

### Independent Auditors' Report

To,

**The Members of ISGN Solutions Inc**

#### Report on the Financial Statements

We have audited the accompanying financial statements of **ISGN Solutions Inc** ('the Company'), which comprises of the Balance Sheet as at 31<sup>st</sup> December 2015, the Statement of Profit and Loss and cash flow statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

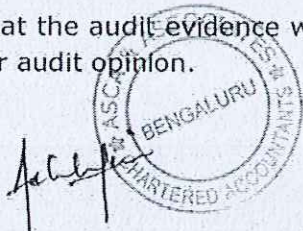
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, 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 judgement, 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 fair presentation of the financial statements 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 balance sheet, of the state of affairs of the Company as at 31 December 2015;
- ii) 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
- iii) in the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

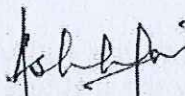
## Other Matter

The Indian 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 Notes to Accounts. The translation from US Dollars (USD) to Indian Rupee (INR) is unaudited.

### For ASCA and Associates

Chartered Accountants

FRN: 015515S



**Ashish Jain**

Partner

**Mem No: 235486**



Place: Bangalore

Date: 26.04.2016

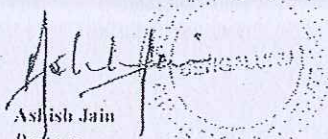
ISGN Solutions, Inc  
Balance Sheet

	Note	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	2	73,200	73,000	4,842,912
Reserves and surplus	3	51,518,847	52,419,001	3,408,486,894
		<u>51,592,047</u>	<u>52,492,001</u>	<u>3,413,329,806</u>
<b>Current liabilities</b>				
Trade payables	4	13,308	19,869	880,457
Other current liabilities	5	13,915,146	10,410,357	920,626,091
Short-term provisions	6	3,211	2,953	212,399
		<u>13,931,665</u>	<u>10,433,179</u>	<u>921,718,946</u>
		<u><u>65,523,712</u></u>	<u><u>62,925,180</u></u>	<u><u>4,335,048,752</u></u>
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Fixed assets</b>				
- Intangible assets	7	2,413,873	2,222,870	159,701,813
Capital work-in-progress		22,637		1,497,673
<b>Non-current investments</b>				
Long-term loans and advances	8	46,669,322	51,408,746	3,087,642,365
	9	226,875	226,875	15,010,050
		<u>49,332,707</u>	<u>53,858,491</u>	<u>3,263,851,900</u>
<b>Current assets</b>				
Trade receivables	10	539,356	612,583	35,683,824
Cash and cash equivalents	11	163,796	52,559	10,836,740
Short-term loan and advances	12	15,073,801	8,343,805	997,282,674
Other current assets	13	414,052	57,742	27,393,675
		<u>16,191,005</u>	<u>9,066,689</u>	<u>1,071,196,913</u>
		<u><u>65,523,712</u></u>	<u><u>62,925,180</u></u>	<u><u>4,335,048,752</u></u>
Significant accounting policies	1			

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

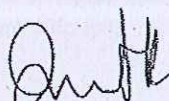
As per our report of even date attached

for ASCA & Associates  
Chartered Accountants  
Firm's registration number: 0155158


