

CFCL TECHNOLOGIES LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your directors are pleased to present the Directors' Report of CFCL Technologies Limited and the Audited Statement of Accounts of the Company for the year ended December 31, 2010.

Financial Results

The performance of the Company for the year ended December 31, 2010 is summarized below:

(US\$ In 000's)

Particulars	Year ended December 31, 2010	Period ended December 31, 2009
Income	NIL	150
Profit /(Loss) before tax	(710)	(348)
Profit /(Loss) after tax	(710)	(348)

Business Operations:

The Company and its subsidiaries is one of the most diverse product and services providers for the US Mortgage industry. With its operations in virtually all segments of the US Mortgage market- from origination to servicing , including modifications and support with foreclosure, the company has become a dominant player in the mortgage solutions industry. The Company's customers are large mortgage banks and large and mid-size lending institutions in the US mortgage arena.

Your company is not engaged in any other business activity, except, to hold the common stock of its subsidiaries namely (1) ISGN Corporation USA and (2) CFCL Ventures Limited, Cayman Islands.

Directors:

Mr. Shyam S Bhartia, Mr. Krishna Srinivasan, Mr. Thomas W. Warsop, III, Mr. C S Nopany, Mr. Akshay Poddar, Mr. Mark Perry, Mr. Ravi Viswanathan and Mr. David E Creamer are the present members of the Board.

Dividend

In the absence of profits, the Company is not proposing to declare any dividend this year.

CFCL TECHNOLOGIES LIMITED

Share Capital

During the year ended December 31, 2010, pursuant to share purchase agreement dated 25th August, 2010 between CFCL Technologies Limited, NEA FDI Limited, NEA –Indo US Ventures LLC and CFCL Overseas Limited the Company had issued 786,887 Series D Preference shares of US\$ 0.0001 each with issue price of US\$ 12.7083 per share.

Subsidiary Companies

The following are the subsidiaries of the Company.

	Name of Subsidiary	Country of Incorporation	% holding As at December 31, 2010	% holding As at December 31, 2009
a)	Subsidiaries			
1	CFCL Ventures Limited ("CVL")	Cayman Islands	100%	100%
2	ISGN Corporation	U.S.A.	99.99%	99.99%
b)	Step-down Subsidiaries of ISGN Corporation			
1	ISGN Solutions, Inc	U.S.A.	100%	100%
2	NITC, GmbH –under winding up procedures	Germany	100%	100%
3	Richmond Title Genpar, LLC ("Genpar")	U.S.A.	100%	100%
4	Richmond Investors, LLC ("Investors")	U.S.A.	100%	100%
5	Richmond Title Services, LP ("Richmond LP")	U.S.A.	100%	100%
6	Flex Agents Signing Team, LLC ("Flex")	U.S.A.	100%	100%
7	Richmond Title Services, LLC ("Richmond LLC")	U.S.A.	100%	100%
8	ISGN Fulfillment Services, Inc., (Pennsylvania)	U.S.A.	100%	100%
9	ISGN Fulfillment Services, Inc., (Arizona)	U.S.A.	100%	100%

CFCL TECHNOLOGIES LIMITED

10	ISGN Fulfillment Services South, Inc., USA	U.S.A.	100%	100%
11	ISGN Fulfillment Services of Alabama, LLC	U.S.A.	100%	100%
12	ISGN Fulfillment Services of Maryland, Inc.,	U.S.A.	100%	100%
13	ILS Services, LLC	U.S.A.	100%	100%
14	ISGN Fulfillment Agency, LLC	U.S.A.	100%	100%
15	ISGN Fulfillment Agency of Alabama, LLC	U.S.A.	100%	100%
c) Step-down Subsidiaries of CVL				
1	ISG NovaSoft Technologies Limited ("ISGNTL")	India	100%	100%
2	Inuva Info Management Private Limited ("INUVA")	India	71%	71%

Acknowledgements

Your Directors thank the Company and its subsidiaries clients, vendors, investors, banks, Financial Institutions and Government Departments for their support during the period . Your Directors place on record their appreciation of the contribution made by employees at all levels.

For and on behalf of the Board of Directors,


 Director


 Director

Date: May 04, 2011
Place: Bensalem, PA

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF CFCL TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of **CFCL TECHNOLOGIES LIMITED** ("the Company") as at December 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying our opinion we invite attention to

Note no 2(e) of Schedule 12 relating to the translation of the financial statements at the closing rate for the convenience of the readers. These numbers are based on information from the management and have not been audited by us.

