



Richmond Title Services, LP

Report on the annual performance of the entity for the year ended 31st December, 2013.

Financial Results

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

(US\$ In 000's)

Particulars	For the year ended December 31, 2013	For the year ended December 31, 2012
Income	Nil	37
Profit/(Loss) before tax	Nil	(481)
Profit/(Loss) after tax	Nil	(481)

Business Operations

The entity's core business was providing title insurance (as an agent) and settlement service to national lenders and mortgage brokers. There have been no operations during the year.

Capital

During the year there was no change in the Capital fund.

Acknowledgements

We thank the Stakeholders for their continued support.

For Richmond Title Services, LP

**Erik Anderson
Authorised Signatory**

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

BSRR & Co

(Registered)

Chartered Accountants

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

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Independent Auditors' Report

To the Members of Richmond Title Services, LP

We have audited the accompanying financial statements of Richmond Title Services, LP ('the Partnership'), 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 Partnership 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 Partnership'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 Partnership as at 31 December 2013;
- (i) in the case of the statement of profit and loss account, of the loss of the Partnership for the year ended on that date; and
- (ii) in the case of the cash flow statement, of the cash flows of the Partnership 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 17 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

Richmond Title Services, LP
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)
MEMBERS' CAPITAL AND LIABILITIES				
Members' funds				
Partners capital	2	2,160,600	2,160,000	133,682,400
Reserves and surplus	3	(1,459,854)	(1,450,424)	(90,350,381)
		700,146	709,576	43,332,019
Current liabilities				
Trade payables	4	52,720	52,720	3,262,832
Other current liabilities	5	908,673	562,013	56,237,764
		961,393	614,733	59,500,595
Total		1,661,539	1,314,309	102,832,615
ASSETS				
Non-current assets				
Fixed assets				
- Tangible assets	6	-	7,351	-
			7,351	
Current assets				
Cash and cash equivalents	7	356,519	7,124	22,064,965
Short-term loan and advances	8	1,266,878	1,271,692	78,407,042
Other current assets	9	38,142	38,142	2,360,608
		1,661,539	1,316,958	102,832,615
Total		1,661,539	1,324,309	102,832,615
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
Richmond Title Services, LP



Erik Anderson
Authorised signatory

Place: USA
Date: 7 May 2014



Shalendra Gupta
Chief Financial Officer

Place: Bangalore
Date: 8 May 2014

Richmond Title Services, LP
Statement of Profit and Loss

	Note	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2012 (in USD)	Year ended December 31 December 2013 Convenience translation into Rupees (Unaudited)
Revenue from operations				
Income from knowledge process outsourcing services	10	-	36,877	-
Total Revenue		<u>-</u>	<u>36,877</u>	<u>-</u>
Expenses				
Employee benefits	11	-	438,958	-
Depreciation and amortisation	6	7,351	25,741	454,958
Other expenses	12	2,079	53,135	128,670
Total expenses		<u>9,430</u>	<u>517,834</u>	<u>583,627</u>
Loss before tax		<u>(9,430)</u>	<u>(480,957)</u>	<u>(583,627)</u>
Tax expense				
Current tax		-	300	-
Loss for the year		<u>(9,430)</u>	<u>(481,257)</u>	<u>(583,627)</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
Richmond Title Services, LP


Erik Anderson
Authorised signatory

Place: USA
Date: 7 May 2014


Shailendra Gupta
Chief Financial Officer

Place: Bangalore
Date: 8 May 2014

Richmond Title Services, LP

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)
Cash flow from operating activities :			
Loss before tax	(9,430)	(480,957)	(583,627)
Adjustments for:			
Depreciation and amortisation	7,351	25,741	454,958
Operating loss before working capital changes	(2,079)	(455,216)	(128,670)
Changes in working capital			
Loans and advances and other current assets	4,814	66,465	297,963
Current liabilities and trade payables	346,660	90,810	21,454,684
Cash generated from operations	349,395	(297,941)	21,623,977
Income taxes paid	-	(300)	-
Net cash used in operating activities	349,395	(298,241)	21,623,977
Net decrease in cash and cash equivalents	349,395	(298,241)	21,623,977
Cash and cash equivalents at the beginning of the year	7,124	305,365	440,988
Cash and cash equivalents at the end of the year	356,519	7,124	22,064,965

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

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



Sampad Guha Thakuria
Partner
Membership number: 060673


Place: Bangalore
Date: 8 May 2014

for and on behalf of the Board of Directors of
Richmond Title Services, LP



Erik Anderson
Authorised signatory

Place: USA
Date: 7 May 2014



Shailendra Gupta
Chief Financial Officer

Place: Bangalore
Date: 8 May 2014

Richmond Title Services, LP
Notes to financial statements for the year ended 31 December 2013