  
Ashish Jain  
Partner  
Membership number: 235486

Place: Bangalore  
Date: 26th April 2016

for and on behalf of the Board of Directors of  
ISGN Solutions, Inc

  
Amit Kolhiyal  
Director

Place: Bangalore  
Date: 26th April 2016

  
Sudharajan Sampath  
Chief Financial Officer

Place: Bangalore  
Date: 26th April 2016

ISGN Solutions, Inc  
Statement of Profit and Loss

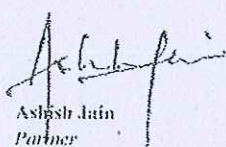
	Note	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Revenue from operations</b>				
Income from knowledge process outsourcing	14	4,927,114	10,289,226	325,977,883
Other income	15	-	10,906	-
<b>Total revenue</b>		<b>4,927,114</b>	<b>10,300,132</b>	<b>325,977,883</b>
<b>Expenses</b>				
Employee benefits	16	204,129	470,206	13,505,144
Finance cost	17	2,168	-	143,429
Depreciation and amortisation expenses	7	15,708	-	1,039,237
Other expenses	18	15,621,532	10,392,044	1,033,520,537
<b>Total expenses</b>		<b>15,843,537</b>	<b>10,862,250</b>	<b>1,048,208,348</b>
<b>Loss before tax</b>		<b>(10,916,422)</b>	<b>(562,118)</b>	<b>(722,230,503)</b>
<b>Tax expense</b>				
Current tax expense		-	31,099	-
<b>Loss for the year</b>		<b>(10,916,422)</b>	<b>(593,217)</b>	<b>(722,230,503)</b>
<b>Earnings per share (par value USD 100)</b>	23			
Basic and diluted		(14,931.70)	(812.63)	(988,003.42)
<b>Weighted average number of shares used in computing earnings per share</b>				
Basic and diluted		731	730	731

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

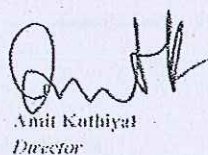
for ASCA & Associates  
Chartered Accountants  
Firm's registration number: 01551358

  
Ashish Jain  
Partner

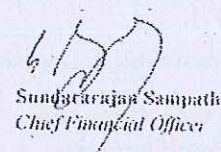
Membership number: 235486

Place: Bangalore  
Date: 26th April 2016

for and on behalf of the Board of Directors of  
ISGN Solutions, Inc

  
Anil Kothiyal  
Director

Place:  
Date: 26th April 2016

  
Sundararajan Sampath  
Chief Financial Officer

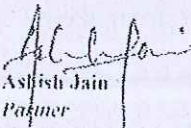
Place: Bangalore  
Date: 26th April 2016

ISGN Solutions, Inc  
Cash Flow Statement

	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Cash flow from operating activities :</b>			
Loss before tax	(10,916,422)	(562,118)	(722,230,303)
Adjustments for :			
Depreciation and amortisation expense	15,708	-	1,039,237
Stock compensation expense	16,468	29,113	1,089,523
Provision for doubtful debts	-	-	-
Liabilities no longer required written back	-	-	-
Operating loss before working capital changes	(10,884,246)	(533,005)	(720,101,743)
Changes in working capital			
Trade and other receivables	(7,013,079)	(7,671,018)	(463,985,317)
Trade payables and provisions	3,498,487	6,852,935	231,459,923
Cash generated from operations	(14,398,838)	(1,351,087)	(952,627,137)
Income taxes paid	-	(31,099)	-
Net cash from / (used in) operating activities	(14,398,839)	(1,382,186)	(952,627,137)
<b>Cash flow from investing activities</b>			
Investments in subsidiaries	4,739,424	-	313,560,271
Purchase of Fixed Assets	(229,348)	-	(15,173,673)
Increase in Long Term Loans & Advances	1	-	-
Net cash from investing activities	4,510,076	-	298,386,598
<b>Cash flow from financing activities</b>			
Proceed from issue of share capital	10,000,000	-	661,599,998
Net cash flow from financing activities	10,000,000	-	661,599,998
Net changes in cash and cash equivalents	111,237	(1,382,186)	7,359,436
Cash and cash equivalents at the beginning of the year	52,559	1,434,745	3,477,303
Cash and cash equivalents at the end of the year	163,796	52,559	10,836,740

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

for ASCA & Associates  
Chartered Accountants  
Firm's registration number: 0155155

  
Ashish Jain  
Partner  
Membership number: 235486

for and on behalf of the Board of Directors of  
ISGN Solutions, Inc

  
Amit Kothiyal  
Director

  
Sundararajan Sampath  
Chief Financial Officer

Place: Bangalore  
Date: 26th April 2016

Place:  
Date: 26th April 2016

Place: Bangalore  
Date: 26th April 2016

**ISGN Solutions, Inc**  
**Notes to the financial statements for the year ended 31 December 2015**

**1. Significant accounting policies**

**1.1 Background**

ISGN Solutions Inc., (hereinafter referred as "the Company"), part of the CFCL Technologies Limited group of companies, is in the business of providing loan fulfillment solutions. The portfolio of services offered include broker price opinions, closing and settlement services, valuation services, mortgage processing services including underwriting services, flood and title certification, home retention and loan modification solutions, and vendor management solutions for residential mortgage lenders.