4. We report as follows:

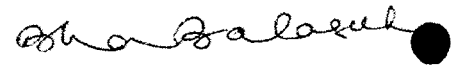
- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 December 31, 2010;
 - (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 the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.



**Deloitte
Haskins & Sells**

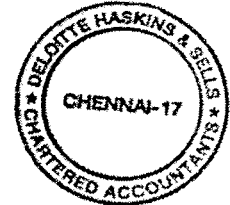
5. These financial statements have been prepared solely for the purpose of compliance of Section 212 of the Indian Companies Act, 1956 by M/s Chambal Fertilisers and Chemical Limited, India, the ultimate holding Company. These financial statements should be used for aforesaid purpose only.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 008072S)



Bhavani Balasubramanian
Partner
Membership No. 22156

Place: Chennai, May 4, 2011



CFCL TECHNOLOGIES LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2010

SOURCES OF FUNDS	Schedule	As at	As at	As at
		December 31, 2009 (In USD)	December 31, 2010 (In USD)	December 31, 2010 Convenience translation into (Rs. '000) (Unaudited)
Shareholders' Funds				
Share capital	1	1,104	1,183	53
Share Application Money			15,000,000	670,650
Reserves and surplus	2	99,840,614	110,174,870	4,925,918
		<u>99,841,718</u>	<u>125,176,053</u>	<u>5,596,621</u>
Loan Funds				
Unsecured loans	3	3,145,000	3,145,000	140,613
		<u>3,145,000</u>	<u>3,145,000</u>	<u>140,613</u>
Total		<u>102,986,718</u>	<u>128,321,053</u>	<u>5,737,234</u>
APPLICATION OF FUNDS				
Investments	4	101,059,760	126,054,760	5,635,907
Current Assets, Loans and Advances :				
Cash and bank balances	5	4,989	9,855	441
Loans and advances	6	1,534,732	1,037,410	46,383
		<u>1,539,721</u>	<u>1,047,265</u>	<u>46,824</u>
Less : Current Liabilities and Provisions				
Current liabilities	7	610,118	488,457	21,839
		<u>610,118</u>	<u>488,457</u>	<u>21,839</u>
Net Current Assets		<u>929,603</u>	<u>558,808</u>	<u>24,985</u>
Profit & Loss Account		<u>997,355</u>	<u>1,707,485</u>	<u>76,342</u>
Total		<u>102,986,718</u>	<u>128,321,053</u>	<u>5,737,234</u>

Notes to Accounts

12

Schedules referred to above form an integral part of these accounts

in terms of our report of even date attached

for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of directors

Bhavanth Balasubramanian

Bhavanth Balasubramanian
Partner

Place: Chennai
Date: May 4, 2011

[Signature]

* Director

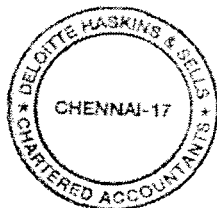
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* Director

[Signature]

Chief Financial officer

Place: Bensalem, USA
Date: May 2, 2011



CFCL TECHNOLOGIES LIMITED
 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2010

		Period ended December 31, 2009 (In USD)	Year ended December 31, 2010 (In USD)	Year ended December 31, 2010 Convenience translation into (Rs. '000) (Unaudited)
INCOME				
Other income	8	150,228	-	-
Total		150,228	-	-
EXPENDITURE				
Employee cost	9	65,605	89,592	4,006
Operating and other expenses	10	305,913	620,066	27,723
Financial expenses	11	126,478	472	21
Total		497,996	710,130	31,750
Loss Before Exceptional Items and Tax		(347,768)	(710,130)	(31,750)
Current tax		-	-	-
Net Loss after tax for the period/year		(347,768)	(710,130)	(31,750)
Loss brought forward from Previous year / period		(649,587)	(997,355)	(44,592)
(Loss) Carried to Balance Sheet		(997,355)	(1,707,485)	(76,342)
Earnings per share (Face value of \$ 0.0001 per share) (Refer Note No 9 of Schedule 12)		(0.1249)	(0.1925)	

