

Independent Auditors' Report

To,

The Members of ISGN Fulfillment Services, Inc

Report on the Financial Statements

We have audited the accompanying financial statements of **ISGN Fulfillment Services, Inc** ('the Company'), which comprises of the Balance Sheet as at 31st December 2015, the Statement of Profit and Loss and 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

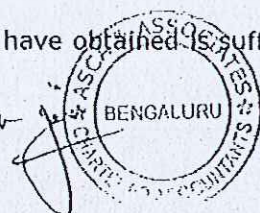
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, 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.

Ashrish


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

ISGN Fulfillment Services, Inc
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)
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	2	1	1	66
Reserves and surplus	3	(1,502,260)	(283,927)	(99,389,504)
		<u>(1,502,259)</u>	<u>(283,926)</u>	<u>(99,389,438)</u>
Current liabilities				
Trade payables	4	2,063,691	1,370,257	136,533,822
Other current liabilities	5	18,110,379	9,239,123	1,199,519,096
Short-term provisions	6	93,631	398,746	6,191,627
		<u>20,267,701</u>	<u>11,008,126</u>	<u>1,342,247,544</u>
		<u>18,785,642</u>	<u>10,724,200</u>	<u>1,242,858,106</u>
ASSETS				
Non-current assets				
Fixed assets				
- Tangible assets	7	204,212	356,794	13,510,666
- Intangible assets		259,551	546,699	17,171,868
Capital work in progress		2,879	-	190,493
Long-term loans and advances	8	50,000	75,000	3,308,000
		<u>516,642</u>	<u>978,493</u>	<u>34,181,027</u>
Current assets				
Current investments	9	-	13,075	-
Trade receivables	10	3,072,448	3,331,852	203,273,146
Cash and cash equivalents	11	1,422,021	1,893,721	94,080,969
Short-term loan and advances	12	12,609,201	4,224,645	834,224,706
Other current assets	13	1,165,330	282,414	77,098,318
		<u>18,269,000</u>	<u>9,745,707</u>	<u>1,208,677,080</u>
		<u>18,785,642</u>	<u>10,724,200</u>	<u>1,242,858,106</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: 0155135

Ashish Kumar Jain
Partner
Membership number: 235483

Place: Bangalore
Date: 26th April 2016

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

Amit Kuthiyal
Director

Place: Bangalore
Date: 26th April 2016

Sankararajan Sampath
Chief Financial Officer

Place: Bangalore
Date: 26th April 2016

ISGN Fulfillment Services, Inc
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)
Revenue from operations				
Income from loan fulfillment services	14	20,312,149	23,289,314	1,343,851,775
Other income	15	199,078	170,000	13,170,973
Total Revenue		20,511,227	23,459,314	1,357,022,747
Expenses				
Employee benefits	16	10,639,755	2,516,854	703,926,176
Finance costs	17	130,994	100,843	8,666,584
Depreciation and amortisation	7	474,616	572,575	31,400,596
Other expenses	18	10,503,739	25,736,100	694,927,340
Total expenses		21,749,104	28,926,372	1,438,920,696
Profit / (loss) before tax		(1,237,877)	(5,467,058)	(81,897,948)
Tax expense				
Current tax		(12,875)	17,546	(851,810)
Profit / (loss) for the year		(1,225,002)	(5,484,604)	(81,046,138)
Earnings per ordinary share	24			
Basic and diluted		(3.06)	(13.68)	(202.21)
Number of ordinary shares used in computing earnings per ordinary share				
Basic and diluted		400,802	400,802	400,802

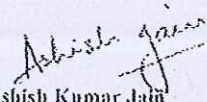
Significant accounting policies 1

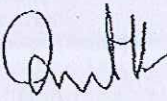
The notes referred to above form an integral part of the financial statements