**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 of accounting. IGAAP comprises mandatory accounting standards as prescribed by section 133 of the Companies Act 2013 ('Act') read with rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). 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.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle.

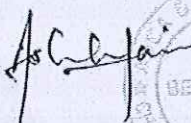
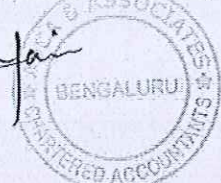
The financial statements are presented in United States Dollars ('USD') as the functional as well as reporting currency of the Company is the United States Dollars.

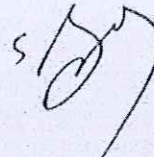
**1.3 Use of estimates**

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.

**1.4 Going concern assumption**

The Company has accumulated losses of USD 55,881,480. Further, the Company has also incurred loss of USD 10,916,421 during the current year and its current assets are more than the current liabilities as at the balance sheet date by USD 2,259,339. Based on the letter of continued financial support provided by the ultimate holding company, for at least over a period of one year from the balance sheet date, 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.



**ISGN Solutions, Inc**

**Notes to the financial statements for the year ended 31 December 2015**

**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 derives its revenues from 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 unearned revenue.

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 Statement of Profit and Loss.

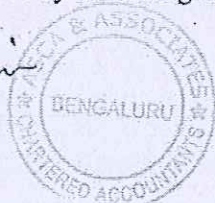
Interest income is recognized using the time-proportion method, based on the rates implicit in the transaction.

**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:

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ISGN Solutions, Inc  
Notes to the financial statements for the year ended 31 December 2015

1.6 Fixed assets and depreciation (Continued)

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

Lease hold improvements are depreciated over their estimated useful life or the primary lease period whichever is shorter.

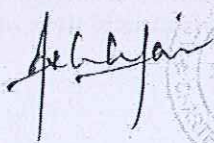

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are classified as capital advances and disclosed under long-term loans and advances. The cost of the fixed asset not ready for its intended use on such date is classified as capital work-in-progress.

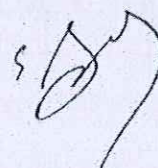
1.7 Intangible assets

Intangible assets comprise of goodwill, 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 acquisition is not amortized but tested for impairment at least 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.

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.





**ISGN Solutions, Inc**

**Notes to the financial statements for the year ended 31 December 2015**

**1.7 Intangible assets (Continued)**

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 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.

**1.9 Income taxes**

*Current tax*

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

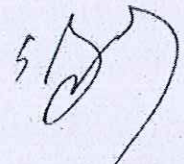
*Deferred tax*

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.

**1.10 Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to ordinary 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 ordinary shares considered for deriving base earnings per share and also the weighted average number of ordinary shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential ordinary 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 ordinary shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential ordinary shares are determined independently for each period presented.

**ISGN Solutions, Inc**

**Notes to the financial statements for the year ended 31 December 2015**

**1.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and balance in bank in current accounts.

**1.12 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.

**1.13 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.

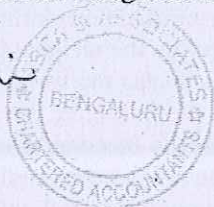
Finance Leases – Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments 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.

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**ISGN Solutions, Inc**

**Notes to the financial statements for the year ended 31 December 2015**

**1.14 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.

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.

**1.15 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.

*Ashraf*  


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ISGN Solutions, Inc.  
Notes to the financial statements for the year ended 31 December 2015

2. Share capital

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Authorised</b>			
Ordinary shares 10,000,000 (previous year: 10,000,000), Ordinary shares of USD 0.01 each	100,000	100,000	6,616,000
<b>Issued, subscribed and paid up:</b>			
Ordinary shares 732 (previous year: 730) Ordinary shares of USD 100 each	73,200	73,000	4,842,912
	<b>73,200</b>	<b>73,000</b>	<b>4,842,912</b>

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

Particulars	31 December 2015		31 December 2014	
	Number of shares	Amount (in USD)	Number of shares	Amount (in USD)
<b>Ordinary shares</b>				
Shares at the beginning	730	73,000	730	73,000
Add: Shares issued during the year	2	200	-	-
<b>Shares at the end</b>	<b>732</b>	<b>73,200</b>	<b>730</b>	<b>73,000</b>

Rights, preference and restrictions attached to ordinary shares

The Company has only one class of ordinary shares having a par value of USD 0.01 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 and previous year. In the event of liquidation, the equity 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	31 December 2015		31 December 2014	
	Number of shares	% of share holding	Number of shares	% of share holding
ISGN Corporation Inc, holding company	732	100.00%	730	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 shares allotted pursuant to a contract without payment being received in cash.

