Independent Auditors' Report
To the Members of ISGN Corporation

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of ISGN Corporation (hereinafter referred to as "the Company") which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder. The Board of Directors of the company are responsible for 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditors' Responsibility

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

Independent Auditors' Report (continued)

Auditors' Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion on these Ind AS Financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, and its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

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 the Note 29 to the Ind AS financial statements. The translation from US Dollars (USD) to Indian Rupee (INR) is unaudited.

For C G S & CO
Chartered Accountants
ICAI Firm Registration Number: 005830S

A R Valisha Shakeel
Partner
Membership Number: 203926

Place: Bangalore
Date: May 7, 2018

ISGN Corporation
Balance Sheet as at 31 March 2018

	Notes	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
ASSETS				
Non-current assets				
Property, Plant and Equipment	4	94,370	26,400	61,51,042
Goodwill	5	52,27,256	52,27,256	34,07,12,546
Other Intangible assets	5	45,26,068	41,61,145	29,50,09,120
Intangible assets under development		9,08,784	8,26,459	5,92,34,620
Financial Assets				
Loans	6	3,01,781	2,71,049	1,96,70,086
Total Non-current assets		**1,10,58,259**	**1,05,12,309**	**72,07,77,414**
Current assets				
Financial Assets				
Trade receivables	7	29,28,839	17,56,712	19,09,01,726
Cash and cash equivalents	8	3,66,760	26,83,325	2,39,05,418
Other financial assets	9	31,99,155	35,68,155	20,85,20,925
Other assets	10	2,15,967	2,47,198	1,40,76,732
Total Current assets		**67,10,721**	**82,55,390**	**43,74,04,801**
Total assets		**1,77,68,980**	**1,87,67,699**	**1,15,81,82,215**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share capital	11	85,340	85,340	55,62,461
Other Equity	12	(1,60,46,969)	(1,39,78,461)	(1,04,59,41,356)
Total Equity		**(1,59,61,629)**	**(1,38,93,121)**	**(1,04,03,78,895)**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Other financial liabilities	13	28,755	28,755	18,74,251
Total non-current liabilities		**28,755**	**28,755**	**18,74,251**
Current liabilities				
Financial Liabilities				
Borrowings	14	1,70,00,000	1,67,00,000	1,10,80,60,000
Trade payables		10,65,149	13,06,061	6,94,26,414
Other financial liabilities	13	1,27,61,211	1,18,41,987	83,17,75,732
Other liabilities	15	27,87,990	27,04,217	18,17,21,189
Provisions	16	87,504	79,800	57,03,524
Total current liabilities		**3,37,01,854**	**3,26,32,065**	**2,19,66,86,859**
Total equity and liabilities		**1,77,68,980**	**1,87,67,699**	**1,15,81,82,215**

Summary of significant accounting policies 3
The notes referred to above form an integral part of the financial statements

As per our report of even date

For C G S & CO
Chartered Accountants
ICAI Firm Registration Number: 005830S

For and on behalf of the Board of Directors of
ISGN Corporation

A R Valisha Shakeel
Partner
Membership Number: 203926

Amit Kothiyal
CEO and Director

Sundararajan Sampath
CFO and Director

Place: Bangalore
Date:May 7, 2018

Place:Melbourne, FL
Date: May 4, 2018

Place:Bangalore
Date May 7, 2018:

ISGN Corporation
Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 March 2018

	Notes	For the year ended 31 March 2018 (in USD)	For the period from 1 January 2016 to 31 March 2017 (in USD)	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
Income				
Revenue from operations	17	1,23,97,865	2,07,43,158	80,80,92,841
Other income	18	4,46,086	3,63,470	2,90,75,886
Total income		**1,28,43,951**	**2,11,06,628**	**83,71,68,727**
Expenses				
Employee benefits	19	21,46,262	46,34,477	13,98,93,308
Finance cost	20	12,79,877	22,18,483	8,34,22,453
Depreciation and amortisation expense	4,5	31,73,473	35,90,982	20,68,46,972
Other expenses	21	83,34,445	2,23,74,679	54,32,39,215
Total expenses		**1,49,34,057**	**3,28,18,621**	**97,34,01,948**
Profit/(Loss) before tax		**(20,90,106)**	**(1,17,11,993)**	**(13,62,33,221)**
Tax expense				
Current tax		(21,599)	(68,678)	(14,07,835)
Profit/(Loss) for the year/period		**(20,68,507)**	**(1,16,43,315)**	**(13,48,25,386)**
Other Comprehensive Income/(expense)		**-**	**-**	**-**
Total Comprehensive Income/(expense) for the year/period		**(20,68,507)**	**(1,16,43,315)**	**(13,48,25,386)**
Earnings per share				
Basic		(242)	(1,364)	(15,799)
Diluted		(242)	(1,364)	(15,799)

Summary of significant accounting policies 3
The notes referred to above form an integral part of the financial statements