Notes to Accounts 12

Schedules referred to above form an integral part of these accounts

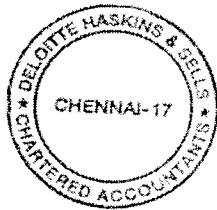
In terms of our report of even date attached

for Deloitte Haskins & Sells
 Chartered Accountants

Bhavana Balasubramanian

Bhavana Balasubramanian
 Partner

Place: Chennai
 Date: May 4, 2011



For and on behalf of the Board of directors

[Signature]
 Director

[Signature]
 Director

[Signature]
 Chief Financial officer

Place: Bensalem, USA
 Date: May 2, 2011

CFCL TECHNOLOGIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	Period ended December 31, 2009 (US \$)	Year ended December 31, 2010 (US \$)	For the year ended December 31, 2010 Convenience translation into (Rs '000) (Unaudited)
A. Cash flow from operating activities :			
Loss before tax	(347,768)	(710,130)	(31,750)
Employee stock compensation expenses	65,605	89,592	4,006
Excess provision on ESOP cost written back	(150,000)	-	-
Interest expense	126,203	339	15
Interest income	(228)	-	-
Operating loss before working capital changes	(306,188)	(620,199)	(27,729)
Movement in working capital :			
Decrease in trade and other receivables	4,443,340	742,068	33,177
Increase/(Decrease) in trade payables	270,448	(121,661)	(5,439)
Cash generated from operations	4,407,600	208	9
Direct taxes paid (net of refunds)	-	-	-
Net cash generated from operating activities	4,407,600	208	9
B. Cash flow from investing activities			
Investments in subsidiary	(24,329,133)	(24,995,000)	(1,117,526)
Interest received	228	-	-
Net cash used in investing activities	(24,328,905)	(24,995,000)	(1,117,526)
C. Cash flow from financing activities			
Proceed from Share Capital	20,049,936	9,999,997	447,100
Share application money received	-	15,000,000	670,650
Interest paid	(126,203)	(339)	(15)
Net cash generated from financing activities	19,923,733	24,999,658	1,117,735
Net increase in cash and cash equivalents (A+B+C)	2,428	4,866	218
Cash and cash equivalents at the beginning of the year /period	2,561	4,989	223
Cash and cash equivalents at the end of the period / year	4,989	9,855	441

In terms of our report of even date attached

for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Bhavani Balasubramanian

Bhavani Balasubramanian
Partner

AK

* Director

MB

* Director

Place: Chennai
Date: May 4, 2011



Chief Financial Officer
Chief Financial Officer

Place: Bensalem, USA
Date: May 2, 2011

CFCL TECHNOLOGIES LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 1 : SHARE CAPITAL

Authorised Share capital

[14,295,386 (Previous period 14,295,386) Ordinary shares of par value US \$ 0.0001 each]
[2,176,468 (Previous period 2,176,468) Series A Preference shares of par value US \$ 0.0001 each]
[3,645,583 (Previous period 3,645,583) Series B Preference shares of par value US \$ 0.0001 each]
[1,600,000 (Previous period 1,600,000) Series C Preference shares of par value US \$ 0.0001 each]
[786,887 Series D Preference shares of par value US \$ 0.0001 each]
[1,180,331 Series E Preference shares of par value US \$ 0.0001 each]

As at December 31,2009 (In USD)	As at December 31, 2010 (In USD)	As at December 31, 2010 Convenience transition into (Rs. '000) (Unaudited)
1,430	1,430	64
218	218	10
365	365	16
160	160	7
	79	4
	118	5
2,173	2,370	106

Issued, Subscribed and Paid Up Share capital

3,688,593 (Previous period 3,688,593) Ordinary shares of par value of US\$ 0.0001 each fully paid up
(Of the above, 2,932,947 Shares are held by CFCL Overseas Ltd., Cayman Islands, the holding company)

[2,176,468 (Previous period 2,176,468) Series A Preference shares of par value US \$ 0.0001 each fully paid up]
(All the above shares are held by CFCL Overseas Ltd., Cayman Islands, holding company)

[3,591,172 (Previous period 3,591,172) Series B Preference shares of par value US \$ 0.0001 each fully paid up]
(Of the above, 568,096 Shares are held by CFCL Overseas Ltd., Cayman Islands, the holding company)

[1,577,704 (Previous period 1,577,704) Series C Preference shares of par value US \$ 0.0001 each fully paid up]
(Of the above, 1,029,521 Shares are held by CFCL Overseas Ltd., Cayman Islands, the holding company)

[786,887 Series D Preference shares of par value US \$ 0.0001 each fully paid up]
(Refer Note 4(a) of Schedule 12)
(Of the above, 513,478 Shares are held by CFCL Overseas Ltd., Cayman Islands, the holding company)
(Refer Note 4 (a) of Schedule 12)

369	369	16
218	218	10
359	359	16
158	158	7
	79	4
1,104	1,183	53

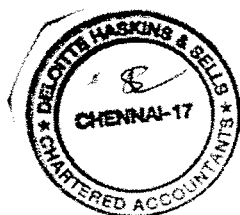
SCHEDULE 2 : RESERVES AND SURPLUS

Securities Premium Account
Balance as per last account
Add: Additions during the year
(Refer Note 4 (a) of Schedule 12)

