

**DIRECTORS' REPORT**

Dear Shareholders,

Your directors are pleased to present the Directors' Report of ISGN Solutions, Inc. for the Period ended December 31, 2009.

**Financial Results**

In the meeting held on December 8, 2009, your Directors approved the change of the Company's financial year from the fiscal year commencing on 1st April of one calendar year and ending on 31st March of the subsequent calendar year to the calendar year (ending 31st December). Accordingly, the current period financial statements have been prepared for the nine months period ended December 31, 2009. Please note that the current period will not be comparable with that of the previous year, which had been for a period of 12 months.

The performance of the entity for Nine months ended December 31, 2009 is summarized below:

<b>Particulars</b>	<b>December 31, 2009 (US\$ '000)</b>	<b>March 31, 2009 (US\$ '000)</b>
Total Income	14,047	12,568
Profit/(Loss) before tax	(2,747)	(7,004)
Profit/(Loss) after tax	(2,762)	(7,007)

**Business Operations:**

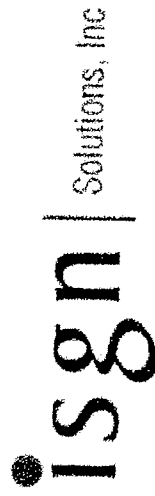
Your Company is primarily engaged in providing KPO (Knowledge Process Outsourcing) services to the mortgage business in the US. Your Company provides value added services in the areas of title services, fulfillment services, loan servicing, human capital solutions, loss mitigation and default solutions.

Your Company's revenue from operations stood at US \$13.84 million for the year against \$12.45 million in the previous year registering an increase of 48% (adjusted for the shortened period in 2009) from the previous year. The net loss before tax for the year stood at \$2.7 million as against loss of \$7 million in the previous year. The EBITDA loss for the year stood at \$2.6 million as against EBITDA loss of \$7.4 million during the previous year. Your Company continued to optimize cost and efficiencies and also improved the revenue and this has resulted in an improved performance for the period. With continued focus on optimization of cost and strict control over the selling and general and administration cost, your Company expects to become profitable in the coming years.

**Dividend**

In the absence of profits, Your Company is not proposing to declare any dividend this year.

3220 Tillman Drive Suite 301 | Bensalem | PA 19020. |  
Office - (267) 525-9400 | Fax - (215) 245-4392 | www.isgn.com



#### **Directors**

Mr. Krishna Srinivasan, Mr. Murali Gomatam, and Mr. Niraj Patel are the Members of the Board.

#### **Subsidiaries**

The following are the wholly owned Subsidiaries of your Company:

Richmond Investors LLC, Richmond Title Genpar LLC, Richmond Title Services LLC, Richmond Title Services LP and Flex Agents Signing Team LLC.

During the period, pursuant to the Share Purchase Agreement entered into with Fiserv Inc., dated 28th September 2009, as amended, the Company acquired 100% ownership control of the following entities: Fiserv Fulfillment Services, Inc., USA (Pennsylvania), Fiserv Fulfillment Services, Inc., USA (Arizona), Fiserv Fulfillment Services South, Inc., USA, Fiserv Fulfillment Services of Alabama, LLC, USA, Fiserv Fulfillment Services of Maryland, Inc., USA, ILS Services, LLC, USA, Fiserv Fulfillment Agency, LLC, USA and Fiserv Fulfillment Agency of Alabama, LLC, USA.

The above subsidiaries are operating in the title business and fulfillment services catering mainly to the mortgage market in the US.

#### **Share Capital**

During the year, the parent company ISGN Corporation has invested an additional amount of \$26,107,058 in the Company. The Company has allotted one share of par value \$0.01 and the balance amount of \$26,017,058 has been credited to Securities Premium account.

#### **Acknowledgements**

Your Directors thank the clients, vendors, investors, banks and Government Departments for their support during the year. Your Directors place on record their appreciation of the contribution made by employees at all levels.

**For and on behalf of the Board of Directors,**

A handwritten signature in black ink, appearing to be "SK", is written over a horizontal line.

**Director**

**Date: April 23, 2010**

**Place: Bensalem, PA**

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF CFCL TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of **ISGN SOLUTIONS, INC** ("the Company") as at December 31, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the period ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion we invite attention to Note no 1 (h) of Schedule 18 relating to the translation of the financial statements at the closing rate for the convenience of the readers. These numbers are based on information from the management and have not been audited by us.
4. We report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;



**Deloitte  
Haskins & Sells**

(c) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 December 31, 2009;
- (ii) in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

5. These financial statements have been prepared solely for the purpose of publication of summarized financial information in the financial statements of the holding company M/s Chambal Fertilizers and Chemicals Limited pursuant to Section 212 of the Companies Act, 1956. It should be used for aforesaid purpose only.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No. 008072S)



