

**Independent Auditors' Report**  
**To the Members of CFCL Ventures Limited**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of CFCL Ventures Limited (hereinafter referred to as “the Company”) which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the Ind AS financial statements”).

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (“the Act”), read with relevant rules issued thereunder. The Board of Directors of the company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Ind AS financial statements by the Directors of the Company, as aforesaid.

**Auditors' Responsibility**

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

## **Independent Auditors' Report (continued)**

### **Auditors' Responsibility (continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion on these Ind AS Financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Other Matters**

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 the Note 29 to the Ind AS financial statements. The translation from US Dollars (USD) to Indian Rupee (INR) is unaudited.

### **For C G S & CO**

Chartered Accountants

ICAI Firm Registration Number: 005830S

### **A R Valisha Shakeel**

Partner

Membership Number: 203926

Place: Bangalore

Date: May 8, 2018

**CFCL Ventures Limited**  
**Balance Sheet as at 31 March 2018**

Notes	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Financial assets				
Investments	4	37,354,688	37,354,688	2,434,778,558
<b>Total Non Current Assets</b>		<b>37,354,688</b>	<b>37,354,688</b>	<b>2,434,778,558</b>
<b>Current assets</b>				
Financial assets				
Cash and cash equivalents	5	6,422	6,422	418,581
<b>Total Current Assets</b>		<b>6,422</b>	<b>6,422</b>	<b>418,581</b>
<b>Total assets</b>		<b>37,361,110</b>	<b>37,361,110</b>	<b>2,435,197,139</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>EQUITY</b>				
Equity Share Capital	6	406	406	26,454
Other Equity	7	(105,416,995)	(105,256,531)	(6,871,079,703)
<b>Total Equity</b>		<b>(105,416,589)</b>	<b>(105,256,125)</b>	<b>(6,871,053,249)</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
Borrowings	8	140,363,431	140,363,431	9,148,888,429
Other financial liabilities	9	2,338,227	2,201,763	152,405,605
<b>Total Non-Current Liabilities</b>		<b>142,701,658</b>	<b>142,565,194</b>	<b>9,301,294,034</b>
<b>Current liabilities</b>				
Financial Liabilities				
Trade payables		39,036	39,036	2,544,362
Other financial liabilities	9	37,005	13,005	2,411,992
<b>Total Current Liabilities</b>		<b>76,041</b>	<b>52,041</b>	<b>4,956,354</b>
<b>Total Equity and Liabilities</b>		<b>37,361,110</b>	<b>37,361,110</b>	<b>2,435,197,139</b>

Summary of Significant accounting policies 3  
The notes form an integral part of the financial statements

As per our report of even date

**For C G S & CO**

Chartered Accountants  
ICAI Firm Registration Number: 005830S

**A R Valisha Shakeel**

Partner  
Membership Number: 203926

Place: Bangalore  
Date: May 8, 2018

**For and on behalf of the Board of Directors of  
CFCL Ventures Limited**

**Amit Kothiyal**  
CEO and Director

Place: Melbourne, FL  
Date: May 8, 2018

**Sundararajan Sampath**  
Chief Financial Officer

Place: Bangalore  
Date: May 8, 2018

## Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 March 2018

	Notes	For the year ended 31 March 2018 (in USD)	For the period from 01 January 2016 to 31 March 2017 (in USD)	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
<b>Income</b>				
Other Income	10	-	203	-
<b>Total income</b>		<b>-</b>	<b>203</b>	<b>-</b>
<b>Expenses</b>				
Employee benefits expenses	11	-	(1,186,548)	-
Other expenses	12	160,463	365,642	10,458,978
<b>Total expenses</b>		<b>160,463</b>	<b>(820,906)</b>	<b>10,458,978</b>
<b>(Loss)/Profit before tax</b>		<b>(160,463)</b>	<b>821,109</b>	<b>(10,458,978)</b>
<b>Tax expense</b>				
Current tax		-	-	-
<b>(Loss)/Profit for the year/period</b>		<b>(160,463)</b>	<b>821,109</b>	<b>(10,458,978)</b>
<b>Other Comprehensive Income/(expense)</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income/(expense) for the year/period</b>		<b>(160,463)</b>	<b>821,109</b>	<b>(10,458,978)</b>
<b>Earning per share</b>				
Basic		(0.04)	0.20	(2.58)
Diluted		(0.04)	0.20	(2.58)

