

Inuva Info Management Pvt Ltd

Audit Report for the period ended

31 December 2015

B S R & Associates LLP

Chartered Accountants

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

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Independent Auditor's Report

To the Members of Inuva Info Management Private Limited

We have audited the accompanying financial statements of Inuva Info Management Private Limited ("the Company") which comprise the balance sheet as at 31 December 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

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

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

Report on other legal and regulatory requirements

1. This report does not include a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2015 (the "Order"), since, in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



B S R & Associates LLP

- e. On the basis of the written representations received from two of the directors as on 31 December 2015 taken on record by the Board of Directors, these two directors are disqualified as on 31 December 2015 from being appointed as a director in terms of Section 164 (2) of the Act. Since we have not received a written representation from the third director, we are unable to report on whether the third director is disqualified or not from being appointed as a director in terms of sub-section (2) of Section 164 of the Companies Act, 2013; and
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have pending litigations on its financial position in the financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for B S R & Associates LLP

Chartered Accountants

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


Rushank Muthreja

Partner

Membership number: 211386

Bangalore

10 May 2016

INUVA INFO MANAGEMENT PRIVATE LIMITED
Balance Sheet

	Note	As at 31 December 2015	(in Rs) As at 31 December 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	2,38,000	2,38,000
Reserves and surplus	3	28,90,184	32,98,644
		<u>31,28,184</u>	<u>35,36,644</u>
Current liabilities			
Other current liabilities	4	-	5,34,359
		-	<u>5,34,359</u>
Total		<u>31,28,184</u>	<u>40,71,003</u>
ASSETS			
Non-current assets			
Long-term loans and advances	5	75,875	3,52,242
		<u>75,875</u>	<u>3,52,242</u>
Current assets			
Cash and bank balances	6	4,88,761	37,18,761
Other current assets	7	25,63,548	-
		<u>30,52,309</u>	<u>37,18,761</u>
Total		<u>31,28,184</u>	<u>40,71,003</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 **BSR & Associates LLP**

Chartered Accountants

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

Rushank Muthreja

Partner

Membership number: 211386

Place: Bangalore

Date: 10 MAY 2016

for and on behalf of the Board of Directors of

Inuva Info Management Private Limited

Amit Kothiyal

Director

Place: Bangalore

Date: 10 MAY 2016

Sundararajan Sampath

Director

Place: Bangalore

Date: 10 MAY 2016

INUVA INFO MANAGEMENT PRIVATE LIMITED
Statement of Profit and Loss

		(in Rs)	
	Note	For the year ended 31 December 2015	For the year ended 31 December 2014
Other income	8	14,467	1,46,137
Total revenue		14,467	1,46,137
Expenses			
Other expenses	9	4,22,927	2,28,140
Total expenses		4,22,927	2,28,140
Loss before tax		(4,08,460)	(82,003)
Tax expense		-	-
Loss for the year		(4,08,460)	(82,003)
Earnings per equity share (par value Rs 10)			
Basic and diluted		(17.16)	(3.45)
Number of shares used in computing earnings per share			
Basic and diluted		23,800	23,800

Significant accounting policies

1

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

Rushank Muthreja

Partner

Membership number: 211386

Place: Bangalore

Date: 10 MAY 2015

for and on behalf of the Board of Directors of

Inuva Info Management Private Limited

Amit Kothiyal

Director

Place: Bangalore

Date: 10 MAY 2015

Sundararajan Sampath

Director

Place: Bangalore

Date: 10 MAY 2015

INUVA INFO MANAGEMENT PRIVATE LIMITED
Cash Flow Statement

	For the year ended 31 December 2015	(in Rs) For the year ended 31 December 2014
A. Cash flow from operating activities :		
Loss for the year	(4,08,460)	(82,003)
Non cash items:		
Interest income from fixed deposits	-	(1,46,137)
Operating profit before working capital change	(4,08,460)	(2,28,140)
Changes in working capital		
Decrease / (increase) in trade and other receivables	(22,87,181)	5,41,394
Decrease / (increase) in current liabilities	(5,34,359)	1,60,941
Cash from / (used in) operations	(32,30,000)	4,74,195
Income taxes paid	-	-
Net cash from / (used in) operating activities	(32,30,000)	4,74,195
B. Cash flow from investing activities		
Interest received	-	1,46,137
Net cash from investing activities	-	1,46,137
C. Cash flow from financing activities		
Net increase/(decrease) in cash and cash equivalents	(32,30,000)	6,20,332
Cash and cash equivalents at beginning of the year	37,18,761	30,98,429
Cash and cash equivalents at the end of the year	4,88,761	37,18,761