Bhavani Balasubramanian  
Partner  
Membership No. 22156

Place: Chennai, April 26, 2010

ISGN SOLUTIONS INC, USA  
BALANCE SHEET AS AT DECEMBER 31, 2009

As at March 31, 2009 (In USD)      As at December 31, 2009 (In USD)      As at December 31, 2009 Convenience translation into (Rs.'000) (Unaudited)

Schedule

SOURCES OF FUNDS

Shareholders' Funds  
Share capital      72,902      3,393  
Reserves and surplus      11,392,474      42,701,645      1,987,548  
**11,465,376      42,774,547      1,990,941**

Loan Funds  
Unsecured loans      10,000,000      465,450  
**10,000,000      465,450**

**Total**

**11,465,376      52,774,547      2,456,391**

APPLICATION OF FUNDS

Fixed Assets  
Gross block      551,371      549,922      25,597  
Less : Accumulated depreciation      387,044      444,685      20,699  
**Net block      164,327      105,237      4,898**

Intangible Assets

Investments      3,369,703      2,312,270      107,625  
**33,160,471      1,543,454**

Current Assets, Loans and Advances :

Sundry debtors      2,284,724      2,273,540      105,821  
Cash and bank balances      80,293      305,242      14,207  
Other current assets      125,682      44,487      2,071  
Loans and advances      2,337,894      772,924      35,976  
**4,828,593      3,396,193      159,075**

Less : Current Liabilities and Provisions

Current liabilities      16,545,856      7,874,681      366,527  
Provisions      10,346      482      482  
**16,546,856      7,885,027      367,009**

**Net Current Assets**

**Profit & Loss Account**

**(11,717,263)      (4,488,934)      (208,934)**

**Total**

**18,923,273      21,685,403      1,009,348**

**11,465,376      52,774,547      2,456,391**

Notes on Accounts

18

Schedules referred to above form an integral part of these accounts

This is the Balance Sheet referred to in our report of even date.

for Deloitte Haaskins & Sellis,  
Chartered Accountants



*Bhavani Balasubramanian*  
Bhavani Balasubramanian  
Partner

For and on behalf of the Board of Directors

*S. K. M.*  
Director

Place: Chennai  
Date: April 26, 2010

*S. K. M.*  
Chief Financial Officer  
Place: Bensalem, PA  
Date: April 23, 2010

ISGN SOLUTIONS, INC. USA  
 PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED DECEMBER 31, 2009

Schedule	Year ended	Period ended	Period ended
	March 31, 2009 (in USD)	December 31, 2009 (in USD)	December 31, 2009 Convenience translation into (Rs.'000) (Unaudited)
<b>INCOME</b>			
Revenue from Software Products and Services	12,445,393	13,839,763	644,171
Other income	123,171	207,441	9,655
<b>Total</b>	<b>12,568,564</b>	<b>14,047,204</b>	<b>653,826</b>
<b>EXPENDITURE</b>			
Employee cost	7,086,944	3,688,796	171,695
Other Administrative expenses	12,863,218	11,431,892	532,097
Share of loss from Richmond Title services, LP consolidated	(5,339)	725,331	33,761
Depreciation / Amortization	(426,354)	130,076	6,054
Goodwill written off	52,137	816,346	37,997
Financial expenses	1,508	1,508	70
<b>Total</b>	<b>19,572,606</b>	<b>16,793,949</b>	<b>781,674</b>
<b>Loss Before Tax</b>	<b>(7,004,042)</b>	<b>(2,746,745)</b>	<b>(127,848)</b>
Current tax	2,825	15,385	716
<b>Net Loss after tax for the year</b>	<b>(7,006,867)</b>	<b>(2,762,130)</b>	<b>(128,664)</b>
Loss brought forward from Previous year	(11,916,406)	(18,923,273)	(880,784)
<b>Loss carried to Balance Sheet</b>	<b>(18,923,273)</b>	<b>(21,685,403)</b>	<b>(1,009,348)</b>
<b>Earnings per share</b>	<b>(0.9611)</b>	<b>(0.3789)</b>	<b>(17.6352)</b>
(Face value of \$0.01 per share)			

Notes on Accounts

18

Schedules referred to above form an integral part of these accounts

This is the Profit & Loss Account referred to in our report of even date.

for Deloitte Haskins & Sells,  
 Chartered Accountants

*Bhavana Balasubramanian*

Bhavana Balasubramanian  
 Partner

Place: Chennai  
 Date: April 26, 2010



For and on behalf of the Board of Directors

*S. Kumar*  
 Director

*C. S. Anand*  
 Chief Financial Officer

Place: Bensalem, PA  
 Date: April 23, 2010

ISGN SOLUTIONS, INC., USA  
CASHFLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2009