As per our report of even date

For C G S & CO
Chartered Accountants
ICAI Firm Registration Number: 005830S

A R Valisha Shakeel
Partner
Membership Number: 203926

Place: Bangalore
Date: May 7, 2018

For and on behalf of the Board of Directors of
ISGN Corporation

Amit Kothiyal
CEO and Director

Place: Melbourne, FL
Date: May 4, 2018

Sundararajan Sampath
CFO and Director

Place: Bangalore
Date: May 7, 2018

ISGN Corporation
Statement of Cash Flow for the year ended 31 March 2018

	For the year ended 31 March 2018 (in USD)	For the period from 1 January 2016 to 31 March 2017 (in USD)	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
Cash flow from operating activities :			
Loss before tax	(20,90,106)	(1,17,11,994)	(13,62,33,109)
Adjustments for :			
Depreciation and amortization expense	31,73,473	35,90,982	20,68,46,972
Loss/(Profit) on sale of investments	-	94,95,683	-
Provision for bad and doubtful debts / advances	1,50,465	-	98,07,309
Stock compensation expense	-	(3,61,765)	-
Interest expense	7,21,370	8,62,639	4,70,18,924
Bank charges and guarantee commission	5,58,508	13,55,844	3,64,03,529
Operating profit before working capital changes	**25,13,710**	**32,31,389**	**16,38,43,625**
Changes in working capital			
Trade and other receivables and advances	(9,53,093)	1,39,63,182	(6,21,22,620)
Trade and other payables and liabilities	7,69,788	(1,76,44,740)	5,01,74,758
Cash generated from operations	**23,30,405**	**(4,50,169)**	**15,18,95,763**
Income taxes paid	21,599	68,679	14,07,835
Net cash from operating activities	**23,52,004**	**(3,81,490)**	**15,33,03,598**
Cash flow from investing activities			
Acquisition of property, plant and equipment and intangible assets	(36,88,692)	(39,76,964)	(24,04,28,914)
Acquisition of subsidiary,net of cash and cash equivalents	-	(46,05,085)	-
Disposal of Investment		1,36,91,743	-
Net cash used in investing activities	**(36,88,692)**	**51,09,694**	**(24,04,28,914)**
Cash flow from financing activities			
Proceeds from long term borrowings	3,00,000	-	1,95,54,000
Interest paid	(7,21,369)	(8,62,639)	(4,70,18,859)
Bank charges and guarantee commission paid	(5,58,508)	(13,55,844)	(3,64,03,529)
Net cash flow from / (used in) financing activities	**(9,79,877)**	**(22,18,483)**	**(6,38,68,388)**
Net (decrease) / increase in cash and cash equivalents	(23,16,565)	25,09,721	(15,09,93,685)
Cash and cash equivalents at the beginning of the period	26,83,325	1,73,604	17,48,99,093
Cash and cash equivalents at the end of the period	**3,66,760**	**26,83,325**	**2,39,05,469**

Summary of significant accounting policies (Refer Notes 3)
The notes referred to above form an integral part of the financial statements

As per our report of even date

For C G S & CO
Chartered Accountants
ICAI Firm Registration Number: 005830S

For and on behalf of the Board of Directors of
ISGN Corporation

A R Valisha Shakeel
Partner
Membership Number: 203926

Place: Bangalore
Date: May 7, 2018

Amit Kothiyal
CEO and Director

Place:Melbourne, FL
Date: May 4, 2018

Sundararajan Sampath
CFO and Director

Place: Bangalore
Date: May 7, 2018

ISGN Corporation
Statement of Changes in Equity for the year ended 31 March 2018

(in USD)

Particulars	Equity share capital (Refer Note 11)	Other equity (Attributable to equity holders of the Company) (Refer Note 12)			Total
		Security Premium Reserve	Surplus / (deficit) in the statement of profit and loss	Other Reserves (ESOP Outstanding Account)	
Balance as at 1 January 2016	**85,340**	**15,63,24,293**	**(16,08,90,871)**	**25,93,198**	**(19,73,380)**
Changes in equity for the period from 1 January 2016 to 31 March 2017					
Stock compensation expense	-	-	-	(3,61,765)	**(3,61,765)**
Loss for the period	-	-	(1,16,43,316)	-	**(1,16,43,316)**
Balance as at 1 April 2017	**85,340**	**15,63,24,293**	**(17,25,34,187)**	**22,31,433**	**(1,39,78,461)**
Changes in equity for the year ended 31 March 2018					
Stock compensation expense	-	-	-	-	-
Loss for the period	-	-	(20,68,507)	-	**(20,68,507)**
Balance as at 31 March 2018	**85,340**	**15,63,24,293**	**(17,46,02,694)**	**22,31,433**	**(1,60,46,968)**
As at 31 March 2018 **Convenience translation into Rupees (Unaudited)**	**55,62,461**	**10,18,92,17,417**	**(11,38,06,03,575)**	**14,54,44,802**	**(1,04,59,41,356)**

Summary of significant accounting policies (Refer Notes 3)
The notes form an integral part of the financial statements

As per our report of even date

For C G S & CO
Chartered Accountants
ICAI Firm Registration Number: 005830S

For and on behalf of the Board of Directors of
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A R Valisha Shakeel
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Place: Bangalore
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CFO and Director

Place: Bangalore
Date: May 7, 2018

ISGN Corporation
Notes to the financial statements for the year ended 31 March 2018

1) Corporate Information

ISGN Corporation (hereinafter referred to as the "Company"), a Delaware Corporation was established in the year 2007.

