



*Transforming the
borrower experience™*

ISGN CORPORATION

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present the Director's Report of ISGN Corporation and the Audited Statement of Accounts of the entity for the year ended December 31, 2013.

Financial Results

The performance of the entity for year ended December 31, 2013 is summarized below:

(US\$ '000)

Particulars	For the year ended December 31, 2013	For the year ended December 31, 2012
Income	32,174	31,427
Profit/(Loss) before tax	(7,240)	(8,045)
Profit/(Loss) after tax	(7,447)	(8,094)

Business Operations

The Company and its operating subsidiaries are leading end-to-end providers of technology and services to the U.S. mortgage industry. The Company's technology platforms assist financial institutions in managing all phases of the mortgage loan lifecycle from loan origination to servicing and default management. The Company's outsourced services to the mortgage industry including mortgage processing, valuations, underwriting, closing, quality control, component loan servicing and default management. The Company's customer base consists primarily of national lenders, regional lenders, banks, nonbanks, credit unions and community banks across the U.S

The Company's revenue from operations stood at US\$ 32.17 million for the year against \$31.43 million in the previous year. The net loss after tax for the year stood at \$7.45 million as against loss of \$8.09 million in the previous year. With Continued focus on the optimization of cost and strict control over the Selling and General and administration cost, the Company expects to become profitable in the Coming years.

Directors

Mr. Amit Kothiyal, Mr. Paul Imura and Mr. Erik Anderson are the current Directors.

During the year Mr. Ritesh Idnani resigned from the Board effective August 02, 2013. The Board expressed its sincere gratitude and appreciation for the services tendered by Mr. Ritesh Idnani during his tenure as a director.

Dividend

In the absence of profits, the Company has not declared any dividend for this period.

Subsidiaries

ISGN Solutions, Inc. is the wholly owned subsidiary entity. Effective January 03, 2013, NITC, GmbH, the German entity was liquidated.

Share Capital

During the year 4(Four) shares were allotted to CFCL Technologies Limited, the sole shareholders for the additional investment funding.

Acknowledgements

The Board of Directors thanks the clients, vendors, investors, banks and Government Departments for their support during the year. The Board of Directors place on record their appreciation of the contribution made by employees at all levels.

For ISGN Corporation



Erik Anderson
Director

Date: May 08, 2014
Place: Palm Bay, FL

BSRR & Co

(Registered)

Chartered Accountants

Maruthi Info-Tech Centre
11-12/1 Inner Ring Road
Koramangala
Bangalore 560 071 India

Telephone +91 80 3980 6000
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Independent Auditors' Report

To the Members of ISGN Corporation

We have audited the accompanying financial statements of ISGN Corporation ('the Company'), which comprise the balance sheet as at 31 December 2013, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 31 December 2013;
- (i) in the case of the statement of profit and loss account, of the loss of the Company for the year ended on that date; and
- (ii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

Other matter

The Rupee amounts are presented in the accompanying financial statements solely for the convenience of the reader and have been translated on the basis described in Note 27 of the financial statements. The translation from US Dollars (USD) to Indian Rupees (INR) is unaudited.

for BSRR & Co

Chartered Accountants

Firm's registration number: 130791W



Sampad Guha Thakurta

Partner

Membership No. 060573

Bangalore

08 May 2014

ISGN Corporation
Balance Sheet

	Note	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	2	85,277	85,277	5,277,780
Reserves and surplus	3	84,270,731	81,162,283	5,215,515,536
		84,356,008	81,247,560	5,220,793,316
Non-current liabilities				
Other long-term liabilities	4	5,898	14,198	365,011
		5,898	14,198	365,011
Current liabilities				
Short-term borrowings	5	22,000,000	22,000,000	1,361,580,000
Trade payables	6	122,337	265,454	7,571,437
Other current liabilities	7	25,598,844	24,648,498	1,584,312,573
Short-term provisions	8	808,093	663,519	50,012,876
		48,529,274	47,577,471	3,003,476,886
Total		132,891,180	128,839,229	8,224,635,213
ASSETS				
Non-current assets				
Fixed assets	9			
- Tangible assets		8,716	42,043	539,433
- Intangible assets		16,301,832	18,056,198	1,008,920,408
- Intangible assets under development		82,930	826,807	5,132,538
Non-current investments	10	100,832,493	96,432,493	6,240,522,992
Long-term loans and advances	11	127,961	377,961	7,919,530
		117,353,932	115,735,502	7,263,034,901
Current assets				
Trade receivables	12	3,824,404	4,591,986	236,692,379
Cash and cash equivalents	13	2,501,587	72,827	154,823,219
Short-term loan and advances	14	8,764,167	7,659,732	542,414,244
Other current assets	15	447,090	779,182	27,670,400
		15,537,248	13,103,727	961,600,242
Total		132,891,180	128,839,229	8,224,635,213

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for B S R R & Co
Chartered Accountants
Firm's registration number: 130791W