As per our report of even date attached

for ASCA & Associates
Chartered Accountants
Firm's registration number: 0155155

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


Ashish Kumar Jain
Partner
Membership number: 235485


Amit Kothiyal
Director


Sundararajan Sampath
Chief Financial Officer

Place: Bangalore
Date: 26th April 2016

Place: Bangalore
Date: 26th April 2016

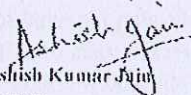
Place: Bangalore
Date: 26th April 2016

ISGN Fulfillment Services, Inc
Cash Flow Statement

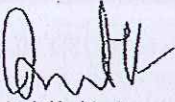
	For the year ended 31 December 2015 (in USD)	For the year ended 31 December 2014 (in USD)	For the year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Cash flow from operating activities :			
Profit / (loss) before tax	(1,237,872)	(5,467,058)	(81,897,948)
Adjustments for :			
Depreciation and amortisation expense	474,616	572,575	31,400,596
Provisions no longer required written back		170,000	
Provision for doubtful debts and advances		26,852	
Investment written off	13,075		865,031
Stock compensation expense	6,668	10,082	441,155
Doubtful debts/ advances written off			
Interest expense including bank charges	130,994	100,843	8,666,584
Operating profit / (loss) before working capital changes	(612,524)	(4,586,704)	(40,524,582)
Changes in working capital			
Trade and other receivables	(8,983,068)	5,855,774	(594,319,760)
Trade payables and current liabilities and provisions	9,348,112	(2,303,578)	618,471,104
Cash generated from / (used in) operations	(247,479)	(1,034,508)	(16,373,238)
Income taxes refund	12,875	(17,546)	851,810
Net cash from operating activities	(234,604)	(1,052,054)	(15,521,428)
Cash flow from investing activities			
Purchase of tangible and intangible assets	(37,765)	(241,174)	(2,498,524)
Net cash used in investing activities	(37,765)	(241,174)	(2,498,524)
Cash flow from financing activities			
Interest paid including bank charges	(130,994)	(100,843)	(8,666,584)
Net cash used in financing activities	(130,994)	(100,843)	(8,666,584)
Net (decrease) / increase in cash and cash equivalents	(403,364)	(1,394,071)	(26,686,536)
Cash and cash equivalents at the beginning of the year	1,685,637	3,079,709	111,521,716
Cash and cash equivalents at the end of the year	1,282,273	1,685,637	84,835,180
Components of cash and cash equivalent:			
Cash on hand		104	
Balances with escrow accounts	139,748	208,083	9,245,728
Balances in current accounts	1,282,273	1,685,534	84,835,181
	1,422,021	1,893,721	94,080,909
Less:			
Balances with escrow accounts	139,748	208,083	9,245,728
	1,282,273	1,685,638	84,835,182

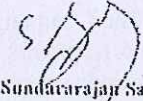
This is the cash flow statement referred to in our audit report of even date.

for ASCA & Associates
Chartered Accountants
Firm's registration number: 0155158


Ashish Kumar Jain
Partner
Membership number: 235485

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


Amit Kothiyal
Director


Sundararajan Sampath
Chief Financial Officer

Place: Bangalore
Date: 26th April 2016

Place: Bangalore
Date: 26th April 2016

Place: Bangalore
Date: 26th April 2016

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

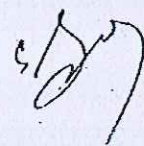
1.3 Use of estimates

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 30,422,666. Further, the Company has also incurred loss of 1,225,002 during the current year and its current liabilities are more than the current assets as at the balance sheet date by USD 2,018,901. 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.

Achil Jain



ISGN Fulfillment Services, Inc
Notes to financial statements for the year ended 31 December 2015

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:

Ashish Jain

[Handwritten signature]

ISGN Fulfillment Services, Inc
Notes to financial statements for the year ended 31 December 2015

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.

Ashish Jain

5/27

ISGN Fulfillment Services, Inc
Notes to financial statements for the year ended 31 December 2015

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.

Ashish Gupta

[Signature]

ISGN Fulfillment Services, Inc
Notes to financial statements for the year ended 31 December 2015

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.

Ashish Jain

[Signature]

ISGN Fulfillment Services, Inc
Notes to financial statements for the year ended 31 December 2015

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.

Ashish Jain

5/1/15

ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2015

3. 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)
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	66
	1	1	66

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)
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 2015		31 December 2014	
	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-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
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 2015.

Ashish Jain

[Signature]

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 6,668 (previous year: USD 10,082). The weighted average remaining useful life of the stock options is 7.77 years (previous year: 8.42 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 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	16,000	1.12	159,717	1.09
Options granted during the year	0	1.09	2,000	1.24
Option forfeited during the year	8,000	1.09	145,717.00	1.09
Options exercised during the year	-	-	-	-
Options outstanding at the end of the year	8,000	1.12	16,000	1.12
Options exercisable at the end of the year	4,458	1.12	6,333	1.09

The estimated weighted average fair value of options granted during the year was USD 0.65 to USD 0.75 (previous year USD 0.64 to 0.75). 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 to \$1.26
Exercise price (USD)	\$1.09	\$0.92-1.25%
Average risk-free interest rate	1.25% - 1.47 %	0.36 - 0.16 %
Expected volatility of share price	0.6585	0.6585
Expected life of options granted (in years)	6	6
Expected dividend yield	Nil	Nil
Fair value of the options	USD 0.65 to USD 0.75	USD 0.64 to USD 0.75

* 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 2015.