74,067,828	99,319,644	4,440,581
25,251,816	9,999,918	447,096
99,319,644	109,319,562	4,887,677

Employees stock option outstanding A/c
Balance as per last account
Add: Additions during the year
(Refer Note 7 of Schedule 12)

470,956	520,970	23,293
50,014	334,338	14,949
520,970	855,308	38,241
99,840,614	110,174,870	4,925,918



SCHEDULE 3 : UNSECURED LOANS

Non Interest bearing Convertible Promissory Notes
(Refer Note No 5 of Schedule 12)

As at 31,2009 (In USD)	December December 31, 2010 (In USD)	As at December 31, 2010 (In USD)	As at December 31, 2010 Convenience translation into (Rs.'000) (Unaudited)
3,145,000	3,145,000		140,613
3,145,000	3,145,000		140,613

SCHEDULE 4 : INVESTMENTS

(Long Term - Trade, Unquoted)

588,872,858 (previous period 554,168,969) ordinary shares of US\$ 0.0001 par value in ISGN Corporation, USA.
50,000,000 (previous period 50,000,000) Ordinary shares of US\$ 0.001 par value in CFCL Ventures Limited, Cayman Island

92,692,790	117,687,790		5,261,821
8,366,970	8,366,970		374,086
101,059,760	126,054,760		5,635,907

SCHEDULE 5 : CASH AND BANK BALANCES

Balances with Banks
- In Current Accounts

4,969	9,855		441
4,969	9,855		441

SCHEDULE 6 : LOANS AND ADVANCES

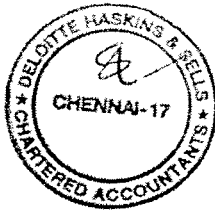
Advances recoverable in cash or in kind or for value to be received

1,534,732	1,037,410		46,383
1,534,732	1,037,410		46,383

SCHEDULE 7: CURRENT LIABILITIES

Sundry creditors
- Payable to suppliers
- Accrual/Provision

421,857	229,327		10,253
188,261	259,130		11,586
610,118	488,457		21,839



CFCL TECHNOLOGIES LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 8 : OTHER INCOME

Interest received
- Interest received from Others (Gross)
Excess provision of ESOP cost written back

	Period ended December 31, 2009 (In USD)	Year ended December 31, 2010 (In USD)	Year ended December 31, 2010 Convenience translation into (Rs.'000) (Unaudited)
Interest received	-	-	-
- Interest received from Others (Gross)	228	-	-
Excess provision of ESOP cost written back	150,000	-	-
	<u>150,228</u>	<u>-</u>	<u>-</u>

SCHEDULE 9 : EMPLOYEE COST

Salaries, wages and bonus (Note below)

(Including employee stock compensation expenses)

Salaries, wages and bonus (Note below)	65,605	89,592	4,006
	<u>65,605</u>	<u>89,592</u>	<u>4,006</u>
(Including employee stock compensation expenses)	65,605	89,592	4,006

SCHEDULE 10 : OPERATING AND OTHER EXPENSES

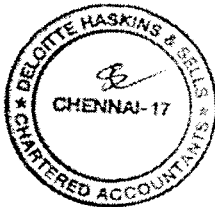
Rates and taxes
Insurance
Travelling and conveyance
Communication costs
Printing and stationery
Legal and professional fees
Auditor's remuneration
Miscellaneous expenses

Rates and taxes	-	732	33
Insurance	2,511	23,438	1,048
Travelling and conveyance	0	6,180	276
Communication costs	17	626	28
Printing and stationery	-	328	15
Legal and professional fees	159,223	394,400	17,634
Auditor's remuneration	142,420	180,000	8,048
Miscellaneous expenses	1,742	14,362	641
	<u>305,913</u>	<u>620,066</u>	<u>27,723</u>

SCHEDULE 11 : FINANCIAL EXPENSES

Interest :
- Others
Bank charges and guarantee commission

Interest : - Others	126,203	339	15
Bank charges and guarantee commission	275	133	6
	<u>126,478</u>	<u>472</u>	<u>21</u>



CFCL Technologies Limited

SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule – 12

Notes on Accounts (Contd)

1. Corporate Information

CFCL Technologies limited, (CFCLT) is a limited company incorporated on March 12, 2007 and domiciled in Cayman Islands. The principal activities of the Company are to carry on the business of investment holding, and to undertake and to transact all kinds of Investment business.

