



Transforming the  
borrower experience™

## ISGN Solutions, Inc.

### Directors' Report

Dear Shareholders,

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

#### Financial Results

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

(US\$ '000)

Particulars	For the year ended December 31, 2013	For the year ended December 31, 2012
Total Income	8,693	11,972
Profit/(Loss) before tax	(5,556)	(6,132)
Profit/(Loss) after tax	(5,609)	(6,172)

#### Business Operations:

The Company is primarily engaged as an end-to-end provider of products and outsourced services to the mortgage industry in the U.S. The Company provides solutions to mortgage lenders and servicers across all phases of the mortgage loan lifecycle including mortgage processing, valuations, underwriting, closing, quality control, loan servicing and default management.

The Company's revenue from operations stood at US\$ 8.69 million for the year against \$11.97 million in the previous year. The loss for the year stood at \$5.6 million as against the loss of \$6.2 million during the previous period. With continued focus on optimization of cost and strict control over the Selling and General and administration cost, the Company expects to become profitable in the coming years.

#### Dividend

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



### **Directors**

Mr. Paul Imura and Mr. Erik Anderson are the current members of the Board. There were no changes in the Board of Directors during the year.

### **Subsidiaries**

The following are the Company's wholly owned subsidiaries:

Richmond Investors LLC, Richmond title Genpar LLC and ISGN Fulfillment Services, Inc., USA (Pennsylvania)

### **Share Capital**

During the year 1(one) share was allotted to ISGN Corporation, the sole shareholder for the additional investment funding.

### **Acknowledgements**

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

For ISGN Solutions, Inc.

A handwritten signature in black ink, appearing to be 'Erik Anderson'.

**Erik Anderson**  
Director

**Date: May 08, 2014**

**Place: Palm Bay, FL**

# B S R R & Co

(Registered)

Chartered Accountants

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

Telephone +91 80 3980 6000  
Fax +91 80 3980 6999

## Independent Auditors' Report

### To the Members of ISGN Solutions, Inc

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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



**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 December 2013;
- (ii) in the case of the statement of profit and loss, of the loss of the Company for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

**Other matter**

The Rupee amounts are presented in the accompanying financial statements solely for the convenience of the reader and have been translated on the basis described in Note 25 of the financial statements. The translation from US Dollars (USD) to Indian Rupees (INR) is unaudited.

*for BSRR & Co*

*Chartered Accountants*

Firm's registration number: 130791W



**Sampad Guha Thakurta**

*Partner*

Membership No. 060573

Bangalore

08 May 2014

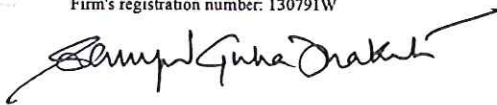
ISGN Solutions, Inc  
Balance Sheet

	Note	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	2	72,902	72,902	4,511,907
Reserves and surplus	3	52,983,203	54,175,303	3,279,130,439
		<u>53,056,105</u>	<u>54,248,205</u>	<u>3,283,642,345</u>
<b>Current liabilities</b>				
Trade payables	4	37,372	53,319	2,312,928
Other current liabilities	5	3,527,749	2,061,559	218,332,411
Short-term provisions	6	15,122	13,053	935,901
		<u>3,580,243</u>	<u>2,127,931</u>	<u>221,581,240</u>
		<u>56,636,348</u>	<u>56,376,136</u>	<u>3,505,223,586</u>
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Fixed assets</b>				
- Tangible assets	7	-	1,356	-
- Intangible assets		2,222,870	2,222,870	137,573,424
Non-current investments	8	51,408,746	51,408,746	3,181,687,290
Long-term loans and advances	9	226,875	254,875	14,041,294
		<u>53,858,491</u>	<u>53,887,847</u>	<u>3,333,302,008</u>
<b>Current assets</b>				
Trade receivables	10	817,044	1,658,204	50,566,853
Cash and cash equivalents	11	1,434,745	195,329	88,796,386
Short-term loan and advances	12	526,068	547,097	32,558,339
Other current assets	13	-	87,659	-
		<u>2,777,857</u>	<u>2,488,289</u>	<u>171,921,578</u>
		<u>56,636,348</u>	<u>56,376,136</u>	<u>3,505,223,586</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 B S R R & Co  
Chartered Accountants  
Firm's registration number: 130791W



