B S R & Associates LLP
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Newgen Software Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Newgen Software Technologies Limited** ("the Company"), which comprise the Standalone Balance Sheet as at 31 March 2020, and the Standalone Statement of Profit and Loss (including other comprehensive income (loss)), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and 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 31 March 2020, and profit and other comprehensive income (loss), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Description of Key Audit Matter

Revenue from operations (refer note 27 to the standalone financial statements)

The key audit matter	**How the matter was addressed in our audit**
• Revenue relating to implementation services from fixed price contracts is recognised based on percentage of completion method which is estimated by the Company basis the completion of milestones and activities agreed with the customers. Due to complexity and volume of transactions, significant judgements are required to estimate percentage of completion and determine timing and accuracy of recognition of revenue.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Evaluated the design and implementation of internal controls and tested the operating effectiveness of internal controls relating to determination of percentage of completion and estimation of efforts required to complete the performance obligation; • Involved specialists to assess the design, implementation and operating effectiveness of key IT controls over the IT environment in which the business systems operate and to test information technology system controls used in recording revenue. • Selected specific/statistical samples of existing and new contracts and performed the following procedures: – Inspected key terms, including price, deliverables, timetable and milestones set out in the contract for selected sample of contracts and identified the distinct performance obligations. – Tested project management tool for budgeted efforts and related percentage completion milestones and establishing accuracy of milestones based on actualisation of efforts for delivered projects. – Tested the details of activities completed with those stated in the customer contract, details of activities completed as provided by the project head and confirmation/acceptance of completion of such activities by the customer.

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Trade receivables (refer note 12 to the standalone financial statements)

The key audit matter	How the matter was addressed in our audit
• Significant management judgement in determining the recoverable amount of trade receivables as estimating the recoverable amount involves inherent uncertainty.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Obtained an understanding of and assessed the design and implementation of Company's key internal controls relating to debt collection and making provision for doubtful debts; – Assessed, on a sample basis that items in the receivables' ageing report were classified within the correct ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices, proof of delivery and customers sign offs; – Assessed the assumptions and estimates made by the Company for the provision for doubtful debts with reference to our understanding of the debtors' financial condition, the industry in which the debtors are operating, the ageing of overdue balances and historical and post year-end cash receipts from the debtors and by performed a retrospective analysis of the historical accuracy of these estimates; and – Tested the accuracy and completeness of underlying data for "expected credit loss model".

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income (loss), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as

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a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income (loss)), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 36 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

***For* B S R & Associates LLP**
Chartered Accountants
Firm's Registration No. 116231W/W-100024

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Date: 2020.05.26 17:06:31 +05'30'

Rakesh Dewan
Partner
Membership No. 092212
UDIN: 20092212AAAABM8147

Place: Gurugram
Date: 26 May 2020

Annexure A referred to in our Independent Auditors' Report to the members of Newgen Software Technologies Limited on the standalone financial statements for the year ended 31 March 2020, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, fixed assets at certain locations were verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds and lease deeds of the immovable properties are held in the name of the Company.

(ii) The Company is a service company, primarily engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from workflow automation to document management to imaging. Accordingly, it does not hold any physical inventories at the end of the year. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to Companies, limited liability partnerships, firms or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, para 3(iii) of the Order is not applicable.

(iv) According to the information and explanations given to us, the Company has not given any loan, guarantee and security as specified under section 185 and 186 of the Companies Act, 2013. Further, the investment made by the Company is in compliance with section 186 of the Companies Act, 2013.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities carried out by the Company.

(vii) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of excise, Sales tax, Service tax and Value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of Income tax, Goods and Service tax and Duty of customs which have not been deposited with the

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appropriate authorities on account of any dispute. As explained above, the Company did not have any dues on account of Duty of excise, Sales tax, Service tax and Value added tax.

(viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/borrowings to banks. Further, there were no dues payable to financial institutions, government or debenture holders during the year or outstanding as at 31 March 2020.

(ix) The Company has not raised any money by way of initial public offer during the year. However, the Company had raised money by way of initial public offer during the year 2017-18. The proceeds from IPO were Rs. 8,150.85 Lacs (net of issue related expenses).

Details of utilization of IPO Proceeds is as follows:

Particulars	**Net Proceeds (in Rs Lacs)**	**Utilized upto 31 March 2020 (in Rs Lacs)**	**Amount Unutilized upto March 31 2020 (in Rs Lacs)**
Purchase and furnishing of office premises near Noida-Greater Noida Expressway, Uttar Pradesh and general corporate expenses	8,150.85	8,150.85	Nil
Total	**8,150.85**	**8,150.85**	**Nil**

The Company has not raised money by way of further public offer (including debt instruments) or term loans during the year.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration has been paid/provided by the Company in accordance with provisions of section 197 read with Schedule V of the Companies Act, 2013.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with related parties which are not in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the standalone financial statements, as required, by the applicable accounting standards.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment, private placement of shares and fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

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(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Associates LLP**
Chartered Accountants
Firm's registration no.: 116231W/W-100024

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Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABM8147

Place: Gurugram
Date: 26 May 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of Newgen Software Technologies Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Newgen Software Technologies Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***For* B S R & Associates LLP**
Chartered Accountants
Firm's Registration No. 116231W/W-100024

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Date: 2020.05.26 17:11:53 +05'30'

Rakesh Dewan
Partner
Membership No. 092212
UDIN: 20092212AAAABM8147

Place: Gurugram
Date: 26 May 2020

Newgen Software Technologies Limited
Standalone Balance Sheet as at 31 March 2020
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,520.72	6,676.59
Capital work-in-progress	4	9,072.62	8,321.36
Right-of-use assets	19	6,007.01	-
Intangible assets	5	139.56	130.55
Investment in subsidiaries	6	1,417.65	922.39
Financial assets			
Loans	7	427.69	329.80
Other financial assets	8	351.48	316.69
Deferred tax assets (net)	33	2,269.32	1,790.62
Income tax assets (net)	9	1,581.18	995.21
Other non-current assets	10	91.20	144.65
Total non-current assets		**27,878.43**	**19,627.86**
Current assets			
Financial assets			
Investments	11	7,610.67	5,165.86
Trade receivables	12	23,813.20	23,684.65
Cash and cash equivalents	13	5,758.70	13,355.94
Other bank balances	13A	6,516.11	2,139.40
Loans	14	95.56	44.63
Other financial assets	15	8,260.42	6,275.55
Other current assets	16	651.75	624.80
Total current assets		**52,706.41**	**51,290.83**
TOTAL ASSETS		**80,584.84**	**70,918.69**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	6,908.98	6,845.76
Other equity	18		
Securities premium		10,069.59	9,611.37
Retained earnings		33,286.82	29,414.27
Others (including items of other comprehensive income)		2,427.16	2,526.02
Total equity attributable to the owners of the Company		**52,692.55**	**48,397.42**
Non-current liabilities			
Financial liabilities			
Lease liabilities	19	2,129.79	1,028.56
Provisions	20	2,320.24	1,929.02
Total non-current liabilities		**4,450.03**	**2,957.58**
Current liabilities			
Financial liabilities			
Lease liabilities	19	1,217.24	291.59
Borrowings	21	7,453.21	6,772.64
Trade payables	22	3,149.06	2,461.48
Other financial liabilities	23	4,036.57	3,505.38
Deferred income	24	5,972.22	4,684.14
Other current liabilities	25	1,206.00	1,502.00
Provisions	26	407.96	346.46
Total current liabilities		**23,442.26**	**19,563.69**
Total liabilities		**27,892.29**	**22,521.27**
TOTAL EQUITY AND LIABILITIES		**80,584.84**	**70,918.69**
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the Standalone Financial Statements

As per our report of even date

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

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ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 14:49:49 +05'30'

AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 14:59:09 +05'30'

Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABM8147
Place: Gurugram
Date: 26 May 2020

Diwakar Nigam
Chairman & Managing Director
DIN: 00263222
Place: New Delhi
Date: 26 May 2020

T.S.Varadarajan
Whole Time Director
DIN: 00263115
Place: Chennai
Date: 26 May 2020

Arun Kumar Gupta
Chief Financial Officer
Membership No: 056859
Place: Noida
Date: 26 May 2020

Aman Mourya
Company Secretary
Membership No: F9975
Place: Noida
Date: 26 May 2020

Newgen Software Technologies Limited

Standalone Statement of Profit and Loss for the year ended 31 March 2020

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	27	57,740.12	55,204.05
Other income	28	2,084.60	2,022.86
Total income		**59,824.72**	**57,226.91**
Expenses			
Employee benefits expense	29	29,272.42	24,873.40
Finance costs	30	1,069.70	841.12
Depreciation and amortisation expense	31	1,807.80	580.17
Other expenses	32	19,116.44	18,420.33
Total expenses		**51,266.36**	**44,715.02**
Profit before tax		**8,558.36**	**12,511.89**
Tax expense	33		
Current tax		2,419.17	2,792.96
Deferred tax (credit)/ charge		(452.04)	135.85
Income tax expense		**1,967.13**	**2,928.81**
Profit for the year		**6,591.23**	**9,583.08**
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability (asset)		(106.35)	(84.78)
Income tax relating to items that will not be reclassified to profit or loss		37.16	29.63
Net other comprehensive (loss) not to be reclassified subsequently to profit or loss		**(69.19)**	**(55.15)**
Items that will be reclassified subsequently to profit or loss			
Debt instruments through other comprehensive income - net change in fair value		5.72	(2.14)
Income tax relating to items that will be reclassified to profit or loss		(2.00)	0.75
Net other comprehensive income / (loss) to be reclassified subsequently to profit or loss		**3.72**	**(1.39)**
Other comprehensive (loss) for the year, net of income tax		**(65.47)**	**(56.54)**
Total comprehensive income for the year		**6,525.76**	**9,526.54**
Profit attributable to:			
Owners of the Company		6,591.23	9,583.08
Profit for the year		**6,591.23**	**9,583.08**
Other comprehensive (loss) attributable to:			
Owners of the Company		(65.47)	(56.54)
Other comprehensive (loss) for the year		**(65.47)**	**(56.54)**
Total comprehensive income attributable to:			
Owners of the Company		6,525.76	9,526.54
Total comprehensive income for the year		**6,525.76**	**9,526.54**
Earnings per equity share	34		
Nominal value of share INR 10 (31 March 2019: INR 10)			
Basic earning per share (INR)		9.57	14.08
Diluted earning per share (INR)		9.52	13.82
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the Standalone Financial Statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.05.26 16:51:28 +05'30'
Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABM8147
Place: Gurugram
Date: 26 May 2020