2. Significant accounting policies

a) Basis of Preparation

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and comply in all material respects with the accounting standards prescribed in the Companies (Accounting Standards) Rules 2006 (as amended) and with the relevant provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements in conformity with IGAAP requires the use of management estimates and assumptions that affect the amounts reported. These estimates are based on historical experience and information that is available to management about current events and actions that the Group may take in the future. Significant items subject to estimates and assumptions include the useful lives of property and equipment, evaluation of impairment of property and equipment, identifiable intangible assets and goodwill, provision for income tax and deferred tax, valuation of the stock options granted and warrants issued, valuation of the assets and liabilities acquired in business combinations, contingencies and the allowance for doubtful accounts receivable and advances. The estimates also includes the business plan and future projections of the Company based on which the enterprise valuation and value of common stock as at year end has been arrived at and the valuation has been used to analyse for indicators of impairment, if any. Due to the inherent uncertainty involved in making estimates, and if the future projection fails to materialize, the actual results including analysis of probable impairment could differ from these estimates.

c) Investments

Long term investments are stated at cost. However, provision for diminution in the value is made to recognize the decline (other than temporary) in the value of investments.

d) Deferred employee stock compensation costs

Deferred employee stock compensation costs for stock options are recognized in accordance with the guidance note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India. The fair value of the options is measured on the basis of an independent valuation performed and recognized in a graded manner on the basis of weighted period of services over the vesting period.

e) Convenience Translation

The books of accounts of the company are maintained in US Dollars being the currency of the primary economic environment in which it operates and the reporting currency is Indian Rupees (INR). The company does not have any transactions entered in any other currency apart from US Dollars. Solely for the convenience of the reader, the balance sheet as of December 31, 2010 and the Profit and Loss account for the year then ended have been translated into INR, the reporting currency, using the year end exchange rate as of December 31, 2010 which was 1US\$ = Rs 44.71. The convenience translation should not be construed as a representation that the US\$ amounts or the INR amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or US\$, as the case may be, at this or at any other rate of exchange, or at all.



CFCL Technologies Limited

SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule – 12

Notes on Accounts (Contd)

f) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

3. Related Party Disclosure

a) List of parties where control exists

Ultimate holding company

Chambal Fertilizers and Chemicals Limited

Holding Company:

CFCL Overseas Limited – Cayman Islands

Significant influence

NEA FDI Ltd

NEA – IndoUS Ventures, LLC

Subsidiaries

ISGN Solutions, Inc., USA

CFCL Ventures Limited

ISG Novasoft Technologies Limited –India

ISGN Corporation , USA

Inuva Info Management Pvt. Limited – India

Richmond Investors LLC

Richmond Title Genpar LLC

Richmond Title Services LP

Flex Agents Signing Team LLC

Richmond Title services, LLC

ISGN Fulfillment Services, Inc.,USA (Pennsylvania) (Formerly FISERV Fulfillment Services, Inc., USA (Pennsylvania))

ISGN Fulfillment Services, Inc., USA (Arizona) (Formerly FISERV Fulfillment Services, Inc., USA (Arizona))

ISGN Fulfillment Services South, Inc., USA (Formerly FISERV Fulfillment Services South, Inc., USA)

ISGN Fulfillment Services of Alabama, LLC, USA (Formerly FISERV Fulfillment Services of Alabama, LLC, USA)

ISGN Fulfillment Services of Maryland, Inc., USA (Formerly FISERV Fulfillment Services of Maryland, Inc., USA)



CFCL Technologies Limited

SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule – 12

Notes on Accounts (Contd)

ILS Services, LLC, USA

ISGN Fulfillment Agency, LLC, USA (Formerly FISERV Fulfillment Agency, LLC, USA)

ISGN Fulfillment Agency of Alabama, LLC, USA (Formerly FISERV Fulfillment Agency of Alabama, LLC, USA)

NITC, GmbH , Germany

b) Key management Personnel (KMP)

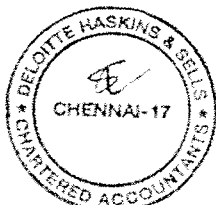
Krishnakumar Srinivasan - Director

c) The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by auditors.

d) List of transactions with related parties:

(Amount in US \$)

