

### Independent Auditors' Report

To,

**The Members of CFCL Technologies Limited**

#### Report on the Financial Statements

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

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

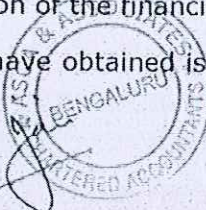
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design,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

#### Auditor's Responsibility

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

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

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

*Ashish*  




## Opinion

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

- i) in the case of balance sheet, of the state of affairs of the Company as at 31 December 2015;
- ii) in the case of the statement of profit and loss account, of the loss of the Company for the year ended on that date; and
- iii) in the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

## Other Matter

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

### For ASCA and Associates

Chartered Accountants

FRN: 015515S

*Ashish Kumar Jain*

**Ashish Kumar Jain**

Partner

M No: 235485



Place: Bangalore

Date: 26.04.2016



CFCL Technologies Limited  
Balance Sheet

	Note	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	2	2,279	1,796	150,782
Reserves and surplus	3	35,491,826	159,006,615	2,348,139,227
		<u>35,494,105</u>	<u>159,008,411</u>	<u>2,348,290,009</u>
<b>Current liabilities</b>				
Trade payables	4	24,541	3,040	1,623,609
Other current liabilities	5	1,842,464	1,805,153	121,897,508
		<u>1,867,005</u>	<u>1,808,193</u>	<u>123,521,117</u>
<b>Total</b>		<u><b>37,361,110</b></u>	<u><b>160,816,604</b></u>	<u><b>2,471,811,126</b></u>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Non-current investments	6	37,359,688	160,680,770	2,471,717,051
		<u>37,359,688</u>	<u>160,680,770</u>	<u>2,471,717,051</u>
<b>Current assets</b>				
Cash and cash equivalents	7	1,422	1,497	94,075
Short-term loan and advances	8	-	134,337	-
		<u>1,422</u>	<u>135,834</u>	<u>94,075</u>
<b>Total</b>		<u><b>37,361,110</b></u>	<u><b>160,816,604</b></u>	<u><b>2,471,811,126</b></u>
Significant accounting policies	1			

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

As per our report of even date attached

for ASCA & Associates  
Chartered Accountants  
Firm's registration number: 015515S

Ashish Kumar Jain  
Partner  
Membership number: 235485

for and on behalf of the Board of Directors of  
CFCL Technologies Limited

Amit Kothiyal  
Director

Sundararajan Sampath  
Chief Financial Officer



CFCL Technologies Limited  
Statement of Profit and Loss

	Note	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Revenue</b>				
Other income	9	-	5,678	-
<b>Total revenue</b>		<b>-</b>	<b>5,678</b>	<b>-</b>
<b>Expenses</b>				
Finance Cost	10	249,182	-	16,485,861
Employee benefits	11	840,190	1,077,124	55,586,970
Other expenses	12	1,30,514,166	96,477	8,634,817,200
<b>Total expenses</b>		<b>1,31,603,537</b>	<b>1,173,601</b>	<b>8,706,890,031</b>
		0		
<b>Loss before tax</b>		<b>(1,31,603,537)</b>	<b>(1,167,923)</b>	<b>(8,706,890,031)</b>
<b>Tax expense</b>				
Current tax				
<b>Loss for the year</b>		<b>(1,31,603,537)</b>	<b>(1,167,923)</b>	<b>(8,706,890,031)</b>
<b>Earnings per ordinary share (par value USD 0.0001)</b>				
Basic	16	(32.43)	(0.29)	(2,145.30)
Diluted		(32.43)	(0.29)	(2,145.30)
<b>Number of ordinary shares used in computing earnings per ordinary share</b>				
Basic		4,058,593	4,058,593	4,058,593
Diluted		4,058,593	4,058,593	4,058,593

Significant accounting policies 1

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

As per our report of even date attached

for ASCA & Associates  
Chartered Accountants  
Firm's registration number: 015515S