2. Partners capital

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Richmond Investors, LLC Contributed Capital	2,138,400	2,138,400	132,345,576
Richmond Title Geopar, LLC Contributed Capital	21,600	21,600	1,336,824
	<u>2,160,000</u>	<u>2,160,000</u>	<u>133,682,400</u>

3. Reserves and surplus

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2012 Convenience translation into Rupees (Unaudited)
Flex accumulated deficit as of January 1, 2008	(295,375)	(295,375)	(18,280,759)
Debit balance in erstwhile partners account	(93,136)	(93,136)	(5,764,187)
Losses absorbed by erstwhile partners	665,545	665,545	41,190,580
	<u>277,034</u>	<u>277,034</u>	<u>17,145,634</u>
Surplus (balance in Statement of Profit and Loss)			
Opening balance	(1,727,458)	(1,246,201)	(106,912,388)
Add: Net loss for the year	(9,430)	(481,257)	(583,627)
Closing balance	<u>(1,736,888)</u>	<u>(1,727,458)</u>	<u>(107,496,015)</u>
	<u>(1,459,854)</u>	<u>(1,450,424)</u>	<u>(90,350,381)</u>

4. Trade payables

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Trade payables due to micro and small enterprises (refer Note 14)	52,720	52,720	3,262,832
other creditors			
	<u>52,720</u>	<u>52,720</u>	<u>3,262,832</u>

5. Other current liabilities

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Accrued expenses	49,523	49,523	3,064,977
Payables to related parties (refer Note 15(b))	503,629	506,364	31,169,588
Escrow liability*	355,521	6,126	22,003,199
	<u>908,673</u>	<u>562,013</u>	<u>56,237,764</u>

* Represents gross amounts received from the lenders, pending disbursement to the borrowers.



Richmond Title Services, LP
Notes to financial statements for the year ended 31 December 2013

7. Cash and cash equivalents

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Cash in hand	998	998	61,766
Balances with banks In escrow accounts*	355,521	6,126	22,003,199
	<u>356,519</u>	<u>7,124</u>	<u>22,064,965</u>

* Represents gross amounts received from the lenders, pending disbursement to the borrowers.

8. Short-term loans and advances

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
To parties other than related parties (unsecured) Considered good - Security deposits	6,642	6,637	411,059
To related parties (unsecured) Considered good - Other advances (refer Note 15(b))	1,260,236	1,265,055	77,995,983
	<u>1,266,878</u>	<u>1,271,692</u>	<u>78,407,042</u>

9. Other current assets

Particulars	As at 31 December 2013 (in USD)	As at 31 December 2012 (in USD)	As at 31 December 2013 Convenience translation into Rupees (Unaudited)
Unbilled revenue	38,142	38,142	2,360,608
	<u>38,142</u>	<u>38,142</u>	<u>2,360,608</u>



Richmond Title Services, LP
Notes to financial statements for the year ended 31 December 2013

6. Fixed assets

(in USD)

Fixed assets	Gross block				Accumulated depreciation and amortisation				Net block		
	As at 31 December 2012	Additions	Disposals	As at 31 December 2013	As at 31 December 2012	Depreciation/amortisation charge for the year	Deductions/Other adjustments	As at 31 December 2013	31 December 2013 Convenience translation into Rupees (Unaudited)	As at 31 December 2013	31 December 2013 Convenience translation into Rupees (Unaudited)
Tangible assets, owned											
Leasehold improvements	23,664	-	-	23,664	20,432	3,232	-	23,664	1,464,565	-	3,232
Computers and accessories	45,727	-	-	45,727	45,727	-	-	45,727	2,830,044	-	-
Office equipment	54,470	-	-	54,470	50,351	4,119	-	54,470	3,371,153	-	4,119
Furniture and fixtures	82,930	-	-	82,930	82,930	-	-	82,930	5,132,538	-	-
Total tangible assets	206,791	-	-	206,791	199,440	7,351	-	206,791	12,798,300	-	7,351
<i>Previous year</i>	<i>206,791</i>	<i>-</i>	<i>-</i>	<i>206,791</i>	<i>188,666</i>	<i>10,774</i>	<i>-</i>	<i>199,440</i>	<i>-</i>	<i>7,351</i>	<i>-</i>
Intangible assets, owned											
Computer software	336,296	-	-	336,296	336,296	-	-	336,296	20,813,359	-	-
Total intangible assets	336,296	-	-	336,296	336,296	-	-	336,296	20,813,359	-	-
<i>Previous year</i>	<i>336,296</i>	<i>-</i>	<i>-</i>	<i>336,296</i>	<i>321,329</i>	<i>14,967</i>	<i>-</i>	<i>336,296</i>	<i>20,813,359</i>	<i>-</i>	<i>-</i>



