims		
VAT claims	3	5
Claims against personnel	0	1
Security deposits	1	2
	4	**11**

The increase in liquid funds is explained below under “Financial position”.

(3) Shareholder's equity

Due to the net profit for the year, the deficit not covered by shareholder's equity declined by T €4 to T €1.036.

(4) Pension provisions

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

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

	1.4.2005 T €	Consumption T €	Provision T €	31.3.2006 T €
Leave due	0	0	10	10
Invoices not received	1	1	0	0
Costs of year closing	6	6	5	5
Employer's liability insurance	4	4	3	3
Other- suppliers bills still due	4	4	0	0
	15	**15**	**18**	**18**

(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 € 1025 and eVector (India) Pvt. Ltd., Bangalore, T € 36. These dues result out of flows of services delivered in present and past financial years.

(7) Other payables are summarized below:

	31.3.2006 T €	31.3.2005 T €
Taxes payable :		
Value added tax	0	0
Payroll and church taxes including solidarity levy	0	4
	0	**4**
Social security payable :		
Social security contributions	4	7
Customer overpayments	0	0
Salaries and Wages Due	0	0
Miscellaneous	0	0
	0	**0**
	4	**11**

IV. Financial position

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

	1.4.2005 31.3.2006	1.4.2004 31.3.2005
	T €	T €
Net loss/profit for the year	4	52
Amortization /depreciation of fixed assets	2	4
Increase/ Decrease in provisions and accruals	+16	-3
Increase in inventories, trade accounts receivable from sales and services as well as other assets, not allocated to investing and financing activities	+2	3
Decrease in trade accounts payable for goods and services as well as other liability items not allocated to investing and financing activities	-1	-46
Cash flow from operating activates	**23**	**10**
Cash flow from investing activities	**0**	**0**
Cash flow from financing activities	**0**	**0**
Change in liquid funds	23	10
Liquid funds at the beginning of the year	25	15
Liquid funds at the end of the year	**48**	**25**

The increase in the financial fund being less than the total profit in the year, can be ascribed mainly to the reduction of trade accounts payable and other payables.

In our view 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, 15th April, 2006

Anup Roy
Financial Controller

Bhaskar Sanyal
Managing Director

Appendix 2

Profit and Loss statement for the period from 1st April 2005 to 31st March 2006
(last year's period: 1 April 2004 to 31st March 2005)

	1.4.2005 – 31.3.2006		1.4.2004 – 31.3.2005	
	Euro	**Euro**	**Euro**	**Euro**
1. Sales		470.643,50		679.120,91
2. Increase / reduction in work-in-process inventory		0		0
		470.643,50		**679.120,91**
3. Other operating income		65.120,67		80.500,70
		535.764,17		**759.621,61**
4. Material costs				
a. Cost of raw materials and supplies and of purchased goods	0,00		0,00	
b. Cost of purchased services	63.904,28	63.904,28	128.549,80	128.549,80
5. Personnel expenses				
a. Wages and salaries	292.042,86		356.498,99	
b. Social security and expenses for pension -of which for pensions Euro 12.851,72 (Euro 10.502,23)	75.327,28	367.370,14	85.143,63	441.642,62
6. Depreciation of tangible fixed assets		2.010,00		4.318,14
7. Other operating expenses		98.362,45		132.361,31
		4.117,30		**52.749,74**
8. Interest and similar income		391,55		169,82
9. Interest and similar charges - none of which due to affiltd cos.		9,63		446,84
10. Result from ordinary activities		**4.499,22**		**52.472,72**
11. Other taxes		-463,00		-805,00
12. Net Profit for the year		**4.036,22**		**51.667,72**

Appendix 3

Notes for the financial year from 1st April 2005 to 31st March 2006

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 € 1,025,130,06 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 and in that of the foregoing 3 years 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 (ref. Other Information).

Accounting and valuation principles; foreign currency conversion

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 as 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 2005/2006 are set out in the appendices to these notes.

2. Receivables

Amounts due from affiliated companies consist exclusively of trade accounts receivable.

3. Payables

The general reservation of ownership applies to some portion of 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 economic situation of the company.

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 reevaluation according to liquidation based accounts would only change 2 positions therein with barely any major consequence (ref. earlier comment).

Managing Director

Dr. Bhaskar Sanyal, Keltern

Management Declaration

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 consolidations are prepared in accordance with the generally accepted accounting principles of the United States of America (US-GAAP) in Mumbai, (India) and Hamilton (Bermuda) respectively.
Pforzheim, 15th April, 2006

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 or Trigyn Technologies (India) Pvt. Ltd., Bangalore, for sale. These licenses relate to telecommunications and e-commerce software. The two most important software products are: Appollo, a billing and customer care solution in the telecommunication area 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. Ltd. 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.

Similar contracts were signed with Triygn Technologies Limited in April 2004 for equivalent services as an alternate to Trigyn Bangalore.

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

The company had 4 employees at the balance sheet date. All the employees were Indian engineers in the personnel resource division.

The company conducts its business in rented offices in Pforzheim.