Ashish Kumar Jain  
Partner  
Membership number: 235485

Place: Bangalore  
Date: 26th April 2016

for and on behalf of the Board of Directors of  
CFCL Technologies Limited

Amit Kothiyal  
Director

Place: Bangalore  
Date: 26th April 2016

Sundararajan Sampath  
Chief Financial Officer

Place: Bangalore  
Date: 26th April 2016



CFCL Technologies Limited

Cash Flow Statement

	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Cash flow from operating activities :</b>			
Loss before tax	(131,603,537)	(1,167,923)	(8,706,890,031)
Adjustments for :			
Stock compensation expense	840,190	1,077,124	55,586,970
Interest expense	249,181	-	16,485,861
Investment writeoff	130,321,082	-	8,622,042,760
<b>Operating loss before working capital changes</b>	<b>(193,085)</b>	<b>(90,799)</b>	<b>(12,774,473)</b>
Changes in working capital			
Short-term loans and advances	134,337	442,306	8,887,736
Current liabilities and provisions	58,812	(351,507)	3,890,997
<b>Cash provided by operations</b>	<b>64</b>	<b>-</b>	<b>4,260</b>
Income taxes paid	-	-	-
<b>Net cash used in operating activities</b>	<b>64</b>	<b>-</b>	<b>4,260</b>
<b>Cash flow from investing activities</b>			
Purchase of Investments	(7,000,000)	-	(463,119,969)
<b>Net cash flow from investing activities</b>	<b>(7,000,000)</b>	<b>-</b>	<b>(463,119,969)</b>
<b>Cash flow from financing activities</b>			
Interest paid	(249,181)	-	(16,485,828)
Additional Paid in Capital	7,249,042	-	479,596,612
Income tax on dividend paid	-	-	-
Proceeds from Minority Shareholders	-	-	-
Foreign Currency Translation difference	-	-	-
<b>Net cash flow from financing activities</b>	<b>6,999,861</b>	<b>-</b>	<b>463,110,785</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(75)</b>	<b>-</b>	<b>(4,957)</b>
Cash and cash equivalents at the beginning of the year	1,497	1,497	99,065
<b>Cash and cash equivalents at the end of the year</b>	<b>1,422</b>	<b>1,497</b>	<b>94,075</b>

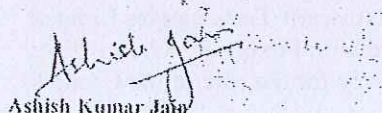
Significant accounting policies

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

As per our report of even date attached

for ASCA & Associates  
Chartered Accountants

Firm's registration number: 0155158

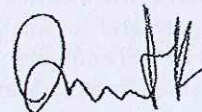


Ashish Kumar Jain  
Partner


Membership number: 235485

Place: Bangalore  
Date: 26th April 2016

for and on behalf of the Board of Directors of  
CFCL Technologies Limited



Amit Kothiyal  
Director



Sundhararajan Sampath  
Chief Financial Officer

Place: Bangalore  
Date: 26th April 2016

Place: Bangalore  
Date: 26th April 2016



## CFCL Technologies Limited

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

### 1. Significant accounting policies

#### 1.1 Background

CFCL Technologies limited, (CFCLT) (the "Company") is a Limited Company incorporated on March 12, 2007 and domiciled in Cayman Islands. The principal activities of the Company are to carry on the business of investment holding, and to undertake and to transact in investment business.

#### 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.

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

#### 1.3 Use of estimates

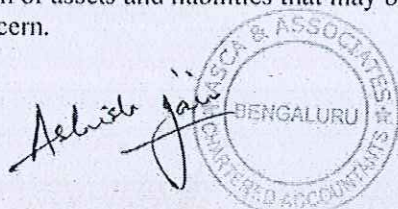
The preparation of financial statements in conformity with IGAAP requires the use of Management estimates and assumptions that affect the amounts reported. These estimates are based on historical experience and information that is available to Management about current events and actions that the Company may take in the future. Significant items subject to estimates and assumptions include the useful lives of fixed assets, evaluation of impairment of fixed assets, identifiable intangible assets and goodwill, provision for income tax and deferred tax, valuation of the stock options granted and valuation of the assets and liabilities acquired in business combinations, contingencies and the allowance for doubtful accounts receivable and advances. The estimates also includes the business plan and future projections of the operations of the Company based on which the enterprise value and value of common stock as at year end has been arrived at and used to analyze 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

As on 31<sup>st</sup> Dec 2014, the Company had accumulated losses of USD7,060,447. Further, the Company has also incurred loss of USD 33,328,225 during the current year, which makes the accumulated losses as on 31<sup>st</sup> Dec 2015 to USD 40,388,672. The Company's current liabilities are more than the current assets as at the balance sheet date by USD 1,865,583.

Subsequent to the balance sheet date, one of the subsidiaries of the company, namely ISGN Corporation, has entered into Stock Purchase Agreement on 28 January 2016, for the sale of its step – down subsidiary ISGN Solutions, Inc and its subsidiaries for an amount of USD 12,557,182 and a Slump Sale Agreement for the sale of a portion of business of ISG Novasoft Technologies Limited for an amount of USD 456,000. These agreements have been entered with Firstsource Group USA, Inc and Firstsource Process Management Services Limited respectively for the sale of the Group's Knowledge Process Outsourcing (KPO) business.

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.