Sampad Guha Thakurta
Partner
Membership number: 060573

Place: Bangalore
Date: 8 May 2014

for and on behalf of the Board of Directors of
ISGN Corporation

Amit Kothiyal
Director

Place:
Date: 8 May 2014

Shailendra Gupta
Chief Financial Officer

Place: Bangalore
Date: 8 May 2014

ISGN Corporation
Statement of Profit and Loss

	Note	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended December 31 December 2013 Convenience translation into Rupees (Unaudited)
Revenue from operations				
Income from software services and products	16	31,986,836	31,230,051	1,979,665,280
Other income	17	187,295	196,861	11,591,655
Total revenue		32,174,131	31,426,912	1,991,256,935
Expenses				
Employee benefits	18	8,620,264	7,204,769	533,508,107
Finance costs	19	2,002,492	2,053,870	123,934,230
Depreciation and amortisation	9	5,616,666	5,230,683	347,615,471
Other expenses	20	23,175,097	24,982,887	1,434,306,781
Total expenses		39,414,520	39,472,209	2,439,364,589
Loss before tax		(7,240,389)	(8,045,297)	(448,107,654)
Tax expense				
Current tax		206,343	48,925	12,770,568
Loss for the year		(7,446,732)	(8,094,222)	(460,878,222)
Earnings per ordinary share (par value USD 0.0001)	26			
Basic		(0.01)	(0.01)	(0.54)
Diluted		(0.01)	(0.01)	(0.54)
Number of ordinary shares used in computing earnings per ordinary share				
Basic		852,774,040	836,141,948	852,774,040
Diluted		852,774,040	836,141,948	852,774,040

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for B S R R & Co
Chartered Accountants
Firm's registration number: 130791W

Sampad Guha Thakurta
Partner
Membership number: 060573

Place: Bangalore
Date: 8 May 2014

for and on behalf of the Board of Directors of
ISGN Corporation

Amit Kothiyal
Director

Place:
Date: 8 May 2014

Shailendra Gupta
Chief Financial Officer

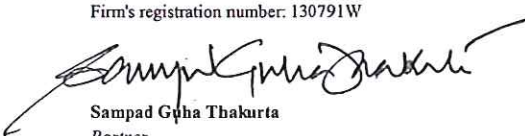
Place: Bangalore
Date: 8 May 2014

ISGN Corporation
Cash Flow Statement

	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
A. Cash flow from operating activities :			
Loss before tax	(7,240,389)	(8,045,297)	(448,107,654)
Adjustments for :			
Depreciation and amortization expense	5,616,666	5,230,683	347,615,471
Provisions no longer required written back	(13,622)	(10,700)	(843,062)
Profit on sale of assets	(7,337)	-	(454,058)
Provision for bad and doubtful debts / advances	668,608	352,263	41,380,149
Doubtful debts/ advances written off	-	314,091	-
Stock compensation expense	585,272	1,178,923	36,222,482
Interest expense	799,398	843,715	49,474,742
Bank charges and guarantee commission	1,203,094	1,210,155	74,459,488
Operating profit before working capital changes	1,611,691	1,073,833	99,747,558
Changes in working capital			
Trade receivables and other advances	(423,368)	(3,934,126)	(26,202,263)
Trade payables and other provisions	6,514,494	4,463,467	403,182,044
Cash generated from operations	7,702,817	1,603,174	476,727,339
Income taxes paid	(189,153)	(127,690)	(11,706,679)
Net cash provided by operating activities	7,513,664	1,475,484	465,020,660
B. Cash flow from investing activities			
Purchase of tangible and intangible assets	(3,086,824)	(2,875,427)	(191,043,543)
Proceeds from sale of assets	9,064	-	560,971
Net cash used in investing activities	(3,077,760)	(2,875,427)	(190,482,572)
C. Cash flow from financing activities			
Repayment of borrowings	(4,652)	(4,652)	(287,912)
Net proceeds of short-term borrowings	-	1,926,626	-
Interest paid	(799,398)	(843,715)	(49,474,742)
Bank charges and guarantee commission paid	(1,203,094)	(1,210,155)	(74,459,488)
Net cash flow used in financing activities	(2,007,144)	(131,896)	(124,222,142)
Net (decrease) / increase in cash and cash equivalents	2,428,760	(1,531,839)	150,315,946
Cash and cash equivalents at the beginning of the year	72,827	1,604,666	4,507,273
Cash and cash equivalents at the end of the year	2,501,587	72,827	154,823,219

This is the cash flow statement referred to in our audit report of even date.

for B S R R & Co
Chartered Accountants
Firm's registration number: 130791W


Sampad Gupta Thakurta
Partner
Membership number: 060573

Place: Bangalore
Date: 8 May 2014

for and on behalf of the Board of Directors of
ISGN Corporation


Amit Kothiyal
Director


Shailendra Gupta
Chief Financial Officer

Place:
Date: 8 May 2014

Place: Bangalore
Date: 8 May 2014

ISGN Corporation

Notes to financial statements for the year ended 31 December 2013

1. Significant accounting policies

1.1 Background

ISGN Corporation (hereinafter referred to as the "Company"), a Delaware Corporation was established in 1993.

Chambal Fertilizers and Chemicals Limited ("CFCL" or the "ultimate parent"), a Company incorporated under the laws of India, substantially controls CFCL Overseas Limited, which in turn holds 100% of the Company through its wholly owned subsidiary, CFCL Technologies Limited ("CFCLT" or the "parent"), a Cayman Islands organization.

The Company designs, develops, markets and distributes software products for mortgage lending industry and provides a wide range of consulting services, including implementation, customization and support of its software products, as well as training on their use and administration. The Company's customer base consists primarily of mortgage banks and financial institutions mainly in the United States of America.

1.2 Basis of preparation

These financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India ("IGAAP") on accrual basis. IGAAP comprises accounting standards as prescribed by the Companies (Accounting Standards) Rules 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These financial statements have been presented in United States Dollar, the functional currency of the Company.