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 (hard-ware 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 Sep-tember 2000 to the articles of association, the fi-nancial 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 € 1,670,973,74 as of 31st March 2006 are carried forward to the next financial year.
Last year's financial statements	At the shareholder's meeting on 22nd May 2005
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.

Auditors' report on Consolidated Financial Statements

To the Board of Directors

Trigyn Technologies Limited

1. We have audited the attached Consolidated Balance Sheet of Trigyn Technologies Limited ('the Company') and its subsidiaries, (the Company and its subsidiaries constitute 'the Group') as at March 31, 2006, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (together referred to as the consolidated financial statements). These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 88,314 thousands as at March 31, 2006, the total revenues of Rs. 436,010 thousands and net cash inflows amounting to Rs. 1,187 thousands for the year ended on that date have been incorporated in the consolidated financial statements on the basis of unaudited financial statements as provided and certified by the management of the said subsidiaries. Further, as stated in Note 3 (i), some of the financial statements are of periods prior to March 31, 2006.
4. As stated in Note 28, the Group has not fully complied with the requirements of Accounting Standard (AS) 17 ' Segment Reporting' issued by The Institute of Chartered Accountants of India.
5. Attention is invited to Note 3 (iii) to the consolidated financial statements with respect to adjustments carried out in the previous year's unaudited consolidated financial statement for the purpose of preparation of the consolidated financial statements for the year ended March 31, 2006.
6. The previous year's figures given in the consolidated financial statements are unaudited.
7. Attention is invited to Note 2.2 to the consolidated financial statements with regard to the financial statement having been prepared on a going concern basis for the reasons stated therein.
8. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India, and on the basis of separate audited financial statements of the Company and unaudited financial statements of its subsidiaries included in the consolidated financial statements.
9. Subject to what is stated in paragraphs 3 to 6 above, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements, read with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
   a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2006;
   b) in the case of the consolidated profit and loss account, of the loss of the Group for the year ended on that date; and c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner
Membership No: F-33220

Place: Mumbai
Date: July 31, 2006

Consolidated Balance Sheet as at 31 March 2006

(Currency: Indian Rupee)

	Note	2006	(Unaudited) 2005
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	4	**198,498,750**	198,498,750
Share application money	5	**397,500**	397,500
Reserves and surplus	6	**6,568,489,148**	6,565,472,293
		6,767,385,398	6,764,368,543
Minority interest	7	**347,106,880**	347,106,880
Loan funds	8		
Secured loans		**219,169,771**	233,485,411
Unsecured loans		**5,583,747**	8,764,132
		224,753,518	242,249,543
		7,339,245,796	**7,353,724,966**
APPLICATION OF FUNDS			
Goodwill	9	—	479,423,600
Fixed assets	10		
Gross block		**288,294,909**	287,859,225
Less: Accumulated depreciation		**265,515,772**	258,588,100
Net block		**22,779,137**	29,271,125
Investments	11	**4,696,260**	4,449,670
Current assets, loans and advances			
Unbilled receivables		**12,185,345**	4,550,433
Sundry debtors	12	**105,377,478**	63,320,310
Cash and bank balances	13	**110,727,729**	132,143,130
Loans and advances	14	**25,280,477**	21,909,014
		253,571,029	221,922,887
Less: Current liabilities and provisions			
Current liabilities	15	**313,228,418**	198,139,613
Provisions	16	**6,224,943**	5,193,396
		319,453,361	203,333,009
Net current assets / (liabilities)		**(65,882,332)**	18,589,878
Miscellaneous expenditure (to the extent not written off or adjusted)	17	**463,800**	778,000
Profit and loss account		**7,377,188,931**	6,821,212,693
		7,339,245,796	**7,353,724,966**

The accompanying notes form an integral part of this consolidated Balance Sheet.

For RSM & Co.
Chartered Accountants

For Trigyn Technologies Limited and its subsidiaries

Vilas Y. Rane
Partner (F-33220)

Tushar Vaidya
Director

Ramkrishna Bhagwat
Director

Place : Mumbai
Date : July 31, 2006

Consolidated profit and loss account for the year ended 31 March 2006

(Currency: Indian Rupee)

	Note	2006	(Unaudited) 2005
Income			
Software and consultancy services		**467,457,411**	407,114,173
Other income	18	**36,534,942**	75,279,862
		503,992,353	482,394,035
Expenditure			
Personnel costs	19	**236,971,476**	242,477,042
Depreciation	10	**7,097,961**	12,684,378
Amortisation of loan origination and preliminary expenses	17	**314,200**	314,195
Interest costs	20	**66,211,239**	67,924,929
Other costs	21	**268,953,073**	206,330,914
		579,547,949	529,731,458
Loss for the year before tax and exceptional items		**75,555,596**	47,337,423
Less: Provision for taxation			
Income tax provision		**(106,529)**	(71,484)
Fringe benefit tax		**(226,201)**	—
Loss for the year after tax and before exceptional items		**75,888,326**	47,408,907
Exceptional items	22	**—**	236,914,135
Prior Period expenses		**(664,312)**	(8,983,238)
Prior period adjustments - Amortisation of Goodwill		**479,423,600**	—
Profit/ (Net loss) for the year after tax and exceptional items		**(555,976,238)**	180,521,990
Accumulated loss, brought forward		**6,821,212,693**	7,001,734,683
Accumulated loss, carried forward		**7,377,188,931**	6,821,212,693
Earnings per share before exceptional items	23		
- Basic earnings per share		**(5.11)**	**(3.19)**
- Diluted earnings per share		**(5.07)**	**(3.17)**
Earnings per share after exceptional items			
- Basic earnings per share		**(37.44)**	**12.16**
- Diluted earnings per share		**(37.12)**	**12.05**