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**CFCL Technologies Limited**

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

**1.5 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.

**1.6 Cash and cash equivalents**

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

**1.7 Cash flow statement**

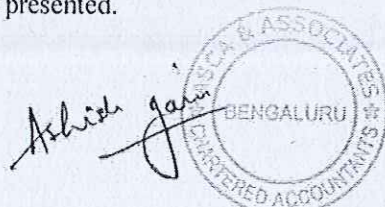
Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities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

**1.8 Employee stock compensation cost**

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 valuation performed by the Management recognized in a graded manner on the basis of weighted period of services over the vesting period. The expected term of an option is estimated based on the vesting term and contractual term of the option, as well as expected exercise behavior of the employee who receives the option. Expected volatility during the expected term of the option is based on historical volatility, during a period equivalent to the expected term of the option, of the observed market prices of the publicly traded equity 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.

**1.9 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.



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CFCL Technologies Limited  
Notes to the financial statements for the year ended 31 December 2015

2. Share capital

Particulars	As at	As at	As at
	31 December 2015 (in USD)	31 December 2014 (in USD)	31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Authorised</b>			
Ordinary shares			
54,066,026 (previous year: 48,300,000), Ordinary shares of par value USD 0.0001 each	5,407	4,830	357,701
<b>Preference shares</b>			
2,176,468 (previous year: 2,176,468) Series A-1 Preference shares of par value USD 0.0001 each	218	218	14,400
441,509 (previous year: 441,509) Series B Preference shares of par value USD 0.0001 each	44	44	2,921
3,204,074 (previous year: 3,204,074) Series B-1 Preference shares of par value USD 0.0001 each	320	320	21,198
117,406 (previous year: 117,406) Series C Preference shares of par value USD 0.0001 each	12	12	777
1,507,511 (previous year: 1,507,511) Series C-1 Preference shares of par value USD 0.0001 each	151	151	9,974
35,009 (previous year: 35,009) Series D Preference shares of par value USD 0.0001 each	4	4	232
751,878 (previous year: 751,878) Series D-1 Preference shares of par value USD 0.0001 each	75	75	4,974
52,514 (previous year: 52,514) Series E Preference shares of par value USD 0.0001 each	5	5	347
1,127,817 (previous year: 1,127,817) Series E-1 Preference shares of par value USD 0.0001 each	113	113	7,462
44,490 (previous year: 44,490) Series F Preference shares of par value USD 0.0001 each	4	4	294
1,455,509 (previous year: 1,455,509) Series F-1 Preference shares of par value USD 0.0001 each	146	146	9,630
2,031,372 (previous year: 2,100,000) Series G Preference shares of par value USD 0.0001 each	203	210	13,440
3,604,171 (previous year: 1,455,509) Series H Preference shares of par value USD 0.0001 each	360	860	23,845
5,766,026 (previous year: Nil) Series I Preference shares of par value USD 0.0001 each	577	-	38,148
	7,638	6,991	505,342
<b>Issued, subscribed and paid up:</b>			
Ordinary shares			
4,058,593 (previous year: 4,058,593) Ordinary shares of par value of USD 0.0001 each fully paid up	406	406	26,861
<b>Preference shares</b>			
2,176,468 (previous year: 2,176,468) Series A-1 Preference shares of par value USD 0.0001 each	218	218	14,445
387,098 (previous year: 387,098) Series B Preference shares of par value USD 0.0001 each	39	39	2,561
3,204,074 (previous year: 3,204,074) Series B-1 Preference shares of par value USD 0.0001 each	320	320	21,198
70,193 (previous year: 70,193) Series C Preference shares of par value USD 0.0001 each	7	7	464
1,507,511 (previous year: 1,507,511) Series C-1 Preference shares of par value USD 0.0001 each	151	151	9,974
35,009 (previous year: 35,009) Series D Preference shares of par value USD 0.0001 each	4	4	232
751,878 (previous year: 751,878) Series D-1 Preference shares of par value USD 0.0001 each	75	75	4,974
52,514 (previous year: 52,514) Series E Preference shares of par value USD 0.0001 each	5	5	347
1,127,817 (previous year: 1,127,817) Series E-1 Preference shares of par value USD 0.0001 each	113	113	7,462
44,490 (previous year: 44,490) Series F Preference shares of par value USD 0.0001 each	4	4	294
1,455,509 (previous year: 1,455,509) Series F-1 Preference shares of par value USD 0.0001 each	146	146	9,630
1,996,162 (previous year: 1,996,162) Series G Preference shares of par value USD 0.0001 each	200	200	13,207
1,082,230 (previous year: 1,082,230) Series H Preference shares of par value USD 0.0001 each	108	108	7,160
4,832,693 Series I Preference shares of par value USD 0.0001 each	483	-	31,973
	1,872	1,390	123,921
	2,279	1,796	150,782