1.3 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 Company may take in the future. Significant items subject to estimates and assumptions include the useful lives of fixed assets, evaluation of impairment of fixed assets, identifiable intangible assets and goodwill, provision for income tax and deferred tax, valuation of the stock options granted and 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 operations of the Company based on which the enterprise value and value of common stock as at year end has been arrived at and used to analyse 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.



ISGN Corporation

Notes to financial statements for the year ended 31 December 2013

1.4 Going concern assumption

The Company has incurred losses during the current year of USD 7,446,732 and as at the balance sheet date, it has accumulated losses of USD 56,817,821 and its current liabilities are more than the current assets by USD 32,992,026. The management is confident that the Company will continue to be cash positive which will bring down the overall cash needs of the Company and make them less reliant on external sources of funding. Based on the letter of continued financial support for at least over a period of one year from the balance sheet date as provided by the holding company, including meeting the Company's debt obligation, these financial statements do not include any adjustments relating to recoverability and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern.

1.5 Revenue recognition

Revenue derived from professional services under the time and material contracts is recognized as the related services are performed.

Revenue from title and related operations are primarily transactions-based and is recognized when services are performed, the fee is fixed or determinable, and collection is reasonably assured.

Revenue from transaction services and other service contracts is recognized based on transactions processed. The Company also generates upfront, non-refundable revenues from process transition activities. Revenue and costs attributable to such process transition activities are deferred where such activities do not represent the culmination of a separate earnings process. Such revenue and related costs are recognized ratably over the period in which the related services are performed. Deferred costs are limited to the amount of deferred revenue and any excess costs are expensed as incurred.

The Company also derives its revenues from software services and from business process outsourcing and knowledge process outsourcing services, provided either on time and material, fixed-price fixed-time frame and unit-price basis. Revenue with respect to time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenue. The Company's fixed price contracts include application maintenance and support services, on which revenue is recognized ratably over the period in which the services are rendered. Revenue with respect to other fixed price contracts, where there is no uncertainty as to measurement and collectability of consideration, is recognized on a percentage of completion basis. The input (cost expended) method has been used because management considers this to be the best available measure of progress on these contracts as there is a direct relationship between input and productivity. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved.

Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue.



ISGN Corporation**Notes to financial statements for the year ended 31 December 2013**

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, under which post-contract maintenance and support services are also rendered by the Company. In the case of multiple element contracts, revenue from sale of user licenses is recognized on transfer of the title in the user license after appropriately reducing the fair value of the maintenance services to be recognised as revenues. Revenue from post-contract maintenance and support services is recognized ratably over the period in which services are rendered.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. When the Company receives advances for its services, such amounts are reflected as advance received from customers until all conditions for revenue recognition are met. The Company presents revenues net of service taxes and value added taxes, but gross of certain reimbursements in its consolidated statement of profit and loss.

Interest income is recognized using the time-proportion method, based on the rates implicit in the transaction.

1.6 Fixed assets and depreciation

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is provided on the straight-line method over the estimated useful lives of the respective assets. Pro-rata depreciation is provided on all fixed assets purchased and sold during the year. Depreciation on assets has been provided at the rates based on the following useful lives of fixed assets estimated by the Management:

Asset description	Useful life
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	5 to 7 years
Vehicles	5 years

Leasehold improvements are depreciated over their estimated useful life or the remainder of the primary lease period whichever is shorter.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are classified as capital advances. The cost of the fixed asset not ready for its intended use on such date is classified as capital work-in-progress.



ISGN Corporation

Notes to financial statements for the year ended 31 December 2013

1.7 Intangible assets

Intangible assets comprise of goodwill, intellectual property rights, computer software and internally generated software platforms.

Goodwill that arises on an amalgamation or on the acquisition of a business is presented as an intangible asset. Goodwill arising from amalgamation is measured at cost less accumulated amortisation and any accumulated impairment loss. Goodwill arising on acquisition of a business is measured at cost less any accumulated impairment loss. Goodwill arising on consolidation or acquisition is not amortized but tested for impairment atleast annually or as circumstances warrant at the reporting unit level. If impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded.

Costs relating to intellectual property rights, which are acquired, are capitalized and amortized over a period of 1 to 3 years.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of profit and loss as incurred. Development activities involve a plan or design for the production of new or substantially improved software products or processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and is classified as internally generated software platforms. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit and loss as incurred.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for both internally generated software and acquired computer software is considered as 3 years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

1.8 Retirement and other employee benefits

Contributions made towards retirement/employee benefits, in accordance with the relevant applicable local laws are charged to the statement of profit and loss. Compensated absence, which is a short-term defined benefit plan, is recognized as an expense as per the Company's scheme based on expected obligations, as at the balance sheet date on an undiscounted basis.



ISGN Corporation

Notes to financial statements for the year ended 31 December 2013

1.9 Employee stock compensation costs

Employee stock compensation costs for stock options are recognized as employee benefit expenses in accordance with the guidance note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India, based on the grant date fair value of the options granted to employees. The fair value of the options is estimated on the date of grant using the Black-Scholes-Merton valuation model 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. The expected term of an option is estimated based on the vesting term and contractual term of the option, as well as expected exercise behaviour of the employee who receives the option. Expected volatility during the expected term of the option is based on historical volatility, during a period equivalent to the expected term of the option, of the observed market prices of the publicly traded equity shares of comparable listed entities. Expected dividends during the expected term of the option are based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant over the expected term.

1.10 Income taxes

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain to be realized.

1.11 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving base earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.