	Year ended March 31, 2009 (US\$)	Period ended December 31, 2009 (US\$)	Period ended December 31, 2009 Convenience translation into (Rs.'000) (Unaudited)
<b>A. Cash flow from operating activities :</b>			
Loss before tax	(7,004,042)	(2,746,745)	(127,848)
Adjustments for :			
Depreciation/ Amortisation	(426,354)	130,076	6,054
Goodwill written off		816,346	37,997
Profit on sale of fixed assets			
Share of loss from firm	(5,339)	725,330	33,760
Provision for doubtful deposits/ advances	254,055	(246,469)	(11,472)
Liabilities no longer required written back	(66,758)	(117,679)	(5,477)
Doubtful debts/ advances written off	38,129	278,954	12,984
Interest expense	43,678		
Interest income			
<b>Operating loss before working capital changes</b>	<b>(7,166,631)</b>	<b>(1,160,187)</b>	<b>(54,002)</b>
<b>Movement in working capital :</b>			
(Increase) / Decrease in trade and other receivables	(4,265,939)	1,824,865	75,630
Increase / (Decrease) in trade payables	1,647,303	(10,613,889)	(494,014)
<b>Cash generated from operations</b>	<b>(9,785,267)</b>	<b>(10,149,011)</b>	<b>(472,386)</b>
Direct taxes paid (net of refunds)	(2,825)	(5,039)	(235)
<b>Net cash used in operating activities</b>	<b>(9,788,092)</b>	<b>(10,154,050)</b>	<b>(472,621)</b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets (inclusive of intangible assets)	(417,464)		(33,760)
Share of profit/(loss) from Firm	5,339	(725,330)	(88,350)
Investments in Subsidiaries	(720,000)	(15,003,766)	
Sale of fixed assets		1,037	48
<b>Net cash used in investing activities</b>	<b>(1,132,125)</b>	<b>(15,728,059)</b>	<b>(732,062)</b>
<b>C. Cash flow from financing activities</b>			
Net repayment of short term borrowings	(121,250)		
Proceed from Share Capital	11,161,994	26,107,058	1,215,153
Interest paid	(43,678)		
<b>Net cash generated from financing activities</b>	<b>10,997,066</b>	<b>26,107,058</b>	<b>1,215,153</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>76,849</b>	<b>224,949</b>	<b>10,470</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,444</b>	<b>80,293</b>	<b>3,737</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>80,293</b>	<b>305,242</b>	<b>14,207</b>

This is the Cashflow statement referred to in our report of even date

for Deloitte Haskins & Sells,  
Chartered Accountants

For and on behalf of the Board of Directors

*Bhavana Balasubramanian*  
Bhavana Balasubramanian  
Partner

*M. S. Kumar*  
Director

Place: Chennai  
Date: April 26, 2010



Place: Bensalem, PA  
Date: April 23, 2010

*C. S. Jayaram*  
Chief Financial Officer

ISGN SOLUTIONS, INC, USA  
SCHEDULES FORMING PART OF ACCOUNTS

	As at March 31, 2009 (In USD)	As at December 31, 2009 (In USD)	As at December 31, 2009 Convenience translation into (Rs.'000) (Unaudited)
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**SCHEDULE 1 : SHARE CAPITAL**

Authorised Share capital  
10,000,000 shares of \$ 0.01 each

	100,000	100,000	4,655
	<u>100,000</u>	<u>100,000</u>	<u>4,655</u>

**Issued, Subscribed and Paid Up Share capital**

7,290,197 shares of \$ 0.01 each  
(One share of paidupvalue of \$ 0.01 issued during the year )

	72,902	72,902	3,383
	<u>72,902</u>	<u>72,902</u>	<u>3,383</u>

**Note**

All the above shares are held by ISGN Corporation, holding company, USA

**SCHEDULE 2 : RESERVES AND SURPLUS**

Securities Premium Account  
Balance as per last account  
Add: Additions during the year

	230,480	11,392,474	530,263
	11,161,994	31,309,171	1,457,285
	<u>11,392,474</u>	<u>42,701,645</u>	<u>1,987,548</u>

**SCHEDULE 3 : UNSECURED LOANS**

Convertible Notes  
Non Interest bearing Convertible Promissory Notes  
(Refer Note 6 of Schedule 17)

	-	10,000,000	465,450
	<u>-</u>	<u>10,000,000</u>	<u>465,450</u>





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 HEADQUARTERS FORMING PART OF ACCOUNTS