Particulars	Parties where control exists				Significant influence		Subsidiary	
	UHC		HC		Dec' 10	Dec'09	Dec' 10	Dec' 09
	Dec' 10	Dec' 09	Dec' 10	Dec'09				
Transactions during the period	Dec' 10	Dec' 09	Dec' 10	Dec'09	Dec' 10	Dec'09	Dec' 10	Dec' 09
Interest paid on borrowing				55,767		29,697		
Share application money/Borrowing received			16,313,562	13,027,695	8,686,415	6,936,777		
Issue of Preference shares against share application money/Borrowings including Interest			6,525,434	13,083,462	3,474,563	6,966,474		
Investment in ordinary shares of subsidiary								24,329,124
Investment in Subsidiary pending allotment							24,995,000	5,202,113
Balances as at Dec/March 31,								
Current liabilities	25,871	25,871	32,796	32,796				
Share Application money (Pending allotment)			9,788,148		5,211,852			
Advances recoverable								
CFCL Ventures Ltd							5,953	5,953
ISGN Corporation,							1,030,118	1,564,001



CFCL Technologies Limited

SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule – 12

Notes on Accounts (Contd)

4. Share Capital

a) Series D Preference Shares

Pursuant to a share purchase agreement dated 25th August 2010, entered into between CFCLT, NEA FDI Ltd., and NEA - IndoUS Ventures, LLC and CFCL Overseas limited, the Board of Directors of CFCLT issued the following Series D Preference Shares. The table outlines Series D Preference Shares issued during the period ended December 31, 2010:

Name of the Investor	Par Value per share (in US\$)	Issue Price per share (in US\$)	No. of Shares issued	Share Capital (US\$)	APIC (US\$)	Total Value (In US\$)
NEA FDI Ltd	0.0001	12.7083	218,728	22	2,779,639	2,779,661
NEA IndoUS Ventures, LLC	0.0001	12.7083	54,681	5	694,897	694,902
CFCL Overseas Limited	0.0001	12.7083	513,478	52	6,525,382	6,525,434
			786,887	79	9,999,918	9,999,997

b) Series A, Series B and Series C, Series D Preference shares are convertible into Ordinary shares in the ratio of 1:1 subject to adjustments set forth in the Articles of Association of the Company. While the holders of Series A, Series B and Series C, Series D may generally elect to convert into Ordinary shares at any time, all Series A Preference Shares, Series B and Series C, Series D Preference Shares will automatically convert under the following two circumstances:

- (i) immediately prior to Qualified IPO (as defined in the Articles of Association of the Company) or
- (ii) with the vote or written consent of the holders of a majority of the then outstanding Series A and Series B Preference Shares, voting together on an as-converted basis..

Preference Shareholders carry voting rights and have representation in the board of directors as per the terms of the agreement. Further preference shareholders carry preferential dividend rights over ordinary shares if declared by the board of directors and priority over ordinary shares in the event of any liquidation, dissolution or winding up of the affairs of CFCLT.

At any time after May 18, 2011, the members holding not less than a majority of the then outstanding Series A and Series B preference shares voting together and on an as converted basis, may redeem all the preference shares for cash at the greater of original purchase price per share or the fair market value of such preference shares as of the redemption date as determined by Independent third-party investment bank or similar such third party service provider as mutually agreed.

5. Unsecured loans

CFCLT has issued convertible promissory notes (CPN's) amounting to US\$ 3,145,000 [December 31, 2009: US\$3,145,000] for the acquisition of balance 20% minority stake in erstwhile MortgageHub.Com Inc. (MH) and settlement of the contingent consideration agreed at the time of initial acquisition of 80% stake of MH and net assets of Praxis Technology Group LLC during the year ended March 31, 2006. The CPNs do not carry any interest. The CPN's are convertible into ordinary equity shares of CFCLT at a conversion price of US\$ 9.25 per share.

In accordance with the terms of CPNs

- The CPNs shall be due for repayment on May 7, 2011.
- Before the maturity date, the lenders have the sole option to convert the entire amount of principal into Ordinary shares of CFCLT.
- On the maturity date, unless earlier converted into shares, CFCLT at its sole option discharge the same by payment of cash or by converting into Ordinary shares of itself as per the terms of the agreement.

In the event the conversion option is exercised, the CPNs are convertible into 340,000 Ordinary shares at a conversion price of US\$ 9.25 per Ordinary share.



CFCL Technologies Limited

SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule – 12

Notes on Accounts (Contd)

6. Convertible note issued by the subsidiary

Effective April 1, 2007, NovaSoft Information Technology Corporation, U.S.A (NITC) acquired 100% of controlling interest in erstwhile Dynatek Inc. (since merged with ISGN Corporation, USA), for a total consideration of US\$20 million. The consideration was discharged by payment in cash of US\$ 11 million and by way of issue of Convertible Promissory Notes (CPNs) of US\$ 9 million carrying an interest rate of 2.5% per annum.