CFCL Ventures Limited ("CVL" or the "Parent"), a Cayman Islands organization is a subsidiary of Chambal Fertilisers and Chemicals Ltd. ("CFCL" or the "Ultimate parent"), a company incorporated under the laws of India. CVL holds 100% of the Company with effect from 20 December 2016 post merger of CFCL Technologies Limited with CVL.

The Company designs, develops, markets and distributes software products for mortgage lending industry and provides a wide range of consulting services, including implementation, customization and support of its software products, as well as training on their use and administration. The Company's customer base consists primarily of mortgage banks and financial institutions mainly in the United States of America.

2) Basis of preparation

These financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act 2013 (the Act) and other relevant rules.

(a) Reporting period

The Company changed its reporting period to financial year April - March, effective 31 March 2017. Accordingly, the previous period comparative information is presented for fifteen-month period from 1 January 2016 to 31 March 2017. The current year reporting is as at and for the year ended 31 March 2018.

(b) Functional and presentation currency

These financial statements are prepared in US Dollars ("USD"), which is also the company's functional currency. All amounts have been rounded off to the nearest dollar, unless otherwise indicated.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value

(d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. The significant accounting estimates used in the preparation of these financial statements are as follows:

2) Basis of preparation(Continued)

(d) Use of estimates and judgements (Continued)

i. Property, plant and equipment

The charge in respect of periodic depreciation of the property, plant and equipment is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

ii. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets to be fair valued, in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of intangible assets. These valuations are conducted by independent valuation experts.

iii. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Company has not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in Note 5.

iv. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3) Summary of Significant accounting policies

(a) Current / Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Measurement of fair values

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company requires the measurement of fair values for both financial / non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes an independent valuer that performs valuation of all significant fair value measurements, including Level 3 fair values. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3) Summary of Significant accounting policies(Continued)

(c) Financial Instruments

i. Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

ii. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iv. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the statement of profit and loss.

v. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

vi. Derecognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial asset/ liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of

3) Summary of Significant accounting policies (Continued)

(c) Financial Instruments (Continued)

vi. Derecognition of financial assets and liabilities (Continued)

the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

vii. Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

viii. Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. The changes to the business model are expected to be infrequent.

ix. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(d) Property, plant and equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 January 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of such property, plant and equipment.

Property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the plant and equipment to its working condition for the intended use and cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss, as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

3) Summary of Significant accounting policies (Continued)

(d) Property, plant and equipment (Continued)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives of the assets estimated by the management, using the straight line method and is recognised in the statement of profit and loss.

The Company has used the following useful lives to provide depreciation on plant and equipment:

Category	Useful lives (years)
Computer and accessories	3
Office equipment	5
Furniture and fixtures	5
Vehicles	5

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

(e) Goodwill and other intangible assets

i. <u>Goodwill</u>

Goodwill represents the cost of business acquisition in excess of the Company's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses.

In respect of business combinations that occurred prior to 1 January 2015, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

ii. <u>Other intangible assets</u>

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 January 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets. Other intangible assets comprise of computer software and internally generated software platforms.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized 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 capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable,

3) Summary of Significant accounting policies (Continued)

(e) Goodwill and other intangible assets (Continued)

ii. Other intangible assets (Continued)

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.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(g) Impairment of assets

i. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Goodwill which is a non-amortisable asset is tested for impairment on an annual basis whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results,

3) Summary of Significant accounting policies(Continued)

(g) Impairment of asset (Continued)

ii. Non-financial assets (Continued)

business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Companies' cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in the statement of profit and loss and is not reversed in the subsequent period.

Property, plant and equipment and Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(h) Retirement and other employee benefits

i. Compensated absences

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet, as it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

3) Summary of Significant accounting policies (Continued)

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be
required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.
Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized 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.

(j) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(k) Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of services

The Company derives its revenues from sale and implementation if its software and maintenance and other software services, These services are provided either on time and material, fixed-price fixed-time frame or unit-price basis.

Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, under which post-contract maintenance and support services are also rendered by the Company. In the case of multiple element contracts, revenue from sale of user licenses is recognized on transfer of the title in the user license after appropriately reducing the fair value of the maintenance services to be recognised as revenues. Revenue from post-contract maintenance and support services is recognized ratably over the period in which services are rendered.

Revenue derived from professional services under the time and material, and unit-price contracts are 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.

3) Summary of Significant accounting policies(Continued)

(k) Revenue Recognition (Continued)

The Companies' 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.

'Unbilled revenue' represents value of services rendered in excess of amounts billed to the customer as at the balance sheet date. 'Unearned revenue' represents the amounts billed to the customer in excess of value of services rendered as at the balance sheet date.

Interest income

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "other income" in the consolidated statement of profit and loss.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

(l) <u>Leases</u>

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

<u>The Company as a lessee:</u>

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the lease escalations are linked to inflation, in such a case the lease expense is recognised as per the terms of the lease arrangement.

<u>The Company as a lessor:</u>

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term

3) Summary of Significant accounting policies(Continued)

(l) Lease (Continued)

on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(m) Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in other equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in other equity, respectively.

i. <u>Current tax</u>

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. <u>Deferred tax</u>

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

3) Summary of Significant accounting policies(Continued)

(m) Income Tax(Continued)

Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(n) Employee stock compensation costs

Employee stock compensation costs for stock options are recognized as employee benefit expenses 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 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 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.