Includes & Field Assets

Particulars	CROSS CHECK																			
	Grand Total as at April 1, 2009	Adjustments	Additions	Deletions	Eliminations	Cost as at December 31, 2008	December 31, 2008	December 31, 2008	Up to March 31, 2008	For the year	Adjustments	On Deletions	Up to December 31, 2008	December 31, 2008	December 31, 2008	As at December 31, 2008	December 31, 2008	December 31, 2008	December 31, 2008	December 31, 2008
Fixed Assets as per Schedule	546,000	681,211	-	-	1,449	-	501,271	28,897	319,288	81,728	-	412	38,899	18,931	184,232	6,899	228,797	228,797	228,797	228,797
Land and Buildings	34,348	34,348	-	-	-	34,348	1,588	32,760	32,760	5,152	-	34,348	34,348	10,175	20,500	1,420	24,907	24,907	24,907	24,907
Leasehold Improvements	278,018	278,018	-	-	-	278,018	17,545	310,823	310,823	26,882	-	278,018	278,018	147,515	30,500	1,420	67,303	67,303	67,303	67,303
Van Equipments	84,128	84,128	-	-	-	84,128	2,885	87,013	87,013	7,783	-	84,128	84,128	1,488	18,835	823	24,907	24,907	24,907	24,907
Trucks and Buses	74,877	74,877	-	-	-	74,877	3,418	78,295	78,295	8,246	-	74,877	74,877	2,383	22,242	1,005	40,423	40,423	40,423	40,423
Other Fixed Assets	681,211	681,211	-	-	1,449	-	501,271	28,897	319,288	81,728	-	412	38,899	18,931	184,232	6,899	228,797	228,797	228,797	228,797

(All figures are in USD unless otherwise stated)



As at  
**March 31, 2009**  
 (In USD)

As at  
**December 31, 2009**  
 (in USD)

As at December 31,  
 2009 Convenience  
 translation into  
 (Rs.'000) (Unaudited)

**SCHEDULE 6 : INVESTMENTS**

(Long Term - Trade, Unquoted)  
 In Subsidiary companies

100% Membership interest in Richmond Title Investors, LLC  
 (Refer Note 6 (a) of Schedule 17)  
 Add: Share of profit/(losses)

712,800 3,652,532 170,007

5,283 (712,794) (33,177)

100% Membership interest in Richmond Genpar LLC  
 (Refer Note 6 (a) of Schedule 17)  
 Add: Share of profit/(losses)

7,200 36,892 1,717

53 (7,200) (335)

Fiserv Fulfillment Services, Inc.  
 400800 shares (No par value)  
 (Refer Note 6 (b) of Schedule 17)

- 30,191,041 1,405,242

**725,336 33,160,471 1,543,454**

**SCHEDULE 7 : SUNDRY DEBTORS**

Debts outstanding for a period exceeding six months  
 Unsecured, considered good  
 Unsecured, considered doubtful

116,253 56,081 2,610

313,119 66,650 3,102

Other Debts

Unsecured, considered good  
 Unsecured, considered doubtful

2,168,471 2,217,459 103,211

(Less: Provision for doubtful debts)

(313,119) (66,650) (3,102)

**2,284,724 2,273,540 105,821**



As at March 31, 2009 (In USD)	As at December 31, 2009 (In USD)	As at December 31, 2009 Convenience translation into (Rs.'000) (Unaudited)
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**SCHEDULE 8 : CASH AND BANK BALANCES**

Balances with Banks	80,293	305,242	14,207
- In Current Accounts			
	<u>80,293</u>	<u>305,242</u>	<u>14,207</u>

**SCHEDULE 9 : OTHER CURRENT ASSETS**

Unbilled revenue	125,682	44,487	2,071
	<u>125,682</u>	<u>44,487</u>	<u>2,071</u>

**SCHEDULE 10 : LOANS AND ADVANCES**

Advances recoverable in cash or in kind or for value to be received  
 - Other advances recoverable in cash or in kind or for value to be received  
 Deposits - others

	2,299,245	733,775	34,154
	38,649	39,149	1,822
	<u>2,337,894</u>	<u>772,924</u>	<u>35,976</u>

**SCHEDULE 11 : CURRENT LIABILITIES**

Sundry creditors  
 Purchase consideration payable  
 Advances from customers  
 Earnest money / security deposits  
 Other liabilities

	15,366,100	7,180,129	334,199
		134,488	6,260
	1,163,817	541,329	25,196
	10,906	18,735	872
	5,033		
	<u>16,545,856</u>	<u>7,874,681</u>	<u>366,527</u>

**SCHEDULE 12 : PROVISIONS**

Provision for taxation (net of advance tax payments)

	-	10,346	482
	<u>-</u>	<u>10,346</u>	<u>482</u>



ISGN SOLUTIONS, INC., USA  
SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 13: REVENUE FROM SOFTWARE PRODUCTS AND SERVICES