ISGN Corporation

Notes to financial statements for the year ended 31 December 2013

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance in bank in current accounts. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

1.14 Leases

Where the Company is the lessee

Operating leases – Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Finance leases – Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term on a straight line basis.

Where the Company is the lessor

Operating leases – Lease income by sub-lease of office premises is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs incurred towards such properties are recognized as expenses in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs are recognized immediately in the statement of profit and loss.

1.15 Provision and contingencies

Provision is recognised when, as a result of obligating events, there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

The disclosure of contingent liability is made when, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

No provision or disclosure is made when, as a result of obligating events, there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote.



ISGN Corporation

Notes to financial statements for the year ended 31 December 2013

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

1.16 Investments

Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value, determined on an individual investment basis. Long-term investments are carried at cost and provisions recorded to recognize any diminution, other than temporary, in the carrying value of each investment.



2. Share capital

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Authorised			
Ordinary shares			
1,000,000,000 (previous year: 1,000,000,000), Ordinary shares of par value USD 0.0001 each	100,000	100,000	6,189,000
Preference shares			
3,000,000 (previous year: 3,000,000) Preference shares of par value USD 0.0001 each	300	300	18,567
Issued, subscribed and paid up:			
Ordinary shares			
852,774,044 (previous year: 852,774,040) Ordinary shares of par value of USD 0.0001 each fully paid up	85,277	85,277	5,277,780
	85,277	85,277	5,277,780

Reconciliation of the shares outstanding as at the beginning and at the end of the reporting period

Particulars	31 December 2013		31 December 2012	
	Number of shares	Amount (in USD)	Number of shares	Amount (in USD)
Ordinary shares				
Shares at the beginning	852,774,040	85,277	836,096,255	83,609
Add: Shares issued during the year	4	0	16,677,785	1,668
Shares at the end	852,774,044	85,277	852,774,040	85,277

Rights, preference and restrictions attached to ordinary shares

The Company has a single class of ordinary shares having a par value of USD 0.0001 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The Company has not proposed any dividend during the current year. In the event of liquidation, the ordinary shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shareholding by the Holding Company and ordinary shareholders holding more than 5 percent of ordinary shares along with the number of ordinary shares held at the beginning and at the end of the year is as given below:

Particulars	As at 31 December 2013		As at 31 December 2012	
	Number of shares	% of share holding	Number of shares	% of share holding
CFCL Technologies Limited, Holding Company	852,774,044	100.00%	852,774,040	100.00%

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Details of issuance of shares for consideration other than cash during the last five years ended 31 December 2013 are as below:

Particulars	Number of shares	Par value per share
Shares issued to Holding Company in settlement of liability during the year ended 31 December 2009	162,302,641	0.0001
Shares issued to Holding Company in settlement of liability during the year ended 31 December 2010	34,703,889	0.0001
Shares issued to Holding Company in settlement of liability during the year ended 31 December 2011	247,172,135	0.0001
Shares issued to Holding Company in settlement of liability during the year ended 31 December 2012	16,677,785	0.0001
Shares issued to Holding Company in settlement of liability during the year ended 31 December 2013	4	0.0001

There has been no issuance of bonus shares or buy back of shares during the last five years ended 31 December 2013.

Employee stock options

The Board of Directors of CFCL Technologies Limited, the Holding Company approved the 2007 Share Option Plan ("Plan") administered by compensation committee of the Board of Directors for granting stock options to certain employees of its subsidiaries companies as per Management's discretion. A committee has been constituted to administer the Plan along with the Board and to determine the grant date fair value which would be the exercise price for such options. A total of 6,081,498 ordinary shares were reserved for issuance under the Plan.

The fair value of the ordinary shares has been determined by the management on the date of the grant of the stock options to the employees pursuant to the Plan. The fair valuation has been determined by an independent appraiser using the Black-Scholes-Merton valuation model. The stock options vest equally over the period of 4 years and the exercise period is 10 years from the date of grant. The stock compensation cost is a component of the fair value of the stock options and the number of options, which is recognised as employee compensation cost over the vesting period, provided that the stock option holders continue to be in employment of the Company. The employee compensation cost recognised in the statement of profit and loss is USD 585,272 (previous year: USD 1,178,923). The weighted average remaining useful life of the stock options is 8.82 years (previous year: 7.07 years).

The Holding Company, in its Board Meeting held on 19 July 2013, has modified the exercise price of all the outstanding stock options to USD 1.09 to bring it in line with the fair value of the share as at that date. Accordingly, all the existing stock options have been re-priced at USD 1.09. The Company has accounted for this change in accordance with the Guidance Note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India.



The following table details the movement of options under the Plan mentioned above:

Particulars	For the year ended 31 December 2013		For the year ended 31 December 2012	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at the beginning of the year	2,037,072	3.67	1,137,364	2.42
Options granted during the year	1,157,650	1.09	980,000	5.15
Option forfeited during the year	924,000	1.09	80,292	4.02
Options exercised during the year	713,083	1.09	-	-
Options outstanding at the end of the year	1,557,639	1.09	2,037,072	3.67
Options exercisable at the end of the year	459,705	1.09	1,052,983	2.30

The estimated weighted average fair value of options granted during the year was USD 0.64. This was calculated by applying the Black-Scholes-Merton option pricing model with the following inputs:

Particulars	For the year ended 31 December 2013*	For the year ended 31 December 2012
Fair value per share (USD)	1.09	5.44
Exercise price (USD)	1.09	4.99 to 5.44
Average risk-free interest rate	0.36 – 0.46 %	0.36 – 0.46 %
Expected volatility of share price	0.6585	0.6585
Expected life of options granted (in years)	5.38 to 5.64	3.38 to 3.64
Expected dividend yield	Nil	Nil
Fair value of the options	USD 0.64	USD 2.512 to 2.628

* the numbers in the table have been presented post modification of the ESOP scheme.