Name of the allottee	Number of shares allotted during the year ended				
	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
ISGN Solutions, Inc	2	-	1	1	2

There has been no issuance of bonus shares or share buy back during the last five years ended 31 December 2015.

Employee stock options

The Board of Directors of CFCL Technologies Limited, an intermediate holding company approved the 2007 Share Option Plan ('Plan') administered by compensation committee 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 of CFCL Technologies 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 done by 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 16,468 (previous year: USD 29,113). The weighted average remaining useful life of the stock options is 7.62 years (previous year: 8.63 years).

The intermediate holding company, in its Board Meeting held on 19 July 2013, had 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 were re-priced at USD 1.09. The Company had 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 2015		For the year ended 31 December 2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at the beginning of the year	49,000	1.12	65,000	-
Options granted during the year	0	1.09	1,083	1.24
Option forfeited during the year	6,000	1.09	17,083	3.41
Options exercised during the year	-	-	-	-
Options outstanding at the end of the year	43,000	1.12	49,000	1.12
Options exercisable at the end of the year	25,604	1.09	16,729	1.09

The estimated weighted average fair value of options granted during the year was USD 0.65 to USD 0.75 (Previous year: USD 0.64 to USD 0.75). This was calculated by applying the Black-Scholes-Merton option pricing model with the following inputs:

Particulars	For the year ended 31 December 2015	For the year ended 31 December 2014
Fair value per share (USD)	1.09	\$1.09 to \$1.26
Exercise price (USD)	1.09	\$1.09 to \$1.26
Average risk-free interest rate	1.25 – 1.47 %	0.92 – 1.25 %
Expected volatility of share price	0.6585	0.6585
Expected life of options granted (in years)	6	6
Expected dividend yield	Nil	Nil
Fair value of the options	USD 0.65 to USD 0.75	USD 0.64 to USD 0.75

\* 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 2015.

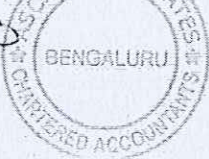
Range of exercise price	Shares arising out of options*	Weighted average remaining contractual life	Weighted average exercise price (USD)
USD 1.09 to USD 1.26	43,000	7.62	1.09

\* includes Nil options granted to directors and non-executive director

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 2014.

Range of exercise price	Shares arising out of options*	Weighted average remaining contractual life	Weighted average exercise price (USD)
USD 1.09 to USD 1.26	49,000	8.63 years	1.12

\* includes Nil options granted to directors and non-executive director

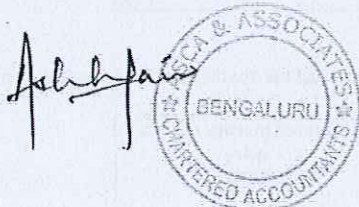
*Arulmani*  


*5/12/15*

ISGN Solutions, Inc  
Notes to the financial statements for the year ended 31 December 2015

3. Reserves and surplus

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Securities premium account</b>			
At the commencement of the year	97,338,191	97,338,191	6,439,894,717
Add: Additions during the year	9,999,800	-	661,586,768
Balance at the end of the year	107,337,991	97,338,191	7,101,481,485
<b>Employee stock options outstanding account</b>			
At the commencement of the year	45,869	16,756	3,034,693
Add: Employee compensation expenses for the year	16,468	29,113	1,089,523
At the end of the year	62,337	45,869	4,124,216
<b>Deficit (debit balance in Statement of Profit and Loss)</b>			
Opening balance	(44,965,059)	(44,371,842)	(2,974,888,303)
Add: Net loss for the year	(10,916,422)	(593,217)	(722,230,503)
	(55,881,481)	(44,965,059)	(3,697,118,807)
	<b>51,518,847</b>	<b>52,419,001</b>	<b>3,408,486,894</b>



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ISGN Solutions, Inc  
Notes to the financial statements for the year ended 31 December 2015