Summary of Significant accounting policies 3  
The notes form an integral part of the financial statements

As per our report of even date

**For C G S & CO**

Chartered Accountants

ICAI Firm Registration Number: 005830S

**For and on behalf of the Board of Directors of  
CFCL Ventures Limited****A R Valisha Shakeel**

Partner

Membership Number: 203926

**Amit Kothiyal**

CEO and Director

**Sundararajan Sampath**

Chief Financial Officer

Place: Bangalore

Date: May 8, 2018

Place: Melbourne, FL

Date: May 8, 2018

Place: Bangalore

Date: May 8, 2018

**Balance Sheet as at 31 March 2018****Cash Flow Statement for the year ended 31 March 2018**

	<b>For the year ended 31 March 2018 (in USD)</b>	<b>For the period from 01 January 2016 to 31 March 2017(in USD)</b>	<b>For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit for the year/period before tax	(160,463)	821,109	(10,458,978)
Adjustments to reconcile loss before tax to net cash flows:			
Employee stock compensation expense	-	(1,186,548)	-
<b>Operating (loss)/profit before working capital changes</b>	<b>(160,463)</b>	<b>(365,439)</b>	<b>(10,458,978)</b>
Changes in working capital			
Increase/(decrease) Trade and other payables and liabilities	160,463	365,439	10,458,978
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year/period	6,422	6,422	418,581
Cash and cash equivalents at the end of the year/period	<b>6,422</b>	<b>6,422</b>	<b>418,581</b>

Summary of Significant accounting policies (Refer Note 3)  
The notes form an integral part of the financial statements

As per our report of even date

**For C G S & CO**

Chartered Accountants

ICAI Firm Registration Number: 005830S

**A R Valisha Shakeel**

Partner

Membership Number: 203926

Place: Bangalore

Date: May 8, 2018

**Amit Kothiyal**

CEO and Director

Place: Melbourne, FL

Date: May 8, 2018

**Sundararajan Sampath**

Chief Financial Officer

Place Bangalore:

Date: May 8, 2018

**CFCL Ventures Limited**  
**Statement of Changes in Equity for the year ended 31 March 2018**

(in USD)

Particulars	Equity Share Capital (Refer- Note 6)	Other equity(Attributable to equity holders of the company) (Refer Note 7)			Total
		Securities Premium Reserve	Other Reserves (ESOP Outstanding Account)*	Surplus/(deficit) in the statement of profit and loss	
Balance as at 01 January 2016	406	37,395,980	4,715,241	(147,002,314)	(104,891,093)
Stock compensation expense	-	-	(1,186,548)	-	(1,186,548)
Profit for the period	-	-	-	821,109	821,109
Balance as at 31 March 2017	406	37,395,980	3,528,693	(146,181,205)	(105,256,532)
Stock compensation expense	-	-	-	-	-
Loss during the year	-	-	-	(160,463)	(160,463)
Balance as at 31 March 2018	406	37,395,980	3,528,693	(146,341,668)	(105,416,995)
As at 31 March 2018 Convenience translation into Rupees (Unaudited)	26,463	2,437,469,986	230,000,217	(9,538,549,906)	(6,871,079,703)

\*Represents ESOP reserves in respect of lapsed shares

Summary of Significant accounting policies (Refer Note 3)  
The notes form an integral part of the financial statements

As per our report of even date

**For C G S & CO**

Chartered Accountants

ICAI Firm Registration Number: 005830S

**A R Valisha Shakeel**

Partner

Membership Number:  
203926

Place: Bangalore

Date: May 8, 2018

**For and on behalf of the Board of Directors of  
CFCL Ventures Limited**

**Amit Kothiyal**

CEO and Director

Place: Melbourne, FL

Date: May 8, 2018

**Sundararajan Sampath**

Chief Financial Officer

Place: Bangalore

Date: May 8, 2018

## CFCL Ventures Limited

### Notes to the financial statements for the year ended 31 March 2018

#### 1) Corporate Information

CFCL Ventures Limited, (hereafter referred to as the “Company”) is a Limited Company incorporated in the year 2007 and domiciled in Cayman Islands. On 20 December 2016, CFCL Technologies Limited (Holding company of CFCL Ventures Limited up to 19 December 2016) merged with CFCL Ventures Limited. The principal activity of the company is to carry on the business of investment holding, and to undertake and transact in investment business.

#### 2) Basis of preparation

These financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act 2013 (the Act) and other relevant rules.