	Year ended 31st March 2009	Period ended 31st December 2009	Period ended December 31, 2009
	(in USD)	(in USD)	(Rs. '000) (Unaudited)
Knowledge process outsourcing services	12,397,393	13,838,939	644,133
Software and business process outsourcing services	48,000	824	38
	<b>12,445,393</b>	<b>13,839,763</b>	<b>644,171</b>

SCHEDULE 14 : OTHER INCOME

Rent received	56,413	90,232	4,200
Foreign exchange variation (Net)	-	(1,038)	(48)
Liabilities no longer required written back	66,758	117,679	5,477
Miscellaneous income	-	568	26
	<b>123,171</b>	<b>207,441</b>	<b>9,655</b>

SCHEDULE 15 : EMPLOYEE COSTS

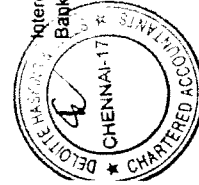
Salaries, wages and bonus	6,305,406	3,336,406	155,293
Contribution to provident and other funds	459,058	236,293	10,998
Workmen and staff welfare expenses	324,478	116,097	5,404
	<b>7,088,944</b>	<b>3,688,796</b>	<b>171,695</b>

SCHEDULE 16 : OTHER ADMINISTRATIVE EXPENSES

Sub contracting expenses	10,244,273	8,510,030	396,099
Power and fuel	12,699	8,330	388
Rent	506,138	305,841	14,235
Rates and taxes	870	4,880	227
Insurance	154,505	83,750	3,898
Repairs and maintenance :			
Plant & Machinery	3,199	10,388	484
- Others	20,916	9,023	420
Travelling and conveyance	562,105	1,010,880	47,051
Communication costs	386,457	461,952	21,502
Printing and stationery	32,000	5,100	237
Legal and professional fees	370,172	861,953	40,120
Selling and Marketing expenses	79,457	7,178	334
Provision for doubtful debts made/(reversed)	254,055	(246,469)	(11,472)
Doubtful debts and advances written off	38,129	278,954	12,984
Miscellaneous expenses	198,243	120,102	5,590
	<b>12,863,218</b>	<b>11,431,892</b>	<b>632,097</b>

SCHEDULE 17 : FINANCIAL EXPENSES

Interest paid to Others	43,678		70
Bank charges and guarantee commission	8,459	1,508	
	<b>52,137</b>	<b>1,508</b>	<b>70</b>



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule – 18**

**Notes on Accounts (Contd)**

**1. Significant accounting policies**

**a) Basis of Preparation**

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and comply in all material respects with the accounting standards prescribed in the Companies (Accounting Standards) Rules 2006 (as amended) and with the relevant provisions of the Companies Act, 1956.

**b) Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the Balance Sheet date and reported amount of revenue and expenses for the year and disclosure of contingent liabilities as at the date of Balance Sheet. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual amounts could differ from these estimates.

**c) Fixed Assets**

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

**d) Depreciation**

Depreciation is provided on fixed assets on Straight Line Method over their estimated useful life's. The depreciation rates used are as follows:

(i) Leasehold improvements	amortized over the period of respective leases or useful life of the assets, whichever is lower..
(ii) Computers	3 years
(iii) Furniture and Fittings	5 years
(iv) Office equipment	5 years
(v) Mobile phones (included under office equipment)	100% in the year of purchase



**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule – 18**

**Notes on Accounts (Contd)**

**e) Intangibles Assets**

Intangible assets comprise of goodwill, costs relating to intellectual property rights, software development costs and software packages held for use in business.

(i) Goodwill is not amortized but tested for impairment atleast annually or as circumstances warrant at the reporting unit level. If impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded.

(ii) Costs relating to Intellectual property rights, which are acquired, are capitalized and amortized over a period of 1 to 3 years.

(iii) Costs incurred in conjunction with software development are charged to software development expenses in the period the costs are incurred until technological feasibility is established. Thereafter, all software development costs are capitalized and reported at the lower of unamortized cost and net realizable value. Capitalised software costs are amortized over the estimated economic life of the software (generally over three years). Software development costs are presented on the balance sheet net of applicable amortization. The estimates of net realizable value and remaining economic life of the Group's product are subject to risks inherent in the software industry, such as changes in technology and customer perceptions. Management regularly reviews these estimates and makes adjustments as appropriate.

(iv) Cost of software packages is amortized over a period of 3 to 5 years.

**f) Leases**

**Where Company is a lessee:**

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

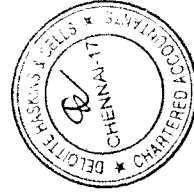
**Where Company is a lessor:**

Lease income by sub-lease of office premises is recognized in the profit and loss account on a straight-line basis over the lease term. Costs incurred towards such properties are recognized as expenses in the profit and loss account.