DIWAKAR NIGAM Digitally signed by DIWAKAR NIGAM Date: 2020.05.26 15:40:06 +05'30'
Diwakar Nigam
Chairman & Managing Director
DIN: 00263222
Place: New Delhi
Date: 26 May 2020

TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Digitally signed by TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Date: 2020.05.26 15:01:34 +05'30'
T.S.Varadarajan
Whole Time Director
DIN: 00263115
Place: Chennai
Date: 26 May 2020

ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 15:02:25 +05'30'
Arun Kumar Gupta
Chief Financial Officer
Membership No: 056859
Place: Noida
Date: 26 May 2020

AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 15:03:13 +05'30'
Aman Mourya
Company Secretary
Membership No: F9975
Place: Noida
Date: 26 May 2020

Newgen Software Technologies Limited

Standalone Statement of Changes in Equity for the year ended 31 March 2020

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

a. Share capital

Particulars	Equity share capital Number	Equity share capital Amount	Total share captial Amount
Balance as at 1 April 2018	**6,92,35,701**	**6,923.57**	**6,923.57**
Add: Issued during the year to Newgen ESOP Trust	3,50,000	35.00	35.00
Balance as at 31 March 2019	**6,95,85,701**	**6,958.57**	**6,958.57**
Less: Shares held by Newgen ESOP Trust	11,28,091	112.81	112.81
Total Share capital as at 31 March 2019	**6,84,57,610**	**6,845.76**	**6,845.76**
Balance as at 1 April 2019	**6,95,85,701**	**6,958.57**	**6,958.57**
Add: Issued during the year to Newgen ESOP Trust	3,70,000	37.00	37.00
Balance as at 31 March 2020	**6,99,55,701**	**6,995.57**	**6,995.57**
Less: Shares held by Newgen ESOP Trust	8,65,888	86.59	86.59
Total Share capital as at 31 March 2020	**6,90,89,813**	**6,908.98**	**6,908.98**

b. Other equity*

Particulars	Securities premium	Retained earnings	Others				Items of Other comprehensive income		Total attributable to owners of the Company
			Capital redemption reserve	General reserve	Newgen ESOP Trust reserve	Share options outstanding reserve	Remeasurement of defined benefit liability	Debt instruments through OCI	
Balance as at 31 March 2018	**9,681.49**	**21,500.53**	**87.95**	**1,731.39**	**231.65**	**391.88**	**28.05**	**14.87**	**33,667.81**
Profit for the year	-	9,583.08	-	-	-	-	-	-	**9,583.08**
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	(55.15)	(1.39)	**(56.54)**
Securities premium on issue of shares to Newgen ESOP Trust	185.50	-	-	-	-	-	-	-	**185.50**
Transactions with owners, recorded directly in equity									
Addition to Newgen ESOP Trust reserve	-	-	-	-	26.13	-	-	-	**26.13**
Contributions by and distributions to owners									
Dividend on equity shares	-	(1,384.71)	-	-	-	-	-	-	**(1,384.71)**
Dividend distribution tax on dividend on equity shares	-	(284.63)	-	-	-	-	-	-	**(284.63)**
Employee stock compensation expense	-	-	-	-	-	178.25	-	-	**178.25**
Loss of debt instrument transferred to Statement of Profit and Loss	-	-	-	-	-	-	-	3.32	**3.32**
Transferred to securities premium account on exercise of stock options	110.93	-	-	-	-	(110.93)	-	-	**-**
Balance as at 31 March 2019	**9,977.92**	**29,414.27**	**87.95**	**1,731.39**	**257.78**	**459.20**	**(27.10)**	**16.80**	**41,918.21**
Less: Securities premium on shares held by Newgen ESOP Trust	366.55	-	-	-	-	-	-	-	**366.55**
Balance as at 31 March 2019	**9,611.37**	**29,414.27**	**87.95**	**1,731.39**	**257.78**	**459.20**	**(27.10)**	**16.80**	**41,551.66**
Balance as at 1 April 2019	**9,977.92**	**29,414.27**	**87.95**	**1,731.39**	**257.78**	**459.20**	**(27.10)**	**16.80**	**41,918.21**
Transition impact of Ind AS 116- Leases, net of taxes (refer note 19)	-	(202.00)	-	-	-	-	-	-	**(202.00)**
Restated balance as at 1 April 2019	**9,977.92**	**29,212.27**	**87.95**	**1,731.39**	**257.78**	**459.20**	**(27.10)**	**16.80**	**41,716.21**
Profit for the year	-	6,591.23	-	-	-	-	-	-	**6,591.23**
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	(69.19)	3.72	**(65.47)**
Securities premium on issue of shares to Newgen ESOP Trust	196.10	-	-	-	-	-	-	-	**196.10**
Transactions with owners, recorded directly in equity									
Addition to Newgen ESOP Trust reserve	-	-	-	-	39.69	-	-	-	**39.69**
Contributions by and distributions to owners									
Dividend on equity shares	-	(2,087.57)	-	-	-	-	-	-	**(2,087.57)**
Dividend distribution tax on dividend on equity shares	-	(429.11)	-	-	-	-	-	-	**(429.11)**
Employee stock compensation expense	-	-	-	-	-	87.03	-	-	**87.03**
(Gain) of debt instrument transferred to Statement of Profit and Loss	-	-	-	-	-	-	-	(19.63)	**(19.63)**
Transferred to securities premium account on exercise of stock options	140.48	-	-	-	-	(140.48)	-	-	**-**
Balance as at 31 March 2020	**10,314.50**	**33,286.82**	**87.95**	**1,731.39**	**297.47**	**405.75**	**(96.29)**	**0.89**	**46,028.48**
Less: Securities premium on shares held by Newgen ESOP Trust	244.91	-	-	-	-	-	-	-	**244.91**
Balance as at 31 March 2020	**10,069.59**	**33,286.82**	**87.95**	**1,731.39**	**297.47**	**405.75**	**(96.29)**	**0.89**	**45,783.57**

* Refer Note 18

Summary of significant accounting policies Note 3

The accompanying notes are an integral part of the Standalone Financial Statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.05.26 16:53:34 +05'30'

Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABM8147

Place: Gurugram
Date: 26 May 2020

DIWAKAR NIGAM Digitally signed by DIWAKAR NIGAM Date: 2020.05.26 15:41:11 +05'30'

Diwakar Nigam
Chairman & Managing Director
DIN: 00263222

Place: New Delhi
Date: 26 May 2020

TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Digitally signed by TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Date: 2020.05.26 15:05:26 +05'30'

T.S.Varadarajan
Whole Time Director
DIN: 00263115

Place: Chennai
Date: 26 May 2020

ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 15:06:43 +05'30'

Arun Kumar Gupta
Chief Financial Officer
Membership No: 056859

Place: Noida
Date: 26 May 2020

AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 15:07:54 +05'30'

Aman Mourya
Company Secretary
Membership No: F9975

Place: Noida
Date: 26 May 2020

Newgen Software Technologies Limited

Standalone Statement of Cash Flows for the year period 31 March 2020

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flows from operating activities		
Net profit before tax	**8,558.36**	**12,511.89**
Adjustments for:		
Depreciation and amortisation	1,807.80	580.17
(Profit) / Loss on sale of property, plant and equipment	(1.10)	3.89
Loss allowance on trade receivables	1,736.67	1,573.26
Liabilities/ provision no longer required written back	(169.22)	(148.19)
Loss allowance on other financial assets	23.72	22.82
Unrealised foreign exchange gain	(349.95)	(92.08)
Share based payment - equity settled	82.82	174.05
Finance cost on lease liabilities	335.74	166.99
Interest expense on packing credit	649.65	621.91
Fair value changes of financial assets at FVTPL	(173.01)	(245.75)
Loss on sale of mutual funds (net) at FVTPL	6.85	-
Loss on sale of bonds at FVTOCI	7.07	5.07
Interest income on security deposits at amortised cost	(40.09)	(28.60)
Interest income from government and other bonds at FVTOCI	(148.11)	(127.46)
Interest income from bank deposits	(804.15)	(744.87)
Operating cash flow before working capital changes	**11,523.05**	**14,273.10**
Increase in trade receivables	(1,288.73)	(4,802.79)
(Increase) / Decrease in loans	(108.73)	236.23
Increase in other financial assets	(1,753.07)	(766.29)
Decrease in other assets	29.37	48.95
Increase in provisions	346.37	326.05
Increase in other financial liabilities	171.84	273.00
Increase in other liabilities	992.08	1,255.99
Increase in trade payables	856.80	465.91
Cash generated from operations	**10,768.98**	**11,310.15**
Income taxes paid (net)	(2,990.58)	(2,441.58)
Net cash generated from operating activities (A)	**7,778.40**	**8,868.57**
B. Cash flows from investing activities		
Acquisition or construction of property plant and equipment including intangible assets, capital work-in-progress and capital advances	(4,330.75)	(7,177.34)
Proceeds from sale of property plant and equipment	2.79	16.48
Purchase of mutual funds and bonds	(4,742.85)	-
Proceeds from redemption of mutual funds and bonds	2,467.46	98.08
Interest received from bonds	168.30	74.65
Interest received from bank deposits	501.70	627.36
Investment in subsidiary company	(491.05)	-
Investment in bank deposits (net of maturity)	(4,415.08)	(2,160.85)
Net cash used in investing activities (B)	**(10,839.48)**	**(8,521.62)**
C. Cash flows from financing activities		
Proceeds from short-term borrowings (net)	454.03	1,856.00
Repayment of lease liability	(2,258.91)	(298.76)
Proceeds from issue of equity shares under ESOP scheme	380.97	361.30
Dividend paid (including dividend distribution tax)	(2,516.68)	(1,667.57)
Interest expense on packing credit	(635.26)	(788.90)
Gain on transfer of equity shares by Newgen ESOP trust	39.69	26.13
Net cash used in financing activities (C)	**(4,536.16)**	**(511.80)**
Net decrease in cash and cash equivalents (A + B + C)	**(7,597.24)**	**(164.85)**
Cash and cash equivalents at the beginning of the year	**13,355.94**	**13,520.79**
Cash and cash equivalents at the end of the year	**5,758.70**	**13,355.94**
Components of cash and cash equivalents: (refer note 13)		
Cash in hand	4.51	5.67
Balances with banks:		
- in current accounts	1,754.19	3,948.31
- balances with scheduled banks in deposit accounts with original maturity of less than 3 months	4,000.00	9,401.96
	5,758.70	**13,355.94**