##### (a) Reporting period

The Company changed its reporting period to financial year April - March, effective 31 March 2017. Accordingly, the previous period comparative information is presented for fifteen-month period from 1 January 2016 to 31 March 2017. The current year reporting is as at and for the year ended 31 March 2018.

##### (b) Functional and presentation currency

These financial statements are prepared in US Dollars (“USD”), which is also the Company’s functional currency. All amounts have been rounded off to the nearest dollar, unless otherwise indicated.

##### (c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value

##### (d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### 3) Significant accounting policies

##### (a) Current / Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;

## **CFCL Ventures Limited**

### **Notes to the financial statements for the year ended 31 March 2018**

#### **3) Significant accounting policies (Continued)**

##### **(a) Current / Non-current classification (Continued)**

- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

##### **(b) Measurement of fair values**

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company requires the measurement of fair values for both financial / non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes an independent valuer that performs valuation of all significant fair value measurements, including Level 3 fair values. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



**3) Significant accounting policies (Continued)**

**(c) Financial Instruments**

i. Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

ii. Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iv. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognized in the statement of profit and loss.

v. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**3) Significant accounting policies (Continued)**

**(c) Financial Instruments (Continued)**

vi. Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

vii. Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments.

viii. Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. The changes to the business model are expected to be infrequent.

ix. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**(d) Employee stock compensation costs**

Employee stock compensation costs for stock options are recognized as employee benefit expenses 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 valuation performed by the Management 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 behavior 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

## **CFCL Ventures Limited**

### **Notes to the financial statements for the year ended 31 March 2018**

#### **3) Significant accounting policies (Continued)**

##### **(d) Employee stock compensation costs (Continued)**

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.

##### **(e) Earnings per share**

The basic earnings/ (loss) per share is computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings/ (loss) 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.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. 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.

##### **(f) Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement 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.

##### **(g) 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.

##### **(h) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**CFCL Ventures Limited****Notes to financial statements for the year ended 31 March 2018****4. Investments**

<b>Particulars</b>	<b>As at 31 March 2018 (in USD)</b>	<b>As at 31 March 2017 (in USD)</b>	<b>As at 31 March 2018 Convenience translation into Rupees (Unaudited)</b>
<b>Trade (Unquoted)</b>			
Investment in subsidiaries 36,230,700 (Previous year : 36,230,700) Ordinary shares of Rs. 10 each in ISG Novasoft Technologies Limited, fully paid up	8,361,970	8,361,970	545,033,205
Investment in subsidiaries 8534 (previous year: 8534) Ordinary shares of USD 10 each in ISGN Corporation fully paid up	28,992,718	28,992,718	1,889,745,353
	<b>37,354,688</b>	<b>37,354,688</b>	<b>2,434,778,558</b>
Aggregate book value of quoted investments	37,354,688	37,354,688	2,434,778,558
Aggregate market value of quoted investments	37,354,688	37,354,688	2,434,778,558

**5. Cash and cash equivalents**

<b>Particulars</b>	<b>As at 31 March 2018 (in USD)</b>	<b>As at 31 March 2017 (in USD)</b>	<b>As at 31 March 2018 Convenience translation into Rupees (Unaudited)</b>
<b>Cash and cash equivalents</b>			
Balances with banks In current accounts	6,422	6,422	418,581
	<b>6,422</b>	<b>6,422</b>	<b>418,581</b>

CFCL Ventures Limited  
Notes to financial statements for the year ended 31 March 2018

6. Equity Share Capital

Particulars	As at	As at	As at
	31 March 2018 (in USD)	31 March 2017 (in USD)	31 March 2018 Convenience translation into Rupees
<b>Authorised</b>			
Ordinary shares			
55,026,026 (previous period : 55,026,026 ), Ordinary shares of par value USD 0.0001 each	5,503	5,503	358,660
	5,503	5,503	358,660
<b>Issued, subscribed and paid up:</b>			
Ordinary shares			
4,058,593 (previous year: 4,058,593) Ordinary shares of par value of USD 0.0001 each fully paid up	406	406	26,454
	-	-	-
	406	406	26,454

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/period is as given below:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% of share holding	Number of shares	% of share holding
Chambal Fertilisers and Chemicals Limited , Holding company	2,932,947	72.27%	2,932,947	72.27%
Fiserv Solutions, Inc	755,646	18.62%	755,646	18.62%
William Adamowski	240,000	5.91%	240,000	5.91%

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount (in USD)	Number of shares	Amount (in USD)
<b>Ordinary shares</b>				
Shares at the beginning of the year/period	4,058,593	406	4,058,593	406
Add / Less: Movement during the year/period	-	-	-	-
<b>Shares at the end year/period</b>	4,058,593	406	4,058,593	406

**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 are 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.

**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:**

There has been no issuance of bonus shares, shares issued for consideration other than cash or buy back of shares during the last five years ended 31 March 2018.