4. Trade payables

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Trade payables due to micro and small enterprises (refer Note 21)			
other creditors	13,308	19,869	880,457
	<u>13,308</u>	<u>19,869</u>	<u>880,457</u>

5. Other current liabilities

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Accrued expenses	54,185	56,480	3,584,889
Payables to related parties (refer Note 20(d))	13,850,942	10,335,375	916,378,328
Advance from customers	5,202	17,174	344,194
Unearned revenue	3,490		230,898
Other liabilities	1,327	1,327	87,781
	<u>13,915,146</u>	<u>10,410,357</u>	<u>920,626,091</u>

6. Short-term provisions

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Provision for employee benefits			
Compensated absences	3,210	2,953	212,399
	<u>3,210</u>	<u>2,953</u>	<u>212,399</u>

*Ashtabani*  
BENGALURU  
CHARTERED ACCOUNTANTS

*15/12/15*

ISGN Solutions, Inc  
Notes to the financial statements for the year ended 31 December 2015

7. Fixed assets

Particulars	Gross block						Accumulated depreciation and amortisation				Net block			
	As at 1 January 2015	Addition due to transfer from ISGN Corp	Additions	Disposal	As at 31 December 2015	31 December 2015 Convenience translation into Rupees (Unaudited)	As at 1 January 2015	Addition due to transfer from ISGN Corp	Depreciation charge for the year	Disposal / other adjustments	As at 31 December 2015	31 December 2015 Convenience translation into Rupees (Unaudited)	As at 31 December 2015	Net block 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Tangible assets, owned</b>														
Computers and accessories	381,920	-	-	-	381,920	25,267,827	381,920	-	-	-	381,920	25,267,827	-	-
Office equipment	56,551	-	-	-	56,551	3,741,414	56,551	-	-	-	56,551	3,741,414	-	-
Furniture and fixtures	62,985	-	-	-	62,985	4,167,088	62,985	-	-	-	62,985	4,167,088	-	-
<b>Total tangible assets</b>	<b>501,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>501,456</b>	<b>33,176,329</b>	<b>501,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>501,456</b>	<b>33,176,329</b>	<b>-</b>	<b>-</b>
<i>Previous year</i>	<i>501,456</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>501,456</i>	<i>31,757,208</i>	<i>501,456</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>501,456</i>	<i>31,757,208</i>	<i>-</i>	<i>-</i>
<b>Intangible assets, owned</b>														
Computer software	183,646	-	-	-	183,646	12,150,047	183,646	-	-	-	183,646	12,150,048	-	-
Internally developed software platforms	790,654	206,711	-	-	997,365	64,000,868	760,654	15,708	-	-	776,362	51,364,698	191,003,36	12,636,770
Goodwill acquired	2,222,870	-	-	-	2,222,870	147,065,079	-	-	-	-	2,222,870	-	2,222,870	147,065,079
<b>Total intangible assets</b>	<b>3,167,170</b>	<b>206,711</b>	<b>-</b>	<b>-</b>	<b>3,373,881</b>	<b>223,215,995</b>	<b>944,300</b>	<b>15,708</b>	<b>-</b>	<b>-</b>	<b>2,413,873</b>	<b>63,514,146</b>	<b>2,413,873</b>	<b>159,701,850</b>
<i>Previous year</i>	<i>3,167,170</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3,167,170</i>	<i>206,576,903</i>	<i>944,300</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,222,870</i>	<i>59,802,546</i>	<i>2,222,870</i>	<i>140,774,357</i>



*Ashraf*

*AS*



ISGN Solutions, Inc  
Notes to the financial statements for the year ended 31 December 2015

8. Non-current investments

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Trade (Unquoted) 100% Membership interest in Richmond Investors, LLC	-	4,692,032	-
100% Membership interest in Richmond Title Genpar LLC	-	47,392	-
400803 (Previous year: 400,803) Ordinary shares of ISGN Fulfillment Services Inc., fully paid up	46,669,322	46,669,322	3,087,642,365
	<u>46,669,322</u>	<u>51,408,746</u>	<u>3,087,642,365</u>

9. Long-term loans and advances

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Unsecured, considered good - Security deposits	226,875	226,875	15,010,050
	<u>226,875</u>	<u>226,875</u>	<u>15,010,050</u>