(o) Earnings per share

The basic earnings/ (loss) per share is computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings/ (loss) 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.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share or increase the net loss per share. 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.

(p) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash in hand and balance in bank in current accounts. The Company considers all highly liquid investments with a remaining maturity at the date of

3) Summary of Significant accounting policies(Continued)

(p) Cash and cash equivalent(Continued)

purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(q) 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.

(r) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), whose operating results are regularly reviewed by the Companies's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

ISGN Corporation
Notes to the financial statements for the year ended 31 March ,2018

4. Property, plant and equipment

	Computers and accessories	Office equipment	Leasehold improvements	Furniture and fixtures	Total (in USD)	Total in Rupees (Convenience translation)(Unaudited)
Gross carrying value as of 1 January 2016	**56,025**	**4,914**	**7,235**	**-**	**68,174**	**44,43,584**
Additions	5,607	417	-	-	**6,024**	**3,92,644**
Disposals	-	-	-	-	-	-
Gross carrying value as of 1 April 2017	**61,632**	**5,331**	**7,235**	**-**	**74,198**	**48,36,228**
Additions	209	-	93,366	9,796	**1,03,371**	**67,37,726**
Disposals	-	-	-	-	-	-
Gross carrying value as of 31 March 2018	**61,841**	**5,331**	**1,00,601**	**9,796**	**1,77,569**	**1,15,73,954**
Accumulated depreciation as of 1 January 2016	**15,221**	**4,914**	**1,510**	**-**	**21,645**	**14,10,821**
Charge for the year	24,271	-	1,882	-	**26,153**	**17,04,653**
Accumulated depreciation on deletions	-	-	-	-	-	-
Accumulated depreciation as of 1 April 2017	**39,492**	**4,914**	**3,392**	**-**	**47,798**	**31,15,474**
Charge for the year	19,882	84	14,689	746	**35,401**	**23,07,438**
Accumulated depreciation on deletions	-	-	-	-	-	-
Accumulated depreciation as of 31 March 2018	**59,374**	**4,998**	**18,081**	**746**	**83,199**	**54,22,912**
Carrying value as of 31 March 2017	**22,140**	**417**	**3,843**	**-**	**26,400**	**17,20,755**
Carrying value as of 31 March 2018	**2,467**	**333**	**82,520**	**9,050**	**94,370**	**61,51,042**

ISGN Corporation
Notes to the financial statements for the year ended 31 March ,2018

5. Intangible assets

	Goodwill(Refer note below)		Other intangible assets			
	Amount (in USD)	in Rupees (Convenience translation) (Unaudited)	Computer software	Internally developed software platforms	Total (in USD)	Total in Rupees (Convenience translation) (Unaudited)
Gross carrying value as of 1 January 2016	**1,12,52,415**	**73,34,32,410**	**1,33,801**	**59,74,644**	**61,08,445**	**39,81,48,445**
Additions	-	-	-	44,84,843	**44,84,843**	**29,23,22,074**
Disposals	60,25,159	39,27,19,864	-	-	-	-
Gross carrying value as of 1 April 2017	**52,27,256**	**34,07,12,546**	**1,33,801**	**1,04,59,487**	**1,05,93,288**	**69,04,70,520**
Additions	**-**	**-**	**-**	35,02,995	**35,02,995**	**22,83,25,214**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Gross carrying value as of 31 March 2018	**52,27,256**	**34,07,12,546**	**1,33,801**	**1,39,62,482**	**1,40,96,283**	**91,87,95,733**
		-				**-**
Accumulated amortisation as of 1 January 2016	**-**	**-**	**26,912**	**28,40,402**	**28,67,314**	**18,68,91,527**
Amortisation	**-**	**-**	59,164	35,05,665	**35,64,829**	**23,23,55,553**
Accumulated amortisation on deletions	**-**	**-**	-	-	-	**-**
Accumulated depreciation as of 1 April 2017	**-**	**-**	**86,076**	**63,46,067**	**64,32,143**	**41,92,47,080**
Amortisation	**-**	**-**	47,725	30,90,347	**31,38,072**	**20,45,39,533**
Accumulated amortisation on deletions	**-**	**-**	-	-	-	**-**
Accumulated depreciation as of 31 March 2018	**-**	**-**	**1,33,801**	**94,36,414**	**95,70,215**	**62,37,86,613**
		-				**-**
Carrying value as on 31 March 2017	**52,27,256**	**34,07,12,546**	**47,725**	**41,13,420**	**41,61,145**	**27,12,23,439**
		-				**-**
Carrying value as on 31 March 2018	**52,27,256**	**34,07,12,546**	**(0)**	**45,26,068**	**45,26,068**	**29,50,09,120**

Goodwill impairment testing:

The Goodwill is related to "Technology" Cash Generating Unit ("CGU"). The Company tests whether goodwill has suffered any impairment on an annual basis as at March 31. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below.