Notes:

1. The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows"

The accompanying notes are an integral part of the Standalone Financial Statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.05.26 16:54:58 +05'30'

Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABM8147

Place: Gurugram
Date: 26 May 2020

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

DIWAKAR NIGAM Digitally signed by DIWAKAR NIGAM Date: 2020.05.26 15:42:29 +05'30'	TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Digitally signed by TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Date: 2020.05.26 15:09:45 +05'30'	ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 15:10:27 +05'30'	AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 15:11:17 +05'30'
Diwakar Nigam	**T.S.Varadarajan**	**Arun Kumar Gupta**	**Aman Mourya**
Chairman & Managing Director	Whole Time Director	Chief Financial Officer	Company Secretary
DIN: 00263222	DIN: 00263115	Membership No: 056859	Membership No: F9975
Place: New Delhi	Place: Chennai	Place: Noida	Place: Noida
Date: 26 May 2020	Date: 26 May 2020	Date: 26 May 2020	Date: 26 May 2020

1. Background

Newgen Software Technologies Limited ('Newgen' or 'the Company') is a public company domiciled and incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is situated at A-6, Satsang Vihar Marg, Qutab Institutional Area, New Delhi - 110067. The Company raised money by way of initial public offer during the year ended 31 March 2018 and its shares were listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) of India.

The Company is a global software Company and is engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from workflow automation to Document management to imaging. Newgen provides a complete range of software that helps automate business processes. Newgen's solutions enable document intensive organizations/ industries such as Finance and Banking, Insurance and government departments to improve productivity through better document management and workflow implementation.

2. Basis of Preparation

A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The financial statements for the year ended 31 March 2018 were the first financial statements that the Company had prepared in accordance with Ind AS.

The financial statements were authorised for issue by the Company's Board of Directors on 26 May 2020.

Details of the Company's accounting policies are included in Note 3.

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, 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
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that may require material adjustment to the carrying value of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(i) and Note 27 – revenue recognition from fixed price contracts of software implementation services: percentage of completion method to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended.
- Note 3(l) and Note 19 – determination of lease term;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

- Note 3(c)(iii) –Estimation of Useful lives of intangible assets and Property, plant and equipment
- Note 29 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 33 – Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 35 –Fair value of share based payments
- Note 44(a) – Impairment of trade receivables and financial assets.
- Note 19 – Recognition of right of use asset and lease liability

E. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company’s normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/liabilities include current portion of non-current financial assets/liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities (if any) are classified as non-current assets and liabilities.

Operating cycle

Based on the nature of the operations and the time between the acquisition of assets for processing and their realization in cash or cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

F. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (Unobservable inputs).

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.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 35 – Share-based payment arrangements; and

Note 44 – Financial instruments.

3. Significant Accounting Policies

a. Foreign currency

i. Functional currency
The Company's financial statements are presented in INR, which is also the Company's functional currency.

ii. Foreign currency transactions
Transactions in foreign currencies are translated into INR, the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

b. Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets:
On initial recognition, a financial asset is classified as measured at
- Amortised cost;

- Fair value through Other Comprehensive Income (FVOCI) – debt investment;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model 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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management, for instance the stated policies and objectives for the portfolio, frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and Interest.
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the

financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and

Basis the above classification criteria, Company's investments are classified as below:-

- Investments in government and other bonds have been classified as FVOCI.
- Investments in Mutual funds have been classified as FVTPL.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in Statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.
If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivatives and Embedded derivatives

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

c. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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 Statement of profit or loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Category of property, plant and equipment	**Estimated useful life (Years)**
Building	60
Plant and equipment	15
Leasehold Improvements*	3
Office equipment**	10
Furniture and Fixtures	10
Vehicles	8
Computer hardware	
- servers and networks	6
- Computers**	3-5

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on addition (disposal) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

*Leasehold improvements are depreciated over the period of the lease term of the respective property or 3 years whichever is lower.

Leasehold land is amortised over the lease period of 90 years.

**Based on an internal technical assessment, the management believes that the useful lives as given above best represents the period over which management expects to use its assets. Hence, the useful life of plant and equipment is different from the useful life as prescribed under Part C of Schedule II of Companies Act, 2013.

d. Intangible assets

Recognition and measurement

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and accumulated impairment loss, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Amortization

Intangible assets of the Company represents computer software and are amortized using the straight-line method over the estimated useful life (at present 3-4 years) or the tenure of the respective software license, whichever is lower. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit or loss when the asset is derecognized.

e. Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit- impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to 'investment grade' e.g. BBB or higher as per renowned rating agencies.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of Non-financial assets

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount. The recoverable amount is the greater of the asset's (or cash generating unit's) net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset (or cash generating unit).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised

f. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees of the Company and subsidiaries of the Company is recognised as an employee expense and deemed investment, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense/deemed investment is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense/dement investment is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

iii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's gratuity scheme is a defined benefit plan. The present value of obligations under such defined benefit plans are determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, are based on the market yields on government securities as at the balance sheet date, having maturity period approximating to the terms of related obligations

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the profit or loss as past service cost.

v. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Re measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the profit or loss

g. Provisions (other than for employee benefits)

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. 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.

Expected future operating losses are not provided for. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

h. 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 recognised because it is not probable that an outflow of resources will be required to settle the obligation, or a present obligation whose amount cannot be estimated reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements

i. Revenue

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The adoption of the standard did not have any material impact to the Standalone financial statements of the Company.

Revenues from customer's contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

i. Sale of License

Revenue from sale of licenses for software products is recognised when the significant risks and rewards of ownership have been transferred to the buyer which generally coincides with delivery of licenses to the customers, recovery of the consideration is probable, the associated costs and possible return of software sold can be estimated reliably, there is no continuing effective control over, or managerial involvement with the licenses transferred and the amount of revenue can be measured reliably.

ii. Rendering of services

Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the reporting date. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Software Implementation Services
The revenue from fixed price contracts for software implementation is recognized based on proportionate completion method based on hours expended, and foreseeable losses on the completion of contract, if any are recognized immediately. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The Company is also involved in time and material contracts and recognizes revenue as the services are performed.

Digitization services
Revenue from digitization services is recognized as services are rendered to the customer.

Annual Technical services
Revenue from annual technical service and maintenance contracts is recognised ratably over the term of the underlying maintenance arrangement.

iii. Sale of right to use software

Software-as-a-service, that is, a right to access software functionality in a cloud-based-infrastructure provided by the Company. Revenue from arrangements where the customer obtains a “right to access” is recognized over the access period.

Revenue from client training, support and other services arising due to the sale of license is recognized as the performance obligations are satisfied.

Revenue is recognised, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Reimbursements of out-of-pocket expenses received from customers have been netted off with expense.

Amounts received or billed in advance of services to be performed are recorded as advance from customers/unearned revenue. Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

iv. Multiple deliverable arrangements

When two or more revenue generating activities or deliverables are provided under a single arrangement, the Company has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering license for software products and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price.

Arrangements to deliver software products generally have three elements license, implementation and Annual Technical Services (ATS). The company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach.

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

j. Recognition of dividend income, interest income or expense

Dividend income is recognised in Statement of profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

k. Sale of investments

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the carrying value of the investment

l. Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use 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 Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition to Ind AS 116

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. Accordingly, a right-of-use asset of Rs. 1,381.90 lakhs and a corresponding lease liability of Rs. 1,578.15 lakhs has been recognized. The cumulative effect on transition in retained earnings net off taxes is Rs. 202 lakhs (including a deferred tax of Rs. 67.93 lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 10% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

m. Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss 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. Deferred tax

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;

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. 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 realized.

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.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

n. Cash and cash equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at banks and cash in hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

o. Earnings per share ("EPS")

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to equity shareholders and the weighted average number of common and dilutive common equivalent shares outstanding during the year but including share options, compulsory convertible preference shares except where the result would be anti-dilutive.

p. Share Capital

Equity Shares

Equity shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity.

Dividends

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors.

q. Basis of segmentation

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

Identification of segments:

All operating segments' results are reviewed regularly by the Board of Directors, who have been identified as the CODM, to allocate resources to the segments and assess their performance. Refer note 46 for segment information.

r. ESOP Trust

The ESOP trust has been treated as an extension of the Company and accordingly shares held by ESOP Trust are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Company, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.

s. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated

4 Property, plant and equipment and capital work in progress

	Freehold land	Leasehold land*	Buildings	Plant and machinery	Leasehold improvements	Vehicles	Office equipment	Furniture and fixtures	Computer and servers	Total	Capital work-in-progress#
Balance as at 1 April 2018	**4.71**	**3,523.68**	**1,705.99**	**298.97**	**5.99**	**150.49**	**417.34**	**308.86**	**1,153.69**	**7,569.72**	**1,659.47**
Additions during the year	-	-	-	33.37	-	94.36	23.77	2.00	399.73	553.23	6,661.89
Adjustments during the year	(0.43)	-	0.43	-	-	-	(12.43)	-	12.43	-	-
Less: Disposals during the year	-	-	-	0.97	-	-	6.67	20.53	213.07	241.24	-
Balance as at 31 March 2019	**4.28**	**3,523.68**	**1,706.42**	**331.37**	**5.99**	**244.85**	**422.01**	**290.33**	**1,352.78**	**7,881.71**	**8,321.36**
Transition impact of Ind AS 116 (refer note 19)	-	(3,523.68)	-	-	-	-	-	-	-	(3,523.68)	-
Additions during the year	-	-	2,386.00	141.87	-	-	745.32	61.20	431.06	3,765.45	3,959.24
Capitalized during the year	-	-	-	-	-	-	-	-	-	-	(3,207.98)
Less: Disposals during the year	-	-	-	14.40	-	-	7.05	3.90	37.61	62.96	-
Balance as at 31 March 2020	**4.28**	**-**	**4,092.42**	**458.84**	**5.99**	**244.85**	**1,160.28**	**347.63**	**1,746.23**	**8,060.52**	**9,072.62**
Accumulated Depreciation											
Balance as at 1 April 2018	**-**	**79.20**	**41.20**	**66.35**	**5.99**	**44.78**	**95.67**	**71.21**	**500.43**	**904.83**	-
Additions during the year	-	39.30	30.67	41.38	-	31.65	54.34	36.70	287.11	521.15	-
Less: Disposals during the year	-	-	-	0.93	-	-	4.52	19.80	195.61	220.86	-
Balance as at 31 March 2019	**-**	**118.50**	**71.87**	**106.80**	**5.99**	**76.43**	**145.49**	**88.11**	**591.93**	**1,205.12**	**-**
Transition impact of Ind AS 116 (refer note 19)	-	(118.50)	-	-	-	-	-	-	-	(118.50)	-
Additions during the year	-	-	40.66	42.05	-	34.58	70.75	36.39	290.02	514.45	-
Less: Disposals during the year	-	-	-	13.95	-	-	6.99	3.25	37.08	61.27	-
Balance as at 31 March 2020	**-**	**-**	**112.53**	**134.90**	**5.99**	**111.01**	**209.25**	**121.25**	**844.87**	**1,539.80**	**-**
Carrying amount (net)											
Balance as at 31 March 2019	**4.28**	**3,405.18**	**1,634.55**	**224.57**	**-**	**168.42**	**276.52**	**202.22**	**760.85**	**6,676.59**	**8,321.36**
Balance as at 31 March 2020	**4.28**	**-**	**3,979.89**	**323.94**	**-**	**133.84**	**951.03**	**226.38**	**901.36**	**6,520.72**	**9,072.62**

As at 31 March 2020 properties with a carrying amount of INR 382.70 lakhs (31 March 2019 : INR 462.67 lakhs) are subject to first charge to working capital loans from banks.
*Represents land at Chennai and Noida location taken on finance lease for a term of 99 and 90 years respectively.
Capital work in progress represents acquistion and further construction of office premises at Noida, Uttar Pradesh wherein cost incurred upto 31 March 2020 amounting to INR 9,072.62 lakhs.

5 Intangible assets

	Computer software
Balance as at 1 April 2018	**204.24**
Additions during the year	100.01
Balance as at 31 March 2019	**304.25**
Additions during the year	97.69
Balance as at 31 March 2020	**401.94**
Accumulated Amortisation	
Balance as at 1 April 2018	**114.68**
Additions during the year	59.02
Balance as at 31 March 2019	**173.70**
Additions during the year	88.68
Balance as at 31 March 2020	**262.38**
Carrying amount (net)	
Balance as at 31 March 2019	**130.55**
Balance as at 31 March 2020	**139.56**

6 Investment in subsidiaries	**As at 31 March 2020**	**As at 31 March 2019**
Investments in equity instruments - at cost (unquoted)		
6,000 (31 March 2019: 6,000) common shares of USD 200 each, fully paid up of Newgen Software Inc. USA.	528.10	524.71
1,000,000 (31 March 2019: 1,000,000) common shares of CAD 0.10 each, fully paid up of Newgen Software Technologies Canada, Limited.	56.52	56.52
250,000 (31 March 2019: 250,000) ordinary shares of SGD 1 each, fully paid up of Newgen Software Technologies Pte. Limited.	116.74	115.92
210,000 (31 March 2019: 210,000) equity shares of INR 10 each, fully paid up of Newgen Computers Technologies Limited.	46.50	46.50
20,000,000 (31 March 2019: 20,000,000) common stock of GBP 0.01 each, fully paid up of Newgen Software Technologies (UK) Ltd.	178.74	178.74
1,000,000 (31 March 2019: Nil) common shares of AUD 1 each, fully paid up of Newgen Software Technologies Pty Ltd.	491.05	-
	1,417.65	**922.39**
Aggregate book value of unquoted investments	1,417.65	922.39

7 Loans (unsecured, considered good, unless otherwise stated)	**As at 31 March 2020**	**As at 31 March 2019**
Security deposits	427.69	329.80
	427.69	**329.80**

8 Other financial assets (non-current)	**As at 31 March 2020**	**As at 31 March 2019**
Bank deposits		
- pledged with tax authorities	4.14	2.25
- held as margin money*	282.21	223.94
Interest accrued on deposits	30.74	38.90
Earnest money deposits		
Unsecured, considered good	34.39	51.60
Unsecured, considered doubtful	164.75	146.03
Less: Loss allowance for doubtful deposits	(164.75)	(146.03)
	351.48	**316.69**

*Balances with bank deposits held as margin money INR 282.21 lakhs (31 March 2019: INR 223.94 lakhs) represents the margin money on account of guarantees issued to government customers.
Information about Company's exposure to credit and market risks and fair value measurement is included in Note 44 C.

9 Income tax assets (net)	**As at 31 March 2020**	**As at 31 March 2019**
Advance income tax (net of provision of INR 12,005.47 lakhs (31 March 2019: INR 11,415.26 lakhs))	1,581.18	995.21
	1,581.18	**995.21**

10 Other non-current assets	**As at 31 March 2020**	**As at 31 March 2019**
Prepaid expenses	31.66	87.99
Capital advances	59.54	56.66
	91.20	**144.65**

11 Investments (refer note 42)	**As at 31 March 2020**	**As at 31 March 2019**
Investments in bonds (unquoted)		
Bonds at FVOCI		
Investment in government bonds	1,982.38	938.28
Investment in other bonds	608.54	645.24
	2,590.92	**1,583.52**
Investments in mutual funds (unquoted)		
Mutual funds at FVTPL	5,019.75	3,582.34
	5,019.75	**3,582.34**
	7,610.67	**5,165.86**
Aggregate book value of unquoted investments	7,610.67	5,165.86
Aggregate market value of unquoted investments	7,610.67	5,165.86

Investments in bonds measured at FVOCI have stated interest rates of 7.04% to 9.90%. Information about Company's exposure to credit and market risks and fair value measurement is included in Note 44 C.

		As at 31 March 2020	As at 31 March 2019
12	**Trade receivables**		
	(Unsecured, considered good, unless stated otherwise)		
	Unsecured*		
	- Considered good	23,813.20	23,684.65
	- Considered doubtful	4,830.79	3,621.55
		28,643.99	**27,306.20**
	Less: Loss allowance for trade receivables		
	- unsecured, considered doubtful	(4,830.79)	(3,621.55)
		23,813.20	**23,684.65**

*Includes balance receivables from related parties. For Details refer note 43
No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, director or a member.
Trade receivables are non-interest bearing and are generally on terms of 30-45 days.
The Company's exposure to credit and currency risks and loss allowances related to trade receivables are discussed in note 44 C.

		As at 31 March 2020	As at 31 March 2019
13	**Cash and cash equivalents**		
	Cash on hand	4.51	5.67
	Balances with banks		
	- in current accounts*	1,754.19	3,948.31
	Balances with scheduled banks in deposit accounts with original maturity of less than 3 months#	4,000.00	9,401.96
		5,758.70	**13,355.94**

*Current account balances with banks include INR 118.65 lakhs (31 March 2019: INR 138.32 lakhs) held at a foreign branch.
#Balance in bank deposits includes INR Nil (31 March 2019: INR 3,289.4 lakhs) respectively as unutilized amounts of the IPO proceeds.

		As at 31 March 2020	As at 31 March 2019
13A	**Other bank balances**		
	Balances with scheduled banks in deposit accounts		
	- Original maturity of less than 12 months	6,516.11	2,139.40
		6,516.11	**2,139.40**

		As at 31 March 2020	As at 31 March 2019
14	**Current financial assets - Loans**		
	Loans to employees*	7.54	9.90
	Security deposits	88.02	34.73
		95.56	**44.63**

*These are interest bearing loans - repayable within one year given to employees, chargeable at the rate of 12% p.a.

		As at 31 March 2020	As at 31 March 2019
15	**Current financial assets - Others**		
	(unsecured considered good, unless otherwise stated)		
	Interest accrued on deposits	406.97	117.75
	Interest accrued but not due on government bonds	86.43	137.34
	Unbilled revenue*		
	- other than related parties	7,767.02	6,020.46
		8,260.42	**6,275.55**

*Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms.
During the year ended 31 March 2020 INR 3,536.00 lakhs of unbilled revenue as of 1 April 2019 has been reclassified to trade receivables upon billing to customers on completion of milestones.

		As at 31 March 2020	As at 31 March 2019
16	**Other current assets**		
	Advances to vendors	11.29	38.66
	Deferred contract cost	123.00	77.37
	Advance to employees	138.02	156.19
	Prepaid expenses	362.30	335.44
	Other current assets	17.14	17.14
		651.75	**624.80**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

17 Share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
Equity shares of INR 10 each	9,80,00,200	9,800.02	9,80,00,000	9,800.00
Equity share capital with differential voting rights of INR 10 each	-	-	200	0.02
0.01% Compulsory convertible preference shares of INR 10 each	1,19,99,800	1,199.98	1,19,99,800	1,199.98
	11,00,00,000	**11,000.00**	**11,00,00,000**	**11,000.00**

Issued, subscribed and paid up	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Equity share capital of INR 10 each, fully paid up	6,95,85,701	6,958.57	6,92,35,701	6,923.57
Add: Issued during the year to Newgen ESOP Trust	3,70,000	37.00	3,50,000	35.00
Balance	**6,99,55,701**	**6,995.57**	**6,95,85,701**	**6,958.57**
Less : Shares held by Newgen ESOP Trust	8,65,888	86.59	11,28,091	112.81
Total Share capital	**6,90,89,813**	**6,908.98**	**6,84,57,610**	**6,845.76**

Reconciliation of shares outstanding at the beginning and at the end at the reporting year

Equity share capital of INR 10 each, fully paid up	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	6,95,85,701	6,958.57	6,92,35,701	6,923.57
			3,50,000	35.00
Add: Issued during the year to Newgen ESOP Trust	3,70,000	37.00		
At the end of the year	**6,99,55,701**	**6,995.57**	**6,95,85,701**	**6,958.57**
Less: Shares held by Newgen ESOP Trust	8,65,888	86.59	11,28,091	112.81
Total equity share capital	**6,90,89,813**	**6,908.98**	**6,84,57,610**	**6,845.76**

Terms/rights attached to equity shares

In case of equity shares, each equity 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, if any. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their respective shareholding.

