

# Trigyn Technologies Ltd. ₹130

## India is biggest Exporter to USA...!!! Buy



Mar 09, 2018

### Company Background

Trigyn Technologies is an IT Services entity it has been in business for more than 30 years. Established by a group of software professionals in 1986. It designs and delivers information technology architecture that is customised for Finance, eBusiness and Telecom across various user verticals. Trigyn provides IT Solutions, Staffing, Consulting, Systems Integration, Managed Services, Software Development, Maintenance, and other services. Now, it has more than 1,500 resources deployed across world, United States, Canada, Europe, India, Africa and the Far East. It is primarily engaged in the development of customised applications and client server custom engineered solutions principally to customers in the telecommunication, insurance and financial services sectors. In USA and Canada, it has office locations in Edison, New Jersey, New York, Washington, D.C., Toronto & Montréal. Operations in Europe are supported from Solothurn, Switzerland, it has a significant presence in Geneva, Switzerland, Spain, Kosovo, and Italy. Its Global Development Centers are located in Mumbai, India, which also supports operations in Asia, Africa and the Far East.

### Key Highlights

- ➔ Trigyn got the contract to provide technical support for ARIPO's Intellectual Property Software known as "POLite+". This contract shall be applicable for 2 years with an option to renew for an additional 1 year. This contract is effects in January 2018.
- ➔ Contract for Trigyn from International Fund for Agriculture Development, Italy. The value of the contract is \$15,00,000 and will be executed over a period of three years starting January 2018.
- ➔ One of its subsidiary, Trigyn Technologies, Inc. has been achieved a contract by the City of Rochester, to provide IT Services including, Program Manager, Senior Project Manager, Project Manager, Process Manager, Business Analyst, Technical Support-Infrastructure, Technical Support-Information Technology, Security Analyst and Application Services Development & Support.
- ➔ Company is looking to expand company's presence in healthcare and cyber security in India.

### Key Financials

Year Ended 31 <sup>st</sup>	Mar 15	Mar 16	Mar 17
Revenue (INR mn)	1,547.4	1,546.9	568.2
Rev. growth (%)	(27.76)	(0.03)	(63.27)
EBITDA (INR mn)	607.9	14.1	38.8
Net profit (INR mn)	0.2	21.3	8.3
Shares outstanding (mn)	29.4	29.5	29.7
EPS (INR)	0.0	0.7	0.3
EPS growth (%)	(99.95)	7100.00	(61.11)
P/E (x)	3520.00	93.06	407.68
RONW (%)	(0.23)	0.34	0.14
ROCE (%)	(0.12)	0.54	0.31

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### Info Codes

Reuters	: TRIG.BO
Bloomberg	: LES IN
NSE	: TRIGYN
BSE	: 517562

### Market Data

52 Wk Range (₹)	: 87/189
Shares in Issue (mn)	: 29.7
Market. Cap ( bn)	: 3.89
BSE 2 Wk Avg Vol	: 28000

### Share Holding Pattern (%)

Promoters Holding	: 47.35
Public & Others	: 44.20
Corporate Holding	: 06.02
Foreign Institution	: 02.43
Institutions	: 00.00

### Investment Theme

Indian IT exports are expected to grow at 7-8 % in 2017-18. India is a prominent sourcing destination across the world, accounting for approximately 55 % market share of the \$ 173-178 bn global services sourcing business in 2016-17. IT sector ranks 3rd in India's total FDI share. Company is planning to enter into to new business lines; Health care and Cyber security in India. During the 3rd Quarter of 2018 company got some order from Andhra Pradesh, contract worth is ₹ 160 cr for design/ implementation of virtual classroom systems. During the year company achieved total Revenue of ₹ 558.28 mn as compared to ₹ 1529.05 mn in the previous year. Drop in revenue was due to amendment in Inter-Company Agreement with its US based wholly owned subsidiary. Net profit is at ₹ 8.31 mn as compared to ₹ 21.28 mn in the previous year.

**Export revenue has grown at a CAGR of 12.91%...!!!**

## Financial Statements

### Income Statement

(₹ mn)

Year end	Mar 15	Mar 16	% Chg	Mar 17	% Chg
Net Sales	1,500.0	1,529.1	1.9	558.3	(63.5)
Other Income	47.4	17.8	(62.4)	9.9	(44.4)
Change in Stocks	0.0	0.0	0.0	0.0	0.0
Raw Material Con.	3.1	29.5	851.6	17.5	(40.7)
Employee Exp.	1,433.7	1,375.2	(4.1)	420.0	(69.5)
Indirect Taxes	0.0	0.0	0.0	0.0	0.0
Other Exp.	96.5	103.5	7.3	108.2	4.5
Operating Exp.	1,533.3	1,508.2	(1.6)	545.7	(63.8)
Operating Profit	14.1	38.7	174.5	22.5	(41.9)
Total Interest	3.1	4.3	38.7	2.9	(32.6)
Gross Profit	11.0	34.4	212.7	19.6	(43.0)
Net Dep.	6.0	4.7	(21.7)	6.1	29.8
Total Taxation	4.8	8.4	75.0	5.2	(38.1)
Net Profit/Loss	0.2	21.3	10,550.0	8.3	(61.0)

### 4 Years Balance Sheet

(₹ mn)