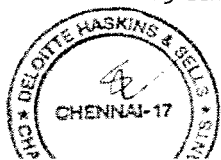
Pursuant to the terms and conditions of the share purchase agreement the consideration payable has been reduced by an amount of US \$ 746,120. Consequently the face value of the CPNs stands reduced to US \$ 8,253,880. As 50% of liability had been paid during the year, the face value of the liability stands reduced to US\$ 4,126,940

In accordance with the original terms of the CPNs

- Principal and accrued interest shall become due and payable on May 21, 2010.
- Before the maturity date, the lenders have the sole option to convert the entire amount of principal and accrued interest into Ordinary shares of CFCLT.
- On the maturity date, unless earlier converted into shares, CFCLT at its sole option shall discharge the obligation by payment of cash or by converting into Ordinary shares of itself.
- During the year, CFCLT sent a Notice of conversion to the lenders and the lenders sent a Notice of repurchase to the Group. The parties negotiated a Mutual Rescission and Forbearance and restructuring agreements entered on July 21, 2010 between the Group and lenders, described below.
- Forbearance and Restructuring agreement entered on July 21, 2010 provided the following :
 - o Both parties agreed that to the extent there may have been an event of default under the original Note, it was waived
 - o Lender agrees that the minimum amount due after conversion and repurchase is US\$ 4,500,000 and the existing obligation owed to lenders shall be restated as set forth in the agreement
 - o Commencing June 25, 2010, simple interest of 6% is payable on the minimum amounts due. The first payment of interest will be made along with the first installment and thereafter, interest will be paid quarterly
 - o Payment dates : First payment date –August 30, 2010 before which 50% of principal amount of notes due will be converted and repurchased for US\$ 2,250,000; Second payment date – May 21, 2011 before which 25% of principal amount of notes due will be converted and repurchased for US\$ 1,125,000; final payment before May 21, 2012 before which the remaining 25% of principal amount of notes due will be converted and repurchased for US\$ 1,125,000)
 - o In the event of an IPO or sale of shares happening before May 21, 2012, the outstanding principal amount as on the date of the sale or IPO shall be converted into shares and repurchased for a guaranteed minimum of US\$ 14.89 per share.
 - o On the first payment date, CFCLT shall pay the lender the interest of 6% from June 25, 2010 to that date and also a sum of US\$ 40,000 towards the attorney's fee and expenses incurred on restructuring the agreement

Further, in the event of exercise of conversion of Notes into ordinary shares, the outstanding principal amount will continue to be convertible into Ordinary shares at a conversion price of US \$ 27.2727 per Ordinary share as per the original terms of the Note.

The company had paid \$ 2,250,000 based on forbearance and restructuring agreement on July 21, 2010 and hence the balance liability has been restated as per the covenants of the agreement. Accordingly, the company has also reduced the carrying amount of goodwill by US \$1,870,538 being the difference between the original face value of the amount settled less US\$2,250,000 the actual payout made as per the terms of the agreement.



CFCL Technologies Limited

SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule – 12

Notes on Accounts (Contd)

7. Share application money

The Company has received the following amount from its investors towards subscription of "Series E preference shares". The company has since allotted 1,180,331 shares of face value US\$0.0001 each issued at a premium of US\$ 12.7082 each for a total consideration of US\$15,000,000 on January 19, 2011. .

Name of the Investor	Amount in US\$
NEA FDI Ltd	4,169,492
NEA IndoUS Ventures, LLC	1,042,360
CFCL Overseas Limited	9,788,148

8. Employee Stock Option Plan

The Board of Directors of the Company approved 2007 Share Option Plan ('Plan') administered in USA for granting stock options to certain employees of its subsidiary companies. A Committee has been constituted to administer the plan along-with the Board and to determine fair value which would be the exercise price for such options. A total of 1,800,000 Ordinary shares were reserved pursuant to 2007 Share Option plan.

The fair value of the equity shares has been determined by the management on the date of the grant for the Plan based on a valuation by an independent appraiser. As per the terms of the Plan, the exercise price equals the fair value respectively. The Group has carried out grant date option valuation based on the Black-Scholes valuation model. The fair value of the option is recognized as Deferred Compensation Costs and is being amortized over the vesting period of 48 months as per the vesting schedule, provided that the holders of the options would continue to be employees on the vesting date. The contractual life of the options granted under the Plan is 4 years from the grant date. The weighted average remaining life of options is 5.82 (December 2009 8.49) years.