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	8,000	7.77	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 2014.

Range of exercise price	Shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (USD)
USD 0.53	16,000	8.42	1.12

Ashish Jain

[Handwritten signature]

ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2015

3. Reserves and surplus

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)
Securities premium account			
At the commencement and at the end of the year	28,722,080	28,722,079	1,900,252,790
Add: Additions during the year	-	-	-
Balance at the end of the year	28,722,080	28,722,079	1,900,252,790
Employee stock options outstanding account			
Opening balance	191,658	181,576	12,680,126
Add: Employee compensation expense for the year	6,668	10,082	441,155
Closing balance	198,326	191,658	13,121,281
Deficit (debit balance in Statement of Profit and Loss)			
Opening balance	(29,197,664)	(23,713,061)	(1,931,717,436)
Add: Net profit / (loss) for the year	(1,225,002)	(5,484,603)	(81,046,138)
Closing balance	(30,422,666)	(29,197,664)	(2,012,763,575)
	(1,502,260)	(283,927)	(99,389,504)

Ashish Jain

5/57

ISGN Fulfillment Services, Inc

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

4. Trade payables

Particulars	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 other creditors	2,063,691	1,370,257	136,533,822
	<u>2,063,691</u>	<u>1,370,257</u>	<u>136,533,822</u>

5. Other current liabilities

Particulars	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	1,861,255	173,472	123,140,602
Payables to related parties (refer Note 22(d))	15,228,046	7,458,933	1,007,487,526
Advance Received from Customers	307,207	-	20,324,843
Book overdraft	584,323	1,398,635	38,658,798
Other liabilities	10,000	-	661,600
Escrow liability **	139,748	208,083	9,245,728
	<u>18,130,579</u>	<u>9,239,123</u>	<u>1,199,519,096</u>

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

Ashish Jain

[Signature]

ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2015

6. Short-term provisions

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Provision for employee benefits			
Compensated absences	93,631	82,249	6,194,627
Others			
Provision for litigations	-	316,497	-
	<u>93,631</u>	<u>398,746</u>	<u>6,194,627</u>

Litigations

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Balance at the commencement of the year	316,497	1,330,688	20,939,408
Provision made during the year		100,000	-
Provision utilised during the year	316,497	1,114,191	20,939,409
Balance at the end of the year	-	316,497	-

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.

Ashish Jain

[Signature]

ISCN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2015

7. Fixed assets

Fixed Assets	Gross block				Accumulated depreciation and amortisation				Net block		
	As at 1 January 2015	Additions during the year	Deletion during the year	As at 31 December 2015	As at 1 January 2015	Depreciation/amortisation charge for the year	Deductions/Other adjustments	As at 31 December 2015	31 December 2015 Convenience translation into Rupees (Unaudited)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)	As at 31 December 2014
Tangible assets, owned											
Leasehold improvements	2,412,375	-	-	2,412,375	2,260,098	43,544	-	2,303,642	152,408,964	7,193,767	152,277
Computers and accessories	10,749,655	30,925	-	10,780,580	10,569,288	134,492	-	10,703,780	708,162,085	5,081,088	180,567
Office equipment	2,250,405	3,961	-	2,254,366	2,226,257	9,431	-	2,235,688	147,913,110	1,235,744	(35,519)
Furniture and fixtures	1,489,135	-	-	1,489,135	1,489,135	-	-	1,489,135	98,521,172	-	59,667
Vehicles	21,098	-	-	21,098	21,097	-	-	21,097	1,395,778	1	1
Total tangible assets	16,922,668	34,886	-	16,957,554	16,565,874	187,467	-	16,753,342	1,108,401,108	13,510,666	356,794
<i>Previous year</i>	<i>16,681,494</i>	<i>24,174</i>	<i>-</i>	<i>16,705,668</i>	<i>16,286,539</i>	<i>279,335</i>	<i>-</i>	<i>16,565,874</i>	<i>1,049,116,800</i>	<i>356,794</i>	
Intangible assets, owned											
Computer software	1,124,436	-	-	1,124,436	828,061	287,149	-	1,115,210	73,782,294	610,366	296,374
Goodwill acquired	250,325	-	-	250,325	-	-	-	-	-	250,325	250,325
Total intangible assets	1,374,761	-	-	1,374,761	828,061	287,149	-	1,115,210	73,782,294	17,171,868	546,699
<i>Previous year</i>	<i>1,374,761</i>	<i>-</i>	<i>-</i>	<i>1,374,761</i>	<i>828,061</i>	<i>293,240</i>	<i>-</i>	<i>828,061</i>	<i>52,441,121</i>	<i>17,171,868</i>	

