

B S R & Associates LLP

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 Fulfillment Services, Inc

We have audited the accompanying financial statements of ISGN Fulfillment Services, Inc ('the Company'), which comprise the balance sheet as at 31 December 2014, 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 2014;
- (i) in the case of the statement of profit and loss account, of the loss of the Company for the year ended on that date; and
- (ii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

Other matter

The 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 Note 27 of the financial statements. The translation from US Dollars (USD) to Indian Rupees (INR) is unaudited.

for B S R & Associates LLP

Chartered Accountants

Firm's registration number: 116231W/W-100024



Rushank Muthreja

Partner

Membership No. 211386

Bangalore

29 APR 2015

ISGN Fulfillment Services, Inc
Balance Sheet

	Note	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	2	1	1	63
Reserves and surplus	3	(283,927)	5,190,594	(17,981,150)
		(283,926)	5,190,595	(17,981,087)
Current liabilities				
Trade payables	4	1,370,257	558,721	86,778,547
Other current liabilities	5	9,239,123	11,131,233	585,113,670
Short-term provisions	6	398,746	1,436,396	25,252,558
		11,008,126	13,126,350	697,144,775
		<u>10,724,200</u>	<u>18,316,945</u>	<u>679,163,688</u>
ASSETS				
Non-current assets				
Fixed assets	7			
- Tangible assets		356,794	394,956	22,595,762
- Intangible assets		546,699	839,940	34,622,469
Long-term loans and advances	8	75,000	75,000	4,749,750
		978,493	1,309,896	61,967,981
Current assets				
Current investments	9	13,075	13,075	828,030
Trade receivables	10	3,331,852	6,185,336	211,006,214
Cash and cash equivalents	11	1,893,721	3,272,438	119,929,336
Short-term loan and advances	12	4,224,645	6,552,372	267,546,792
Other current assets	13	282,414	983,829	17,885,336
		9,745,707	17,007,050	617,195,708
		<u>10,724,200</u>	<u>18,316,945</u>	<u>679,163,688</u>
Significant accounting policies	14			

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

As per our report of even date attached

for BSR & Associates LLP
Chartered Accountants
Firm's registration number: 116231W/W-100024

Rushank Muthreja
Partner
Membership number: 211386

Place: Bangalore
Date: 29 APR 2015

for and on behalf of the Board of Directors of
ISGN Fulfillment Services, Inc

Amit Kothiyal
Director

Place: Bangalore
Date: 29 APR 2015

Sundararajan Sambath
Chief Financial Officer

Place: Bangalore
Date: 29 APR 2015

ISGN Fulfillment Services, Inc
Statement of Profit and Loss

	Note	For the year ended 31 December 2014 (in USD)	For the year ended 31 December 2013 (in USD)	Year ended 31 December 2014 Convenience translation into Rupees (Unaudited)
Revenue from operations				
Income from loan fulfillment services	16	23,289,314	46,584,783	1,474,912,285
Other income	17	170,000	142,251	10,766,100
Total Revenue		23,459,314	46,727,034	1,485,678,385
Expenses				
Employee benefits	18	2,516,854	5,943,077	159,392,337
Finance costs	19	100,843	203,674	6,386,418
Depreciation and amortisation	9	572,575	886,062	36,261,203
Other expenses	20	25,736,100	33,242,574	1,629,867,229
Total expenses		28,926,372	40,275,387	1,831,907,186
Profit / (loss) before tax		(5,467,058)	6,451,647	(346,228,801)
Tax expense				
Current tax		17,546	(73,858)	1,111,170
Profit / (loss) for the year		(5,484,603)	6,525,505	(347,339,972)
Earnings per ordinary share				
Basic and diluted	26	(13.68)	16.28	(866.61)
Number of ordinary shares used in computing earnings per ordinary share				
Basic and diluted		400,802	400,802	400,802

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 BSR & Associates LLP
Chartered Accountants
Firm's registration number: 116231W/W-100024