17 A Details of shareholders holding more than 5% shares in the Company
Equity shares of INR10 each, fully paid up held by:

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
- Mr. Diwakar Nigam	1,84,72,406	26.41%	1,84,22,406	26.47%
- Mr. T.S. Varadarajan	1,50,09,306	21.46%	1,50,09,306	21.57%
- Mrs. Priyadarshini Nigam	79,68,906	11.39%	79,68,906	11.45%
- Mrs. Usha Varadarajan	45,28,320	6.47%	45,28,320	6.51%
- Malabar India Fund Limited	56,78,931	8.12%	45,64,262	6.56%

17 B Shares reserved for issue under Employee stock option plan

Terms attached to stock options granted to employees are described in note 35 regarding share based payments.

17 C Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

Equity shares have been issued under Employee stock options plans to trust for which only exercise price has been received in cash.

	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016
Equity shares of INR 10 each	3,70,000	3,50,000	10,50,000	-	-

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

18 Other equity

	As at 31 March 2020	As at 31 March 2019
Securities premium	10,069.59	9,611.37
Retained earnings	33,286.82	29,414.27
Capital redemption reserve	87.95	87.95
General reserve	1,731.39	1,731.39
Newgen ESOP Trust reserve	297.47	257.78
Share options outstanding reserve	405.75	459.20
Other comprehensive loss	(95.40)	(10.30)
	45,783.57	**41,551.66**

Securities premium (refer note (i) below)	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	9,977.92	9,681.49
Securities premium on issue of shares to Newgen ESOP Trust	196.10	185.50
Transferred from share options outstanding reserve on exercise of stock options	140.48	110.93
Balance as at end of the year	**10,314.50**	**9,977.92**
Less: Securities premium on shares held by Newgen ESOP Trust	244.91	366.55
Balance as at end of the year	**10,069.59**	**9,611.37**

Retained earnings (refer note (ii) below)	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	29,414.27	21,500.53
Transistion impact of Ind AS 116-Leases, net of tax (refer note 19)	(202.00)	-
Profit for the year	6,591.23	9,583.08
Dividend on equity shares	(2,087.57)	(1,384.71)
Dividend distribution tax on dividend on equity shares	(429.11)	(284.63)
Balance as at end of the year	**33,286.82**	**29,414.27**

Capital redemption reserve	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	87.95	87.95
Balance as at end of the year	**87.95**	**87.95**

General reserve	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	1,731.39	1,731.39
Balance as at end of the year	**1,731.39**	**1,731.39**

Newgen ESOP Trust reserve (refer note (iii) below)	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	257.78	231.65
Addition to Newgen ESOP Trust reserve	39.69	26.13
Balance as at end of the year	**297.47**	**257.78**

Share options outstanding reserve (refer note (iv) below)	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	459.20	391.88
Employee stock compensation expense	87.03	178.25
Transferred to securities premium account on exercise of stock options	(140.48)	(110.93)
Balance as at end of the year	**405.75**	**459.20**

Other comprehensive income/(loss)

Remeasurement of defined benefit liability	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	(27.10)	28.05
Other comprehensive (loss) (net of tax)	(69.19)	(55.15)
Balance as at end of the year	**(96.29)**	**(27.10)**

Debt instruments through other comprehensive income	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	16.80	14.87
Other comprehensive income/(loss) (net of tax)	3.72	(1.39)
(Profit)/loss on sale of debt instrument transferred to profit and loss	(19.63)	3.32
Balance as at end of the year	**0.89**	**16.80**

(i) Securities premium is used to record the premium received on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Accumulated balances of profits over the years after appropriations for general reserves and adjustments of dividend

(iii) Newgen ESOP Trust has been treated as an extension of the Company and accordingly shares held by Newgen ESOP Trust are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Company, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.

(iv) The Company has established various equity-settled share-based payment plans for certain employees of the Company. Refer to note 35 for further details on these plans.

19 Right-of-use assets

Changes in the carrying value of right of use assets for the year ended 31 March 2020

Particulars	Category of ROU asset		
	Leasehold land	Buildings	Total
Balance as at 1 April 2019*	-	1,381.90	1,381.90
Reclassified on account of adoption of Ind AS 116	3,405.18	-	3,405.18
Addition	-	2,483.05	2,483.05
Deletion	-	(58.45)	(58.45)
Depreciation	(39.40)	(1,165.27)	(1,204.67)
Balance as at 31 March 2020	**3,365.78**	**2,641.23**	**6,007.01**

*Right of use assets recognised in the balance sheet at the date of initial recognition.
The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.(refer note 31)

Lease liabilities

Break up of current and non-current lease liabilities as at 31 March 2020

Particulars	As at 31 March 2020
Non-current lease liabilities	2,129.79
Current lease liabilities	1,217.24
Total	**3,347.03**

Movement in lease liabilities during the year ended 31 March 2020

Particulars	As at 31 March 2020
Balance as at 1 April 2019#	1,578.15
Reclassified on account of adoption of Ind AS 116	1,320.15
Addition	2,434.24
Finance cost accrued during the period	335.74
Deletion	(62.35)
Payment of lease liabilities	(2,258.90)
Balance as at 31 March 2020	**3,347.03**

#Lease liabilities recognised in the balance sheet at the date of initial recognition.

Details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Particulars	As at 31 March 2020
Less than one year	1,499.01
One to five years	2,020.39
More than five years	5,267.64
Total	**8,787.04**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Finance lease
The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of Rs.3,405.18 lakhs has been reclassified from property, plant and equipment to right-of-use assets. An amount of Rs. 291.59 lakhs has been reclassified from other current financial liabilities to lease liability – current and an amount of Rs. 1,028.55 lakhs has been reclassified from Non-current financial liabilities to lease liability – non-current.

Rental expense recorded for short-term leases was Rs.280.38 lakhs for the year ended 31 March 2020.

Effective interest rate of 10.43% has been applied to lease liabiliites recognised in the balance sheet at the date of initial application.

Impact of COVID-19:
The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to COVID-19.

20 Non-current provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (refer note 29)		
- provision for gratuity	1,799.02	1,495.50
- provision for compensated absences	521.22	433.52
	2,320.24	**1,929.02**

21 Current financial liabilities - Borrowings

	As at 31 March 2020	As at 31 March 2019
Loans from banks		
Pre-shipment loans (secured)*	7,453.21	6,772.64
	7,453.21	**6,772.64**

*Pre-shipment loans carry interest rate @ LIBOR plus margin which varied from 2.45% to 4.28% per annum. These are secured by first pari passu charge over all future and present stock, book debts and equitable mortgage of land and building with carrying amount of INR 382.70 lakhs (31 March 2019: INR 462.67 lakhs) and are repayable within 180 days from the date of disbursement.

22 Trade payables

	As at 31 March 2020	As at 31 March 2019
- Total outstanding dues to micro enterprises and small enterprises	-	-
- Total outstanding dues to creditors other than micro and small enterprises	3,149.06	2,461.48
	3,149.06	**2,461.48**

Trade payables are non-interest bearing and are generally on terms of 30-45 days
a) Refer note 37 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)
b) Refer note 43 for dues to related parties
c) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 44 C.

23 Current financial liabilities - Others

	As at 31 March 2020	As at 31 March 2019
Employee related payables	3,428.23	3,256.39
Payable in respect of retention money	180.54	59.15
Interest accrued but not due on deferred liability	14.39	-
Earnest money deposits	1.00	1.00
Payable for capital assets	412.41	188.84
	4,036.57	**3,505.38**

24 Deferred income

	As at 31 March 2020	As at 31 March 2019
Advance billing*	5,940.17	4,625.39
Advance from customers	32.05	58.75
	5,972.22	**4,684.14**

*Changes in deferred income (advance billing) is as follows:

	As at 31 March 2020	As at 31 March 2019
Balance at the begining of the year	4,625.39	3,582.77
Revenue recognised that was included in deferred income at the beginning of the year	(4,363.29)	(3,582.77)
Increase due to invoicing during the year, excluding amount recognised as revenue during the year	5,678.07	4,625.39
Balance at the end of the year	**5,940.17**	**4,625.39**

25 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	1,178.45	1,494.24
Advance from employees for share options	21.22	2.82
Other current liabilities	6.33	4.94
	1,206.00	**1,502.00**

26 Current provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (refer note 29)		
- provision for gratuity	278.87	244.76
- provision for compensated absences	129.09	101.70
	407.96	**346.46**

27 Revenue from operations	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products - softwares	11,114.81	13,889.67
Sale of services		
- Implementation	14,729.93	12,874.07
- Scanning	954.90	1,936.25
- AMC/ATS	12,011.51	10,017.22
- Support	16,530.68	14,778.33
- SaaS revenue	2,398.29	1,708.51
	57,740.12	**55,204.05**

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where :
(i) The performance obligation is part of a contract that has an original expected duration of one year or less.
(ii) The revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.
Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.
The aggregate value of performance obligations that are completely or partially unsatisfied as at 31 March 2020, other than those meeting the exclusion criteria mentioned above is INR Nil.