Richmond Title Services, LP
Notes to financial statements for the year ended 31 December 2013

10. Income from knowledge process outsourcing services

Particulars	For the Year ended 31 December 2013 (in USD)	For the Year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
Knowledge process outsourcing services	-	36,877	-
	-	36,877	-



Richmond Title Services, LP
Notes to financial statements for the year ended 31 December 2013

11. Employee benefits

Particulars	For the Year ended 31 December 2013 (in USD)	For the Year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
Salaries and bonus	-	369,185	-
Contribution to provident fund and other funds	-	23,316	-
Staff welfare including insurance	-	46,457	-
		<u>438,958</u>	

12. Other expenses

Particulars	For the Year ended 31 December 2013 (in USD)	For the Year ended 31 December 2012 (in USD)	Year ended 31 December 2013 Convenience translation into Rupees (Unaudited)
Repairs and maintenance:			
- computer equipment	-	127	-
Rates and taxes	-	1,544	-
Insurance	-	3,713	-
Traveling and conveyance	-	19,829	-
Communication	2,012	14,051	124,523
Consultancy, legal and professional charges	-	5,708	-
Sales promotion and advertisement	-	2,633	-
Printing and stationery	-	321	-
Miscellaneous expenses	67	5,209	4,147
	<u>2,079</u>	<u>53,135</u>	<u>128,670</u>



Richmond Title Services, LP

Notes to financial statements for the year ended 31 December 2013

13. Contingent liabilities and commitments

Contingent liabilities

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

- Title insurance underwriter has claimed that there were multiple errors by RTS in a title search for a refinance transaction resulting in damages amounting to USD 86,500. The Company is unable to make an estimate at this stage as to the probable outcome of this litigation.
- Lawsuit by borrowers for fraudulent inducement to purchase 10 properties that were part of an alleged illegal flipping scheme. RTS named as defendant because it performed the title work. Errors and Omissions (E&O) carrier has accepted the claim and the Company's deductible is USD 25,000. Matter is currently stayed due to the plaintiff and one defendant filing for bankruptcy. The Company's liability for this claim is not expected to be material.

Commitments:

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



Richmond Title Services, LP

Notes to financial statements for the year ended 31 December 2013

14. Dues to Micro, Small and Medium Enterprises

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

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



Richmond Title Services, LP
Notes to financial statements for the year ended 31 December 2013

15. Related party disclosures

List of related parties

a) List of parties where control exists

Ultimate holding company - Chambal Fertilisers and Chemicals Limited
Holding entity - Richmond Investors, LLC and Richmond Title Genpar, LLC

Companies which exercises control through intermediaries:

CFCL Overseas Limited
CFCL Technologies Limited
ISGN Corporation, Inc
ISGN Solutions, Inc
CFCL Ventures Limited
ISG Novasoft Technologies Limited
Inuva Info Management Private Limited
Novasoft Information Technology Corporation, GmbH – In the process of winding up

Subsidiary

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

Company which is under control through intermediaries

ISGN Fulfillment Services, Inc.
ISGN Fulfillment Services, Inc., USA (Arizona)
ISGN Fulfillment Services of Maryland, Inc., USA - Dissolved effective 10 February 2012
ISGN Fulfillment Agency, LLC, USA
ISGN Fulfillment Agency of Alabama, LLC, USA - Dissolved effective 30 July 2013

b) Related party balances:

Particulars	(Amount in USD)		
	As at 31 December 2013	As at 31 December 2012	2013 Convenience translation into Rupees
Companies which exercises control through intermediaries			
Other current liabilities (ISGN Corporation)	177,348	175,816	10,976,068
Other current liabilities (ISGN Solutions, Inc)	326,498	330,331	20,206,961
Subsidiary			
Other advances	1,042,537	1,014,382	64,522,615
Company which is under control through intermediaries			
Other advances (ISGN Fulfillment Services, Inc)	217,698	250,673	13,473,329



Richmond Title Services, LP
Notes to financial statements for the year ended 31 December 2013

16. Segmental reporting

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

17. Convenience translation

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

for B S R R & Co

Chartered Accountants

Firm's registration number: 130791W


for and on behalf of the Board of Directors of
Richmond Title Services, LP



Sampad Guha Thakurta
Partner
Membership number: 060673



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Shailendra Gupta
Chief Financial Officer

Place: Bangalore
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