Rushank Muthreja
Partner
Membership number: 211386

Place: Bangalore
Date: 29 APR 2015

for and on behalf of the Board of Directors of
ISGN Fulfillment Services, Inc


Amit Kothiyal
Director

Place: Bangalore
Date: 29 APR 2015


Sundararajan Sampath
Chief Financial Officer

Place: Bangalore
Date: 29 APR 2015

ISGN Fulfillment Services, Inc
Cash Flow Statement


	For the year ended 31 December 2014 (in USD)	For the year ended 31 December 2013 (in USD)	For the year ended 31 December 2014 Convenience translation into Rupees (Unaudited)
Cash flow from operating activities :			
Profit / (loss) before tax	(5,467,058)	6,451,647	(346,228,801)
Adjustments for :			
Depreciation and amortisation expense	572,575	886,062	36,261,203
Provisions no longer required written back	170,000	(142,251)	10,766,100
Provision for doubtful debts and advances	26,852	267,484	1,700,509
Stock compensation expense	10,082	46,609	638,493
Interest expense including bank charges	100,843	203,674	6,386,418
Operating profit / (loss) before working capital changes	(4,586,704)	7,713,225	(290,476,078)
Changes in working capital			
Trade and other receivables	5,855,774	(3,829,239)	370,846,307
Trade payables and current liabilities and provisions	(2,303,578)	(451,174)	(145,885,587)
Cash generated from / (used in) operations	(1,034,508)	3,432,812	(65,515,358)
Income taxes refund	(17,546)	73,858	(1,111,170)
Net cash from operating activities	(1,052,054)	3,506,670	(66,626,528)
Cash flow from investing activities			
Purchase of tangible and intangible assets	(241,174)	(188,025)	(15,273,674)
Net cash used in investing activities	(241,174)	(188,025)	(15,273,674)
Cash flow from financing activities			
Repayment of borrowings	-	(64,681)	-
Interest paid including bank charges	(100,843)	(203,674)	(6,386,305)
Net cash used in financing activities	(100,843)	(268,356)	(6,386,305)
Net (decrease) / increase in cash and cash equivalents	(1,394,071)	3,050,289	(88,286,507)
Cash and cash equivalents at the beginning of the year	3,079,709	29,419	195,037,946
Cash and cash equivalents at the end of the year	1,685,638	3,079,709	106,751,439
Components of cash and cash equivalent:			
Cash on hand	104	3,882	6,563
Balances with escrow accounts	208,083	192,729	13,177,896
Balances in current accounts	1,685,534	3,075,827	106,744,876
	1,893,721	3,272,438	119,929,336
Less:			
Balances with escrow accounts	208,083	192,729	13,177,896
	1,685,638	3,079,709	106,751,439

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

for BSR & Associates LLP
Chartered Accountants
Firm's registration number: 116231W/W-100024

Rushank Muthreja
Partner
Membership number: 211386

for and on behalf of the Board of Directors of
ISGN Fulfillment Services, Inc


Amit Kothiyal
Director


Sunjanarajan Sampath
Chief Financial Officer

Place: Bangalore
Date: 29 APR 2015

Place: Bangalore
Date: 29 APR 2015

Place: Bangalore
Date: 29 APR 2015

1. Significant accounting policies

1.1 Background

ISGN Fulfillment Services Inc., Pennsylvania 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 Going concern assumption

The Company has accumulated losses of USD 29,197,664. Further, the Company has also incurred loss of 5,484,603 during the current year and its current liabilities are more than the current assets as at the balance sheet date by USD 1,262,419. Based on the business plans of the Management and the letter of continued financial support provided by the ultimate holding company, for at least over a period of one year from the balance sheet date, these financial statements do not include any adjustments relating to recoverability and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern.



1.5 Revenue recognition

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

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

Revenue from transaction services and other service contracts is recognized based on transactions processed.

The Company also 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.

1.6 Fixed assets and depreciation

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

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



ISGN Fulfillment Services, Inc
Notes to financial statements for the year ended 31 December 2014

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

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

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

1.7 Intangible assets

Intangible assets comprise of goodwill and computer software.