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

Particulars	31 December 2015		31 December 2014	
	Number of shares	Amount (in USD)	Number of shares	Amount (in USD)
<b>Ordinary shares</b>				
Shares at the beginning				
Add: Shares issued during the year	4,058,593	4,058,593	4,058,593	4,058,593
Shares at the end	4,058,593	4,058,593	4,058,593	4,058,593
<b>Series A-1 Preference shares</b>				
Shares at the beginning	2,176,468	218	-	-
Add: Shares issued during the year	-	-	2,176,468	218
Shares at the end	2,176,468	218	2,176,468	218
<b>Series B Preference shares</b>				
Shares at the beginning	387,098	39	3,591,172	359
Add: Shares issued during the year	-	-	-	-
Less: Shares re-purchased during the year	-	-	3,204,074	320
Shares at the end	387,098	39	387,098	39


Ashwini Jain  
BENGALURU  
REGISTERED ACCOUNTANTS

5/1/16



2. Share capital (continued)

Particulars	31 December 2015		31 December 2014	
	Number of shares	Amount (in USD)	Number of shares	Amount (in USD)
<b>Series B-1 Preference shares</b>				
Shares at the beginning	3,204,074	320	-	-
Add: Shares issued during the year	-	-	3,204,074	320
Shares at the end	3,204,074	320	3,204,074	320
<b>Series C Preference shares</b>				
Shares at the beginning	70,193	7	1,577,704	158
Add: Shares issued during the year	-	-	-	-
Less: Shares re-purchased during the year	-	-	1,507,511	151
Shares at the end	70,193	7	70,193	7
<b>Series C-1 Preference shares</b>				
Shares at the beginning	1,507,511	151	-	-
Add: Shares issued during the year	-	-	1,507,511	151
Shares at the end	1,507,511	151	1,507,511	151
<b>Series D Preference shares</b>				
Shares at the beginning	35,009	4	786,887	79
Add: Shares issued during the year	-	-	-	-
Less: Shares re-purchased during the year	-	-	751,878	75
Shares at the end	35,009	4	35,009	4
<b>Series D-1 Preference shares</b>				
Shares at the beginning	751,878	75	-	-
Add: Shares issued during the year	-	-	751,878	75
Shares at the end	751,878	75	751,878	75
<b>Series E Preference shares</b>				
Shares at the beginning	52,514	5	1,180,331	118
Add: Shares issued during the year	-	-	-	-
Less: Shares re-purchased during the year	-	-	1,127,817	113
Shares at the end	52,514	5	52,514	5
<b>Series E-1 Preference shares</b>				
Shares at the beginning	1,127,817	113	-	-
Add: Shares issued during the year	-	-	1,127,817	113
Shares at the end	1,127,817	113	1,127,817	113
<b>Series F Preference shares</b>				
Shares at the beginning	44,490	4	1,499,999	150
Add: Shares issued during the year	-	-	-	-
Less: Shares re-purchased during the year	-	-	1,455,509	146
Shares at the end	44,490	4	44,490	4
<b>Series F-1 Preference shares</b>				
Shares at the beginning	1,455,509	146	-	-
Add: Shares issued during the year	-	-	1,455,509	146
Shares at the end	1,455,509	146	1,455,509	146
<b>Series G Preference shares</b>				
Shares at the beginning	1,996,162	200	-	-
Add: Shares issued during the year	-	-	1,996,162	200
Shares at the end	1,996,162	200	1,996,162	200
<b>Series H Preference shares</b>				
Shares at the beginning	1,082,230	108	-	-
Add: Shares issued during the year	-	-	1,082,230	108
Shares at the end	1,082,230	108	1,082,230	108
<b>Series I Preference shares</b>				
Shares at the beginning	-	-	-	-
Add: Shares issued during the year	4,832,693	483	-	-
Shares at the end	4,832,693	483	-	-

*Ashish Jain*  


*5/12/15*



2. Share capital (continued)

During the year ended 31 December 2013, the Company repurchased the existing preference shares Series A, Series B, Series C, Series D, Series E and Series F from certain shareholders and issued preference shares Series A-1, Series B-1, Series C-1, Series D-1, Series E-1 and Series F-1 as consideration for the shares repurchased.

**Rights, preference and restrictions attached to ordinary shares**

The Company has a single class of ordinary shares having a par value of USD 0.0001 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors 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 ordinary shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Rights, preference and restrictions attached to preference shares**

Series H preference shares are convertible into ordinary shares in the ratio of 1:1. Series B and Series F preference shares are convertible into ordinary shares in the ratio of 1.02:1. Series C, Series D and Series E preference shares are convertible into ordinary shares in the ratio of 1.30:1. Series G preference shares are convertible into ordinary shares in the ratio of 1.63:1. Series A-1 and Series B-1 preference shares are convertible into ordinary shares in the ratio of 1.99:1. Series F-1 preference shares are convertible into ordinary shares in the ratio of 2.16:1. Further Series C-1, Series D-1 and Series E-1 preference shares are convertible into ordinary shares in the ratio of 2.75:1. The above conversion is subject to adjustments set forth in the Articles of Association of the Company.