The following table provides details in respect of range of exercise price and weighted average remaining contractual life for the options outstanding as at 31 December 2013.

Range of exercise price	Shares arising out of options*	Weighted average remaining contractual life	Weighted average exercise price (USD)
USD 1.09	1,557,639	8.82 years	1.09

* includes 704,650 options granted to directors

The following table provides details in respect of range of exercise price and weighted average remaining contractual life for the options outstanding as at 31 December 2012.

Range of exercise price	Shares arising out of options*	Weighted average remaining contractual life	Weighted average exercise price (USD)
USD 1.58 to USD 5.44	2,037,072	7.07 years	1.09

* includes 1,265,009 options granted to directors and non-executive director



ISGN Corporation
Notes to financial statements for the year ended 31 December 2013

3. Reserves and surplus

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Securities premium account			
At the commencement of the year	129,354,449	126,856,117	8,005,746,861
Add: Additions during the year	9,969,907	2,498,332	617,037,544
Balance at the end of the year	139,324,356	129,354,449	8,622,784,405
Employee stock options outstanding account			
At the commencement of the year	1,178,923	-	72,963,559
Add: Employee compensation expenses for the year	585,272	1,178,923	36,222,482
At the end of the year	1,764,195	1,178,923	109,186,041
Surplus (balance in statement of profit and loss)			
Opening balance	(49,371,089)	(41,276,867)	(3,055,576,688)
Add: Net loss for the year	(7,446,732)	(8,094,222)	(460,878,222)
Closing balance	(56,817,821)	(49,371,089)	(3,516,454,910)
	84,270,731	81,162,283	5,215,515,536



ISGN Corporation
Notes to financial statements for the year ended 31 December 2013

4. Other long-term liabilities

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Security deposit	5,898	14,198	365,011
	<u>5,898</u>	<u>14,198</u>	<u>365,011</u>

5. Short-term borrowings

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Loans repayable on demand (secured)			
- Line of credit (Note 1 to 4 below)	22,000,000	22,000,000	1,361,580,000
	<u>22,000,000</u>	<u>22,000,000</u>	<u>1,361,580,000</u>

1. ISGN Corporation, has a line of credit facility of USD 22,000,000 from JP MorganChase Bank. The credit facility is secured by way of: Pledge and Secured by collateral interest in all rights, title, interest in, (i) all accounts; (ii) all general intangibles; (iii) all cash or cash equivalents; (iv) all deposit accounts with any bank or other financial institution; (v) and all accessories to, substitutions for and replacements, proceeds, insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any general intangibles at any time evidencing or relating to any of the foregoing but excluding deposit, escrow or similar accounts of the borrowers held for the benefit of third parties in the ordinary course of business of the borrowers.

2. Further, the ultimate parent company Chambal Fertilisers and Chemicals Limited, has given a corporate guarantee for the credit facility to the extent of USD 22,000,000. ISGN Corporation has agreed to pay the following consideration for the guarantee extended by the ultimate parent company.

- a. 5% per annum for USD 16,000,000
- b. 6% per annum for USD 6,000,000

The above guarantee commission is payable as follows:

Monthly guarantee commission @ 0.22% of the guaranty amount of USD 22,000,000. Balance guarantee commission to be paid equally by the sixth and 12th month of every year.

3. The credit facility was available till 21 November 2013 and has been extended upto 30 June 2014.

4. The interest rate on the credit facility is as follows:

a fixed rate equal to the Eurodollar Rate applicable to such loan in the range of 0.313% to 0.625% (a "Eurodollar loan"), plus 2.75%.. In addition, ISGN Corporation, has also agreed to pay monthly commitment fees of 0.5% of the loan amount.

6. Trade payables

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Trade payables			
due to micro and small enterprises (refer Note 23)	122,337	265,454	7,571,437
other creditors			
	<u>122,337</u>	<u>265,454</u>	<u>7,571,437</u>



ISGN Corporation
Notes to financial statements for the year ended 31 December 2013

7. Other current liabilities

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Current maturities of long-term borrowings	-	4,652	-
Accrued expenses	1,754,751	2,471,215	108,601,588
Deposits	20,300	12,000	1,256,383
Payables to related parties (refer Note 24(e))	19,865,752	18,067,989	1,229,491,383
Advance from customers	3,887,123	4,040,528	240,574,042
Other liabilities	70,919	52,114	4,389,177
	<u>25,598,844</u>	<u>24,648,498</u>	<u>1,584,312,573</u>

8. Short-term provisions

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Provision for employee benefits			
Compensated absences	99,285	245,471	6,144,749
Others			
Provision for taxation (net of advance tax and tax deducted at source)	183,425	166,235	11,352,173
Provision for onerous contracts	525,383	251,813	32,515,954
	<u>808,093</u>	<u>663,519</u>	<u>50,012,876</u>

Movement for provisions recorded, as required under AS - 29 is as follows:

Onerous contracts

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Balance at the commencement of the year	251,813	-	15,584,707
Provision made during the year	383,838	251,813	23,755,756
Provision utilised during the year	(110,268)	-	(6,824,509)
Balance at the end of the year	<u>525,383</u>	<u>251,813</u>	<u>32,515,954</u>

Provisions for onerous contracts: The Company has vacated some of its leased premises as it was unable to utilise the premises to their full capacity. These premises had been taken under non-cancellable lease arrangements till a future date. The Company has recognised a provision for these onerous lease contracts.