Balance Sheet as on 31 <sup>st</sup>	Mar 14	Mar 15	Mar 16	Mar 17
<b>SOURCES OF FUNDS</b>	<b>1,653.7</b>	<b>1,636.5</b>	<b>1,695.5</b>	<b>1,738.3</b>
Equity Share capital	293.7	294.2	294.5	297.4
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	1,352.1	1,335.1	1,378.3	1,409.6
Secured Loans	0.0	0.0	0.0	0.0
Unsecured Loans	7.9	7.2	22.7	31.3
<b>USES OF FUNDS</b>	<b>1,653.7</b>	<b>1,636.5</b>	<b>1,695.5</b>	<b>1,738.3</b>
Gross Block	99.0	49.1	54.4	68.2
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	86.2	39.8	44.4	50.2
Net Block	12.8	9.3	10.0	18.0
Capital Work in Progress	0.0	0.0	0.0	0.0
Investments	907.3	907.4	924.6	935.9
Current Assets	690.0	554.8	498.9	450.9
Less : Current Liabilities	243.0	180.3	115.4	70.2
Total Net Current Assets	447.0	374.5	383.5	380.7
Misc. Expenses not writtenoff	286.6	345.3	377.4	403.7
<b>NOTE</b>				
Book Value of Unquoted Investments	0.0	0.0	0.0	0.0
Market Value of Quoted Investments	33.7	26.1	20.2	34.7
Contingent Liabilities	0.0	0.0	0.0	0.0
Dividend (%)	0.0	0.0	0.0	0.0

## Quarterly Income Sheets

(₹ mn)

Quarter Ended	Mar 17	Jun 17	Sep 17	Dec 17
Net Sales	146.0	133.6	132.7	168.1
Cost Of Sales	143.2	130.6	138.4	158.7
Operating Profit	2.8	3.0	(5.7)	9.4
Other Income	2.1	1.4	3.7	(6.0)
Adjusted PBDIT	4.9	4.4	(2.0)	3.4
Financial Expenses	0.8	0.7	1.0	0.9
Depreciation	2.1	2.4	2.5	2.8
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	2.0	1.3	(5.5)	(0.3)
Tax Charges	1.5	0.5	(1.9)	1.8
Reported Profit	0.5	0.8	(3.6)	(2.1)
Extra Ordinary Items	(1.0)	(0.2)	(2.2)	0.0
Other Non Cash Adjust	1.4	1.6	0.0	1.8
Adjusted Net Profit	1.6	0.9	(1.4)	(2.1)

## 52 Week Index Relative Percentage Appreciation



Trigyn vs SENSEX

## Risks Associated

- ➔ During the year Net sales down by 63.5% to ₹ 558.3 mn, operating profit decreased by 41.9% to ₹ 22.5 mn and net profit lowered by 61% to ₹ 8.3 mn on YoY basis.
- ➔ Increasing level of competition across the IT services industry with a shrinking number of client dollars and more competitors chasing these dollars.
- ➔ As the company has operation in various countries, there will be a chance to get impact company's revenue if there is any changes in Foreign exchange rates.

## Scope of Growth

- ➔ Reduction of share capital in the securities premium account has been approved by the NCLT by writing off the losses accumulated. By way of the scheme, company has been successful in writing off the accumulated losses amounting to ₹ 530 cr.
- ➔ During the Q3, company got the contract from, Andhra Pradesh State Fibernet Ltd & Southern Power Distribution Company of AP Ltd. The total contract amount of Rs 160 Cr inclusive of design/ implementation of virtual classroom systems, inclusive of the cost towards operations and maintenance for a period of 3 years post Go-Live of the implementation phase.
- ➔ USA has been the biggest importer of Indian IT exports; over 62% of Indian IT-BPM exports were absorbed by the USA, Non USA-UK countries accounted for just 21% of total Indian exports during FY17.
- ➔ Trigyn Technologies has been in business for close to 30 years with over 1500 resources deployed now.

**In a Nutshell**

Trigyn is made Partnerships & Alliances with Microsoft Corporation, IBM, Oracle and TIBCO. It is accredited by Microsoft Corporation as a "Microsoft Gold Competency Partner" in the area of Digital Marketing with additional competencies in Application Development, Portals, Collaboration and Mobility. Authorized partner for IBM's Smarter Cities program, aims to provide sustainable and innovative solutions. Company established Oracle Gold partner, it aims to serve clients worldwide with its proven capabilities and service offerings like Application Development & Maintenance, Consulting, Upgrade for Oracle Fusion Middleware, Oracle Database, Business Process Management, Cloud Applications etc. Trigyn is an authorized TIBCO partner, in both the commercial and Federal Government domains. Partnership allows to leverage its more than 1,500 resources deployed in 25 countries and 30 years of experience, in the areas of Health Insurance, Financial Services, Distribution, Government, NGOs, Enterprise Application Integration, Development and Maintenance with TIBCO product offerings. During the year company has acquired Computers and Printers under Hire purchase arrangement from various parties aggregating to ₹ 6.02 mn. Company has already paid ₹ 1.13 mn during the year. Now the company has debt ₹ 4.88 mn, it carries finance charges at 9% p/a and the principle will repayable by February 2019. It has total 6 subsidiaries in India, USA and Germany. Company has formed a subsidiary in Switzerland; Trigyn Technologies Schweiz GMBH on 6th March 2017. The company has invested ₹ 1.36 mn. It is Wholly owned subsidiary of the company and yet to commence its operations.

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**Rating Interpretation**

**Buy** : Expected to appreciate 20% or more over 12-months

**Accumulate** : Expected to appreciate 10% to 20% over 12-months

**Trade Buy** : Expected to appreciate more than 10% over 45-days

**Reduce** : Expected to depreciate up to 10% over 12-months

**Sell** : Expected to depreciate 10% or more over 12-months

**Trade Sell** : Expected to depreciate more than 10% over 45-days

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