While the holders of preference shares may generally elect to convert into ordinary shares at any time, all preference shares will automatically stand converted in the above ratio under any of the following two circumstances:

(i) immediately prior to a Qualified IPO (as defined in the Articles of Association of the Company) or;

(ii) with the vote or written consent of the holders of a majority of the then outstanding preference shares voting separately to convert the respective Series of preference shares based on above conversion ratio.

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

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


In the event of liquidation, preference shareholders have a preferential right over ordinary shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

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	As at 31 December 2015		As at 31 December 2014	
	Number of shares	% of share holding	Number of shares	% of share holding
Chambal Fertilisers and Chemicals Limited, Holding company	2,932,947	72.27%	2,932,947	72.27%
Fiserv Solutions, Inc	755,646	18.62%	755,646	18.62%
William Adamowski	240,000	5.91%	240,000	5.91%

Shareholding by the Holding Company and preference shareholders holding more than 5 percent of preference shares along with the number of preference shares held at the beginning and at the end of the year is as given below:

Particulars	As at 31 December 2015		As at 31 December 2014	
	Number of shares	% of share holding	Number of shares	% of share holding
<b>Series A-1 Preference shares</b>				
Chambal Fertilisers and Chemicals Limited, Holding company	2,176,468	100.00%	2,176,468	100.00%
<b>Series B Preference shares</b>				
NEA-IndoUS	387,098	100.00%	387,098	100.00%
<b>Series B-1 Preference shares</b>				
Chambal Fertilisers and Chemicals Limited, Holding company	568,096	17.73%	568,096.00	17.73%
NEA FDI	2,418,461	75.48%	2,418,461.00	75.48%
NEA-IndoUS	217,517	6.79%	217,517.00	6.79%
<b>Series C Preference shares</b>				
NEA-IndoUS	70,193	100.00%	70,193	100.00%
<b>Series C-1 Preference shares</b>				
Chambal Fertilisers and Chemicals Limited, Holding company	1,029,521	68.29%	1,029,521.00	68.29%
NEA FDI	438,547	29.09%	438,547.00	29.09%
NEA-IndoUS	39,443	2.62%	39,443.00	2.62%
<b>Series D Preference shares</b>				
NEA-IndoUS	35,009	100.00%	35,009	100.00%

*Ashish Jain*  


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2. Share capital (continued)

Particulars	As at 31 December 2015		As at 31 December 2014	
	Number of shares	% of share holding	Number of shares	% of share holding
<b>Series D-1 Preference shares</b>				
Chambal Fertilisers and Chemicals Limited, Holding company	513,478	68.29%	513,478.00	68.29%
NEA FDI	218,728	29.09%	218,728.00	29.09%
NEA-IndoUS	19,672	2.62%	19,672.00	2.62%
<b>Series E Preference shares</b>				
NEA-IndoUS	52,514	100.00%	52,514	100.00%
<b>Series E-1 Preference shares</b>				
Chambal Fertilisers and Chemicals Limited, Holding company	770,217	68.29%	770,217.00	68.29%
NEA FDI	328,092	29.09%	328,092.00	29.09%
NEA-IndoUS	29,508	2.62%	29,508.00	2.62%
<b>Series F Preference shares</b>				
NEA-IndoUS	44,490	100.00%	44,490	100.00%
<b>Series F-1 Preference shares</b>				
Chambal Fertilisers and Chemicals Limited, Holding company	1,152,543	79.18%	1,152,543.00	79.18%
NEA FDI	277,966	19.10%	277,966.00	19.10%
<b>Series G Preference shares</b>				
Chambal Fertilisers and Chemicals Limited, Holding company	1,388,192	69.54%	1,388,192.00	69.54%
NEA FDI	574,843	28.80%	574,843.00	28.80%
<b>Series H Preference shares</b>				
Chambal Fertilisers and Chemicals Limited, Holding company	759,059	70.14%	759,059.29	70.14%
NEA FDI	323,171	29.86%	323,170.71	29.86%
<b>Series I Preference shares</b>				
Chambal Fertilisers and Chemicals Limited, Holding company	3,382,885	70.00%	-	0.00%
NEA FDI	1,419,808	30.00%	-	0.00%

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

340,000 ordinary shares of USD 0.0001 each, have been allotted as fully paid up during the year ended 31 December 2011, pursuant to a contract without payment being received in cash.