The accompanying notes form an integral part of this consolidated Profit and Loss Account.

For RSM & Co.
Chartered Accountants

For Trigyn Technologies Limited and its subsidiaries

Vilas Y. Rane
Partner (F-33220)

Tushar Vaidya
Director

Ramkrishna Bhagwat
Director

Place : Mumbai
Date : July 31, 2006

Consolidated Cash Flow Statement for the year ended 31 March 2006

(Currency: Indian Rupee)

				(Unaudited)
		2006		2005
Cash flow from operating activities				
Profit/ (Loss) after tax, prior period adjustments and exceptional items		**(555,976,238)**		180,521,990
Adjustments for:				
Diminution other than temporary in value of investments	**-**		485,600	
Interest income	**(1,208,679)**		(603,474)	
Income from Trade Investments	**(14,000)**		(14,000)	
Provision for doubtful debts/advances to debtors/ subsidiaries/ employees	**(3,245,807)**		14,603,393	
Depreciation and amortization	**7,412,161**		12,998,573	
Amortization of Goodwill	**479,423,600**		—	
Profit on sale of fixed assets (net)	**(25,000)**		(151,264)	
Provision for tax	**332,730**			
Interest Cost	**66,211,239**	**548,886,244**	67,924,929	95,243,757
Operating (loss)/profit before working capital changes		**(7,089,994)**		275,765,747
Changes in:				
(Increase)/Decrease in Sundry Debtors	**(49,692,080)**			22,543,156
(Increase)/Decrease in Loans and advances	**(1,067,329)**			18,152,620
Increase/(Decrease) in Current Liabilities and Provisions	**52,711,397**	**1,951,988**	(83,118,522)	(42,422,746)
Cash (used in) / generated from operations		**(5,138,006)**		233,343,001
Income taxes refund , net		**(2,204,357)**		2,346,720
Net cash (used in) / generated from operations	**(A)**	**(7,342,363)**		235,689,721
Cash flow from investing activities				
Proceeds from sale of fixed assets		**25,000**		405,304
Purchase of fixed assets		**(601,596)**		(1,020,163)
Purchase of investments		**(246,590)**		(4,346,070)
Interest Received		**1,288,121**		510,701
Dividend Received		**14,000**		14,000
Net cash (used) /generated in investing activities	**(B)**	**478,935**		(4,436,228)
Cash flow from financing activities				
Interest paid		**(84,958)**		(6,493,732)
Repayment of loans		**(17,496,025)**		(138,072,333)
Net Cash (used in) / generated from financing activities	**(C)**	**(17,580,983)**		(144,566,065)
(Decrease)/ Increase in cash and cash equivalents	**(A + B + C)**	**(24,444,411)**		86,687,428
Adjustments on account of currency translation reserve		**3,029,010**		(33,516,399)
Cash and cash equivalents at the beginning of year		**132,143,130**		78,972,101
Cash and cash equivalents at the end of year		**110,727,729**		132,143,130

Note:

Cash and cash equivalents consist of cash Rs. 79,355 (previous year Rs. 11,011) and bank balances in current account Rs. 103,601,973 (previous year Rs. 111,340,275) and in deposit account Rs. 7,046,401 (previous year Rs. 20,791,844).

As per our report of even date attached.

For RSM & Co.
Chartered Accountants

Vilas Y. Rane
Partner (F-33220)
Place : Mumbai
Date : July 31, 2006

For Trigyn Technologies Limited and its subsidiaries

Tushar Vaidya
Director

Ramkrishna Bhagwat
Director

Notes to the Audited Consolidated Financial Statements for the year ended March 31, 2006

(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 Mumbai, National, 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 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

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

Subsidiaries	Country of incorporation and other particulars	Percentage of holding (%)
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 Europe Gmbh, Pforzheim, Germany ('TTE')	A subsidiary of EB organised under the laws of Germany.	100
Trigyn Technologies Limited, Reading, UK (TTUK)	A subsidiary of EB organised under the laws of UK	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 *

The TTUK and EVCL and its 100% subsidiaries are being subject to voluntary liquidation. Accordingly these companies financials are prepared under liquidation basis of accounting.

* Refer note 7 for issue of Class A Preferred stock by EVCL.