10. Trade receivables

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Receivables outstanding for period exceeding six months from the date they become due for payment			
Unsecured, considered good	57,510	56,908	3,804,829
Unsecured, considered doubtful	241,831	290,226	15,999,525
Less: Provision for doubtful debts	<u>(241,831)</u>	<u>(290,226)</u>	<u>(15,999,525)</u>
	57,510	56,908	3,804,829
Other receivables			
Unsecured, considered good	481,847	555,675	31,878,996
Unsecured, considered doubtful	45	56	2,977
Less: Provision for doubtful debts	<u>(45)</u>	<u>(56)</u>	<u>(2,977)</u>
	481,847	555,675	31,878,996
	<u>539,356</u>	<u>612,583</u>	<u>35,683,824</u>

11. Cash and cash equivalents

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Balances with banks In current accounts	163,796	52,559	10,836,740
	<u>163,796</u>	<u>52,559</u>	<u>10,836,740</u>


ISGN Solutions, Inc  
Notes to the financial statements for the year ended 31 December 2015

12. Short-term loan and advances

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
To parties other than related parties (unsecured)			
Considered good			
- Security deposits	-	7,728	-
Advance to suppliers	15,878	-	1,050,465
Advance - Other	5,159	312,409	341,317
To related parties (unsecured)			
Considered good			
- Other advances (refer Note 20(d))	15,052,764	8,023,668	995,890,892
	<u>15,073,801</u>	<u>8,343,805</u>	<u>997,282,674</u>

13. Other current assets

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Prepaid expenses	279,971	-	18,522,881
Unbilled revenue	134,081	57,742	8,870,779
	<u>414,052</u>	<u>57,742</u>	<u>27,393,660</u>

*John J. Jain*  


*h/t*

ISGN Solutions, Inc  
Notes to financial statements for the year ended 31 December 2015

14. Income from knowledge process outsourcing

Particulars	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year Ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Knowledge process outsourcing services*	4,927,114	10,289,226	325,977,883
	<u>4,927,114</u>	<u>10,289,226</u>	<u>325,977,883</u>

\*includes intercompany income of USD 2,851,530 (previous year: USD 7,682,875). Refer Note 20(c)).

15. Other income

Particulars	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year Ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Miscellaneous income	-	10,906	-
	<u>-</u>	<u>10,906</u>	<u>-</u>

16. Employee benefits

Particulars	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year Ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Salaries and bonus	153,899	369,945	10,181,951
Contribution to provident fund and other funds	15,194	26,799	1,005,203
Stock compensation expense	16,468	29,113	1,089,523
Staff welfare including insurance	18,568	44,350	1,228,467
	<u>204,129</u>	<u>470,206</u>	<u>13,505,144</u>



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ISGN Solutions, Inc  
Notes to the financial statements for the year ended 31 December 2015

17. Finance cost

Particulars	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year Ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Interest expenses	2,168	-	143,429
	<u>2,168</u>	<u>-</u>	<u>143,429</u>

18. Other expenses

Particulars	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year Ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Sub-contracting expenses (refer Note 20(c))	9,399,498	9,480,658	621,870,788
Rent	347,255	5,434	22,974,374
Repairs and maintenance:			
- software subscription charges	81,917	73,420	5,419,656
Rates and taxes	281,050	184,409	18,594,275
Insurance	143,735	107,536	9,509,476
Traveling and conveyance	12,272	25,873	811,919
Communication & Internet Charges	111,788	121,860	7,395,887
Consultancy, legal and professional charges	212,128	393,851	14,034,361
Sundry balance written-off	5,073,950	-	335,692,560
Provision for doubtful debts	(52,021)	-	(3,441,709)
Miscellaneous expenses	9,960	(997)	658,950
	<u>15,621,532</u>	<u>10,392,044</u>	<u>1,033,520,537</u>

*Asst. Chartered Accountant*  
BENGALURU  
CHARTERED ACCOUNTANTS & ASSOCIATES

*5/12/15*

**ISGN Solutions, Inc**

**Notes to the financial statements for the year ended 31 December 2015**

**19. Contingent liabilities and other commitments**

**Contingent liabilities:**

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.