	As at 31 March 2018
Growth rate	20% to 25%
Operating margins	30% to 33%
Discount rate	25% to 30%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

6. Loans

(Unsecured, considered good)

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Non-current			
Security Deposits [1]	3,01,781	2,71,049	1,96,70,086
	3,01,781	**2,71,049**	**1,96,70,086**
[1] Financial assets carried at amortized cost	3,01,781	2,71,049	1,96,70,086

7. Trade receivables

(Unsecured)

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Current			
Considered good	29,28,839	17,56,712	19,09,01,726
Considered doubtful	3,09,561	1,68,184	2,01,77,186
	32,38,400	**19,24,896**	**21,10,78,912**
Less: Allowances for doubtful debts	(3,09,561)	(1,68,184)	(2,01,77,186)
	29,28,839	**17,56,712**	**19,09,01,726**

Trade receivables are non-interest bearing and are generally on terms of 30 days.

8. Cash and cash equivalents

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Cash on hand	-	-	-
Balances with banks			
In current accounts	3,66,760	26,83,325	2,39,05,418
	3,66,760	**26,83,325**	**2,39,05,418**

9. Other financial assets

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Current			
Unbilled revenues [1]	6,56,538	5,10,675	4,27,93,149
Escrow receivable [1] *	2,04,390	8,55,718	1,33,22,140
Other Advances (considered good)			
Advances to related parties [1]	23,38,227	22,01,762	15,24,05,636
	31,99,155	**35,68,155**	**20,85,20,925**
[1] Financial assets carried at amortized cost	31,99,155	35,68,155	20,85,20,925

* Escrow receivable represents a part of the purchase consideration in respect of the sale of KPO business, held in an escrow account with a bank.

ISGN Corporation
Notes to the financial statements for the year ended 31 March 2018
10. Other assets
(considered good, except as otherwise stated)

Particulars	**As at 31 March 2018 (in USD)**	**As at 31 March 2017 (in USD)**	**As at 31 March 2018 Convenience translation into Rupees (Unaudited)**
Current			
Prepaid expense	1,92,379	1,57,851	1,25,39,263
Advance to suppliers	11,372	48,356	7,41,227
Balance with statutory/ government authorities	1,998	27,792	1,30,230
Expenses incurred on behalf of customers	-	13,199	-
Employee Advances	10,218	-	6,66,012
	2,15,967	**2,47,198**	**1,40,76,732**

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11. Equity share capital

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Authorised			
Ordinary shares			
10,000 (Previous period: 10,000) Ordinary shares of par value USD 10 each	1,00,000	1,00,000	65,18,000
Issued, subscribed and paid up:			
Ordinary shares			
8,534 (Previous period: 8,534) Ordinary shares of par value of USD 10 each fully paid up	85,340	85,340	55,62,461
	85,340	**85,340**	**55,62,461**

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

Particulars	31 March 2018		31 March 2017	
	Number of shares	Amount (in USD)	Number of shares	Amount (in USD)
Ordinary shares				
Shares at the beginning of the year	8,534	85,340	8,534	85,340
Add/Less: Movement during the year/period	-	-	-	-
Shares at the end of the year	**8,534**	**85,340**	**8,534**	**85,340**

Rights, preference and restrictions attached to ordinary shares

The Company has a single class of ordinary shares having a par value of USD 10 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.

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:

There has been no issuance of bonus shares, shares issued for consideration other than cash or buy back of shares during the last five years ended 31 March 2018.

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 / period is as given below:

Particulars	31 March 2018		31 March 2017	
	Number of shares	% of share holding	Number of shares	% of share holding
CFCL Ventures Limited, Holding Company *	8,534	100.00%	8,534	100.00%

* On 20 December 2016 CFCL Technologies Limited merged with its wholly owned subsidiary, CFCL Ventures Limited.

Note 11 (Continued)

Employee stock options:
The Board of Directors of the CFCL Technologies Limited 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 is 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 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 Nil (previous period: USD (361,765)) .

During the period ended 31 March 2017, ISGN Corporation has entered into Stock Purchase Agreement (SPA) on 28 January 2016 with Firstsource Group USA, Inc. for sale of its entire shareholding in ISGN Solution Inc. As per the SPA, notice of the termination of employee stock options was delivered to option holders and written confirmation from such option holders consenting to the termination was obtained. Therefore, options given to employees of knowledge process outsourcing business was forfeited on execution of this SPA.

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

Particulars	**For the year ended March 2018**		**For the period from 1 January 2016 to 31 March 2017**	
	Number of options	**Weighted Average Exercise Price (in USD)**	**Number of options**	**Weighted Average Exercise Price (in USD)**
Options outstanding at the beginning of the year/period	-	-	12,48,171	1.09
Option forfeited	-	-	12,48,171	1.09
Options outstanding at the end of the year /period	-	-	-	-
Options exercisable	-	-	-	-

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

Fair value per share (USD)	1.09
Exercise price (USD)	1.09 to 1.26
Average risk-free interest rate	1.25% – 1.47 %
Expected volatility of share price	0.66
Expected life of options granted (in years)	6
Expected dividend yield	Nil
Fair value of the options (USD)	0.64 to 0.75

ISGN Corporation
Notes to the financial statements for the year ended 31 March 2018