9. Fixed assets

Fixed Assets	Gross block				Accumulated depreciation and amortisation				Net block		(in USD)
	As at 1 January 2013	Additions during the year	Deletions during the year	As at 31 December 2013	31 December 2013 Convenience translation into Rupees (Unaudited)	As at 1 January 2013	Depreciation/ Amortisation charge for the year	Deletions during the year	As at 31 December 2013	31 December 2013 Convenience translation into Rupees (Unaudited)	
Tangible assets, owned											
Leasehold improvements	288,174	-	-	288,174	17,835,089	286,795	1,379	-	-	-	1,379
Computers and accessories	2,588,324	-	-	2,588,324	160,191,372	2,560,349	19,259	-	8,716	539,433	27,975
Office equipment	613,028	655	9,064	604,619	37,419,870	600,339	11,617	7,337	-	-	12,689
Furniture and fixtures	549,035	-	-	549,035	33,979,776	549,035	-	-	-	-	-
Vehicles	39,038	-	-	39,038	2,416,062	39,038	-	-	-	-	-
Total tangible assets	4,077,599	655	9,064	4,069,190	251,842,169	4,035,556	32,255	7,337	8,716	539,433	42,043
<i>Previous year</i>	<i>4,046,731</i>	<i>30,868</i>	<i>-</i>	<i>4,077,599</i>	<i>-</i>	<i>3,887,554</i>	<i>148,002</i>	<i>-</i>	<i>42,043</i>	<i>-</i>	<i>-</i>
Intangible assets, owned											
Computer software	467,675	2,080	-	469,755	29,073,137	348,110	43,292	-	78,353	4,849,267	119,565
Goodwill	25,897,834	-	-	25,897,834	1,602,816,946	11,488,535	2,525,510	-	11,883,789	735,487,701	14,409,299
Intellectual property	4,367,363	-	-	4,367,363	270,296,096	4,367,363	-	-	-	-	-
Internally developed software platforms	18,915,185	3,827,966	-	22,743,151	1,407,573,621	15,387,851	3,015,610	-	4,339,690	268,583,440	3,527,334
Total intangible assets	49,648,057	3,830,046	-	53,478,103	3,309,759,800	31,591,859	5,584,412	-	16,301,832	1,008,920,408	18,056,198
<i>Previous year</i>	<i>47,166,233</i>	<i>2,481,824</i>	<i>-</i>	<i>49,648,057</i>	<i>-</i>	<i>26,509,178</i>	<i>5,082,681</i>	<i>-</i>	<i>18,056,198</i>	<i>-</i>	<i>-</i>



ISGN Corporation
Notes to financial statements for the year ended 31 December 2013

10. Non-current investments

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation int Rupees (Unaudited)
Long-term investments, at cost			
Trade (unquoted)			
Investment in subsidiary			
7,290,203 (previous year: 7,290,202) Ordinary shares of USD 0.01 each in ISGN Solutions, Inc., fully paid up	100,832,493	96,432,493	6,240,522,992
	<u>100,832,493</u>	<u>96,432,493</u>	<u>6,240,522,992</u>

11. Long-term loans and advances

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation int Rupees (Unaudited)
Unsecured, considered good			
To related parties			
- advances to directors (refer Note 24)		250,000	
To parties other than related parties			
- Security deposits	127,961	127,961	7,919,530
	<u>127,961</u>	<u>377,961</u>	<u>7,919,530</u>

12. Trade receivables

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation int Rupees (Unaudited)
Receivables outstanding for period exceeding six months from the date they become due for payment			
Unsecured, considered good	160,641	188,353	9,942,079
Unsecured, considered doubtful	1,342,834	1,774,478	83,108,022
Less: Provision for doubtful debts	<u>(1,342,834)</u>	<u>(1,774,478)</u>	<u>(83,108,022)</u>
	<u>160,641</u>	<u>188,353</u>	<u>9,942,079</u>
Other debts			
Unsecured, considered good	3,663,763	4,403,633	226,750,300
Unsecured, considered doubtful	47,516	-	2,940,795
Less: Provision for doubtful debts	<u>(47,516)</u>	<u>-</u>	<u>(2,940,795)</u>
	<u>3,663,763</u>	<u>4,403,633</u>	<u>226,750,300</u>
	<u>3,824,404</u>	<u>4,591,986</u>	<u>236,692,379</u>



ISGN Corporation
Notes to financial statements for the year ended 31 December 2013

13. Cash and cash equivalents

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Cash on hand	-	-	-
Balances with banks			
In current accounts	2,501,587	72,827	154,823,219
	<u>2,501,587</u>	<u>72,827</u>	<u>154,823,219</u>

14. Short-term loan and advances

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
To parties other than related parties (unsecured)			
Considered good			
- Security deposits	6,084	72,335	376,515
- Advance to suppliers	25,424	76,556	1,573,491
- Other advances	284,187	258,393	17,588,342
	<u>315,695</u>	<u>407,284</u>	<u>19,538,349</u>
To related parties (unsecured)			
Considered good			
- Other advances (refer Note 24(e))	8,448,472	7,252,448	522,875,896
	<u>8,448,472</u>	<u>7,252,448</u>	<u>522,875,896</u>
	<u>8,764,167</u>	<u>7,659,732</u>	<u>542,414,244</u>