As at 31 Dec

500

ISGN Fulfillment Services, Inc

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

8. Long-term loans and advances

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Unsecured, considered good			
To parties other than related parties			
- Security deposits	50,000	75,000	3,308,000
	<u>50,000</u>	<u>75,000</u>	<u>3,308,000</u>

9. Current investments

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Non-trade (quoted)			
350 (Previous year 350) Ordinary shares of StanCorp Financial Group, Inc	-	13,075	-
	<u>-</u>	<u>13,075</u>	<u>-</u>

10. Trade receivables

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Receivables outstanding for period exceeding six months from the date they become due for payment			
Unsecured, considered good	89,526	15,127	5,923,014
Unsecured, considered doubtful	1,625,785	1,652,097	107,561,907
Less: Provision for doubtful debts	(1,625,785)	(1,652,097)	(107,561,907)
	<u>89,526</u>	<u>15,127</u>	<u>5,923,014</u>
Other receivables			
Unsecured, considered good-	2,982,922	3,316,726	197,350,131
Unsecured, considered doubtful	970	91,966	64,192
Less: Provision for doubtful debts.	(970)	(91,966)	(64,192)
	<u>2,982,922</u>	<u>3,316,726</u>	<u>197,350,131</u>
	<u>3,072,448</u>	<u>3,331,852</u>	<u>203,273,146</u>

Ashish Jain

S 57

ISGN Fulfillment Services, Inc

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

11. Cash and cash equivalents

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Cash on hand	-	104	-
Balances with banks	-	-	-
In current accounts	1,282,273	1,685,534	84,835,181
In escrow accounts *	139,748	208,083	9,245,728
	<u>1,422,021</u>	<u>1,893,721</u>	<u>94,080,909</u>

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

12. Short-term loan and advances

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
To parties other than related parties (unsecured)			
Considered good			
- Advance to suppliers	-	-	-
- Security deposits	98,648	73,648	6,526,536
- Other advances	176,331	2,013	11,666,062
Prepaid expense	348,271	-	23,041,617
To related parties (unsecured)			
Considered good			
- Other advances (refer Note 22(d))	11,985,951	4,148,984	792,990,490
	<u>12,609,201</u>	<u>4,224,645</u>	<u>834,224,706</u>

13. Other current assets

Particulars	As at 31 December 2015 (in USD)	As at 31 December 2014 (in USD)	As at 31 December 2015 Convenience translation into Rupees (Unaudited)
Unbilled revenue	1,165,330	282,414	77,098,318
	<u>1,165,330</u>	<u>282,414</u>	<u>77,098,318</u>

Ashish Jain

S. J.

ISGN Fulfillment Services, Inc

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

14. Income from loan fulfillment services

Particulars	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)
Income from loan fulfillment services	20,312,149	23,289,314	1,343,851,775
	<u>20,312,149</u>	<u>23,289,314</u>	<u>1,343,851,775</u>

15. Other income

Particulars	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)
Sundry balances written back	199,078	170,000	13,170,973
	<u>199,078</u>	<u>170,000</u>	<u>13,170,973</u>

Ashish Jain

(Signature)

ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2015

16. Employee benefits

Particulars	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)
Salaries and bonus	8,247,643	536,845	545,664,042
Contribution to provident fund and other funds	734,106	727,169	48,568,469
Stock compensation expense	6,668	10,082	441,155
Staff welfare including insurance	1,651,338	1,242,758	109,252,511
	<u>10,639,755</u>	<u>2,516,854</u>	<u>703,926,176</u>

17. Finance costs

Particulars	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)
Bank charges	130,994	100,843	8,666,584
	<u>130,994</u>	<u>100,843</u>	<u>8,666,584</u>