12. Other Equity

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Securities premium			
Balance as per last financial statements	15,63,24,293	15,63,24,293	10,18,92,17,417
Add: Additions during the year / period	-	-	-
Closing balance	**15,63,24,293**	**15,63,24,293**	**10,18,92,17,417**
Employee stock options reserve			
Balance as per last financial statements	**22,31,433**	**25,93,198**	**14,54,44,802**
Less: Compensation on ESOP lapsed during the year / period	-	(3,61,765)	-
Closing balance	**22,31,433**	**22,31,433**	**14,54,44,802**
Surplus / (deficit) in the statement of profit and loss			
Balance as per last financial statements	**(17,25,34,187)**	**(16,08,90,871)**	**(11,24,57,78,189)**
Loss for the year / period	(20,68,507)	(1,16,43,316)	(13,48,25,386)
Closing balance	**(17,46,02,694)**	**(17,25,34,187)**	**(11,38,06,03,575)**
Total	**(1,60,46,969)**	**(1,39,78,461)**	**(1,04,59,41,356)**

13.Other Financial Liabilities

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Non - Current			
Security Deposits Payable [1]	28,755	28,755	18,74,251
	28,755	**28,755**	**18,74,251**
Current			
Guarantee commission payable (Payable to a related party)[1]	2,69,994	5,93,898	1,75,98,209
Employee related liabilities [1]	7,57,636	6,67,885	4,93,82,714
Payables to related parties [1]	1,16,89,984	1,05,80,204	76,19,53,157
Other expenses payable[1]	43,597	-	28,41,652
	1,27,61,211	**1,18,41,987**	**83,17,75,732**
[1] Financial liabilities carried at amortized cost	**1,27,89,966**	**1,18,70,742**	**83,36,49,983**

14. Borrowings

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Current			
Loans repayable on demand from banks(Unsecured)	1,70,00,000	-	1,10,80,60,000
Loans repayable on demand from banks(Secured)		1,67,00,000	
	1,70,00,000	**1,67,00,000**	**1,10,80,60,000**

As on 31 March 2018, ISGN Corporation, USA has an unsecured line of credit facility from Federal Bank Limited for USD 17,000,000 at the rate of interest of 4.41529% per annum (6 months Libor rate 1.86529% and Spread 2.55%). Chambal Fertilisers and Chemicals Limited (ultimate parent company of ISGN Corporation), has given a corporate guarantee for the credit facility to the extent of USD 17,000,000. ISGN Corporation, USA has paid a consideration for the guarantee extended by the ultimate parent company at the rate of 3% to 4% per annum.

As on 31 March 2017, ISGN Corporation, USA had a Secured line of credit facility from JPMorgan Chase Bank for USD 16,700,000. This was secured by way of pledge and secured by collateral interest in all rights, title, interest in, (i) all accounts; (ii) all general intangibles; (iii) all cash or cash equivalents; (iv) all deposit accounts with any bank or other financial institution; (v) and all accessories to, substitutions for and replacements, proceeds, insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any general intangibles at any time evidencing or relating to any of the foregoing but excluding deposit, escrow or similar accounts of the borrowers held for the benefit of third parties in the ordinary course of business of the borrowers. This facility was fully settled in July 2017.

15. Other Liabilities

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Current			
Advance from customers	30,314	40,115	19,75,867
Statutory dues payable	29,521	1,745	19,24,179
Unearned revenue	27,28,155	26,62,357	17,78,21,143
	27,87,990	**27,04,217**	**18,17,21,189**

ISGN Corporation
Notes to the financial statements for the year ended 31 March 2018

16. Provisions

Particulars	As at 31 March 2018 (in USD)	As at 31 March 2017 (in USD)	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Current			
Compensated absences	87,504	79,800	57,03,524
	87,504	**79,800**	**57,03,524**

17. Revenue from Operations

Particulars	For the year ended 31st March 2018 (in USD)	For the period from 1 January 2016 to 31 March 2017 (in USD)	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
Income from:			
Knowledge process outsourcing services	-	31,51,398	-
Software services	82,84,026	95,51,886	53,99,52,815
Software license fee	1,71,565	28,57,565	1,11,82,607
Maintenance and support services	39,42,274	51,82,309	25,69,57,419
	1,23,97,865	**2,07,43,158**	**80,80,92,841**

18. Other income

Particulars	For the year ended 31st March 2018 (in USD)	For the period from 1 January 2016 to 31 March 2017 (in USD)	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
Sub-lease income	3,58,972	3,18,894	2,33,97,795
Miscellaneous income	87,114	44,576	56,78,091
	4,46,086	**3,63,470**	**2,90,75,886**

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ISGN Corporation
Notes to the financial statements for the year ended 31 March 2018

19. Employee benefits expense

Particulars	For the year ended 31st March 2018 (in USD)	For the period from 1 January 2016 to 31 March 2017 (in USD)	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
Salaries and bonus	13,09,678	37,44,007	8,53,64,787
Contribution to provident fund and other funds	3,30,614	5,77,157	2,15,49,402
Stock compensation expense	-	(3,61,765)	-
Staff welfare expenses	5,05,970	6,75,078	3,29,79,119
	21,46,262	**46,34,477**	**13,98,93,308**

20. Finance costs

Particulars	For the year ended 31st March 2018 (in USD)	For the period from 1 January 2016 to 31 March 2017 (in USD)	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
Interest expense	7,21,370	8,62,639	4,70,18,924
Bank charges	25,207	32,898	16,43,013
Guarantee commission	5,33,300	13,22,946	3,47,60,516
	12,79,877	**22,18,483**	**8,34,22,453**