**20. Related party disclosures**

List of related parties

**a) List of parties where control exists**

Ultimate holding company - Chambal Fertilisers and Chemicals Limited  
Holding Company - ISGN Corporation, Inc

***Companies which exercise control through intermediaries***

CFCL Technologies Limited, Cayman Islands

***Subsidiaries***

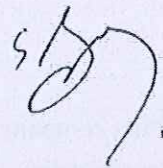
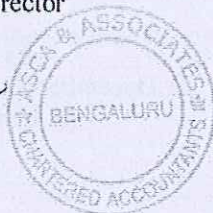
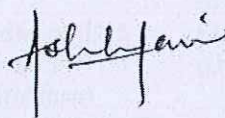
Richmond Investors, LLC - Dissolved effective 10<sup>th</sup> July 2015  
Richmond Title Genpar, LLC - Dissolved effective 7<sup>th</sup> April 2015  
ISGN Fulfillment Services, Inc (Pennsylvania)

***Companies which are under control through intermediaries***

ISGN Fulfillment Services, Inc (Arizona) – Dissolved effective 12<sup>th</sup> January 2016  
ISGN Fulfillment Agency, LLC  
Richmond Title Services, LP- Dissolved effective 8<sup>th</sup> June 2015

**b) Key Management Personnel (KMP)**

Erik Anderson, Director



ISGN Solutions, Inc

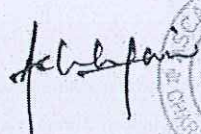

Notes to the financial statements for the year ended 31 December 2015

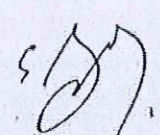
c) Related party transactions entered into during the year:

Particulars	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year Ended 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Holding company</b>			
Issue of shares	10,000,000	-	661,600,000
Employee benefits (reimbursement received)	818,193	950,018	54,131,649
Sub-contracting expenses (cross-charged to the Company)	9,399,498	9,480,658	621,870,788
<b>Subsidiary</b>			
Income from software services and products (ISGN Fulfillment Services, Inc)	2,581,530	7,682,875	170,794,025
Employee benefits (reimbursement received, ISGN Fulfillment Services, Inc)	7,051,735	7,514,594	466,542,788

d) Related party balances:

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Holding company</b>			
Other advances	13,446,166	5,110,709	889,598,343
Other current liabilities	1,864,994	-	123,388,003
<b>Subsidiaries</b>			
Other current liabilities (ISGN Fulfillment Services, Inc)	11,985,949	10,335,375	792,990,386
Other advances (Richmond Title Services, LP)	-	326,498	-
Other advances (ISGN Fulfillment Services)	1,606,598	2,586,461	106,292,524



**ISGN Solutions, Inc**

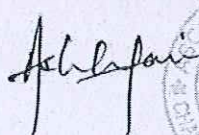

**Notes to the financial statements for the year ended 31 December 2015**

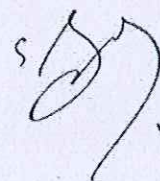
21. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum 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 2015 and 31 December 2014 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

	For the year ended 31 December 2015	For the year ended 31 December 2014
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	-	-

**22. Segmental reporting**

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



ISGN Solutions, Inc  
Notes to the financial statements for the year ended 31 December 2015

23. Earnings per share (EPS)

Year ended	31 December 2015	31 December 2014	31 December 2015 Convenience translation into Rupees (Unaudited)
Loss for the year (in USD)	(10,916,422)	(593,217)	(722,230,480)
Weighted average number of ordinary shares considered in calculating basic and diluted EPS	731	730	731
Basic and diluted EPS (USD)	(14931.70)	(812.63)	(987,881.27)

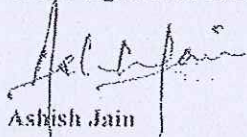
There are no potentially dilutive equity shares as at 31 December 2015 and 31 December 2014.

24. 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 information in Indian Rupees 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 = 66.16. These numbers are based on information from the Management and have not been audited by ASCA & Associates.

for ASCA & Associates  
Chartered Accountants

Firm's registration number:015515S



Ashish Jain  
Partner


Membership number:235486

Place: Bangalore  
Date:26<sup>th</sup> April '16

for and on behalf of the Board of Directors of  
ISGN Solutions, Inc



Amit Kothiyal  
Director



Sandararajan Sampath  
Chief Financial Officer

Place: Bangalore  
Date: 26<sup>th</sup> April '16

Place: Bangalore  
Date:26<sup>th</sup> April '16