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

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

Particulars	As at	As at
	31 December 2015	31 December 2014
	Number of shares	Number of shares
Stock options, under Employee Stock Option Scheme, 2007	6,081,498	6,081,498
Series A-1 Preference shares	4,328,920	4,328,920
Series B Preference shares	395,833	395,833
Series B-1 Preference shares	6,372,793	6,372,793
Series C Preference shares	91,385	91,385
Series C-1 Preference shares	4,146,651	4,146,651
Series D Preference shares	45,579	45,579
Series D-1 Preference shares	2,068,161	2,068,161
Series E Preference shares	68,369	68,369
Series E-1 Preference shares	3,102,242	3,102,242
Series F Preference shares	45,578	45,578
Series F-1 Preference shares	3,150,391	3,150,391
Series G Preference shares	3,260,637	3,260,637
Series H Preference shares	1,082,230	1,082,230
Series I Preference shares	4,832,693	-
Warrants	2,244,473	2,244,473

Warrants

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

During the year ended December 31, 2013, the Company has issued warrant coverage with conversion option into 93,450 ordinary shares, 35,210 Series G preference shares, and 1,412,571 Series H preference shares to its holding company. Further, the Company issued warrant coverage with conversion option into 445,089 Series H preference shares to NEA FDI Limited.

None of the Warrants have been exercised by the Warrant holders.

*Ashish Jain*  
BENGALURU  
REGISTERED ACCOUNTANTS

*stb*



2. Share capital (continued)

Employee stock options

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

The fair value of the ordinary shares has been determined by the management on the date of the grant of the stock options to the employees pursuant to the Plan 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 1,077,124 (previous year: USD 1,099,530). The weighted average remaining useful life of the stock options is 8.59 years (previous year: 8.82 years).

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

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

Particulars	For the year ended 31 December 2015		For the year ended 31 December 2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at the beginning of the year	3,799,847	1.12	3,890,439	1.09
Options granted during the year	76,500	1.09	721,454	1.24
Option forfeited during the year	61,500	1.09	812,046	1.09
Options lapsed during the year	0	-	0	-
Options outstanding at the end of the year	3,814,847	1.10	3,799,847	1.12
Options exercisable at the end of the year	2,145,919	1.10	1,272,772	1.10

The estimated weighted average fair value of options granted during the year was USD 0.64 to USD 0.75 (previous year: 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 2015	For the year ended 31 December 2014
Fair value per share (USD)	1.09	\$1.09
Exercise price (USD)	1.09	\$1.09
Average risk-free interest rate	1.25% - 1.47%	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 0.65 to USD 0.75	USD 0.64

The following table provides details in respect of range of exercise price and weighted average remaining contractual life for the options outstanding as at 31 December 2015.

Range of exercise price	Shares arising out of options*	Weighted average remaining contractual life	Weighted average exercise price (USD)
USD 1.09	3,814,847	7.77 Years	1.09

\* includes 2,028,667 options granted to directors and non-executive director

The following table provides details in respect of range of exercise price and weighted average remaining contractual life for the options outstanding as at 31 December 2014

Range of exercise price	Shares arising out of options*	Weighted average remaining contractual life	Weighted average exercise price (USD)
USD 1.58 to USD 5.44	3,799,847	8.59 years	1.09

\* includes 2,028,667 options granted to directors and non-executive director

*Ashish Jain*  
BENGALURU  
CHARTERED ACCOUNTANTS


*5/12/15*



CFCL Technologies Limited  
Notes to the financial statements for the year ended 31 December 2015

3. Reserves and surplus

	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Securities premium account			
At the commencement of the year	162,192,011	162,192,011	10,730,623,448
Add: Additions during the year on issue of preference shares	7,248,559	-	479,564,639
Balance at the end of the year	169,440,570	162,192,011	11,210,188,087
Employee stock options outstanding account			0
At the commencement of the year	3,875,051	2,797,927	256,373,374
Add: Employee compensation expenses for the year	840,190	1,077,124	55,586,970
At the end of the year	4,715,241	3,875,051	311,960,345
Surplus (balance in statement of profit and loss)			
Opening balance	(7,060,447)	(5,892,524)	(467,119,174)
Add: Net loss for the year	(131,603,537)	(1,167,923)	(8,706,890,031)
	(138,663,984)	(7,060,447)	(9,174,009,204)
	35,491,826	159,006,615	2,348,139,227

*Ashish Jain*  


*5/10/15*



CFCL Technologies Limited


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

4. Trade payables

	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Trade payables			
due to micro and small enterprises (refer Note 14)	-	-	-
other creditors	24,541	3,040	1,623,609
	<u>24,541</u>	<u>3,040</u>	<u>1,623,609</u>

5. Other current liabilities

	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Accrued expenses	17,054	-	1,128,387
Payables to related parties (refer Note 13(f))	1,825,410	1,805,153	120,769,121
	<u>1,842,464</u>	<u>1,805,153</u>	<u>121,897,508</u>