**g) Revenue recognition**

Revenues from business process outsourcing and knowledge process outsourcing services are recognized on rendering of such services in terms of the contracts with the customers. Unbilled revenues represent work executed in accordance with the terms of the agreement with customers but not billed as at the balance sheet date.

Reimbursement of Out-of-pocket expenses are accounted as revenues.



## ISGN SOLUTIONS, INC., USA

### SCHEDULE FORMING PART OF THE ACCOUNTS

#### Schedule - 18

#### Notes on Accounts (Contd)

##### h) Convenience Translation

The books of accounts of the company are maintained in US Dollars being the currency of the primary economic environment in which it operates and the reporting currency is Indian Rupees (INR). The company does not have any transactions entered in any other currency apart from US Dollars. Solely for the convenience of the reader, the balance sheet as of December 31, 2009 and the Profit and Loss account for the period then ended have been translated into INR, the reporting currency, using the year end exchange rate as of December 31, 2009 which was 1US\$ = Rs 46.545. The convenience translation should not be construed as a representation that the US\$ amounts or the INR amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or US\$, as the case may be, at this or at any other rate of exchange, or at all.

##### i) Tax expenses

Provision for current tax, where applicable, is made based on the liability computed in accordance with the relevant tax rates and the tax laws applicable.. Provision for deferred tax is made for all timing differences arising between the taxable income and accounting income at the tax rates enacted or substantively enacted by the Balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits and are reviewed for the appropriateness of their carrying values at each balance sheet date.

##### j) Employee Benefits

Contributions made towards retirement/employee benefits, in accordance with the relevant applicable local laws, are charged to the Profit and Loss account.

##### k) Investments

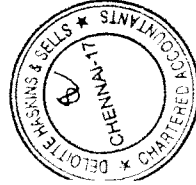
Long-term investments are carried at cost. However, provision for diminution in the value is made, to recognize a decline other than temporary decline in the value of the investments.

##### l) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

#### 2. Change in Accounting year

In the meeting held on 11<sup>th</sup> December 2009, the Board of Directors approved the change of the Company's financial year from the fiscal year commencing on 1<sup>st</sup> April of one calendar year and ending on 31<sup>st</sup> March of the subsequent calendar year to the calendar year (ending 31<sup>st</sup> December). In order to give effect to the change, the Board of Directors approved the closure of the financial year commencing 1<sup>st</sup> April 2009 for a 9 months period up to 31<sup>st</sup> December 2009. Accordingly, these financial statements have been prepared for the nine months period ended 31<sup>st</sup> December 2009.



# ISGN SOLUTIONS, INC., USA

## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule – 18

#### Notes on Accounts (Contd)

##### 3. Share Capital:

During the year, the parent company ISGN Corporation (Formerly Novasoft Information Technology corporation) has invested an additional amount of \$ 26,107,058 in the company. The company has allotted one share of par value \$0.01 and the balance amount of \$ 26,017,058 has been credited to Securities Premium account. Also the company has classified \$ 5,202,113, being consideration other than cash in Securities premium account, pending allotment of shares.

##### 4. Deferred tax

Deferred tax assets are calculated with reference to the business loss and unabsorbed depreciation as per tax and other timing differences. However, in view of uncertainty with regard to the availability of profits in near future and as a matter of prudence the recognition of deferred tax asset has been restricted to the extent of deferred tax liability arising on account of differences between the tax and book written down value of fixed assets.

##### 5. Leases

###### a) Operating Lease Expense

- i. Future minimum lease payments under non-cancellable operating lease:

Particulars	Period ended 31 <sup>st</sup> Dec'09	Year ended 31 <sup>st</sup> Mar'09
Not later than one year	384,654	414,743
Later than one year but not later than 5 years	376,457	653,007
Later than 5 years	NIL	NIL

- ii. The lease payments recognized in the Profit and Loss Account during the year amounts to US \$291,100 (March 31, 2009 US\$415,058)

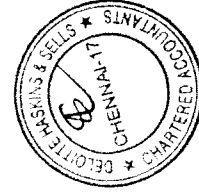
###### b) Operating Lease Income

In case of Assets given on lease

The company has leased out office premises and certain equipments under non-cancellable operating lease. Rental income from such operating leases recognized in the profit and loss account for the year is US\$90,232 (March 31, 2009 US\$56,413)

Future minimum lease receipts are as follows:

Particulars	Period ended 31 <sup>st</sup> Dec'09	Year ended 31 <sup>st</sup> Mar'09
Not later than one year	272,655	46,286
Later than one year but not later than 5 years	475,902	23,143
Later than 5 years	NIL	NIL



# ISGN SOLUTIONS, INC., USA

## SCHEDULE FORMING PART OF THE ACCOUNTS

### Schedule - 18

#### Notes on Accounts (Contd)

#### 6. Mergers and Acquisitions

a. Effective August 16, 2008, ISGN Solutions Inc., entered into membership interest purchase agreement with the sellers, for the purchase of 100% membership interest of Richmond Title Genpar LLC and Richmond Investors LLC. As a consequence, ISGN Solutions Inc., acquired the entire membership interest in Genpar LLC, Richmond LLC, Richmond Title Services LP, Flex Agents Signing Team LLC and Richmond Title Services LLC.