**Shares reserved for issue under options, convertible preference shares and convertible warrants**

Particulars	As at	As at
	31 March 2018	31 March 2017
Under Employee Stock Option Scheme, 2007	6,081,498	6,081,498
Series A-1 Preference shares	4,328,929	4,328,929
Series B Preference shares	395,819	395,819
Series B-1 Preference shares	6,372,807	6,372,807
Series C Preference shares	91,381	91,381
Series C-1 Preference shares	4,146,650	4,146,650
Series D Preference shares	45,576	45,576
Series D-1 Preference shares	2,068,160	2,068,160
Series E Preference shares	68,365	68,365
Series E-1 Preference shares	3,102,241	3,102,241
Series F Preference shares	45,576	45,576
Series F-1 Preference shares	3,150,391	3,150,391
Series G Preference shares	3,260,630	3,260,630
Series H Preference shares	1,082,230	1,082,230
Series I Preference shares	4,832,693	4,832,693
Warrants	3,819,337	3,819,337

**Warrants**

In consideration of the equipment loans and revolving line of credits (LOC) availed in the previous years from Triple Point Capital ('TPC'), the Group had entered into warrant agreements with TPC in an earlier year. The agreement provides for warrant coverage of USD 100,000 with a conversion option into 10,882 Series B preference shares of the Company at a conversion price of USD 9.1892 per share for equipment loan and of USD 400,000 with a conversion option of 43,529 Series B Preference shares of the Company at a conversion price of USD 9.1892 per share and 47,213 Series C Preference shares of the Company at a conversion price of USD 12.7083 per share for the LOC.

None of the warrants have been exercised by the warrant holders.

**CFCL Ventures Limited**  
**Notes to financial statements for the year ended 31 March 2018**

**6. Equity (continued)**

**Employee stock options**

The Board of Directors of the 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 subsidiary 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 is 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 using the Black-Scholes 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 Nil. (previous period: USD (1,186,548) ).

During the period ended 31 March 2017, ISGN Corporation has entered into Stock Purchase Agreement (SPA) on 28 January 2016 with Firstsource Group USA, Inc. for sale of its entire shareholding in ISGN Solution Inc. As per the SPA, notice of the termination of employee stock options was delivered to option holders and written confirmation from such option holders consenting to the termination was obtained. Therefore, options given to employees of knowledge process outsourcing business was forfeited on execution of this SPA.

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

Particulars	As at March 2018		As at March 2017	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at the beginning of the period / year	-	-	3,814,847	1.09
Option forfeited	-	-	3,814,847	1.09
Options outstanding at the end of the period/ year	-	-	-	-
Options exercisable	-	-	-	-

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

Fair value per share (USD)	1.09
Exercise price (USD)	1.09 to 1.26
Average risk-free interest rate	1.25% – 1.47 %
Expected volatility of share price	0.66
Expected life of options granted (in years)	6
Expected dividend yield	Nil
Fair value of the options (USD)	0.64 to 0.75

## CFCL Ventures Limited

## Notes to financial statements for the year ended 31 March 2018

## 7 Other equity

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
<b>Securities premium</b>			
Balance as per last financial statements	37,395,980	37,395,980	2,437,469,986
Add: Additions during the year/period	-	-	-
<b>Closing balance</b>	<b>37,395,980</b>	<b>37,395,980</b>	<b>2,437,469,986</b>
<b>Employee stock options reserve</b>			
Balance as per last financial statements	3,528,693	4,715,241	230,000,217
Less: Compensation on ESOP cancelled/lapsed during the year/period	-	(1,186,548)	-
<b>Closing balance</b>	<b>3,528,693</b>	<b>3,528,693</b>	<b>230,000,217</b>
<b>Surplus / (deficit) in the statement of profit and loss</b>			
Balance as per last financial statements	(146,181,205)	(147,002,314)	(9,528,090,928)
Less: (Loss)/ Profit for the year/period	(160,463)	821,109	(10,458,978)
<b>Closing balance</b>	<b>(146,341,668)</b>	<b>(146,181,205)</b>	<b>(9,538,549,906)</b>
	<b>(105,416,995)</b>	<b>(105,256,531)</b>	<b>(6,871,079,703)</b>