Sampad Guha Thakurta  
Partner  
Membership number: 060573

Place: Bangalore  
Date: 8 May 2014

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



Erik Anderson  
Director

Place: USA  
Date: 7 May 2014



Shailendra Gupta  
Chief Financial Officer

Place: Bangalore  
Date: 8 May 2014

ISGN Solutions, Inc  
Statement of Profit and Loss

	Note	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
<b>Revenue from operations</b>				
Income from knowledge process outsourcing	14	8,691,780	11,853,202	537,934,264
Other income	15	1,553	118,305	96,115
<b>Total revenue</b>		<b>8,693,333</b>	<b>11,971,507</b>	<b>538,030,379</b>
<b>Expenses</b>				
Employee benefits	16	938,806	2,637,476	58,102,711
Finance cost	17	1,686	677	104,347
Depreciation and amortisation	7	1,356	15,051	83,923
Other expenses	18	13,307,216	15,449,803	823,583,598
<b>Total expenses</b>		<b>14,249,064</b>	<b>18,103,007</b>	<b>881,874,579</b>
<b>Loss before tax</b>		<b>(5,555,731)</b>	<b>(6,131,500)</b>	<b>(343,844,200)</b>
<b>Tax expense</b>				
Current tax expense		53,125	40,277	3,287,924
<b>Loss for the year</b>		<b>(5,608,856)</b>	<b>(6,171,777)</b>	<b>(347,132,124)</b>
<b>Earnings per ordinary share (par value USD 0.01)</b>				
Basic and diluted	24	(0.77)	(0.85)	(47.62)
<b>Weighted average number of ordinary shares used in computing earnings per ordinary share</b>				
Basic and diluted		7,290,202	7,290,201	7,290,202

Significant accounting policies 1

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

As per our report of even date attached

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



Sampad Guha Thakurta  
Partner  
Membership number: 060573

Place: Bangalore  
Date: 8 May 2014

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



Erik Anderson  
Director

Place: USA  
Date: 7 May 2014



Shailendra Gupta  
Chief Financial Officer

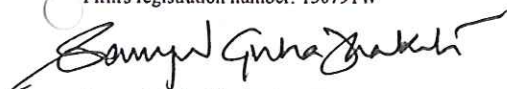
Place: Bangalore  
Date: 8 May 2014

ISGN Solutions, Inc  
Cash Flow Statement

	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
<b>Cash flow from operating activities :</b>			
Loss before tax	(5,555,731)	(6,131,500)	(343,844,199)
Adjustments for :			
Depreciation and amortisation expense	1,356	15,051	83,923
Stock compensation expense	16,756	-	1,037
Provision for doubtful debts	54,458	211,763	3,370,406
Doubtful advances written off	-	43,360	-
Liabilities no longer required written back	1,553	19,354	96,115
<b>Operating loss before working capital changes</b>	<b>(5,481,608)</b>	<b>(5,841,972)</b>	<b>(339,256,719)</b>
Changes in working capital			
Trade and other receivables	923,390	393,953	57,148,615
Trade payables and provisions	5,850,759	5,457,947	362,103,465
<b>Cash generated from operations</b>	<b>1,292,541</b>	<b>9,928</b>	<b>79,995,361</b>
Income taxes paid	(53,125)	(40,277)	(3,287,924)
<b>Net cash provided by / (used in) operating activities</b>	<b>1,239,416</b>	<b>(30,349)</b>	<b>76,707,438</b>
<b>Cash flow from investing activities</b>			
Investments in subsidiaries	-	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
Proceed from issuance of share capital	-	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in cash and cash equivalents</b>	<b>1,239,416</b>	<b>(30,348)</b>	<b>76,707,438</b>
Cash and cash equivalents at the beginning of the year	195,329	225,677	12,088,931
<b>Cash and cash equivalents at the end of the year</b>	<b>1,434,745</b>	<b>195,329</b>	<b>88,796,368</b>