The consideration for purchase of membership interest consists of the liability assumption payment upto a maximum of US \$1,060,000, a profit participation payment and payment based on incremental EBITDA, subject to the fulfillment of certain conditions and provisions stipulated in the agreement. During the period ended 31<sup>st</sup> December 2009, ISGN Solutions Inc., has determined the earn-out and paid \$587,000. However, the above additional earn-out computation have been disputed by the erstwhile owners of Richmond Services LLP., Further ISGN Solutions Inc., needs to recover an amount of \$ 1,273,360 being the amount paid on behalf of the erstwhile owners of Richmond Title Services LP., with respect to liabilities owed by them.

Pending finalization of dispute, ISGN Solutions Inc., has determined the maximum additional earn-out liability to be \$1,273,360 and the same is booked as additional goodwill, with respect to the acquisition of business of Richmond Title Services LP. Any additional pay-out beyond the amount stated above, if any, will be accounted in the year in which dispute gets resolved.

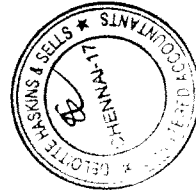
Also the company has reclassified the pre acquisition cost for the above acquisition for \$ 169,064 to Goodwill on consolidation.

b) Based on, the Share purchase agreement entered on September 29, 2009 between ISGN Solutions Inc., and Fiserv Solutions Inc. ISGN Solutions Inc., acquired 100% outstanding paid up capital of FFS Inc., from Fiserv Inc, effective December 12,2009. The purchase consideration payable to Fiserv Inc., comprises of :

- (i) Cash payment of US \$12 M
- (ii) US\$ 10 M Note pre-payable within 120 days of the acquisition. This has since been renegotiated and the prepayment option is extended upto December 15, 2010, with interest to be computed @ LIBOR plus 400 points on the \$10 M Note value. In the event of failure to avail the pre-payment option, the value of the Note will get enhanced to \$25 M to be repayable on or before December 11,2013.
- (iii) 6% equity of CFCLT, at the closing date equivalent to 755646 ordinary shares having value of US\$ 5,202,113. This value is based upon an valuation report received from an independent valuation firm.

The final value of cost of investment is as under

<b>Purchase consideration</b>	<b>In US\$</b>
Cash payment	12,000,000
Notes payable (refer note below)	10,000,000
Value of 6% equity	5,202,113
Working capital adjustments	60,194
Pre-acquisition cost	2,928,734
<b>Total Investment cost</b>	<b>30,191,041</b>



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

Schedule – 18

**Notes on Accounts (Contd)**

Note: For the above purpose, ISGN Solutions Inc., has accounted the Note liability at \$10 M assuming that it would avail of the pre-payment facility on or before December 15,2010.

**7. Related Party Disclosure**

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

**Ultimate Holding Company (UHC)**

Chambal Fertilizers and Chemicals Limited

**Holding Company (HC)**

CFCL Overseas Limited – Cayman Islands  
CFCL Technologies Limited  
ISGN Corporation Inc, USA

**Significant influence**

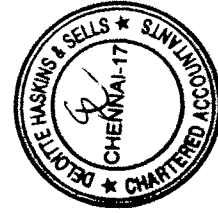
NEA FDI Inc  
NEA – Indo US Ventures, LLC.

**b. Subsidiaries**

Richmond Investors LLC  
Richmond Title Genpar LLC  
Richmond Title Services LP  
Flex Signing Agents LLC  
Richmond Title services, LLC  
Fiserv Fulfillment Services, Inc., USA (Pennsylvania)  
Fiserv Fulfillment Services, Inc., USA (Arizona)  
Fiserv Fulfillment Services South, Inc., USA  
Fiserv Fulfillment Services of Alabama, LLC, USA  
Fiserv Fulfillment Services of Maryland, Inc., USA  
ILS Services, LLC, USA  
Fiserv Fulfillment Agency, LLC, USA  
Fiserv Fulfillment Agency of Alabama, LLC, USA

**c. Fellow Subsidiaries (FS)**

ISG Novasoft Technologies Limited – India\*  
Inuva Info Management Pvt. Limited – India\*  
Dynatek, Inc, (merged with ISGN Corporation, Inc with effect from 1<sup>st</sup> April 2009)\*