15. Other current assets

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Unbilled revenue	447,090	779,182	27,670,400
	<u>447,090</u>	<u>779,182</u>	<u>27,670,400</u>



ISGN Corporation

Notes to financial statements for the year ended 31 December 2013

16. Income from software services and products

Particulars	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
Knowledge process outsourcing services (refer Note 24(d))	12,467,515	13,797,157	771,614,503
Software services	10,031,930	9,539,783	620,876,148
Software license fee	4,496,290	1,068,884	278,275,388
Software maintenance	4,991,101	6,824,227	308,899,241
	<u>31,986,836</u>	<u>31,230,051</u>	<u>1,979,665,280</u>

17. Other income

Particulars	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
Profit on sale of fixed assets	7,337	-	454,058
Sub-lease income	166,336	169,731	10,294,535
Provisions no longer required written back	13,622	10,700	843,062
Miscellaneous income	-	16,430	-
	<u>187,295</u>	<u>196,861</u>	<u>11,591,655</u>



ISGN Corporation
Notes to financial statements for the year ended 31 December 2013

18. Employee benefits

Particulars	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
Salaries and bonus	5,409,737	4,516,410	334,808,593
Contribution to provident fund and other funds	639,558	472,851	39,582,245
Stock compensation expense	585,272	1,178,923	36,222,482
Staff welfare including insurance	739,407	522,894	45,761,899
	<u>7,373,974</u>	<u>6,691,078</u>	<u>456,375,219</u>

19. Finance costs

Particulars	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
Interest expense	799,398	843,715	49,474,742
Bank charges and guarantee commission*	1,203,094	1,210,155	74,459,488
	<u>2,002,492</u>	<u>2,053,870</u>	<u>123,934,230</u>

* includes guarantee commission of USD 1,165,817 (previous year: USD 1,160,000) (refer Note 24(d))

20. Other expenses

Particulars	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
Sub contracting expenses (refer Note 24(d))	19,769,761	19,766,842	1,223,550,508
Rent (includes prior period expense of USD Nil (previous year: USD 251,813))	1,663,981	2,202,666	102,983,811
Power and fuel	15,874	36,974	982,442
Repairs and maintenance:			
- computer equipment	295,295	189,729	18,275,808
- others	-	112,616	-
Rates and taxes	2,400	994	148,536
Insurance	109,340	60,919	6,767,053
Traveling and conveyance	815,955	931,318	50,499,455
Communication	233,809	442,143	14,470,439
Consultancy, legal and professional charges	467,987	789,836	28,963,715
Sales promotion and advertisement	117,927	138,760	7,298,502
Provision for doubtful debts	668,608	314,091	41,380,149
Doubtful advances written-off	-	352,263	-
Printing and stationery	4,657	4,459	288,222
Donations	-	250	-
Miscellaneous expenses	255,793	152,718	15,831,029
	<u>24,421,387</u>	<u>25,496,578</u>	<u>1,511,439,669</u>



ISGN Corporation**Notes to financial statements for the year ended 31 December 2013****21. Contingent liabilities and other commitments****Contingent liabilities:**

Claims lodged / suits filed against the Company by customers are as given below. In addition, the company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the company's results of operations or financial condition.

Lawsuit filed by Delmar claiming damages for malfunctions in the Company's MORvision technology product being used by Delmar. Delmar has stated that there are errors in calculations performed by the product due to which it may have had to repurchase certain loans calculated with the faulty software. The Company is contesting this case vigorously as it does not believe the claim has any merit and has stated in its response that the error has occurred due to user's mistake, i.e. Delmar's employees' mistakes. The Company and its external legal counsel, are unable to make an estimate at this stage as to the probable outcome of this litigation. However, based on the facts and circumstances, the Company does not believe there will be any loss to the Company in this matter.

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is USD Nil (31 December 2012: Nil).

22. Leases**Company as lessee****Operating lease**

The Company is obligated under non-cancellable leases for office premises and certain equipments. Future minimum lease payments are:

Year ended 31 December	(Amount in USD)		2013 Convenience translation into Rupees (Unaudited)
	2013	2012	
Not later than one year	341,338	351,378	21,125,409
Later than one year and not later than five years	1,470,899	95,560	91,033,939
Later than five years	533,641	-	33,027,041

The total rental expense recognized under cancellable and non-cancellable operating leases in the statement of profit and loss for the year ended 31 December 2013 USD 1,663,982 (31 December 2012: USD 2,202,666).

Company as lessor**Operating lease**

The Company has leased out certain office premises under non-cancellable operating lease.

The total rental income recognized in the statement of profit and loss for the year ended 31 December 2013 is USD 166,336 (31 December 2012: USD 169,731).