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 TTL and its subsidiaries included in the consolidated financial statements, to the extent mentioned here before as well as EB and EM, which have been relegated to the status of non-performing companies. 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 negative net worth, 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

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

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. Further, subsequent to the year end, the holding company has entered into a one time settlement with the bank for repayment of its dues in full including preference share capital and has also issued further shares to a strategic investor. These will make the holding company and the Group completely debt free and also provide with the much needed working capital for its operations. Accordingly, 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 2.1).

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 2.1).

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.

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.

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

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

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.

2.6 Retirement benefits

In accordance with Indian regulations, TTL 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 and TTIPL provide for leave encashment costs based on an actuarial valuation carried out by an independent actuary at the balance sheet date.

LEI and TTI provides for leave encashment costs based on leave balances to the credit of employees at the year-end at the prevalent salary rates

In respect of LEI, gratuity costs are provided based on the arithmetical calculation.

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. Current investments are carried at lower of cost and fair value.

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.

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 ten 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.

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

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

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.

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 2006. 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.

2.10 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.

2.11 Foreign currency transactions

Transactions in foreign currency are recorded at the monthly average exchange rates. Net exchange gain or losses resulting in respect of foreign exchange transactions settled during the year are recognised in the profit and loss account. Foreign currencies 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 other than the exchange rate difference relating to fixed assets, which are adjusted against the carrying costs of corresponding fixed assets.

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, considered as non integral operations, and conversion of foreign branches, which are integral to the operations 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 has been transferred to foreign exchange translation reserve and in respect of foreign branches the exchange difference 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.

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

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.

3 Accounting adjustments/assumptions in consolidation

i) The consolidated financial statements includes the financials of certain subsidiaries which are unaudited and are accounted and updated upto a particular date and are as prepared by the management. The details of which are given below:

Name of the subsidiaries	Updated upto
eCapital Solutions (Bermuda) Limited	March 31, 2005
eCapital Solutions (Mauritius) Limited	March 31, 2005
Trigyn Technologies Europe Gmbh, Pforzheim, Germany	March 31, 2006
Trigyn Technologies Limited, UK (under liquidation)	March 31, 2002
eVector (Cayman) Limited and its 100% subsidiaries (under liquidation)	March 31, 2002

Management further confirms that there have been no changes in the financials status of the above said subsidiaries from the date on which the last financial statements have been drawn.

ii) Goodwill amounting to Rs.479,423,600 has been written off in the current year, which was required to be written off during the previous year ended March 31, 2005.

iii) On account of lack of adequate details in relation to certain items of the unaudited consolidated financial statement of earlier years, an adjustment of Rs. 42,995,448 has been carried out in the previous year's unaudited consolidated financial statement by reducing the 'brought forward losses' and the 'foreign exchange translation reserve' by an equivalent amount for the purpose of preparation of the consolidated financial statements.

	2006	(Unaudited) 2005
4 Share capital		
Authorised		
20,000,000 (2005: 20,000,000) equity shares of Rs 10 each.	**200,000,000**	200,000,000
5,000,000(2005: 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 (2005: 14,849,875) equity shares of Rs 10 each fully paid up.	**148,498,750**	148,498,750
5,000,000(2005:5,000,000) 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 (2005: 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 (2005: 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 (2005: 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:

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

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.

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

			(Unaudited)
5	**Share application money**	**2006**	2005
	Application money under Employees stock option plan ('ESOP').	**397,500**	397,500
6	**Reserves and surplus**		
	Share premium account		
	- Balance at the beginning of the year	**6,538,364,825**	6,538,364,825
	Employee stock options outstanding		
	- Balance at the beginning of the year	**2,775,135**	6,116,170
	- Reversal on forfeiture of stock options	**(12,155)**	(3,341,035)
		2,762,980	2,775,135
	Less: Deferred employee compensation expense		
	- Balance at the beginning of the year	**-**	2,006,097
	- Reversal on forfeiture of stock options	**-**	(1,549)
	- Amortisation of deferred employee compensation expense	**-**	(2,004,548)
		-	-
		2,762,980	2,775,135
	Foreign Exchange Translation Reserve	**27,361,343**	24,332,333
		6,568,489,148	6,565,472,293

7 Minority interest

Composition

At 31 March 2006, 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.

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

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 Sates.

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.

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, in view of eVector Group's liquidation arrangements, the minority interest has been reduced to Rs. 347.11 million on account of the pay-out to the investors from their invested funds in Preference A Shares. The effect in the minority interest could vary upon the final execution of the Settlement Agreement.

			(Unaudited)
		2006	2005
8	**Loan Funds**		
	Secured loans		
	Term loans from bank	**216,046,371**	233,485,411
	From ex- officer	**3,123,400**	—
		219,169,771	233,485,411
	Unsecured loans		
	From others	**5,583,747**	8,764,132
		5,583,747	8,764,132
		224,753,518	242,249,543

The Company has taken term loans from Oriental Bank of Commerce (OBC) (earlier known as Global Trust Bank (GTB)). The term loans from OBC are secured by the sole charge on all the assets of the Company and its subsidiaries in India. In addition, the term loans from OBC 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.
Loan from ex-officer is secured by a first charge on the fixed and current assets of a subsidiary company.