21. Other expenses

Particulars	For the year ended 31st March 2018 (in USD)	For the period from 1 January 2016 to 31 March 2017 (in USD)	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
Sub-contracting expenses	58,19,702	98,57,152	37,93,28,172
Rent	5,22,816	7,32,206	3,40,77,163
Power and fuel	27,974	1,980	18,23,359
Repairs and maintenance:			
- computer equipment	4,75,841	4,38,247	3,10,15,327
- others	1,53,118	1,55,600	99,80,238
- building	19,495	-	12,70,681
Exchange fluctuation loss /(gain) (net)	146	1	9,535
Rates and taxes	1,00,474	57,270	65,48,884
Insurance	2,05,284	4,79,839	1,33,80,434
Traveling and conveyance	1,46,897	1,82,154	95,74,778
Communication	1,98,068	3,63,647	1,29,10,100
Audit Fees	-	5,600	-
Consultancy, legal and professional charges	4,36,699	2,94,198	2,84,64,020
Sales promotion and advertisement	32,163	33,985	20,96,377
Provision for loss contracts	43,597	-	28,41,652
Provision for doubtful debts	1,50,465	-	98,07,309
Printing and stationery	1,297	3,150	84,508
Loss on sale of investment	-	94,95,683	-
Miscellaneous expenses	409	2,73,967	26,678
	83,34,445	**2,23,74,679**	**54,32,39,215**

22. Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

	Amortised cost	Fair value through profit or loss	Total carrying value	Total fair value (in USD)	Convenience translation into Rupees (Unaudited)
Assets:					
Trade receivables	29,28,839	-	29,28,839	29,28,839	19,09,01,726
Cash and cash equivalents	3,66,760	-	3,66,760	3,66,760	2,39,05,418
Other financial assets	31,99,155	-	31,99,155	31,99,155	20,85,20,926
Loans	3,01,781	-	3,01,781	3,01,781	1,96,70,086
Total	**67,96,535**	**-**	**67,96,535**	**67,96,535**	**44,29,98,156**
Liabilities:					
Borrowings	1,70,00,000	-	1,70,00,000	1,70,00,000	1,10,80,60,000
Trade payables	10,65,149	-	10,65,149	10,65,149	6,94,26,412
Other financial liabilities	1,27,89,966	-	1,27,89,966	1,27,89,966	83,36,49,984
Total	**3,08,55,115**	**-**	**3,08,55,115**	**3,08,55,115**	**2,01,11,36,396**

The carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows:

	Amortised cost	Fair value through profit or loss	Total carrying value	Total fair value (in USD)	Convenience translation into Rupees (Unaudited)
Assets:					
Trade receivables	17,56,712	-	17,56,712	17,56,712	11,39,40,340
Cash and cash equivalents	26,83,325	-	26,83,325	26,83,325	17,40,40,429
Other financial assets	35,68,155	-	35,68,155	35,68,155	23,14,30,551
Loans	2,71,049	-	2,71,049	2,71,049	1,75,80,215
Total	**82,79,241**	**-**	**82,79,241**	**82,79,241**	**53,69,91,535**
Liabilities:					
Borrowings	1,67,00,000	-	1,67,00,000	1,67,00,000	1,08,31,62,000
Trade payables	13,06,061	-	13,06,061	13,06,061	8,47,11,110
Other financial liabilities	1,18,70,742	-	1,18,70,742	1,18,70,742	76,99,36,318
Total	**2,98,76,803**	**-**	**2,98,76,803**	**2,98,76,803**	**1,93,78,09,428**

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Hierarchy of assets and liabilities measured at fair value:-

No assets and liabilities were measured at fair value on a recurring basis as at 31 March 2018 and 31 March 2017.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Market risk

i. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	For the period ended			
	31 March 2018		31 March 2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit/ (loss) before tax	(1,70,000)	1,70,000	(1,67,000)	1,67,000

22. Financial instruments by category (Continued)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables and unbilled revenue. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses the life time expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as the Company's historical experience with customers and history of litigations.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

		(In %)
	31 March 2018	**31 March 2017**
Revenue from top one customer	29	16
Revenue from top five customers	56	39

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances is as follows:

	For the period ended		
	31 March 2018 (in USD)	**31 March 2017 (in USD)**	**31 March 2018 Convenience translation into Rupees (Unaudited)**
Balance at the beginning	1,68,184	11,71,078	1,09,62,233
Charge for the year	1,41,377	-	92,14,953
Discontinued operations	-	-	-
Amounts written off	-	(10,02,894)	-
Balance at the end	**3,09,561**	**1,68,184**	**2,01,77,186**

Credit risk on cash and cash equivalents is limited as the Company generally invest in banks with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital and the support provided by the Ultimate Parent Company is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2018:

	Less than 1 year	**More than 1 year**	**Total (in USD)**	**Convenience translation into Rupees (Unaudited)**
Trade payables	10,65,149	-	10,65,149	6,94,26,412
Borrowings	1,70,00,000	-	1,70,00,000	1,10,80,60,000
Other financial liabilities	1,27,61,211	28,755	1,27,89,966	83,36,49,984

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2017:

	Less than 1 year	**More than 1 year**	**Total (in USD)**	**Convenience translation into Rupees (Unaudited)**
Trade payables	13,06,061	-	13,06,061	8,51,29,049
Borrowings	1,67,00,000	-	1,67,00,000	1,08,85,06,000
Other financial liabilities	1,18,41,987	28,755	1,18,70,742	77,37,34,955