Following table details the movement of options for the Plan mentioned above:

Particulars	December 31, 2010	December 31,2009
Options outstanding at the beginning of the year	1,646,947	1,023,815
Options granted during the period	79,500	696,009
Option forfeited during the period	1,90,000	72,877
Options exercised during the period	-	-
Options expired during the period	-	-
Options outstanding at the end of the period	1,536,447	1,646,947
Options exercisable at the end of the period	1,121,960	752,424

The estimated weighted average fair value of options granted is \$ 0.89447 (December 2009 \$ 0.9157) per share. This was calculated by applying the Black-Scholes option pricing model with the following inputs:

Particulars	Year ended December 2010	Period ended December 2009
Fair value per share	\$ 3.91	\$ 2.09 to \$ 3.91
Exercise price	\$ 3.91	\$ 2.09 to \$ 3.91
Average risk-free interest rate	2.09%	1.65% to 2.09 %
Expected volatility of share price	0.5984	0.5984 to 0.6538
Expected life of options granted (in years)	3	3 to 3.92
Expected dividend yield	Nil	Nil
Value of the options	\$ 1.834	\$.926 to \$ 1.834

- (a) The historical volatility has been calculated based on the share of the comparable companies over the previous 3 to 4 years.
- (b) Risk free rate of return has been calculated using 3 to 4 years US Treasury bond yield as on the date of respective grant.



CFCL Technologies Limited

SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule – 12

Notes on Accounts (Contd)

Expenses arising from the Plan	US\$ 89,592 (Dec 2009 US \$ (84,395))
Expenses recognized in subsidiary	US\$ 244,746 (March 2009 US\$ 134,409)
Closing balance of liability for the Plan	US\$ 855,308 (March 2009 US \$ 520,970)

The following table provides details in respect of range of exercise price and weighted average remaining contractual life (in months) for the options outstanding as at December 31, 2010.

Range of exercise price	Shares *	Weighted average remaining life
\$ 1.58 to \$ 3.91	1,536,447	5.78

* (includes 486,009 options granted to directors and non-executive director (for the period ended 31st December 2009 - 486,009)

9. Earnings per share

	December 2010	December 2009
Loss for the year as per Profit and Loss account (A) (In USD)	(710,130)	(347,768)
Weighted average number of shares outstanding (B)	3,688,593	2,785,333
Basic and Diluted EPS (A/B) (In USD)	(0.1925)	(0.1249)

The conversion of potential ordinary shares is anti dilutive and hence basic and diluted earning per share are same.

10. Segmental Reporting

The principal activities of the Company are to carry on the business of investment holding, and to undertake and to transact all kinds of investment business and accordingly, there are no separate reportable segments as per Accounting Standard 17 on Segment reporting.

11. Events subsequent to the balance sheet date

a. Preference Shares – Series E

Pursuant to a share purchase agreement dated January 19, 2011, entered into between CFCL Technologies Limited, ISGN Corporation, CFCL Ventures Limited, ISGN Solutions Inc., ISG Novasoft Technologies Limited, Inuva Info Management Private Limited and each of the investors, namely NEA FDI Ltd., NEA – Indo US Ventures, LLC and CFCL Overseas Limited, the Board of Directors of CFCL Technologies Limited issued the following Series E Preference Shares:

Name of the Investor	Par Value per share (in US\$)	Issue Price per share (in US\$)	No. of Shares issued	Share Capital (US\$)	Share Premium (US\$)	Total Value (in US\$)
NEA FDI Ltd	0.0001	12.7083	328,092	33	4,169,459	4,169,492
NEA IndoUS Ventures, LLC	0.0001	12.7083	82,022	8	1,042,352	1,042,360
CFCL Overseas Limited	0.0001	12.7083	770,217	77	9,788,071	9,788,148
			1,180,331	118	14,999,882	15,000,000

b. Preference Shares – Series F

To further fund the working capital needs, the Company has initiated issuance of Series F preference shares to its existing investors for an overall amount of US\$15 Million. The Company expects to complete this financing by the end of May 2011. Pending closing of the Series F financing, the investors have agreed to infuse capital in the form of Bridge Loans carrying interest rate of 14% per annum. To date, the Company has received \$13 Million in Bridge Loans. At the time of the Series F closing, the Bridge Loan amounts will automatically roll in to Series F preference capital.



CFCL Technologies Limited

SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule - 12

Notes on Accounts (Contd)

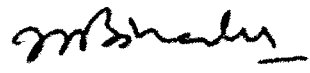
12. The previous financial period is for nine months and hence the Profit and Loss Account of the previous period is not comparable with that of the Current year which was for a period of 12 months. Previous period figures have been regrouped / reclassified, wherever necessary to conform to the current year's classification.

Signature to Schedules 1 to 12

For and on behalf of the Board of Directors



Director



Director



Chief Financial Officer

Place: Bensalem, USA
Date: May 2, 2011