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

9 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.

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: (Currency : Indian Rupee)

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 2004	**(6,006,921,923)**
Balance at 1 April 2004	**479,423,600**
Less: amortisation during the year ended 31 March 2005	**—**
Balance at 1 April 2005	**479,423,600**
Less: amortisation during the year ended 31 March 2006	**(479,423,600)**
Balance outstanding as at March 31, 2006	**—**

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

		2006	(Unaudited) 2005
11	**Investments**		
	Long term/Non trade (unquoted) investments		
	100 equity shares(2005: 100) of Rs 36 each fully paid up in Bombay Mercantile Co operative Bank Limited	**3,600**	3,600
	Buyback Value of Pension Insurance	**4,592,660**	4,346,070
	10,000 equity shares(2005: 10,000) of Rs 10 each fully paid up in North Kanara GSB Co operative Bank Limited	**100,000**	100,000
		4,696,260	4,449,670
	100,000 shares (2005: 100,000)of $0.01 each fully paid up of Empowertel Systems, each fully paid up	**485,600**	485,600
	Less: Provision for decline other than temporary in value of investment	**485,600**	485,600
	Balance	**-**	-
		4,696,260	4,449,670
12	**Sundry debtors**		
	(Unsecured)		
	Debts over six months		
	- considered good	**1,622,205**	6,123,727
	- considered doubtful	**229,274,814**	227,778,433
	Others debts		
	- considered good	**103,755,273**	57,674,811
	- considered doubtful	**21,121**	542,582
		334,673,413	292,119,553
	Less: Provision for doubtful debts	**229,295,935**	228,799,243
		105,377,478	63,320,310
13	**Cash and bank balances**		
	Cash balance on hand	**7,855**	11,011
	Cheques on hand	**71,500**	—
	Balances with scheduled banks		
	- On current account	**17,448,653**	25,403,481
	- On deposit account	**7,046,401**	20,791,844
	Balances with non scheduled banks	**86,153,320**	85,936,794
		110,727,729	132,143,130

As more fully 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 674,303 for the purposes of meeting its liquidation related expenses and payment of outstanding liabilities.

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

	2006	(Unaudited) 2005
14 Loans and advances		
(Unsecured, considered good)		
Loans and advances to employees	**4,792,058**	4,844,990
Deposits	**7,767,625**	7,778,504
Advance income taxes	**5,897,837**	3,954,611
Advance fringe benefit taxes	**244,599**	
Advances recoverable in cash or in kind for value to be received	**6,578,358**	5,330,909
	25,280,477	21,909,014
(Unsecured considered doubtful)		
Loans and advances to employees	**5,032,328**	6,300,521
Advance for Purchase of Fixed Asset	**1,342,893**	1,342,893
Less: Provision made for advances	**6,375,221**	7,643,414
	-	-
	25,280,477	21,909,014
\15 Current liabilities		
Sundry creditors	**73,297,429**	24,147,982
Unclaimed dividend		
- Amount to be deposited with Investor Education and Protection Fund	**164,478**	
- Others	**324,824**	
Billings in excess of costs and estimated earnings on uncompleted contracts	**-**	3,971,341
Other liabilities	**109,441,687**	72,520,290
Interest accrued but not due on term loans (Refer note 20)	**130,000,000**	97,500,000
	313,228,418	198,139,613
16. Provisions		
Provision for income tax	**2,439,060**	2,538,386
Provision for fringe benefit tax	**226,201**	—
Provision for leave encashment and gratuity costs	**3,559,682**	2,655,010
	6,224,943	5,193,396
17. Miscellaneous expenditure (to the extent not written off or adjusted)		
Loan origination costs	**773,000**	1,082,200
Less: written off during the year	**309,200**	309,200
	463,800	773,000
Preliminary expenses	**5,000**	9,995
Less: written off during the year	**5,000**	4,995
	-	5,000
	463,800	778,000
18. Other income		
Interest received on deposits with banks (TDS Rs. 220,939, 2005:Rs. 32,353)	**1,136,986**	603,474
Interest received on income tax refund	**71,693**	—
Lease rental income	**25,708,122**	26,861,110
Exchange gain (net)	**—**	16,453,826
Profit on sale of fixed assets	**25,000**	164,967
Dividend from non trade investments	**14,000**	14,000

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

	2006	(Unaudited) 2005
Provision for earlier years, no longer required, written back	**3,245,807**	2,727,974
Royalty Income	**3,714,101**	4,539,919
Miscellaneous income	**2,619,233**	23,914,592
	36,534,942	75,279,862
19. Personnel costs		
Salaries, bonus and overseas allowances	**211,739,549**	221,295,316
Contribution to provident and other funds	**18,179,340**	14,239,406
Gratuity and leave encashment costs	**1,580,184**	2,428,467
Staff welfare	**397,342**	896,225
Sales commission	**5,087,216**	4,952,566
Employee stock option expenses, net of forfeiture of options	**(12,155)**	(1,334,938)
	236,971,476	242,477,042
20. Interest costs		
On term loans *	**66,126,281**	67,869,695
Others	**84,958**	55,234
	66,211,239	67,924,929

* Includes Rs. 32,500,000 (2005: Rs. 32,500,000) provided for in lieu of preference dividend for 2005.