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

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



Sampad Guha Thakurta  
Partner  
Membership number: 060573

Place: Bangalore  
Date: 8 May 2014

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



Erik Anderson  
Authorised signatory

Place: USA  
Date: 7 May 2014



Shailendra Gupta  
Chief Financial Officer

Place: Bangalore  
Date: 8 May 2014

**ISGN Solutions, Inc**  
**Notes to financial statements for the year ended 31 December 2013**

**1. Significant accounting policies**

**1.1 Background**

ISGN Solutions, Inc USA (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. IGAAP comprises accounting standards as prescribed by the Companies (Accounting Standards) Rules 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements have been presented in United States Dollar, the functional currency of the Company.

**1.3 Use of estimates**

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

**1.4 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.





**ISGN Solutions, Inc**

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

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 deferred 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 consolidated statement of profit and loss.

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

**1.5 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:

<b>Asset description</b>	<b>Useful life</b>
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.



**ISGN Solutions, Inc**

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

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.

**1.6 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 consolidation or acquisition is not amortized but tested for impairment atleast annually or as circumstances warrant at the reporting unit level. If impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded.

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

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

**1.7 Employee benefits**

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



**ISGN Solutions, Inc**  
**Notes to financial statements for the year ended 31 December 2013**

**1.8 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.

**1.9 Earnings per share**

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

**1.10 Cash and cash equivalents**

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

**1.11 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.



**ISGN Solutions, Inc**  
**Notes to financial statements for the year ended 31 December 2013**

**1.12 Leases**

*Where the Company is the lessee*

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

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

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

*Where the Company is the lessor*

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

**1.13 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.

**1.14 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.



**ISGN Solutions, Inc**

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

**1.15 Foreign currency transactions**

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.



2. Share capital

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Conversion 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	6,189,000
<b>Issued, subscribed and paid up:</b>			
Ordinary shares			
7,290,203 (previous year: 7,290,202) Ordinary shares of USD 0.01 each	72,902	72,902	4,511,507
	<b>72,902</b>	<b>72,902</b>	<b>4,511,507</b>

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

Particulars	31 December 2013		31 December 2012	
	Number of shares	Amount (in USD)	Number of shares	Amount (in USD)
Ordinary shares				
Shares at the beginning	7,290,202	72,902	7,290,201	72,902
Add: Shares issued during the year	1	0	1	0
Shares at the end	<b>7,290,203</b>	<b>72,902</b>	<b>7,290,202</b>	<b>72,902</b>

Rights, preference and restrictions attached to ordinary shares

The Company has a single 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. 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 2013		31 December 2012	
	Number of shares	% of share holding	Number of shares	% of share holding
ISGN Corporation Inc, holding company	7,290,203	100.00%	7,290,202	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

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-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
ISGN Solutions, Inc	1	1	2	-	-

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

Employee stock options

The Board of Directors of CFCL Technologies Limited, an intermediate holding company approved the 2007 Share Option Plan ("Plan") administered by the compensation committee of the Board of Directors for granting stock options to certain employees of the company and 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 6,081,495 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 an independent appraiser 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 16,756 (previous year: USD Nil). The weighted average remaining useful life of the stock options is 8.82 years.

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

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

Particulars	For the year ended 31 December 2013	
	Number	Weighted average exercise price
Options outstanding at the beginning of the year	-	-
Options granted during the year	65,000	1.09
Options forfeited during the year	-	-
Options exercised during the year	-	-
Options outstanding at the end of the year	65,000	1.09
Options exercisable at the end of the year	7,417	1.09

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

Particulars	For the year ended 31 December 2013*
Fair value per share (USD)	1.09
Exercise price (USD)	1.09
Average risk-free interest rate	0.35 - 0.45 %
Expected volatility of share price	0.6585
Expected life of options granted (in years)	5.38 to 5.64
Expected dividend yield	Nil
Fair value of the options	USD 0.64

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

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

Range of exercise price	Shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (USD)
USD 1.09	65,000	8.82 years	1.09



**ISGN Solutions, Inc**  
**Notes to financial statements for the year ended 31 December 2013**

**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.

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

**20. Leases**

**Company as lessee**

**Operating Lease**

The Company is obligated under non-cancellable leases for office premises and certain equipments. Future minimum lease payments as at 31 December 2013 and 2012 are Nil.