ISGN SOLUTIONS, INC., USA

SCHEDULE FORMING PART OF THE ACCOUNTS

Schedule – 18

Notes on Accounts (Contd)

d. Key Management Personnel (KMP)

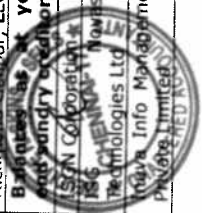
Mr. Krishnakumar Srinivasan, Director  
 Mr. Murali Gomatam, Director  
 Mr. Niraj Patel, Director

\*Represents parties with whom the company had transactions during the year

e. The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by auditors.

f. List of transactions with related parties

Description	(In USD)						
	Holding Company		Parties where control exists		Fellow Subsidiary		Total
	Dec'09	Mar'09	Dec'09	Mar'09	Dec'09	Mar'09	
Transactions during the year							
Software and Business process outsourcing services procured from							
ISG Novasoft Technologies Ltd					6,558,044	8,089,450	8,089,450
Inuva Info Management Private Limited					374,369	806,934	806,934
Software and Business process outsourcing service procured to							
Richmond Title Services			923,489	724,591			
Reimbursement of Expenses received							
ISGN Corporation	1,339,098	562,470					
ISG Novasoft Technologies Ltd					23,271	313,995	562,470 313,995
Reimbursement of Expenses made							
ISGN Corporation, USA							
ISG Novasoft Technologies Ltd	744,555	12,090,125				20,592	744,555 12,090,125 20,592
Richmond Title Services							
Fiserv Fulfillment Services Inc PA			359,037	97,913			359,037 97,913
Equity Infusions to Subsidiary			4,078				4,078
Richmond Investors, LLC							
Richmond Investor, LLC			930,600				930,600
Business process outsourcing			9,400				9,400
Business process outsourcing							
ISGN Corporation	1,977,724	11,906,844					
ISG Novasoft Technologies Ltd					1,799,020	2,377,705	1,977,724 11,906,844 2,377,705
Inuva Info Management Private Limited					138,294	56,966	138,294 56,966



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

**Schedule - 18**

**Notes on Accounts (Contd)**

<b>Loans and advances</b>						
ISGN Corporation	181,601					181,601
Richmond Title Services LP		474,251	822,504		474,251	822,504
<b>Balances as at year end sundry Debtors</b>						
Fiserv Fulfillment Services Inc PA		4,078			4,078	

9. List of transactions made by the company in which KMP has substantial interest

Particulars	US \$	
	For the period ended 31 <sup>st</sup> Dec'09	For the year ended 31 <sup>st</sup> March '09
Remuneration paid	Nil	259,832

**8. Goodwill written off**

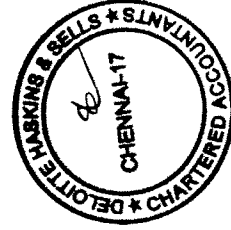
During the period the company has sold off its "Cocamar" business, resulting in write off of goodwill to the extent of US \$ 816,346.

**9. Segmental Reporting**

The Company is primarily engaged in the business of providing services to the mortgage industry and accordingly, there are no separate reportable segments as per Accounting Standard 17 on Segment reporting.

**10. Earnings per share**

	Period ended December 2009	Year ended March 2009
Loss for the year as per Profit and Loss account (A)	(2,762,130)	(7,006,867)
Weighted average number of shares outstanding (B)	7,290,195	7,290,195
Basic and Diluted EPS (A/B) (In USD)	(0.3789)	(0.9611)



**ISGN SOLUTIONS, INC., USA**

**SCHEDULE FORMING PART OF THE ACCOUNTS**

Schedule - 18

**Notes on Accounts (Contd)**

**11. Contingent Liabilities:**

- Breach of certain clauses in the escrow agreement - US \$850,000
- The erstwhile promoters of Richmond Title Services (Sellers) have not agreed to earn-out computation made by the Company's subsidiary ISGN Solutions Inc., with respect to the membership interest purchase agreement entered on August 16, 2008. In the opinion of the Management, there is no need to provide for any additional pay-outs. Based on this, ISGN Solutions Inc., has not provided for approximately US \$500,000 being the difference between the amount claimed by the Sellers and amount provided by ISGN Solutions Inc., in its books for the period ended 31<sup>st</sup> December 2009.

**12.** The current financial period is for nine months and hence the Profit and Loss Account of the current period is not comparable with that of the previous year which was for a period of 12 months. Previous year figures have been regrouped / reclassified, wherever necessary to conform to the current period's classification.

**Signature to Schedules 1 to 18**

for **Deloitte Haskins & Sells,**  
Chartered Accountants

*Bhavani Balasubramanian*

Bhavani Balasubramanian  
Partner



For and on behalf of the Board of Directors

*S. Kumar*

Director

*Manish Kumar*

Director

*ASW*

Chief Financial Officer