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.



1.8 Retirement and other employee benefits

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

1.9 Employee stock compensation costs

The Company has not issued any shares/ stock options on its shares. The holding company has, however, issued stock options on its own shares to certain employees of the Company. The cost of such stock options has not been cross charged by the Parent to the Company. In accordance with Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountant of India ("ICAI"), the Company accounts for such stock options based on based on the grant date fair value of the options granted to employees and makes appropriate disclosures in its financial statements.

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

1.10 Income taxes

Current tax

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

Deferred tax

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



ISGN Fulfillment Services, Inc
Notes to financial statements for the year ended 31 December 2014

1.11 Earnings per share

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

1.12 Cash and cash equivalents

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



1.13 Cash flow statement

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

1.14 Leases

Where the Company is the lessee

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

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

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

1.15 Provision and contingencies

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

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

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

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

1.16 Investments

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



2. Share capital

Particulars	As at	As at	As at
	31 December 2014 (in USD)	31 December 2013 (in USD)	31 December 2014 Convenience translation into Rupees (Unaudited)
Authorised Ordinary shares 1,000,000 (previous year: 1,000,000) Ordinary shares of no par value	-	-	-
Issued, subscribed and paid up: Ordinary shares 400,802 (previous year: 400,802) Ordinary shares of no par value	1	1	63
	1	1	63

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

Particulars	31 December 2014		31 December 2013	
	Number of shares	Amount (in USD)	Number of shares	Amount (in USD)
Ordinary shares Shares at the beginning and end of the year	400,802	1	400,802	1

Rights, preference and restrictions attached to ordinary shares

The Company has a single class of ordinary shares of no par value. 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. 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 2014		31 December 2013	
	Number of shares	% of share holding	Number of shares	% of share holding
ISGN Solutions, Inc, Holding Company	400,802	100%	400,802	100%

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

Details of shares allotted pursuant to a contract without payment being received in cash:

Name of the allottee	Number of shares allotted during the year ended				
	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10
ISGN Solutions, Inc	-	1	2	-	-

There has been no issuance of bonus shares or share buy back during the last five years ended 31 December 2014.



Employee stock options

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

The fair value of the ordinary shares has been determined by the management on the date of the grant of the stock options to the employees pursuant to the Plan. The fair valuation has been done using the Black-Scholes-Merton valuation model. The stock options vest equally over the period of 4 years and the exercise period is 10 years from the date of grant. The stock compensation cost is a component of the fair value of the stock options and the number of options, which is recognised as employee compensation cost over the vesting period, provided that the stock option holders continue to be in employment of the Company. The employee compensation cost recognised in the statement of profit and loss is USD 10,082 (previous year: USD 46,609). The weighted average remaining useful life of the stock options is 8.42 years (previous year: 8.82 years).

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

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

Particulars	For the year ended 31 December 2014		For the year ended 31 December 2013	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at the beginning of the year	159,717	1.09	123,500	4.22
Options granted during the year	2,000	1.24	54,134	1.09
Option forfeited during the year	145,717	1.09	17,917.00	1.09
Options exercised during the year	-	-	-	-
Options outstanding at the end of the year	16,000	1.12	159,717	1.09
Options exercisable at the end of the year	6,333	1.09	150,303	1.09

The estimated weighted average fair value of options granted during the year was USD 0.64 to USD 0.75 (previous year USD 0.53). This was calculated by applying the Black-Scholes-Merton option pricing model with the following inputs:

Particulars	For the year ended 31 December 2014	For the year ended 31 December 2013*
Fair value per share (USD)	\$1.09 to \$1.26	\$1.09
Exercise price (USD)	\$0.92-1.25%	\$1.09
Average risk-free interest rate	0.36 – 0.46 %	0.36 – 0.46 %
Expected volatility of share price	0.6585	0.6585
Expected life of options granted (in years)	6	5.38 to 5.64
Expected dividend yield	Nil	Nil
Fair value of the options	USD 0.64 to USD 0.75	USD 0.53

* 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 2014.