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

As per our report of even date attached

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

Rushank Muthreja
Partner
Membership number: 211386

Place: Bangalore
Date: 10 MAY 2016

for and on behalf of the Board of Directors of
Inuva Info Management Private Limited

Amit Kothiyal
Director

Place: Bangalore
Date: 10 MAY 2016

Sundararajan Sampath
Director

Place: Bangalore
Date: 10 MAY 2016

Inuva Info Management Private Limited
Notes to financial statements for the year ended 31 December 2015

1. Significant accounting policies

1.1 Background

Inuva Info Management Private Limited ('the Company') provides information processing, business process outsourcing, and application software consulting services to the mortgage banking and real estate finance industry in the United States. It offers mortgage outsourcing services, including loan production and post closing, mortgage servicing, and secondary market services, as well as title, closing, and settlement services; and IT services, which comprise custom software development, applications upgrade and enhancement, technical documentation writing and quality assurance, and application porting services, as well as reengineering, customization, and migration of legacy applications. The Company was incorporated in 2001 and is based in Kolkata, India. From November 27, 2007, the Company operates as a subsidiary of ISG Novasoft Technologies Limited.

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. GAAP comprises mandatory Accounting Standards (AS) as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). 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 each financial statements are presented in Indian Rupee.

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, and valuation of the assets and liabilities acquired in business combinations, contingencies and the allowance for doubtful accounts receivable and advances. The estimates also includes the business plan and future projections of the operations of the Company based on which the enterprise value and value of common stock as at year end has been arrived at and used to analyse indicators of impairment, if any. Due to the inherent uncertainty involved in making estimates, and if the future projection fails to materialize, the actual results including analysis of probable impairment could differ from these estimates.

1.4 Revenue recognition

Interest on the deployment of funds is recognized using the time-proportion method, based on underlying interest rates.

1.5 Operating leases

Lease where lessor effectively retains substantially all the risks and rewards of ownership over the lease term are classified as operating lease. Lease rental income / expense in respect of operating leases is recognized in accordance with the Accounting Standard on "Leases" (AS 19).



Inuva Info Management Private Limited
Notes to financial statements for the year ended 31 December 2015

1.6 Cash and bank balance

Cash and cash equivalents in the cash flow statement comprise cash in hand and balance in bank in current and deposit accounts. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

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 Provisions and contingent liabilities

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.



INUVA INFO MANAGEMENT PRIVATE LIMITED
Notes to financial statements for the year ended 31 December 2015

2. Share capital

Particulars	(in Rs)	
	As at 31 December 2015	As at 31 December 2014
Authorised		
50,000 (previous year: 50,000), equity shares of par value Rs 10 each	5,00,000	5,00,000
Issued, subscribed and paid-up		
Equity shares		
23,800 (previous year: 23,800) equity shares of par value Rs 10 each	2,38,000	2,38,000
	2,38,000	2,38,000

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

Particulars	As at 31 December 2015		As at 31 December 2014	
	Number of shares	Amount (in Rs)	Number of shares	Amount (in Rs)
Equity shares				
Shares at the beginning and the end of the year	23,800	2,38,000	23,800	2,38,000

Rights, preference and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share. All these shares have the same rights and preferences with respect to payment of dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The Company has not proposed any dividend during the current year. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shareholding by Holding Company and equity shareholders holding more than 5 percent of equity shares along with the number of equity 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
ISG Novasoft Technologies Limited, the Holding Company	16,900	71%	16,900	71%
Soumen Sarkar	6,900	29%	6,900	29%

There has been no issuance of bonus shares or issuance of shares for consideration other than cash or share buy back during the last five years ended 31 December 2015.