CFCL Ventures Limited  
Notes to financial statements for the year ended 31 March 2018

8. Borrowings

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
<b>Non-current</b>			
Redeemable Preference Shares	140,363,431	140,363,431	9,148,888,429
	<b>140,363,431</b>	<b>140,363,431</b>	<b>9,148,888,429</b>

**Redeemable preference shares**

Preference shareholders carry voting rights on an as converted basis with ordinary shareholders, except for key governance protections outlined in the Articles of Association of the Company, in which case each class votes separately on an as converted basis as per the terms of the preference shareholders agreement. Further preference shareholders carry preferential dividend rights over ordinary shares if declared by the Board of Directors and priority over ordinary shares in the event of any liquidation, dissolution or winding up of the affairs of Company.

Within ninety (90) days after the receipt of a written request from members holding not less than a majority of then outstanding preference shares, voting together on an as converted basis, that all preference shares be redeemed (such date within such ninety (90) days period being the "Redemption Date") and concurrently with the surrender by the holders of outstanding preference shares of the certificates representing such preference shares, the Company shall, to the extent it may lawfully do so, redeem all of the then outstanding preference shares by paying an amount in cash per preference share to be redeemed equal to the greater of (i) the original purchase price per share (subject to adjustment for any recapitalizations) and (ii) the fair market value of such preference share as of the Redemption Date, as determined by an independent third-party investment bank or similar financial service provider agreed to by the Company and the holders of at least a majority of the preference shares then outstanding, voting together on an as-converted basis (the "Redemption Price"). If, on the Redemption Date, the funds of the Company legally available for redemption of preference shares are insufficient to redeem all outstanding preference shares, those funds that are legally available will be used to make payment to the holders of preference shares on a pro-rata basis in proportion to the number of preference shares then held by such members. Any preference shares not redeemed shall remain outstanding and shall be entitled to all the rights and preferences provided herein. At any time thereafter when additional funds of the Company are legally available for the redemption of the preference shares, such funds will immediately be used to redeem the balance of the preference shares not redeemed on the Redemption Date in the manner and in the order set forth in the preceding sentence.

Each holder of Preference Shares shall be entitled to convert any or all of its Preference Shares, at any time, without the payment of any additional consideration, into such number of fully paid Ordinary Shares as is determined by multiplying the number of Preference Shares by a fraction (such fraction being the "Conversion Ratio") determined by dividing the Original Purchase Price by the Conversion Price determined in each case as hereinafter provided, in effect at the time of conversion. Any conversion of Preference Shares made pursuant to these Articles shall be effected by the redemption of the relevant number of Preference Shares and the issuance of an appropriate number of Ordinary Shares. In the event of liquidation, preference shareholders have a preferential right over ordinary shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

9. Other financial liabilities

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
<b>Non-current</b>			
Payables to related parties <sup>(1)</sup>	2,338,227	2,201,763	152,405,605
	<b>2,338,227</b>	<b>2,201,763</b>	<b>152,405,605</b>
<b>Current</b>			
Accrued expenses <sup>(1)</sup>	36,395	12,395	2,372,249
Warrants <sup>(2)</sup>	610	610	39,743
	<b>37,005</b>	<b>13,005</b>	<b>2,411,992</b>
<sup>(1)</sup> Financial liabilities carried at amortized cost	2,374,622	2,214,158	152,405,605
<sup>(2)</sup> Financial liabilities at fair value through profit or loss	610	610	39,743

**Share warrants**

In consideration of the equipment loans and revolving line of credits (LOC) availed in the previous years from Triple Point Capital ("TPC"), the Group has also entered into warrant agreements with TPC. The agreement provides for warrant coverage of USD 100,000 with a conversion option into 10,882 Series B preference shares of the Company at a conversion price of USD 9.1892 per share for equipment loan and of USD 400,000 with a conversion option of 43,529 Series B preference shares of the Company at a conversion price of USD 9.1892 per share and 47,213 Series C preference shares of the Company at a conversion price of USD 12.7083 per share for the LOC. These warrants are accounted as derivative instruments. The fair value of the stock purchase warrants were USD 610 and USD 610 as of 31 March 2018 and 31 March 2017 respectively.