ISGN Corporation**Notes to financial statements for the year ended 31 December 2013**

The total future minimum sublease payments expected to be received under non-cancellable subleases as at 31 December 2013 is USD 686,322 (31 December 2012: 891,722)

23. Dues to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 December 2013 and 31 December 2012 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	(Amount in USD)	
	For the year ended 31 December 2013	For the year ended 31 December 2012
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-



ISGN Corporation

Notes to financial statements for the year ended 31 December 2013

24. Related party disclosures

List of related parties

a) List of parties where control exists

Ultimate holding company - Chambal Fertilisers and Chemicals Limited
Holding Company – CFCL Technologies Limited, Cayman Islands

Company which exercises control through intermediaries:

CFCL Overseas Limited, Cayman Islands

Subsidiaries

ISGN Solutions, Inc, USA

Novasoft Information Technology Corporation, GmbH, Germany – In the process of winding up

Companies which are under control through intermediaries

ISG Novasoft Technologies Limited, India

Inuva Info Management Private Limited, India

ISGN Fulfillment Services, Inc (Pennsylvania)

ISGN Fulfillment Services, Inc (Arizona)

ISGN Fulfillment Services of Maryland, Inc (Maryland) - Dissolved effective 10 February 2012

ISGN Fulfillment Agency, LLC (Delaware)

ISGN Fulfillment Agency of Alabama, LLC - Dissolved effective 30 July 2013

Richmond Investors, LLC

Richmond Title Genpar, LLC

Richmond Title Services, LP

Flex Agents Signing Team, LLC - Dissolved effective 14 February 2012

b) Fellow subsidiary

CFCL Ventures Limited

c) Key Management Personnel (KMP)

Amit Kothiyal, Chief Executive Officer and Director

Krishnakumar Srinivasan, Director (resigned with effect from 21 February 2013)

Ritesh Idnani, Chief Executive Officer and Director (resigned with effect from 1 August 2013)



ISGN Corporation**Notes to financial statements for the year ended 31 December 2013****d) Related party transactions**

Particulars	(Amount in USD)		
	For the year ended 31 December 2013	For the year ended 31 December 2012	2013 Convenience Translation into Rupees (Unaudited)
Ultimate holding company			
Guarantee commission	1,165,817	1,160,000	72,152,414
Holding company			
Issue of ordinary shares*	9,969,907	2,500,000	617,037,544
Subsidiaries			
Income from software services and products (ISGN Solutions, Inc)	12,467,515	13,797,157	771,614,503
Employee benefit expenses (cross charged from ISGN Solutions, Inc)	1,134,335	129,487	70,203,993
Investment in ordinary shares of ISGN Solutions, Inc**	4,400,000	5,500,000	272,316,000
Companies which are under common control through intermediaries			
Sub contracting expenses (ISG Novasoft Technologies Limited)	18,523,471	19,253,151	1,146,417,620
Employee benefit expenses (cross charged from ISGN Fulfillment Services, Inc)	111,955	384,204	6,928,895
Key Management Personnel			
Employee benefit	1,011,305	839,847	62,589,666

* The issue of shares as disclosed above was a non-cash transaction, whereby, certain liabilities towards the Holding Company have been adjusted by means of issuance of equity.

** The investment in shares as disclosed above was a non-cash transaction, whereby, the amount receivable from the subsidiary has been adjusted by means of investment in its equity.



ISGN Corporation
Notes to financial statements for the year ended 31 December 2013
e) Related party balances:

Particulars	(Amount in USD)		2013 Convenience translation into Rupees (Unaudited)
	As at 31 December 2013	As at 31 December 2012	
Holding company			
Other current liabilities	7,935,959	9,252,349	491,156,503
Companies which are under common control through intermediaries			
Other current liabilities (ISG Novasoft Technologies Limited)	8,433,855	8,805,584	521,971,224
Other advances (ISGN Fulfillment Services, Inc)	8,257,858	5,496,401	511,078,857
Other advances (Richmond Title Services, LP)	177,132	175,815	10,962,638
Fellow subsidiary			
Other advances	13,482	10,769	834,401
Subsidiaries			
Other advances (ISGN Solutions, Inc)	-	1,569,463	-
Other current liabilities (ISGN Solutions, Inc)	3,484,115	-	215,631,875
Other current liabilities (Novasoft Information Technology Corporation)	11,824	10,056	731,781

25. Segmental reporting

The Company's business activity falls within a single primary business segment (namely, mortgage processing services) and a single geographical segment (namely, the United States of America). Accordingly, disclosure requirements under Accounting Standard 17, 'Segment Reporting', notified by the Central Government, are not applicable.



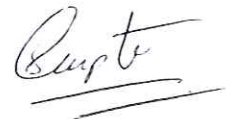
ISGN Corporation**Notes to financial statements for the year ended 31 December 2013****26. Earnings per share****(Amount in USD, except share data)**

	Year ended 31 December 2013	Year ended 31 December 2012	2013 Convenience translation into Rupees, except share data (Unaudited)
Loss for the year	(7,446,732)	(8,094,222)	(460,878,222)
Weighted average number of ordinary shares considered in calculating basic and diluted Earnings Per Share ('EPS')	852,774,040	836,141,948	852,774,040
Basic and diluted EPS	(0.01)	(0.01)	(0.54)

There were no potentially dilutive equity shares as at 31 December 2013 and 2012.

27. Convenience translation

The books of accounts of the Company are maintained in US Dollars ('USD') being the currency of the primary economic environment in which it operates. Supplementary INR information is provided for convenience only. The balance sheet, statement of profit and loss, cash flow statement and related notes have been translated at the rate of 1 USD = INR 61.89. These numbers are based on information from the management and have not been audited by B S R R & Co.

*for B S R R & Co**Chartered Accountants**Firm's registration number: 130791W**for and on behalf of the Board of Directors of**ISGN Corporation***Sampad Guha Thakurta***Partner**Membership number: 060573***Amit Kothiyal***Director***Shailendra Gupta***Chief Financial Officer**Place: Bangalore**Date: 8 May 2014**Place:**Date: 8 May 2014**Place: Bangalore**Date: 8 May 2014*