Impact of COVID-19:

While the Company believes strongly that it has a good portfolio of services to partner with customers, the impact on future revenue streams could come from :
• the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
• prolonged lock-down situation resulting in its inability to deploy onsite resources at different locations due to restrictions in mobility
• prolonged lock-down situation can decrease the chances of winning of new business due to inability of sales person to travel to customer locations
• customers postponing their discretionary spend due to change in priorities

The company has a resilient business model in place with mission critical solutions deployed majorly across banking, financial services, healthcare, insurance, government and shared services verticals. The Company does not have major exposure in the verticals which are impacted due to COVID 19. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

28 Other income	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income under the effective interest rate method:		
- on security deposits at amortised cost	40.09	28.60
- government and other bonds at FVOCI	148.11	127.46
Interest income on deposit with banks	804.15	676.15
Other interest income	6.05	68.72
Gain on sale of property, plant and equipment	1.10	-
Fair value changes of financial assets at FVTPL	173.01	245.75
Liabilities / provision no longer required written back	169.22	148.19
Net foreign exchange fluctuation gain	704.25	706.14
Bad debt recovered	-	15.04
Miscellaneous income	38.62	6.81
	2,084.60	**2,022.86**

29 Employee benefits expense	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	26,971.54	22,836.06
Contribution to provident funds (refer note i below)	994.27	767.10
Expenses related to compensated absences (refer note ii below)	352.27	275.35
Share based payment - equity settled	82.82	174.05
Expense related to defined benefit plan (refer note iii below)	371.73	311.88
Staff welfare expenses	499.79	508.96
	29,272.42	**24,873.40**

(i) Defined contribution plans:

The Company makes contributions, determined as a specified percentage of the employee salaries in respect of qualifying employees towards provident fund, which is a defined contribution plan. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 994.27 lakhs (31 March 2019: INR 767.10 lakhs). The amount recognised as an expense towards employee state insurance aggregated to INR 1.26 lakhs (31 March 2019: INR 2.27 lakhs).

(ii) Compensated absences:

The Principal assumptions used in determining the compensated absences benefit obligation are as given below:

	31 March 2020	31 March 2019
Discounting rate (p.a.)	6.90%	7.66%
Future salary increase (p.a.)	6.00%	7.00%

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(iii) Defined Benefit Plan:

Gratuity scheme - This is an unfunded defined benefit plan and it entitles an employee, who has rendered atleast 5 years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit.

i) On normal retirement / early retirement / withdrawal / resignation: As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
ii) On death in service: As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.
Gratuity payable to employee in case (i) and (ii), as mentioned above, is computed as per the Payment of Gratuity Act, 1972 except the Company does not have any limit on gratuity amount.
The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Balance at the beginning of the year	**1,740.26**	**1,407.46**
Benefits paid	(129.12)	(71.28)
Current service cost	238.43	202.10
Interest cost	133.30	109.78
Past service gain	-	-
Acturial (gains) losses recognised in OCI		
change in demographic assumptions	(21.33)	21.21
change in financial assumptions	(33.40)	22.48
experience adjustments	149.75	48.51
Balance at the end of the year	**2,077.89**	**1,740.26**

B. i) Expense recognised in profit and loss

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Current service cost	238.43	202.10
Interest cost	133.30	109.78
Total expense recognised in Statement of profit and loss	**371.73**	**311.88**

ii) Remeasurements recoginsed in other comprehensive income

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Acturia loss on defined benefit obligation	95.02	92.20
Total remeasurements recognised in other comprehensive income	**95.02**	**92.20**

C. Defined benefit obligations
i. Actuarial assumptions
The following were the principal actuarial assumptions at the reporting date:

	31 March 2020	**31 March 2019**
Discount rate	6.90	7.66
Salary escalation rate	6.00	7.00
Mortality rate	100% of IALM (2012- 14)	100% of IALM (2006 - 08)

ii. Sensitivity analysis
Reasonably possible changes at the reporting date to one of

	31 March 2020		**31 March 2019**	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(73.76)	79.01	(54.53)	58.07
Future salary growth (0.50% movement)	79.32	(74.70)	58.16	(55.10)
Attrition rate (0.50% movement)	-	-		

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Net defined benefit liability		
Liability for gratuity	2,077.89	1,740.26
Liability for compensated absences	650.31	535.22
Total employee benefit liabilities	**2,728.20**	**2,275.48**
Non-current:		
Gratuity	1,799.02	1,495.50
Compensated absences	521.22	433.52
Current:		
Gratuity	278.87	244.76
Compensated absences	129.09	101.70

30 Finance costs	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Finance cost on lease liabilities	335.74	166.99
Interest expense on packing credit	649.65	561.23
Other finance costs	84.31	112.90
	1,069.70	**841.12**

31 Depreciation and amortization	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Depreciation of property, plant and equipment (refer note 4)	514.45	521.15
Depreciation of right-of use assets (refer note 19)	1,204.67	-
Amortisation of intangible assets (refer note 5)	88.68	59.02
	1,807.80	**580.17**

32 Other expenses	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Rent	280.38	1,632.93
Repairs and maintenance	264.76	283.16
Rates and taxes	728.47	211.73
Travelling and conveyance	5,698.45	6,187.49
Legal and professional fees	2,294.93	2,099.79
Outsourced technical services expense	1,299.40	1,009.80
Cloud hosting services	959.98	426.22
Payment to auditors*	75.40	69.67
Electricity and water	419.36	354.17
Advertising and sales promotion	752.48	504.76
Membership and subscription fee	267.24	274.56
Brokerage and commission	980.67	695.72
Communication costs	386.44	399.46
Software and license maintenance	645.35	499.38
Expenditure on corporate social responsibility	186.27	125.64
Donation	36.18	34.74
Recruitment charges	280.35	149.23
Insurance	359.60	305.65
Operation and maintenance	617.59	530.20
Printing, stationery and scanning charges	460.18	671.87
Loss on sale of property, plant and equipment	-	3.89
Loss allowance on trade receivables	1,736.67	1,573.26
(net of adjustment for bad debts written off of INR 527.43 lakhs (previous year INR 1,952.57 lakhs)		
Loss allowance on other financial assets	23.72	22.82
Security charges	263.05	229.03
Loss on settlement of forward contract	-	36.30
Loss on redemption of bonds (net) at FVOCI	7.07	5.07
Loss on redemption of mutual funds (net) at FVTPL	6.85	-
Miscellaneous expenses	85.60	83.79
	19,116.44	**18,420.33**
***Payment to auditors**		
As auditor:		
- Statutory audit fee	39.50	39.50
- Limited review fee	22.50	22.50
- Certification fee	8.25	3.40
- Reimbursement of expenses	5.15	4.27
	75.40	**69.67**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
33 Income Tax		
A. The major components of income tax (expense) / income recognised in Statement of Profit or Loss		
Tax expense	2,340.32	2,682.78
Tax expense for earlier years	78.85	110.19
Deferred tax (credit) /charge	(452.04)	135.85
Total	**1,967.13**	**2,928.82**
Recognised in Other comprehensive income		
Tax impact on		
- Re-measurement on defined benefit plan	37.16	29.63
- Fair value of debt instruments through other comprehensive income/(loss)	(2.00)	0.75
Total	35.16	30.38

B. Reconciliation of effective tax rate

	31 March 2020		31 March 2019	
Profit before tax		8,558.36		12,511.89
Tax using the Company's tax rate	34.94%	2,990.63	34.94%	4,372.16
Effect of deduction under section 10AA of the Income tax Act, 1961	-13.47%	(1,152.56)	-12.41%	(1,552.64)
Effect of expenses permanently disallowed under the Income Tax Act, 1961	0.35%	29.91	0.14%	17.50
Effect of income exempt/ taxed on lower rate	-0.31%	(26.92)	-0.19%	(23.27)
Effect of profit on sale of mutual funds taxable under Income tax Act, 1961	0.57%	48.46	-	-
Tax expense for earlier years	0.92%	78.85	0.88%	110.19
Others	-0.01%	(1.24)	0.04%	4.88
Income tax recognised in statement of profit and loss for the current year	22.98%	1,967.13	23.41%	2,928.82

C. Deferred tax assets (net)

Deferred tax relates to the following:		As at 31 March 2020	As at 31 March 2019
Deferred tax related to items recognised in OCI:			
Deferred tax assets (gross)			
Investments at fair value through OCI		1.42	-
Remeasurement of defined benefit liability (asset)		51.37	14.21
	(a)	**52.79**	**14.21**
Deferred tax liabilities			
Investments at fair value through OCI		-	7.12
	(b)	**-**	**7.12**
Deferred tax related to items recognised in Statement of Profit and Loss:			
Deferred tax liabilities (gross)			
Property, plant and equipment		373.98	308.29
Others		145.20	84.54
	(c)	**519.18**	**392.83**
Deferred tax assets (gross)			
Loss allowance on other financial assets		57.57	51.03
Loss allowance on trade receivables		1,688.07	1,265.52
Provision for employee benefits		931.23	772.84
Lease liabilities		58.84	-
	(d)	**2,735.71**	**2,089.39 **
	(e) = (d) - (c)	**2,216.53**	**1,696.56**
Deferred tax assets (net)	(e) + (a) - (b)	**2,269.32**	**1,703.65**
MAT credit entitlement		-	86.97
Total deferred tax assets (net)		**2,269.32**	**1,790.62**

D. Movement in temporary differences

31 March 2020

Particulars	Balance as at 1 April 2019	Transition impact of Ind AS 116-Leases	Recognised in Statement of Profit or Loss during the year	Recognised in OCI during the year	Balance as at 31 March 2020
Investments at fair value through OCI	(7.12)	-	-	8.54	1.42
Remeasurement of defined benefit liability (asset)	14.21	-	-	37.16	51.37
Property, plant and equipment	(278.40)	-	(95.58)	-	(373.98)
Loss allowance on other financial assets	51.03	-	6.54	-	57.57
Loss allowance on trade receivables	1,265.52	-	422.55	-	1,688.07
Provision for employee benefits	772.84	-	158.39	-	931.23
Others	(84.54)	-	(60.66)	-	(145.20)
Lease liabilities	(29.89)	67.93	20.80	-	58.84
Total	**1,703.65**	**67.93**	**452.04**	**45.70**	**2,269.32**

31 March 2019

Particulars	Balance as at 1 April 2018	Recognised in Statement of Profit or Loss during the year	Recognised in OCI during the year	Balance as at 31 March 2019
Investments at fair value through OCI	(7.87)	-	0.75	(7.12)
Remeasurement of defined benefit liability (asset)	(15.42)	-	29.63	14.21
Property, plant and equipment	(221.74)	(56.66)	-	(278.40)
Loss allowance on other financial assets	42.63	8.40	-	51.03
Loss allowance on trade receivables	1,384.62	(119.10)	-	1,265.52
Provision for employee benefits	667.62	105.22	-	772.84
Others	(11.11)	(73.43)	-	(84.54)
Lease liabilities	(29.62)	(0.27)	-	(29.89)
Total	**1,809.11**	**(135.84)**	**30.38**	**1,703.65**

Impact of COVID-19:

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will be realized or not. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences.