**CFCL Ventures Limited****Notes to financial statements for the year ended 31 March 2018****10. Other income**

<b>Particulars</b>	<b>For the year ended 31 March 2018 (in USD)</b>	<b>For the period from 01 January 2016 to 31 March 2017(in USD)</b>	<b>For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)</b>
Fair value changes of share warrants (net gain)	-	203	-
	<b>-</b>	<b>203</b>	<b>-</b>

**11. Employee benefits expenses**

<b>Particulars</b>	<b>For the year ended 31 March 2018 (in USD)</b>	<b>For the period from 01 January 2016 to 31 March 2017(in USD)</b>	<b>For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)</b>
Stock compensation expense	-	(1,186,548)	-
	<b>-</b>	<b>(1,186,548)</b>	<b>-</b>

**12. Other expenses**

<b>Particulars</b>	<b>For the year ended 31 March 2018 (in USD)</b>	<b>For the period ended 01 January 2016 to 31 March 2017(in USD)</b>	<b>For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)</b>
Audit fees	18,000	42,200	1,173,240
Consultancy, legal and professional charges	142,463	323,442	9,285,738
	<b>160,463</b>	<b>365,642</b>	<b>10,458,978</b>

**CFCL Ventures Limited**
**Notes to financial statements for the year ended 31 March 2018**
**13. Financial instruments by category**

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

	<b>Amortised cost</b>	<b>Fair value through profit or loss</b>	<b>Total carrying value</b>	<b>Total fair value (in USD)</b>	<b>Convenience translation into Rupees (Unaudited)</b>
<b>Assets:</b>					
Cash and cash equivalents	6,422	-	6,422	6,422	418,581
Investment		37,354,688	37,354,688	37,354,688	2,434,778,558
<b>Total</b>	<b>6,422</b>	<b>37,354,688</b>	<b>37,361,110</b>	<b>37,361,110</b>	<b>2,435,197,139</b>
<b>Liabilities:</b>					
Borrowings	-	140,363,431	140,363,431	140,363,431	9,148,888,429
Trade payables	39,036	-	39,036	39,036	2,544,370
Other financial liabilities	2,374,622	610	2,375,232	2,375,232	154,817,597
<b>Total</b>	<b>2,413,658</b>	<b>140,364,041</b>	<b>142,777,699</b>	<b>142,777,699</b>	<b>9,306,250,396</b>

The carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows:

	<b>Amortised cost</b>	<b>Fair value through profit or loss</b>	<b>Total carrying value</b>	<b>Total fair value (in USD)</b>	<b>Convenience translation into Rupees (Unaudited)</b>
<b>Assets:</b>					
Cash and cash equivalents	6,422	-	6,422	6,422	416,526
Investment		37,354,688	37,354,688	37,354,688	2,422,825,058
<b>Total</b>	<b>6,422</b>	<b>37,354,688</b>	<b>37,361,110</b>	<b>37,361,110</b>	<b>2,423,241,584</b>
<b>Liabilities:</b>					
Borrowings	-	140,363,431	140,363,431	140,363,431	9,103,972,131
Trade payables	39,036	-	39,036	39,036	2,531,878
Other financial liabilities	2,214,158	610	2,214,768	2,214,768	143,649,863
<b>Total</b>	<b>2,253,194</b>	<b>140,364,041</b>	<b>142,617,235</b>	<b>142,617,235</b>	<b>9,250,153,872</b>

**Fair value hierarchy**

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2018:

	<b>As at 31 March 2018</b>	<b>Fair value measurement at end of the reporting year using (in USD)</b>			<b>Convenience translation into Rupees (Unaudited)</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Liabilities</b>					
Preference shares	140,363,431	-	-	140,363,431	9,148,888,429
Share warrants	610	-	-	610	39,760

**CFCL Ventures Limited****Notes to financial statements for the year ended 31 March 2018****13. Financial instruments by category**

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2017:

	As at 31 March 2017	Fair value measurement at end of the reporting period using (in USD)			Convenience translation into Rupees (Unaudited)
		Level 1	Level 2	Level 3	Level 3
<b>Liabilities</b>					
Preference shares	140,363,431	-	-	140,363,431	9,103,972,131
Share warrants	610	-	-	610	39,565

**14. Capital Management**

The Company's objective is to maintain a capital base to ensure sustained growth in business and to maximise the shareholders value.