INUVA INFO MANAGEMENT PRIVATE LIMITED
Notes to financial statements for the year ended 31 December 2015

3. Reserves and surplus

(in Rs)

Particulars	As at	
	31 December 2015	31 December 2014
General reserve		
At the beginning and end of the year	67,24,533	67,24,533
Capital redemption reserve		
At the beginning and end of the year	31,000	31,000
Deficit (debit balance in Statement of Profit and Loss)		
Opening balance	(34,56,889)	(33,74,886)
Add: Net loss for the year	(4,08,460)	(82,003)
Closing balance	<u>(38,65,349)</u>	<u>(34,56,889)</u>
	28,90,184	32,98,644

4. Other current liabilities

(in Rs)

Particulars	As at	
	31 December 2015	31 December 2014
Accrued expenses	-	5,681
Other liabilities	-	693
Payable to related parties (refer Note 11(d))	-	5,27,985
	-	<u>5,34,359</u>



INUVA INFO MANAGEMENT PRIVATE LIMITED
Notes to financial statements for the year ended 31 December 2015

5. Long-term loans and advances

Particulars	(in Rs)	
	As at 31 December 2015	As at 31 December 2014
To parties other than related parties		
Unsecured, considered good		
-Advance income tax and tax deducted at source, net of provision for tax	75,875	75,875
-Other deposits	-	276,367
	<u>75,875</u>	<u>352,242</u>
Unsecured, considered doubtful		
Gratuitiy receivable	-	179,255
Less: Provision for doubtful advances	-	(179,255)
	<u>-</u>	<u>-</u>
	<u>75,875</u>	<u>352,242</u>

6. Cash and bank balances

Particulars	(in Rs)	
	As at 31 December 2015	As at 31 December 2014
Cash and cash equivalents		
Cash on hand	-	-
Balances with banks		
in current accounts	197,993	3,427,993
in deposit accounts	-	-
in margin money deposit accounts	290,768	290,768
	<u>488,761</u>	<u>3,718,761</u>

7. Other current assets

Particulars	(in Rs)	
	As at 31 December 2015	As at 31 December 2014
To related parties	2,563,548	-
	<u>2,563,548</u>	<u>-</u>



INUVA INFO MANAGEMENT PRIVATE LIMITED
Notes to financial statements for the year ended 31 December 2015

8. Other income

Particulars	(in Rs)	
	For the year ended 31 December 2015	For the year ended 31 December 2014
Interest income from fixed deposits	-	1,46,137
Miscellaneous income	14,467	-
	<u>14,467</u>	<u>1,46,137</u>

9. Other expenses

Particulars	(in Rs)	
	For the year ended 31 December 2015	For the year ended 31 December 2014
Rates and taxes	4,200	36,250
Consultancy charges	12,360	9,691
Rent	1,20,000	1,20,000
Other professional charges	10,000	-
Deposits written off	2,76,367	-
Miscellaneous expenditure	-	62,199
	<u>4,22,927</u>	<u>2,28,140</u>



Inuva Info Management Private Limited
Notes to financial statements for the year ended 31 December 2015

10. Contingent liabilities and commitments

Contingent liabilities:

Demand for sales tax and purchase tax against which the Company has preferred an appeal Rs 34,000.

Income tax order for Assessment Year 2009-10 Rs 500,110 against which the Company has preferred an appeal before the Commissioner of Income Tax (Appeals), Kolkata.

Balances with banks held as margin money deposits against guarantees Rs 290,768 (previous year: Rs 290,768).

Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs Nil (previous year: Rs Nil).

11. Related party disclosures

a) List of related parties where control exists:

Ultimate holding company - Chambal Fertilisers and Chemicals Limited
Holding company - ISG Nova soft Technologies Limited, India

Entities which exercise control through intermediaries:

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

b) Key management personnel

Amit Kothiyal, CEO and Managing Director
Sundararajan Sampath, Chief Financial Officer

c) Related party transactions

Particulars	(in Rs)	
	For the year ended 31 December 2015	For the year ended 31 December 2014
Holding company		
Expenses incurred on behalf of the Company	-	527,985

d) Related party balances

Particulars	(in Rs)	
	For the year ended 31 December 2015	For the year ended 31 December 2014
Other current liabilities		
ISG Novasoft Technologies Limited	-	527,985
Short term loans and advances		
ISG Novasoft Technologies Limited	2,563,548	-



Inuva Info Management Private Limited
Notes to financial statements for the year ended 31 December 2015

12. 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.

	(in Rs)	
	As at	As at
	31 December 2015	31 December 2014
a) The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	-	-
- Interest	-	-
b) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
c) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
d) 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 MSMED Act, 2006	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

As per our report attached.

for **B S R & Associates LLP**

Chartered Accountants

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


Rushank Muthreja

Partner


Membership number: 211386

Place: Bangalore

Date: 10 MAY 2016

for and on behalf of the Board of Directors of

Inuva Info Management Private Limited



Amit Kothiyal

Director

Place: Bangalore

Date: 10 MAY 2016



Sundararajan Sampath

Director

Place: Bangalore

Date: 10 MAY 2016