Also there is no change in Company's current tax strategies and thus no change in the accounting for Income taxes.

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

34 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

i. Profit attributable to Equity holders of the Company

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit attributable to equity holders of the Company	6,591.23	9,583.08
Profit attributable to equity holders of the Company for basic and diluted earnings	**6,591.23**	**9,583.08**

ii. Weighted average number of ordinary shares

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening balance of equity's shares	6,84,57,610	6,78,84,117
Effect of share options exercised	4,22,753	1,91,325
Weighted average number of shares for basic EPS	**6,88,80,363**	**6,80,75,442**
Effect of dilution:		
Add: Equity shares held by Newgen ESOP Trust with respect to options not exercised by employees but outstanding	3,48,839	12,55,390
Weighted average number of shares for diluted EPS	**6,92,29,202**	**6,93,30,832**

Basic and diluted earnings per share

	For the year ended 31 March 2020 INR	For the year ended 31 March 2019 INR
Basic earnings per share	9.57	14.08
Diluted earnings per share	9.52	13.82

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

35 Share-based payment arrangements:

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Company established Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014) in the year 2014-15, administered through a new Trust 'Newgen ESOP Trust'. The maximum numbers of grants under this Scheme shall be limited to 3,783,800 option with underlying equity shares of the Company. Pursuant to the scheme, during the year 2014-15, the Company has granted 3,653,525 options at an exercise price of INR 63 per option, to the employees of the Company. Under the terms of the plans, these options are vested on a graded vesting basis over a maximum period of four years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of five from the date of last vesting. Further, during the year 2017-18 grant of options 353,000, 130,000, and 79,250 through grant II, III and IV on 1 Jul 2017, 1 Sep 2017 and 1 Oct 2017 respectively under the same scheme and with same vesting conditions was made.

Newgen ESOP trust has been treated as an extension of the Company and accordingly shares held by Newgen ESOP Trust are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Company, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.

Following table represents general terms of the grants for the ESOP outstanding as on 31 March 2020, during the year 2019-20 there were no grants made.

ESOP schemes	Grant Date	No. of Options Outstanding	Exercise Price	Weighted average remaining life	Vesting Period
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jan-2015	5,09,468	INR 63.00	3.75	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jul-2017	1,99,980	INR 63.00	6.25	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Sep-2017	1,26,500	INR 63.00	6.42	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Oct-2017	48,650	INR 63.00	6.50	4 years

B. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows.

Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	Number of options 31 March 2020	Weighted average exercise price 31 March 2020	Number of options 31 March 2019	Weighted average exercise price 31 March 2019
Options outstanding as at the beginning of the year	15,57,524	INR 63.00	22,43,483	INR 63.00
Less: Options lapsed during the year	40,723	INR 63.00	1,12,466	INR 63.00
Less: Options exercised during the year	6,32,203	INR 63.00	5,73,493	INR 63.00
Options outstanding as at the year end	**8,84,598**	**INR 63.00**	**15,57,524**	**INR 63.00**
Exercisable as at year end	**5,71,519**		**11,22,797**	
Weighted - average contractual life	4.85 years		5.51 years	

C. Expense recognised in Statement of Profit and Loss

For details on the employee benefits expense, refer note 29

36 Contingent liabilities and commitments (to the extent not provided for)*

	31 March 2020	31 March 2019
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets**	84.18	23.45
b. Income Tax matters		
Financial year 2015-16***	179.00	179.00
Financial year 2016-17***	184.43	-
Financial year 2017-18	258.00	-
Financial year 2018-19	216.65	-
Financial year 2019-20	220.28	-

* The Company is committed to operationally, technically and financially support the operations of its certain subsidiary companies.

** For other commitments – Non-cancellable operating and finance leases, refer note 19

***The Company has received assessment orders pertaining to financial year 2015-16 and 2016-17 incorporating adjustments of Rs. 179.00 lakhs and Rs. 184.43 lakhs respectively. The Company has filed an appeal with the Commissioner of Income Tax (Appeal) against the assessment order issued by the Assessing officer. The hearing date is awaited.

In February 2019, there was a judicial pronouncement with respect to provident fund. It is not currently clear whether the interpretation set out in the pronouncement has retrospective application. If applied retrospectively, the interpretation would result in an increase in contributions payable by the Company for past and future periods for certain of its employees. There are numerous interpretative challenges concerning the retrospective application of the judgment. Due to such challenges and a lack of interpretive guidance, it is currently impracticable to reliably estimate the timing and amount of any payments the Company may be required to make. The Company will continue to monitor and evaluate its position based on future events and developments.

37 Details of dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31 March 2020 and 31 March 2019 has been made in the financial statements based on information received and available with the Company. Based on the information currently available with the Company, there are no dues payable to Micro and Small Suppliers as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

38 After the reporting date the following dividend were proposed by the Board of Directors, subject to the approval of shareholders at Annual General Meeting; Accordingly, the dividends have not been recognised as liabilities. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). The Company is now required to pay/distribute dividend after deducting applicable taxes.

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Final dividend of INR 2.00 per share (31 March 2019: INR 3/-)	1,399.11	2,087.57
Dividend distribution tax	-	429.20

39 Utilization of Corporat Social Responsibility expenses

As per Section 135 of the Companies Act 2013, the following is the detail of CSR expenses incurred by the Company: Gross amount to be spent by the Company during the year ended 31 March 2020 is INR 186.27 lakhs (previous year INR. 125.64 lakhs). Amount spent during the year ended 31 March 2020:

Particulars	Amount spent during the year	Amount to be spent	Total
i) For purpose mentioned as under*	186.14	0.13	186.27

*The areas for CSR activities are promoting education, health care, sanitation, digital literacy and livelihood enhancement and participation on SOS Children's Village Projects in Faridabad. The funds were primarily utilized through the year on the following activities which are specified in Schedule VII of the Companies Act, 2013.

40 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company has got the updated documentation for the international transactions entered into with the associated enterprises during the financial year. During the year ended 31 March 2020, the holding company has also started availing services from its overseas subsidiaries in accordance with the transfer pricing methodology under sections 92-92F of the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm’s length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

41 During the year ended 31 March 2020, the IPO proceeds were utilised for furnishing of office premises near Noida-Greater Noida Expressway, Uttar Pradesh and for general corporate purpose amounting to INR 2,008.40 lakhs and INR 1,281.00 lakhs respectively. As on 31 March 2020, the net proceeds of the public issue are fully utilised.

42 Details of current Investments (refer note 11)

Particulars	Number of units as at		Amount in lakhs as at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Investment in mutual funds -FVTPL				
Nippon India Short Term Fund- Direct Plan- Growth option	6,34,842.04	6,34,842.04	251.01	228.91
ICICI Prudential Short Term Plan-Direct Plan-Growth option	20,98,216.14	8,60,076.95	930.90	346.96
ICICI Prudential Credit Risk Fund -Direct Plan- Growth option	21,85,595.64	21,85,595.64	505.92	459.30
Kotak Credit Risk Fund- Direct Plan-Growth option	21,94,751.05	21,94,751.05	514.89	472.75
IIFL Wealth Finance Limited SR-A1-June2022 LOA 13JU22 FVRS10LAC	20.00	20.00	257.35	242.95
IIFL Dynamic Bond Fund Reg- Growth option	-	14,42,782.84	-	212.99
Franklin India Short Term Income Plan - Retail Plan -Direct- Growth option	-	11,121.68	-	466.63
Aditya Birla Sun Life Credit Risk Fund- Direct-Growth option	-	32,02,905.98	-	454.78
UTI Credit Risk Fund- DirectPlan- Growth option	-	26,17,878.59	-	471.48
L and T Credit Risk Fund Direct Plan -Growth option	-	21,57,673.57	-	468.53
HDFC Short Term Debt Fund-Direct Plan-growth option	24,03,804.13	-	550.19	-
DSP Liquidity Fund- Regular Plan-Growth option	21,276.15	-	600.45	-
IDFC Bond Fund-Short Term Plan-growth option	11,53,064.73	-	500.00	-
Aditya Birla Sun Life Liquid Fund -Growth-Regular Plan	2,20,614.74	-	700.99	-
Bharat bonds ETF	20,000.00	-	208.07	-
Investment in government bonds-FVTOCI				
8.40% IRFC 15YRS SR2A 18022029 (18-Feb-2029)	40,000.00	40,000.00	467.71	455.66
7.35% NHAI LTD Tax free Bond 15YRS SR2A Annual (11-Jan-2031)	45,000.00	45,000.00	500.96	482.62
8.54% PFC Tax free Bonds (Series 2A) 16/11/2028	16,500.00	-	203.32	-
7.04% IRFC Bond 03/03/2026	15.00	-	166.38	-
8.3% NHAI Tax free Bonds 25/01/2027	30,000.00	-	355.96	-
8.63% IRFC Bonds 26/03/2029	22,000.00	-	288.04	-
Investment in Other Bonds-FCTOCI				
Vijaya Bank SR-II 10.4 LOA Perpetual FVRS10LAC (27-Mar-2050)	-	40.00	-	402.30
State Bank of India Series 1 9.56% NCD perpetual FVRS10Lac	30.00	-	306.31	-
ICICI Bank Limited SR DDE18AT 9.90 BD Perpetual FVRS10LAC	30.00	-	302.22	-
			7,610.67	**5,165.86**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated

43 Related party transactions

A. List of subsidiaries

Set out below is the list of subsidiaries:

Name of the company	Country of incorporation	Ownership interest 31 March 2020	Ownership interest 31 March 2019
Newgen Software Inc.	United States of America	100%	100%
Newgen Software Technologies Pte Ltd.	Singapore	100%	100%
Newgen Software Technologies Canada Limited	Canada	100%	100%
Newgen Software Technologies (UK) Ltd.	United Kingdom	100%	100%
Newgen Software Technologies Pty Ltd.	Australia	100%	-
Newgen Computers Technologies Limited	India	100%	100%

The principal place of business of all the entities listed above is the same as the respective country of incorporation.