As per the Facility agreement and Preference Share Subscription Agreement signed with Oriental Bank of Commerce (OBC) earlier known as Global Trust Bank (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 holding company is unable to declare dividend in any year, for lack of adequate profits. Accordingly, the holding company has made the provision towards this liability.

	2006	2005
21. Other costs		
Consultancy charges	**207,380,850**	126,389,768
Provision for doubtful debts/advances	**-**	14,603,393
Rent, rates and taxes	**15,953,200**	17,635,669
Travel and conveyance costs	**19,355,029**	13,278,347
Legal and professional fees	**10,508,194**	12,016,204
Communication expenses	**2,682,802**	4,132,351
Insurance	**2,283,466**	2,784,780
Repairs and maintenance	**585,305**	905,579
Exchange loss (net)	**1,840,142**	-
Miscellaneous expenses	**8,364,085**	14,584,823
	268,953,073	206,330,914
22. Exceptional items		
Exceptional items included in the consolidated financial statements are summarised below:		
Sale of business account	**-**	183,915,397
Write back of amounts payable to ex-officer	**-**	40,853,696
Provision for decline in the value of investments (other than temporary)	**-**	(485,600)
Others including Prior period taxes written back	**-**	12,630,642
	-	236,914,135

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

23. Earnings per share

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

		(Unaudited)
	2006	2005
Profit / (Loss) for the year after tax and before exceptional items	**(75,888,326)**	(47,408,907)
Add: exceptional items	**—**	236,914,135
Less: prior period expenses	**664,312**	8,983,238
Less: prior period adjustment (amortisation of Goodwill)	**479,423,600**	—
Profit / (Loss) after tax and exceptional item attributable to equity share holders	**(555,976,238)**	180,521,990
Weighted average number of shares used in computing earnings per share (Basic)	**14,849,875**	14,849,875
Weighted average number of shares used in computing earnings per share (Diluted)	**14,975,901**	14,975,901
Earnings / (loss) per share before exceptional items		
- Basic	**(5.11)**	**(3.19)**
- Diluted	**(5.07)**	**(3.17)**
Earnings / (loss) per share after exceptional items		
- Basic	**(37.44)**	**12.16**
- Diluted	**(37.12)**	**12.05**

24. Onetime settlement with Oriental Bank of Commerce

Subsequent to the year end, the holding company has entered with onetime settlement (OTS) with Oriental Bank of Commerce ('OBC' or 'the bank'). As per the terms of the OTS, the bank has permitted the full and final settlement of term loan granted to the TTL amounting to Rs.216,046,371 (interest thereon Rs. 62,557,478) and the investment made by the bank in preference share capital of TTL amounting to Rs. 50,000,000 (interest thereon Rs.130,000,000) for Rs. 112,500,000 subject to fulfillment of certain conditions.

25. Leases

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.

TTIPL has entered into operating lease arrangements, for leasing office premises in India. The Company received and recognized (included in miscellaneous income) sub-lease rentals in the profit and loss account for the year amounted to Rs. 15,724,272 (2005: Rs. 15,724,272).

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

	2006 (Rs.)	2005 (Rs.)
Gross block of leasehold improvements	**118,514,823**	118,514,823
Less: accumulated depreciation	**104,536,706**	98,275,703
Net Block	**13,978,117**	20,239,120

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

The future minimum lease income in respect of the above non-cancelable operating leases as at 31 March 2006 are summarised below:

	2006 (Rs.)	2005 (Rs.)
Amount due within one year from the balance sheet date	**16,112,356**	15,348,402
Amount due in the period between one year and five years	**19,626,389**	26,890,050
Amount due after five years	**NIL**	NIL

The future minimum lease payments in respect of such non-cancelable operating leases as at March 31, 2006 are summarized below:

	2006	2005
Amount due within one year from the balance sheet date	**10,871,353**	9,822,423
Amount due in the period between one year and five years	**29,676,685**	25,617,817
Amount due after five years	-	-

26. 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 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, 31 March 2004, 31 March 2005 and 31 March 2006:

	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
Forfeited during the year 2005	(500)
Balance at 31 March 2005	6,375
Forfeited during the year 2006	(2,375)
Balance at 31 March 2006	4,000

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. 498,750 (2005: Rs. 134,775).
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. These options would vest equally over a period of four