Range of exercise price	Shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (USD)
USD 1.09 to USD 1.26	16,000	8.42 years	1.12

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 0.53	159,717	8.82 years	1.09



ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2014

3. Reserves and surplus

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Securities premium account			
At the commencement and at the end of the year	28,722,079	28,722,079	1,818,969,263
Employee stock options outstanding account			
Opening balance	181,576	134,967	11,499,239
Add: Employee compensation expense for the year	10,082	46,609	638,493
Closing balance	191,658	181,576	12,137,732
Deficit (debit balance in Statement of Profit and Loss)			
Opening balance	(23,713,061)	(30,238,566)	(1,501,748,174)
Add: Net profit / (loss) for the year	(5,484,603)	6,525,505	(347,339,972)
Closing balance	(29,197,664)	(23,713,061)	(1,849,088,145)
	(283,927)	5,190,594	(17,981,150)



ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2014

4. Trade payables

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Trade payables other creditors	1,370,257	558,721	86,778,547
	<u>1,370,257</u>	<u>558,721</u>	<u>86,778,547</u>

5. Other current liabilities

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Accrued expenses	173,472	2,462,948	10,985,958
Payables to related parties (refer Note 24(d))	7,458,933	8,475,556	472,374,257
Book overdraft	1,398,635	-	88,575,560
Escrow liability **	208,083	192,729	13,177,896
	<u>9,239,123</u>	<u>11,131,233</u>	<u>585,113,670</u>

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



ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2014

6. Short-term provisions

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Provision for employee benefits			
Compensated absences	82,249	105,708	5,208,829
Others			
Provision for litigations	316,497	1,330,688	20,043,728
	<u>398,746</u>	<u>1,436,396</u>	<u>25,252,558</u>

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

Onerous contracts

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Balance at the commencement of the year	-	843,019	-
Provision made during the year	-	-	-
Provision utilised during the year	-	843,019	-
Unutilised provision reversed back during the year	-	-	-
Balance at the end of the year	-	-	-

Litigations

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Balance at the commencement of the year	1,330,688	892,493	84,272,471
Provision made during the year	100,000	750,000	6,333,000
Provision utilised during the year	1,114,191	311,805	70,561,716
Unutilised provision reversed back during the year	-	-	-
Balance at the end of the year	316,497	1,330,688	20,043,755

Provisions for litigations: This represents provisions made for probable liabilities / claims arising out of pending disputes / litigations arising out of commercial transactions with vendors/others. Above provisions are affected by numerous uncertainties and management has made efforts to make a best estimate. Timing of the outflow of resources will depend upon timing of decision in cases.



ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2014

7. Fixed assets

Fixed Assets	Gross block						Accumulated depreciation and amortisation				Net block		
	As at 1 January 2014	Additions during the year	Deletion during the year	As at 31 December 2014	31 December 2014 Convenience translation into Rupees (Unaudited)	As at 1 January 2014	Depreciation/ amortisation charge for the year	Deductions/ Other adjustments	As at 31 December 2014	31 December 2014 Convenience translation into Rupees (Unaudited)	As at 31 December 2014	31 December 2014 Convenience translation into Rupees (Unaudited)	As at 31 December 2013
Tangible assets, owned													
Leasehold improvements	2,234,484	177,891	-	2,412,375	152,775,709	2,176,723	83,375	-	2,260,098	143,132,006	152,277	9,643,703	57,761
Computers and accessories	10,695,674	53,981	-	10,749,655	680,775,649	10,478,692	90,596	-	10,569,288	669,352,998	180,367	11,422,652	216,982
Office equipment	2,241,103	9,302	-	2,250,405	142,518,146	2,241,103	44,821	-	2,285,924	144,767,545	(35,519)	(2,249,399)	-
Furniture and fixtures	1,489,135	-	-	1,489,135	94,306,920	1,368,924	60,544	-	1,429,468	90,528,179	59,667	3,778,741	120,211
Vehicles	21,098	-	-	21,098	1,336,138	21,097	-	-	21,097	1,336,073	1	65	1
Tangible assets, leased													
Computers and accessories	-	-	-	-	-	-	-	-	-	-	-	-	-
Total tangible assets	16,681,494	241,174	-	16,922,668	1,071,712,561	16,286,539	279,335	-	16,565,874	1,049,116,800	356,794	22,595,762	394,956
<i>Previous year</i>	<i>16,493,468</i>	<i>188,076</i>	<i>-</i>	<i>16,681,494</i>	<i>1,032,417,690</i>	<i>15,709,883</i>	<i>376,656</i>	<i>-</i>	<i>16,286,539</i>	<i>1,007,973,898</i>	<i>394,956</i>	<i>22,595,762</i>	<i>394,956</i>
Intangible assets, owned													
Computer software	1,124,436	-	-	1,124,436	71,210,507	534,821	293,240	-	828,061	52,441,121	296,374	18,769,386	589,615
Goodwill acquired	250,325	-	-	250,325	15,853,082	-	-	-	-	-	250,325	15,853,082	250,325
Total intangible assets	1,374,761	-	-	1,374,761	87,063,589	534,821	293,240	-	828,061	52,441,121	546,699	34,622,469	839,940
<i>Previous year</i>	<i>542,997</i>	<i>831,764</i>	<i>-</i>	<i>1,374,757</i>	<i>85,083,938</i>	<i>225,414</i>	<i>309,407</i>	<i>-</i>	<i>534,821</i>	<i>33,100,051</i>	<i>839,940</i>	<i>34,622,469</i>	<i>839,940</i>



8. Long-term loans and advances

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Unsecured, considered good			
To parties other than related parties			
- Security deposits	75,000	75,000	4,749,750
	<u>75,000</u>	<u>75,000</u>	<u>4,749,750</u>

9. Current investments

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Non-trade (quoted)			
350 (Previous year 350) Ordinary shares of StanCorp Financial Group, Inc	13,075	13,075	828,030
	<u>13,075</u>	<u>13,075</u>	<u>828,030</u>

10. Trade receivables

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Receivables outstanding for period exceeding six months from the date they become due for payment			
Unsecured, considered good	15,127	37,856	957,976
Unsecured, considered doubtful	1,652,097	1,693,692	104,627,283
Less: Provision for doubtful debts	<u>(1,652,097)</u>	<u>(1,693,692)</u>	<u>(104,627,283)</u>
	<u>15,127</u>	<u>37,856</u>	<u>957,976</u>
Other receivables			
Unsecured, considered good	3,316,726	6,147,480	210,048,238
Unsecured, considered doubtful	91,966	119,647	5,824,235
Less: Provision for doubtful debts	<u>(91,966)</u>	<u>(119,647)</u>	<u>(5,824,235)</u>
	<u>3,316,726</u>	<u>6,147,480</u>	<u>210,048,238</u>
	<u>3,331,852</u>	<u>6,185,336</u>	<u>211,006,214</u>

11. Cash and cash equivalents

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Cash on hand	104	3,882	6,563
Balances with banks			
In current accounts	1,685,534	3,075,827	106,744,876
In escrow accounts *	208,083	192,729	13,177,896
	<u>1,893,721</u>	<u>3,272,438</u>	<u>119,929,336</u>

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



ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2014

12. Short-term loan and advances

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
To parties other than related parties (unsecured)			
Considered good			
- Advance to suppliers	-	-	-
- Security deposits	73,648	430,630	4,664,113
- Other advances	2,013	127,135	127,511
To related parties (unsecured)			
Considered good			
- Other advances (refer Note 24(d))	4,148,984	5,994,607	262,755,168
	<u>4,224,645</u>	<u>6,552,372</u>	<u>267,546,792</u>

13. Other current assets

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	As at 31 December 2014 Convenience translation into Rupees (Unaudited)
Unbilled revenue	282,414	983,829	17,885,336
	<u>282,414</u>	<u>983,829</u>	<u>17,885,336</u>



ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2014

14. Income from loan fulfillment services

Particulars	For the year ended 31 December 2014 (in USD)	For the year ended 31 December 2013 (in USD)	Year ended 31 December 2014 Convenience translation into Rupees (Unaudited)
Income from loan fulfillment services	23,289,314	46,584,783	1,474,912,285
	<u>23,289,314</u>	<u>46,584,783</u>	<u>1,474,912,285</u>

15. Other income

Particulars	For the year ended 31 December 2014 (in USD)	For the year ended 31 December 2013 (in USD)	Year ended 31 December 2014 Convenience translation into Rupees (Unaudited)
Provisions no longer required, written back	170,000	142,251	10,766,100
	<u>170,000</u>	<u>142,251</u>	<u>10,766,100</u>



ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2014

16. Employee benefits

Particulars	For the year ended 31 December 2014 (in USD)	For the year ended 31 December 2013 (in USD)	Year ended 31 December 2014 Convenience translation into Rupees (Unaudited)
Salaries and bonus	536,845	2,635,210	33,998,388
Contribution to provident fund and other funds	727,169	1,394,041	46,051,613
Stock compensation expense (refer Note 2)	10,082	46,609	638,493
Staff welfare including insurance	1,242,758	1,867,217	78,703,844
	<u>2,516,854</u>	<u>5,943,077</u>	<u>159,392,337</u>

17. Finance costs

Particulars	For the year ended 31 December 2014 (in USD)	For the year ended 31 December 2013 (in USD)	Year ended 31 December 2014 Convenience translation into Rupees (Unaudited)
Interest expenses	-	3,303	-
Bank charges	100,843	200,371	6,386,418
	<u>100,843</u>	<u>203,674</u>	<u>6,386,418</u>

18. Other expenses

Particulars	For the year ended 31 December 2014 (in USD)	For the year ended 31 December 2013 (in USD)	Year ended 31 December 2014 Convenience translation into Rupees (Unaudited)
Sub-contracting expenses (includes prior period expense of USD 5,096,414, previous year: Nil)	21,778,498	26,988,715	1,379,232,250
Power and fuel	276,242	331,373	17,494,434
Rent (includes prior period expense of USD Nil (previous year: 843,049)	736,817	899,651	46,662,626
Repairs and maintenance:			
- computer equipment	378,965	864,425	23,999,875
- others	-	241,512	-
Rates and taxes	251,931	272,328	15,954,785
Insurance	453,866	508,997	28,743,304
Traveling and conveyance	68,573	228,340	4,342,754
Communication	1,014,035	840,950	64,218,849
Consultancy, legal and professional charges	440,091	1,147,414	27,870,967
Sales promotion and advertisement	2,268	5,318	143,648
Provision for doubtful debts and advances	26,852	267,484	1,700,509
Printing and stationery	95,106	220,510	6,023,041
Miscellaneous expenses	212,856	425,557	13,480,186
	<u>25,736,100</u>	<u>33,242,574</u>	<u>1,629,867,229</u>



21. Contingent liabilities and other commitments**Contingent liabilities:**

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

Lawsuit by a customer under United States Bankruptcy Code, claiming all the payments made by the customer 90 days prior to filing bankruptcy as "avoidable transfer". ISGN Solutions Inc and ISGN Fulfillment services have received USD 1,360,831 from the customer during this tenure, which is being contested. The Company's legal counsel is of the opinion that since the payment received was due to a debt incurred in the ordinary course of business, the payment would not amount to an "avoidable transfer". A settlement offer has been made and response from the customer is awaited. The Company's liability for this claim is not expected to be material.

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

The Company is obligated under non-cancellable leases for office premises and certain equipments.

Future minimum lease payments are:

Particulars	(Amount in USD)		
	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2014 Convenience translation into Rupees (Unaudited)
Not later than one year	510,610	477,032	32,336,931
Later than one year and not later than five years	2,229,278	2,051,424	141,180,176
Later than five years	950,900	Nil	60,220,497

The total rental expense recognized under cancellable and non-cancellable operating leases in the statement of profit and loss for the year ended 31 December 2014 is USD 736,817 (31 December 2013: USD 899,651).