	As at (in USD)		As at (in INR)	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Total equity attributable to the equity share holders of the Company (A)	(105,416,589)	(105,256,125)	(6,871,053,302)	(6,826,912,284)
Total loans and borrowings (B)	140,363,431	140,363,431	9,148,888,429	9,103,972,131
<b>Total capital (A+B)</b>	<b>34,946,841</b>	<b>35,107,306</b>	<b>2,277,835,127</b>	<b>2,277,059,847</b>

The Company is mainly funded by Redeemable Preference shares.

**CFCL Ventures Limited****Notes to the financial statements for the year ended 31 March 2018****15 Related party disclosures****Names of related parties**

- Ultimate holding company : Chambal Fertilisers and Chemicals Limited
- Immediate Holding Company : CFCL Technologies Limited (up to 19 December 2016)  
Chambal Fertilisers and Chemicals Limited  
(w.e.f 20 December 2016)
- Entities which exercise significant Influence : NEA FDI Ltd.  
NEA IndoUS Ventures, LLC
- Key management personnel (KMP) : Amit Kothiyal, CEO and Director  
Sundararajan Sampath, CFO

List of Subsidiary Companies are as follows:

<b>Sl no</b>	<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>% holding As at 31 March 2018</b>	<b>% holding As at 31 March 2017</b>
	<b>Subsidiaries</b>			
1	ISGN Corporation (“ISGN - C”) ( with effect from 20 December 2016)	U.S.A.	100%	100%
2	ISG Novasoft Technologies Limited (“ISGNTL”)	India	100%	100%
	<b>Step-down Subsidiaries of ISGNTL</b>			
1	Inuva Info Management Private Limited (“INUVA”)* – a subsidiary of ISGNTL	India	71%	71%
	*Dormant Company			

**CFCL Ventures Limited**  
**Notes to the financial statements for the year ended 31 March 2018**

**Related party transactions**

<b>Particulars</b>	<b>For the year ended 31 March 2018 (Amount in USD)</b>	<b>For period from 1 January 2016 to 31 March 2017 (Amount in USD)</b>	<b>For the year ended 31 March 2018 Convenience translation into Rupees(Unaudited)</b>
<b>Holding company</b>			
Expenses paid by subsidiary ( ISGN Corporation )	136,465	355,806	8,894,789
Reimbursement of Expenses ( ISGN Solutions Inc)	-	180,802	-

**Related party balances**

<b>Particulars</b>	<b>As at 31 March 2018 (in USD)</b>	<b>As at 31 March 2017 (in USD)</b>	<b>As at 31 March 2018 Convenience translation into Rupees (Unaudited)</b>
<b>Other Payables</b>			
ISGN Corporation	2,338,227	2,201,763	152,405,605

**16 Earnings per share**

<b>Period ended</b>	<b>For the year ended 31 March 2018 (in USD)</b>	<b>For the period from 1 Jan to 31 March 2017 (in USD)</b>	<b>For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)</b>
Profit/(Loss) after tax	(160,463)	821,109	(10,458,978)
Weighted average number of ordinary shares considered in calculating Basic and Diluted Earnings Per Share ('EPS')	4,058,593	4,058,593	4,058,593
Basic and Diluted EPS	(0.04)	0.20	(2.58)

In computing the diluted EPS, potential equity shares that are dilutive and which increase loss per share are included. Since the Company's preference shares are anti-dilutive and would reduce the loss per share, there is considered to be no dilution for the year ended 31 March 2018 and period ended 31 March 2017.

**CFCL Ventures Limited**

**Notes to the financial statements for the year ended 31 March 2018**

**17 Convenience translation**

The books of accounts of the company are maintained in USD, being the currency of the primary economic environment in which it operates. Supplementary information in Indian Rupees (INR) 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 1USD = INR 65.18. These numbers are based on information from the management and have not been audited by C G S & CO.

As per our report of even date attached

**For C G S & Co**

Chartered Accountants

ICAI Firm Registration Number: 005830S

**For and on behalf of the Board of Directors of  
CFCL Ventures Limited**

**A R Valisha Shakeel**

Partner

Membership Number: 203926

**Amit Kothiyal**

CEO&Director

**Sundararajan Sampath**

Chief Financial Officer

Place: Bangalore

Date: May 8, 2018

Place: Melbourne, FL

Date: May 8, 2018

Place: Bangalore

Date: **May 8, 2018**