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

years,with a minimumvesting period of one year from the date of the grant of these options. The Company has reconstituted a compensation committee as prescribed by the SEBI guidelines in March 2005, for the purpose of administering this Plan.
During the year, the Company issued 626,000 options to employees including 150,000 options to employees of its subsidiaries, (2005: 150,300, including 150,000 options to employees of its subsidiaries) under the above Plan at an exercise price equivalent to the market price of the shares, on the date of grant of the options. In the current year in respect of above, Nil options to employees of its subsidiaries (2005: 150 options including Nil options to employees of its subsidiaries) have been forfeited.
Further, during the year ended 31 March 2001, the Company issued 156,050 options including 34,250 options to employees of its subsidiaries, at an exercise price of Rs 380 per option and the prevalent market price of the shares, on the date of grant of these options was Rs 394.3 per share. In the current year, in respect of the above, 850 options including Nil options to employees of its subsidiaries (2005: 12,450 options, including 6,750 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, Nil options (2005: 10,000) 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 240,000 stock options convertible into equivalent amount of equity shares in one tranche at an exercise price of Rs.10/- per equity share. These shares., if opted for, are to vest after a lock in period of one year from the date of grant of the said stock options. The Company has accordingly provided the price differential in its books of accounts in terms of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. The requisite statutory approvals would be taken at the time of issue of these equity shares to Mr. Homiyar Panday.

During the year the Company has granted stock options to Mr. Thomas A Gordon, Senior Vice President – US Operations and Employee of the Subsidiary Company, Trigyn Technologies Inc., upto a maximum limt of 150,000 stock options convertible into equivalent amount of equity shares at market price during the month of November 2005 in terms of the Employees Stock Options Plan of the Company as applicable to its overseas subsidiaries' employees These shares., if opted for, are to vest pro rata after a lock in period of one year from the date of grant of the said stock options This grant is subject to the approval of the members of the Company at the forthcoming Annual General Meeting and also other statutory approvals like SEBI, RBI, etc., as may be required.

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, 31 March 2004, 31 March 2005 and 31 March 2006:

	Number of options
Options granted during the year 2001	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
Options granted during the year	150,300
Forfeited during the year	45,750
Balance at 31 March 2005	404,150
Options granted during the year	626,000
Forfeited during the year	1,400
Balance at 31 March 2006	1,028,750

Notes to the Audited Consolidated Financial Statements (Continued)

(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 Employee Stock Option Plans compensation income for the year ended 31 March 2006 aggregated Rs 12,155 (2005: Rs 1,334,938).

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
Options granted during the year 2000 - 2001	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
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
Forfeited during the year	(596,603)
Balance at 31 March 2005 and 31st March 2006	-

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 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 2006:

	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	**-**
Balance as at 31 March 2004	**-**
Balance as at 31 March 2005	**-**
Balance as at 31 March 2006	**-**

Employee Stock Option Plan-2 ('ESOP plan-2') and Merger and Acquisition Incentive Program ('M&A plan')

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

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.

27. Related party transactions

Details of related parties including summary of transactions entered into by the Trigyn Group during the year ended 31 March 2006 are summarised below:

Names of related parties (as certified by the management)

Whole-time Directors

Tushar Vaidya

Ramkrishna Bhagwat

Couldip Basant Lala

Bhaskar Sanyal

Kapil Dev Joory

Particulars of related party transactions during the year ended 31 March 2006

Personal cost includes managerial remuneration paid to whole-time directors as follows:

		(Unaudited)
	2006	2005
- Salaries and bonus	**6,986,036**	7,442,917
- Others	**2,116,005**	611,420
	9,102,041	8,054,337

28. Segmental reporting

The Companies financial reporting is organized in four major segments viz. Consultancy and IT Services, Finance and Insurance, Government, and Manufacturing and Pharma.

These divisions are the basis on which the Company is reporting its primary segment information. Segments are identified based on the types of customers.

Primary segment information

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

(Rs. in lakhs)

Details	Consultancy / IT Services		Finance / Insurance		Government		Manufacturing/ Pharma		Elimination		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Segment Revenue												
External sales	**1,031**	1,104	**1,299**	1,127	**1,578**	469	**767**	1,371				
Inter-segment sales	**—**	6	**36**	91	**245**	296	**41**	52	**(322)**	(445)		
Total Revenue	**1,031**	1,110	**1,335**	1,218	**1,823**	765	**808**	1,423	**(322)**	(445)	**4,675**	4,071
Segment Result	**196**		**259**		**197**		**215**	—			**867**	1,041
Unallocated expenses (net)											**(973)**	(841)
Operating profit / (loss)												
Interest expenses											**(106)**	200
Interest income											**(662)**	(679)
Income taxes											**12**	6
Profit from											**(3)**	(1)
ordinary activities												
Prior period expenses /											**(759)**	(474)
adjustments											**(4,801)**	(90)
Exceptional items											**—**	2,369
Net Profit											**(5,560)**	1,805

Following information in respect of the primary segment and secondary segment are not given as details for the same are not available.

In respect of primary segment:

- total carrying amount of segment assets,
- total amount of segment liabilities,
- total cost incurred during the period to acquire segment assets that are expected to be used for more than one period,
- total amount of expense included in the segment result for depreciation and amortisation in respect of segment assets for the period, and
- reconciliation of segmental assets and segmental liabilities with assets and liabilities of the group as per the consolidated financial statement.

In respect of secondary segment:

- Segment revenue from external customer by geographical area based on the geographical location of the customer,
- the total carrying amount of segment assets by geographical location of assets, and
- the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (tangible and intangible fixed assets) by geographical location of assets.