*Ashish Jain*  


*5/12/15*



CFCL Technologies Limited

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

6. Non-current investments


	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Long-term investments, at cost</b>			
<b>Trade (Unquoted)</b>			
Investment in subsidiaries			
8534 (previous year: 8532) Ordinary shares of USD 10 each in ISGN Corporation fully paid up	127,268,030	152,313,800	8,420,052,891
50,000,000 (previous year: 50,000,000) Ordinary shares of USD 0.001 each in CFCL Ventures Limited, fully paid up	8,366,970	8,366,970	553,558,802
Less: Impairment of Investment	(98,275,312)	-	(6,501,894,642)
	<b>37,359,688</b>	<b>160,680,770</b>	<b>2,471,717,051</b>

7. Cash and cash equivalents

	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Cash and cash equivalents</b>			
Balances with banks			
In current accounts	1,422	1,497	94,075
	<b>1,422</b>	<b>1,497</b>	<b>94,075</b>

8. Short-term loan and advances

	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
<b>Unsecured, considered good</b>			
To parties other than related parties	-	134,337	-
	<b>-</b>	<b>134,337</b>	<b>-</b>

*Ashish Jain*  


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CFCL Technologies Limited

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

9. Other income

	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Miscellaneous income	-	5,678	-
	<u>-</u>	<u>5,678</u>	<u>-</u>

*Ashish Jain*  


*5/10/15*



CFCL Technologies Limited

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

10. Finance cost

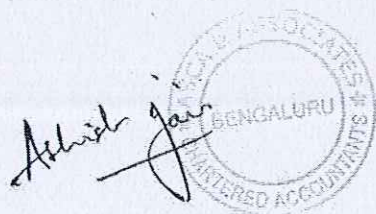
	For the year ended 31 December 2015 (in USD)	0-Jan-00 (in USD)	Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Interest expenses	249,041	-	16,476,559
Bank charges	141	-	9,302
	<u>249,182</u>	<u>-</u>	<u>16,485,861</u>

11. Employee benefits

	For the year ended # 31 December 2015 (in USD)	(in USD)	Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Stock compensation expense (Refer Note 2)	840,190	1,077,124	55,586,970
	<u>840,190</u>	<u>1,077,124</u>	<u>55,586,970</u>

12. Other expenses

	For the year ended 31 December 2015 (in USD)	0-Jan-00 (in USD)	Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Audit fees	96,000	-	6,351,360
Consultancy, legal and professional charges	96,900	96,477	6,410,884
Investment writeoff	130,321,082	-	8,622,042,813
Other expenses	184	-	12,143
	<u>130,514,166</u>	<u>96,477</u>	<u>8,634,817,200</u>



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### 13. Related party disclosures

List of related parties

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

Ultimate holding company - Chambal Fertilisers and Chemicals Limited

**b) Entities which exercise significant influence**

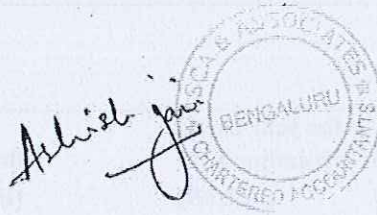
NEA FDI Ltd

NEA IndoUS Ventures, LLC

**c) Key Management Personnel (KMP)**

Amit Kothiyal, CEO and Director

Sundararajan Sampath, CFO



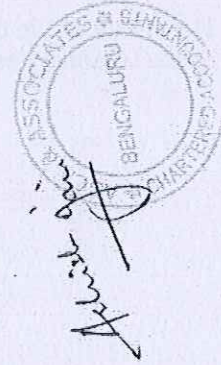
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d) Subsidiaries

Sl no	Name of Subsidiary	Country of Incorporation	% holding As at 31 December 2015	% holding As at 31 December 2014
	<b>Subsidiaries</b>			
1	CFCL Ventures Limited ("CVL")	Cayman Islands	100%	100%
2	ISGN Corporation ("ISGN - C")	U.S.A.	100%	100%
	<b>Step-down Subsidiaries of ISGN - C</b>			
3	ISGN Solutions, Inc ("ISGN - S")	U.S.A.	100%	100%
	<b>Step-down subsidiaries of ISGN - S</b>			
4	Richmond Title Genpar, LLC ("Genpar")- dissolved effective from 07 April 2015	U.S.A.	100%	100%
5	Richmond Investors, LLC ("Investors")- dissolved effective from 10 July 2015	U.S.A.	100%	100%
6	Richmond Title Services, LP ("Richmond LP")- dissolved effective from 08 June 2015	U.S.A.	100%	100%
7	ISGN Fulfillment Services, Inc. (FFS)	U.S.A.	100%	100%
	<b>Step down subsidiaries of FFS</b>			
8	ISGN Fulfillment Services, Inc ("FFS Arizona") – dissolved effective 12 <sup>th</sup> January 2016	U.S.A.	100%	100%
9	ISGN Fulfillment Agency, LLC ("FFS Delaware")	U.S.A.	100%	100%
	<b>Step-down Subsidiaries of CVL</b>			
10	ISG NovaSoft Technologies Limited ("ISGNL")	India	100%	100%
11	Inuva Info Management Private Limited ("INUVA")* – a subsidiary of ISGNL	India	71%	71%