The lease payments recognized in the Statement of Profit and Loss during the year amount to USD 12,062 (31 December 2012: USD 146,051).

**Company as lessor**

**Operating lease**

The company has sub-leased out certain office premises under non-cancellable operating lease. The lease receipts recognized in the Statement of Profit and Loss during the year amount to USD NIL (31 December 2012: USD 93,951).



**ISGN Solutions, Inc**

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

**21. 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 exercises control through intermediaries*

CFCL Overseas Limited, Cayman Islands  
CFCL Technologies Limited, Cayman Islands  
CFCL Ventures Limited, Cayman Islands

*Subsidiaries*

Richmond Investors, LLC  
Richmond Title Genpar, LLC  
ISGN Fulfillment Services, Inc (Pennsylvania)

*Companies which are under control through intermediaries*

ISG Novasoft Technologies Limited  
Inuva Info Management Private Limited  
ISGN Fulfillment Services, Inc (Arizona)  
ISGN Fulfillment Services of Maryland, Inc (Maryland) - Dissolved effective 10 February 2012  
ISGN Fulfillment Agency, LLC  
ISGN Fulfillment Agency of Alabama, LLC - Dissolved effective 30 July 2013  
Richmond Title Services, LP  
Flex Agents Signing Team, LLC - Dissolved effective 14 February 2012

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

Erik Anderson, Director





ISGN Solutions, Inc  
Notes to financial statements for the year ended 31 December 2013

c) Related party transactions entered into during the year:

Particulars	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year Ended 31 December 2013 Convenience translation into Rupees (Unaudited)
<b>Holding company</b>			
Issue of shares against payables	4,400,000	5,500,000	
Employee benefits (reimbursement received)	1,134,335	129,487	
Sub-contracting expenses (cross-charged to the company)	12,467,515	13,797,157	
<b>Subsidiary</b>			
Income from software services and products (ISGN Fulfillment Services, Inc)	-	3,320,715	
Employee benefits (cross-charged to ISGN Fulfillment Services, Inc)	14,017,688	10,905,495	

d) Related party balances:

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
<b>Holding company</b>			
Other current liabilities	-	1,569,463	-
<b>Subsidiaries</b>			
Other current liabilities (ISGN Fulfillment Services, Inc)	3,371,689	321,394	208,673,818
Other advances (Richmond Title Services, LP)	326,498	330,331	20,206,952

e) There were no payments made to KMP during the year ended 31 December 2013 and 2012.



**ISGN Solutions, Inc**

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

22. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 December 2013 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 2013	For the year ended 31 December 2012
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

**23. 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 financial statements for the year ended 31 December 2013

24. Earnings per share (EPS)

Year ended	31 December 2013 (in USD)	31 December 2012 (in USD)	31 December 2013 Convenience translation into Rupees (Unaudited)
Loss for the year	(5,608,856)	(6,171,777)	(347,132,124)
Weighted average number of ordinary shares considered in calculating basic and diluted EPS	7,290,202	7,290,201	7,290,202
Basic and diluted EPS	(0.77)	(0.85)	(47.62)

There are no potentially dilutive equity shares.

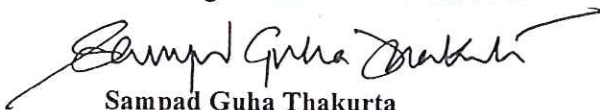
25. Convenience translation

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

for B S R R & Co

Chartered Accountants

Firm's registration number: 130791 W



Sampad Guha Thakurta

Partner

Membership number: 060573

Place: Bangalore

Date: 8 May 2014

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



Erik Anderson

Director

Place: USA

Date: 7 May 2014



Shailendra Gupta

Chief Financial Officer

Place: Bangalore

Date: 8 May 2014