29. Regulatory matters

TTL

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:

Discount cost aggregating Rs 116.83 million representing allowances made by the Company, arising from negotiations and settlement with a certain customer outside India.

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

Notes to the Audited Consolidated Financial Statements (Continued)

(Currency: Indian Rupee)

Other subsidiaries

During the year, TTIPL received a Show Cause Notice from the Office of the Enforcement Directorate, New Delhi asking to show cause as to why adjudication proceedings, as contemplated under certain provisions of the Foreign Exchange Management Act, 1999 and Rules thereunder should not be held against TTIPL for purported failure to realise software proceeds to the tune of USD 267,955 and Euro 149,210 from various foreign entities. This Show Cause Notice was based on the complaint filed by the Assistant Director, Directorate of Enforcement, Bangalore based on the reference of the Reserve Bank of India ("RBI") / Authorised Dealer, to whom the TTIPL had earlier made applications seeking permission for extension of date of receipt of export proceeds, which were outstanding beyond the period permitted by the aforesaid Act / Rules. TTIPL thereafter has successfully represented its case before the Office of the Enforcement Directorate, New Delhi and based on the submissions advanced during the proceedings and the documentary evidence produced, the charges against the TTIPL have since been dropped.

TTIPL has regularized the collections in respect of its associates except for the associate in Germany, which is also being improved upon. TTIPL has made necessary applications to the 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.

30. 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 2006 aggregated Rs. NIL (2005: Rs. 19,681).

31. Income tax matter

Income tax assessments for the AY 1995 – 1996 and AY 1996 – 1997 are pending for rectification while an appeal is pending before the tribunal for AY 2000 – 2001. The primary assessments for the above years have been completed and the demand as arrived by the Income Tax Department has been adjusted against the refund received against the assessment for AY 2001 – 2002. In view of this no provision for the same has been created.

32. Contingent liabilities

TTL :-

1. Counter guarantees on behalf of Leading Edge Infotech Limited, a wholly owned subsidiary Rs 1,000,000 (2005: Rs. 1,000,000).

TTIPL :-

2. 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.
3. 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.
4. TTIPL being unit situated in Software Technology Parks is exempted from customs, central excise and government levies in respect of imported and indigenous capital goods purchased by these units. TTIPL has executed bond 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 is not fulfilled by TTIPL. Accordingly, bank guarantee aggregating Rs 2,500,000 have been given to the Customs Authorities in this regard as at 31 March 2005 (2005: Rs. 2,500,000).

18. The previous year's figures have been regrouped / reworked and or rearranged wherever necessary to confirmto current year's groupings and classifications.

For Trigyn Technologies Limited and its Subsidiaries

Tushar Vaidya	**Ramkrishna Bhagwat**
Director	Director

Place : Mumbai
Date : July 31, 2006

TRIGYN TECHNOLOGIES LIMITED

Regd. Office : 27-A, SDF I, SEEPZ - SEZ, M.I.D.C., Andheri (East), Mumbai 400 096. INDIA
PHONE : +91 (22) 2829 0909, FAX : + (22) 2829 1418.

PROXY FORM

DP ID ______________________ Client ID ______________________

Folio No. ______________________ No. of Shares held ______________________

I / We ____ of ____ being a Member / Members of Trigyn Technologies Limited hereby appoint ______________________ or failing him / her

______________________ of ______________________ as my / our proxy in my / our absence to attend and vote on my / our behalf at the Twentieth Annual General Meeting of the Company to be held at The All India Plastics Manufacturers' Association Auditorium, AIPMA House, A-52, Street No. 1, M.I.D.C. Marol, Andheri (E), Mumbai 400 093 on September 26, 2006 at 3.30 p.m.

Signed this ______________ day of ______________ ,2006

Please affix 1 Rupee Revenue Stamp here

Signature ______________

Note : The proxy must be returned so as to reach registered office of the Company not less than forty eight hours before the time for holding the aforesaid meeting.

— — — — — — — — — — — — — — — — (TEAR HERE) — — — — — — — — — — — — — — — —

TRIGYN TECHNOLOGIES LIMITED

Regd. Office : 27-A, SDF I, SEEPZ - SEZ, M.I.D.C., Andheri (East), Mumbai 400 096. INDIA
PHONE : +91 (22) 2829 0909, FAX : + (22) 2829 1418.

ATTENDANCE SLIP

DP ID ______________________ Client ID ______________________

Folio No. ______________________ No. of Shares held ______________________

Full name of Member (s) ____

I / We hereby record my / our presence at the Twentieth Annual General Meeting of the Company to be held at The All India Plastics Manufacturers' Association Auditorium, AIPMA House, A-52, Street No. 1, M.I.D.C. Marol, Andheri (E), Mumbai 400 093 on September 26, 2006 at 3.30 p.m.

Signature of the Member / Proxy / Representative * ______________________

Note : Please fill in this attendance slip and hand over at the entrance to the meeting.

* Strike out whichever is not applicable.