23. Dues to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 December 2014 and 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.

	(Amount in USD)	
	For the year ended 31 December 2014	For the year ended 31 December 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-



ISGN Fulfillment Services, Inc**Notes to the financial statements for the year ended 31 December 2014****24. Related party disclosures**

List of related parties

a) List of parties where control exists

Ultimate holding company - Chambal Fertilisers and Chemicals Limited

Holding Company - ISGN Solutions, Inc

Companies which exercise control through intermediaries:

CFCL Overseas Limited, Cayman Islands

CFCL Technologies Limited, Cayman Islands

ISGN Corporation, USA

Subsidiaries

ISGN Fulfillment Services, Inc., USA (Arizona)

ISGN Fulfillment Agency, LLC, USA (Delaware)

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

Companies which are under control through intermediaries

Richmond Title Services, LP

b) Key management personnel

Erik Anderson, Director

c) Related party transactions

Particulars	For the year ended 31 December 2014 (in USD)	For the year ended 31 December 2013 (in USD)	Year ended 31 December 2014 Convenience translation into Rupees (Unaudited)
Holding company			
Sub-contracting expenses	7,682,875	-	486,556,487
Sub-contracting expenses (cross-charged to the Company)	7,514,594	14,017,688	475,899,238
Company which exercises control through intermediaries			
Employee benefit expenses (reimbursement received from ISGN Corporation)	335,145	111,955	21,224,733



ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2014

d) Related party balances

Particulars	As at 31 December 2014 (in USD)	As at 31 December 2013 (in USD)	31 December 2014 Convenience translation into Rupees (Unaudited)
Holding company			
Other advances	4,148,984	5,994,607	262,755,168
Company which exercises control through intermediaries			
Other current liabilities (ISGN Corporation)	-	8,257,858	-
Other current liabilities (ISGN Solutions)	7,241,235	-	458,587,413
Company which is under control through intermediaries			
Other current liabilities (Richmond Title Services, LP)	217,698	217,698	13,786,844

e) There were no payments made to the key management personnel during the years ended 31 December 2014 and 2013.

25. Segment Reporting

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

26. Earnings per share ('EPS')

(Amount in USD, except share data)

Year ended	31 December 2014	31 December 2013	Convenience translation into Rupees (Unaudited)
Profit / (loss) for the year	(5,484,603)	6,525,505	(347,339,972)
Weighted average number of ordinary shares considered in calculating basic and diluted EPS	400,802	400,802	400,802
Basic and diluted EPS	(13.68)	16.28	(866.61)

There are no potential dilutive equity shares.



ISGN Fulfillment Services, Inc

Notes to the financial statements for the year ended 31 December 2014

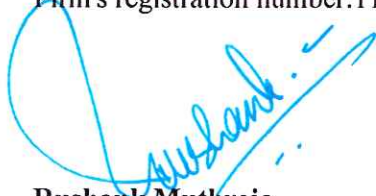
27. Convenience translation

The books of accounts of the Company are maintained in US Dollars ('USD') being the currency of the primary economic environment in which it operates. Supplementary 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 1 USD = INR 63.33. These numbers are based on information from the management and have not been audited by B S R & Associates LLP.

for B S R & Associates LLP

Chartered Accountants

Firm's registration number: 116231W/W-100024



Rushank Muthreja

Partner

Membership number: 211386

Place: Bangalore

Date: 29 APR 2015

*for and on behalf of the Board of Directors of
ISGN Fulfillment Services, Inc*

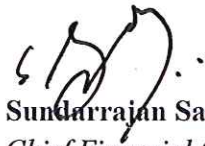


Amit Kothiyal

Director

Place: Bangalore

Date: 29 APR 2015



Sundarajan Sampath

Chief Financial Officer

Place: Bangalore

Date: 29 APR 2015