18. Other expenses

Particulars	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)
Sub-contracting expenses	7,484,448	21,778,498	495,171,057
Power and fuel	260,325	276,242	17,223,087
Rent	797,356	736,817	52,753,056
Repairs and maintenance:	-	-	-
- computer equipment	191,023	378,965	12,638,049
- others	70,122	-	4,639,272
- Office maintenance	-	-	-
Rates and taxes	238,007	251,931	15,746,554
Bad debts	(45)	-	(2,977)
Insurance	-	453,866	-
Traveling and conveyance	87,598	68,573	5,795,459
Communication	782,186	1,014,035	51,749,430
Claims expense	-	-	-
Consultancy, legal and professional charges	421,860	440,091	27,910,229
Sales promotion and advertisement	11,316	2,268	748,699
Provision for doubtful debts and advances	-	26,852	-
Doubtful advances written off	-	-	-
Printing and stationery	44,348	95,106	2,934,093
Miscellaneous expenses	115,195	212,856	7,621,334
	<u>10,503,739</u>	<u>25,736,100</u>	<u>694,927,340</u>

Atulish Jain

5/17

ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2015

19. 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.

20. 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:

Amount in USD

Particulars	Year ended	Year ended	Year ended
	31 December 2015	31 December 2014	31 December 2015
			Convenience translation into Rupees (Unaudited)
Not later than one year	530,836	510,610	35,120,110
Later than one year and not later than five years	2,295,208	2,229,278	151,850,961
Later than five years	354,134	950,900	23,429,505

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 2015 is USD 797,356 (31 December 2014: USD 736,817).

Ashish Jais

[Signature]

ISGN Fulfillment Services, Inc

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

21. 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	-	-

Ashish Jain

S. J.

ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2015

22. 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 Technologies Limited, Cayman Islands
ISGN Corporation, USA

Subsidiaries

ISGN Fulfillment Services, Inc., USA (Arizona) – dissolved effective 12th January 2016
ISGN Fulfillment Agency, LLC, USA (Delaware)

Companies which are under control through intermediaries

Richmond Title Services, LP- dissolved effective from 08 June 2015

b) Key management personnel

Erik Anderson, Director

c) Related party transactions

Particulars	Amount in USD		Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
	For the year ended 31 December 2015	For the year ended 31-Dec-14	
Holding company			
Sub-contracting expenses	2,581,530	7,682,875	170,794,025
Employee benefit expenses (cross-charged to the Company)	7,051,735	7,514,594	466,542,788
Company which exercises control through intermediaries			
Employee benefit expenses (reimbursement received from ISGN Corporation)	1,229,060	335,145	81,314,610

Ashish Jain

5/17/15

ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2015

d) Related party balances

Particulars	Amount in USD		Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
	As at 31-Dec-15	As at 31-Dec-14	
Holding company			
Other advances	11,985,951	4,148,984	792,990,518
Other current liabilities (ISGN Solutions)	1,606,598	7,241,235	106,292,524
Company which is under control through intermediaries			
Other current liabilities (ISGN Corporation)	13,621,448	217,698	901,195,000

e) There were no payments made to the key management personnel during the years ended 31 December 2015 and 2014.

23. 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.

24. Earnings per ordinary share ('EPS')

	Amount in USD, except share data		
	As at 31 December 2015	As at 31 December 2014	Year ended 31 December 2015 Convenience translation into Rupees (Unaudited)
Profit / (loss) for the year	(1,225,002)	(5,484,603)	(81,046,132)
Weighted average number of ordinary shares considered in calculating basic and diluted EPS	400,802	400,802	400,802
Basic and diluted EPS	(3.06)	(13.68)	(202.45)

There are no potential dilutive equity shares.

Arvind Jain

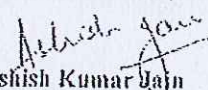
5/27

ISGN Fulfillment Services, Inc
Notes to the financial statements for the year ended 31 December 2015

25. Convenience translation

The books of accounts of the Company are maintained in US Dollars ('USD') being the currency of the primary economic environment in which it operates. Supplementary 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.

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

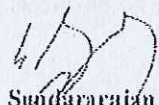

Ashish Kumar Jain
Partner
Membership number: 235485

Place: Bangalore
Date: 26th April 2016

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


Amit Kothiyal
Director

Place: Bangalore
Date: 26th April '16


Sugdararajan Sampath
Chief Financial Officer

Place: Bangalore
Date: 26th April '16