23. Capital Management

The Company's objective is to maintain a capital base to ensure sustained growth in business and to maximise the shareholders value. The capital management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

	As at		
	31 March 2018 (in USD)	**31 March 2017 (in USD)**	**31 March 2018 Convenience translation into Rupees (Unaudited)**
Total equity attributable to the equity share holders of the Company (A)	(1,59,61,629)	(1,38,93,121)	(1,04,03,78,959)
Total loans and borrowings (B)	1,70,00,000	1,67,00,000	1,10,80,60,000
Total capital (A+B)	**10,38,371**	**28,06,879**	**6,76,81,041**

The current borrowings are in the nature of working capital loans from banks. The management's business plan indicate generation of profit from operations and the Company has received letter of continued financial support from the Ultimate Parent Company for meeting its debt obligations, in order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

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24 Leases

Company as lessor (Operating leases)

The Company has sub-leased one of its office premises under non-cancellable operating lease arrangements for a term of 52 months. Future minimum lease payments receivable are as follows (in USD):

	As at 31 March 2018 (in USD)	**As at 31 March 2017 (in USD)**	**As at 31 March 2018** Convenience translation into Rupees (Unaudited)
Not later than one year	368,829	358,083	24,040,274
Later than one year but not later than 5 years	541,710	910,539	35,308,658
Later than five years	-	-	-
Total	**910,539**	**1,268,622**	**59,348,932**

The sub lease income recognized in the statement of profit and loss for the year ended 31 March 2018 is USD 358,972 (Previous period: USD 318,894).

25 Related party disclosures

Names of related parties

a) List of parties where control exists
Ultimate holding company - Chambal Fertilisers and Chemicals Limited
Holding Company:-
CFCL Technologies Limited, Cayman Islands (up to 19 December 2016)
CFCL Ventures Limited, Cayman Islands (from 20 December 2016)

b) Subsidiaries
ISGN Solution Inc. – Till 18 May 2016

c) Companies which are under control through intermediaries
ISGN Fulfillment Services, Inc (Pennsylvania)- Till 18 May 2016
ISGN Fulfillment Services, Inc (Arizona)- dissolved effective 12 January 2016
ISGN Fulfillment Agency, LLC (Delaware) – Till 18 May 2016

d) Fellow subsidiary
CFCL Ventures Limited, Cayman Islands (up to19 December 2016)
ISG Novasoft Technologies Limited

e) Key management Personnel (KMP)
Amit Kothiyal, CEO and Director
Sundararajan Sampath, CFO and Director

Related party transactions

Particulars	**For the year ended 31 March 2018 (in USD)**	**For the period from 01 Jan 2016 to 31 Mar 2017 (in USD)**	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
Guarantee commission			
Chambal Fertilisers and Chemicals Limited	533,300	1,322,946	34,760,494
Reimbursement of expenses incurred on behalf of			
CFCL Ventures Limited	136,465	355,806	8,894,789
Income from software services and products			
ISGN Solutions, Inc	-	3,151,398	-
Sub-contracting expenses			
ISG Novasoft technologies limited	5,819,037	9,823,184	379,284,832
ISGN Fulfillment services, Inc	-	1,075,320	-

Related party balances

Particulars	**As at 31 March 2018 (in USD)**	**As at 31 March 2017 (in USD)**	As at 31 March 2018 Convenience translation into Rupees (Unaudited)
Guarantee Commission Payable			
Chambal Fertilisers and Chemicals Limited	269,694	593,899	17,578,655
Other Advances			
CFCL Ventures limited	2,338,226	2,201,762	152,405,571
Other Payables			
ISGN Novasoft technologies Limited	11,689,985	10,580,204	761,953,222

26 Segment information

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 Ind AS 108, Segment Reporting is not made.

ISGN Corporation
Notes to the financial statements for the year ended 31 March 2018

27 Earnings per share

Particulars	For the year ended 31 March 2018 (in USD)	For the period from 1 Jan 2016 to 31 March 2017 (in USD)	For the year ended 31 March 2018 Convenience translation into Rupees (Unaudited)
Profit/(Loss) after tax	(2,068,507)	(11,643,315)	(134,825,386)
Weighted average number of ordinary shares considered in calculating Basic and Diluted Earnings Per Share ('EPS')	8,534	8,534	8,534
Basic and Diluted EPS	(242)	(1,364)	(15,799)

28 Standards issued but not yet effective

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede virtually all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company plans to adopt the new standard on the required effective date and is currently assessing the potential adoption method and impact, the adoption of this standard will have on its consolidated financial statements and disclosures.

29 Convenience translation

The books of accounts of the company are maintained in 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 1USD = INR 65.18. These numbers are based on information from the management and have not been audited by C G S & CO.

As per our report of even date

For C G S & Co
Chartered Accountants
ICAI Firm Registration Number: 005830S

A R Valisha Shakeel
Partner
Membership Number: 203926

Place: Bangalore
Date: May 7, 2018

For and on behalf of the Board of Directors of ISGN Corporation

Amit Kothiyal
CEO & Director

Place: Melbourne, FL

Date: May 4, 2018

Sundararajan Sampath
CFO & Director

Place:Bangalore

Date: May 7, 2018