\* A dormant subsidiary



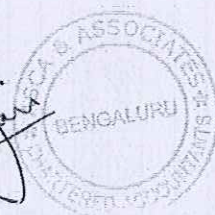
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e) Related party transactions:

Particulars	Amount in USD		For the year ended 31 December 2015 Convenience Translation into Rupees (Unaudited)
	For the year ended 31-Dec-15	For the year ended 31-Dec-14	
<b>Holding company</b>			
Conversion of loan into Series I Preference Shares	5,074,329	-	335,717,607
Interest expense	249,041	-	16,476,553
<b>Subsidiary company</b>			
Investment in ordinary shares of ISGN Corporation*	7,000,000	10,000,000	463,120,000
<b>Companies having significant influence</b>			
Conversion of loan into Series I Preference Shares, NEA FDI, Inc	2,174,712	-	143,878,946

\* The investment in ordinary shares as disclosed above was a non-cash transaction, whereby, the amount payable by the subsidiary has been adjusted by means of investment in equity.

*Abhishek Jain*  


*5/27*



d) Related party balances:

Particulars	Amount in USD		For the year ended 31 December 2015 Convenience Translation into Rupees (Unaudited)
	For the year ended 31-Dec-15	For the year ended 31-Dec-14	
<b>Ultimate holding company</b>			
Other current liabilities	-	-	-
<b>Holding company</b>			
Other current liabilities	-	-	-
Short-term borrowings	-	-	-
<b>Subsidiary company</b>			
Other advances (ISGN Corporation)	-	-	-
Other current liabilities (ISGN Corporation)	1,825,410	1,805,153	120,769,126
<b>Companies having significant influence</b>			
Other current liabilities (NEA FDI Inc)	-	-	-
Other advances (NEA IndoUS Ventures, LLC)	-	-	-

*Ashish Jain*  


*5/1/17*




#### 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 2015 and 31 December 2014 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

	(Amount in USD)	
	For the year ended 31 December 2015	For the year ended 31 December 2014
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

#### 15. Segmental reporting

The principle activities of the Company are to carry on the business of investment holding and to undertake and to transact in investment business. Accordingly, the activities of the Company are considered to comprise a single primary business segment 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.

*Ashish Jain*  


*5/17/15*



16. Earnings per ordinary share

Particular	Amount in USD except for share data		
	For the year ended 31 December 2015	For the year ended 31 December 2014	For the year ended 31 December 2015 Convenience Translation into Rupees (Unaudited)
Loss for the year (in USD)	(131,603,537)	(1,167,923)	(8,706,890,008)
Weighted average number of ordinary shares considered in calculating Basic and Diluted Earnings Per Share ('EPS')	4,058,593	4,058,593	4,058,953
Basic and diluted EPS (in USD)	(33.43)	(0.29)	(2145.57)

In computing the diluted EPS, potential equity shares that are dilutive and which increase loss per share are included. Since the Company's potential equity shares are anti-dilutive and would reduce the loss per share, there is considered to be no dilution for the years ended 31 December 2015 and 2014.

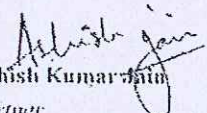
17. Convenience translation

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 66.16. These numbers are based on information from the management and have not been audited by ASCA & Associates.

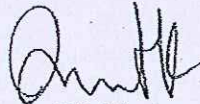
18. Subsequent Events


Subsequent to the balance sheet date, the Group has entered into 2 agreements on 28th January, 2016, i.e. a Stock Purchase Agreement for the sale of ISGN Solutions and subsidiaries for an amount of 12,557,182 and a Slump Sale Agreement for the sale portion of ISG Novasoft Technologies Ltd for an amount of USD 456,000. These agreements have been entered with Firstsource Group USA, Inc and Firstsource Process Management Services Limited respectively for the sale of the Group's knowledge process outsourcing (KPO) unit.

for ASCA & Associates  
Chartered Accountants  
Firm's registration number: 155155

  
Ashish Kumar Jain  
Partner  
Membership number: 235485  
Place: Bangalore  
Date: 26<sup>th</sup> April 2016

for and on behalf of the Board of Directors of  
CFCL Technologies Limited

  
Amit Kothiyal  
Director  
Place: Bangalore  
Date: 26<sup>th</sup> April 2016

  
Sundararajan Sampath  
Chief Financial Officer  
Place: Bangalore  
Date: 26<sup>th</sup> April 2016