B. Transactions with Key Management Personnel

A number of key management personnel, or their related parties hold positions in other entities that result in them having control or significant influence over those entities.
Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post - employment defined benefit plan(see note 29)
Executive officers also participate in the Company's share option plan as per the conditions laid down in that scheme (see note 29 and note 35).

List of key management personnel and their relatives
Diwakar Nigam - Managing Director
T.S. Varadarajan - Whole Time Director
Priyadarshini Nigam - Whole Time Director
Arun Kumar Gupta - Chief Financial Officer
Virender Jeet - Senior Vice President (Sales and Marketing/Product)
Surender Jeet Raj - Senior Vice President (HR/Operations)
Tarun Nandwani - Senior Vice President (Business Management)
Usha Varadarajan - Relative of Whole Time Director - T.S. Varadarajan
Aman Mourya- Company Secretary

List of non-executive and independent directors
Kaushik Dutta - Independent Director
Saurabh Srivastava - Independent Director
Subramaniam R Iyer - Independent Director
Ms Padmaja Krishnan - Independent Director

Key management personnel compensation

	Transaction value		Balance payable	
	For the year ended 31 March 2020	For the year ended 31 March 2019	As at 31 March 2020	As at 31 March 2019
Salaries, wages and bonus*	**1,086.13**	**959.18**	**389.66**	**348.95**
Diwakar Nigam	278.99	174.90	82.42	8.42
T.S. Varadarajan	142.57	83.70	50.23	6.06
Priyadarshini Nigam	77.58	40.84	33.04	-
Arun Kumar Gupta	82.77	116.13	26.60	37.87
Virender Jeet	147.60	187.03	75.01	112.47
Surender Jeet Raj	191.46	166.52	62.70	96.86
Tarun Nandwani	148.35	176.18	58.65	86.40
Aman Mourya	16.81	13.88	1.01	0.87
Dividend paid (excluding dividend distribution tax)	**1,402.83**	**933.99**	**-**	**-**
Diwakar Nigam	552.67	368.45	-	-
T.S. Varadarajan	450.28	300.19	-	-
Priyadarshini Nigam	239.07	159.38	-	-
Arun Kumar Gupta	2.10	1.09	-	-
Virender Jeet	7.47	4.98	-	-
Surender Jeet Raj	7.48	4.55	-	-
Tarun Nandwani	7.87	4.77	-	-
Usha Varadarajan	135.85	90.57	-	-
Aman Mourya	0.04	0.01		
Share-based payments	**93.69**	**57.17**	**-**	**-**
Arun Kumar Gupta	4.60	30.18	-	-
Virender Jeet	-	-	-	-
Surender Jeet Raj	56.92	-	-	-
Tarun Nandwani	29.81	26.12	-	-
Aman Mourya	2.36	0.87		

* excludes provision for gratuity and compensated absences, as these are determined on the basis of actuarial valuation for the Company as a whole and includes share-based payments and commission.

(All amounts are in lakhs of Indian Rupees, unless otherwise stated

Sitting fees to independent director	**41.00**	**41.00**	**8.10**	**8.10**
Kaushik Dutta	14.00	14.00	2.70	2.70
Saurabh Srivastava	13.00	13.00	2.70	2.70
Subramaniam R Iyer	14.00	14.00	2.70	2.70
			-	-
Commission to independent director	**50.00**	**-**	**47.50**	**-**
Kaushik Dutta	16.67	-	15.83	-
Saurabh Srivastava	16.67	-	15.83	-
Subramaniam R Iyer	16.67	-	15.83	-

C. Related party transactions other than those with key management personnel

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.
For the year ended 31 March 2020 and 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period.

	Transaction value		**Balance receivable**	
	For the year ended 31 March 2020	**For the year ended 31 March 2019**	**As at 31 March 2020**	**As at 31 March 2019**
Sale of products and services				
Subsidiaries				
Newgen Software Inc., USA	9,883.41	10,555.33	2,850.88	2,631.96
Newgen Software Technologies Pte Ltd.	2,048.35	1,821.08	1,237.49	584.41
Newgen Software Technologies Canada Limited	386.65	675.27	238.85	251.43
Newgen Software Technologies (UK) Ltd.	656.30	793.44	298.47	560.49
Newgen Software Technologies Pty Ltd.	-	-	-	-
Sale of services-back office support cost				
Subsidiaries				
Newgen Software Inc., USA	137.64	-	137.64	-
Newgen Software Technologies Pte Ltd.	29.52	-	29.52	-
Newgen Software Technologies Canada Limited	18.42	-	18.42	-
Newgen Software Technologies (UK) Ltd.	10.13	-	10.13	-
Newgen Software Technologies Pty Ltd.	8.20	-	8.08	-
Expense-Outsourced technical services				
Subsidiaries				
Newgen Software Inc., USA	593.52	566.26	341.11	566.26
Newgen Software Technologies Pte Ltd.	101.87	45.82	50.73	45.82
Expense-Marketing support services				
Subsidiary				
Newgen Software Technologies Pty Ltd.	395.32	-	386.38	-
Rent expense				
Subsidiary				
Newgen Computers Technologies Limited	7.92	7.20	-	-
Paid on behalf of				
Subsidiary				
Newgen Computers Technologies Limited	0.69	0.95	-	-
Recovered from				
Subsidiary				
Newgen Computers Technologies Limited	0.69	0.95	-	-
Investment in subsidiaries - share based payment				
Newgen Software Inc., USA	3.39	2.20	-	-
Newgen Singapore	0.82	1.79	-	-
Newgen Software Technologies Canada Limited	-	0.12	-	-
Newgen Software Technologies (UK) Ltd.	-	0.09	-	-

D. Investment in subsidiaries

Subsidiary Company	**As at 31 March 2020**	**As at 31 March 2019**
Newgen Software Inc. USA	528.10	524.71
Newgen Software Technologies Canada Limited	56.52	56.52
Newgen Software Technologies Pte. Ltd.	116.74	115.92
Newgen Computers Technologies Limited	46.50	46.50
Newgen Software Technologies Pty Ltd.	491.05	-
Newgen Software Technologies (UK) Ltd.	178.74	178.74
	1,417.65	**922.39**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

44 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hirarchy.

		Carrying amount				Fair value			
31 March 2020	**Note**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Financial assets measured at fair value									
Investments in mutual funds	11	5,019.75	-	-	5,019.75	5,019.75	-	-	5,019.75
Investments in bonds	11	-	2,590.92	-	2,590.92	2,590.92	-	-	2,590.92
Financial assets not measured at fair value									
Other non-current financial asset	8	-	-	351.48	351.48	-	-	-	-
Trade receivables	12	-	-	23,813.20	23,813.20	-	-	-	-
Cash and cash equivalents	13	-	-	5,758.70	5,758.70	-	-	-	-
Other bank balances	13A	-	-	6,516.11	6,516.11				
Loans	7 and 14	-	-	523.25	523.25	-	-	-	-
Other financial assets	15	-	-	8,260.42	8,260.42	-	-	-	-
		5,019.75	**2,590.92**	**45,223.16**	**52,833.83**	**7,610.67**	**-**	**-**	**7,610.67**
Financial liabilities									
Financial laibilities not measured at fair value									
Lease liabilities	19	-	-	3,347.03	3,347.03	-	-	-	-
Short term borrowings	21	-	-	7,453.21	7,453.21	-	-	-	-
Trade payables	22	-	-	3,149.06	3,149.06	-	-	-	-
Other financial liabilities	23	-	-	4,036.57	4,036.57	-	-	-	-
		-	**-**	**17,985.87**	**17,985.87**	**-**	**-**	**-**	**-**

		Carrying amount				Fair value			
31 March 2019	**Note**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Financial assets measured at fair value									
Investments in debt mutual funds	11	3,582.34	-	-	3,582.34	3,582.34	-	-	3,582.34
Investments in bonds	11	-	1,583.52	-	1,583.52	1,583.52	-	-	1,583.52
Financial assets not measured at fair value									
Other non-current financial asset	8	-	-	316.69	316.69	-	-	-	-
Trade receivables	12	-	-	23,684.65	23,684.65	-	-	-	-
Cash and cash equivalents	13	-	-	13,355.94	13,355.94	-	-	-	-
Other bank balances	13A	-	-	2,139.40	2,139.40				
Loans	7 and 14	-	-	374.43	374.43	-	-	-	-
Other financial assets	15	-	-	6,275.55	6,275.55	-	-	-	-
		3,582.34	1,583.52	46,146.66	51,312.52	5,165.86	-	-	5,165.86

Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		Carrying amount				Fair value			
31 March 2019	**Note**	**FVTPL**	**FVTOCI**	**Amotised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities									
Financial liabilities not measured at fair value									-
Long-term maturities of finance lease obligations (secured)	19	-	-	1,320.15	1,320.15	-	-	-	-
Short term borrowings	21	-	-	6,772.64	6,772.64	-	-	-	-
Trade payables	22	-	-	2,461.48	2,461.48	-	-	-	-
Other financial liabilities	23	-	-	3,505.38	3,505.38	-	-	-	-
		-	-	14,059.65	14,059.65	-	-	-	-

The fair value of trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities approximate their carrying amounts, due to their short-term nature. Fair value of bank deposits included in non-current other financial assets are equivalent to their carrying amount, as the interest rate on them is equivalent to market rate.

B. Measurement of fair values

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 inputs
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Particulars	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair vale measurement
Financial assets measured at FVTPL				
Investments in mutual funds	Level 1	Market valuation technique: Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.	Not applicable	Not applicable
Financial assets measured at FVTOCI				
Investments in bonds	Level 1	Market valuation technique: The fair value of bonds is based on direct and market observable inputs.	Not applicable	Not applicable
Financial liabilities measured at Amortised cost				
Long term borrowings	Level 2	Discounted cash flow: The valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate	Not applicable	Not applicable
Short term borrowings	Level 2			

There have been no transfers in either direction for the years ended 31 March 2020 and 31 March 2019.

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Financial instruments – Fair values and risk management (continued)

C. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

i. Risk management framework

The Company's board of directors has framed a Risk Management Policy and plan for enabling the Company to identify elements of risk as contemplated by the provisions of the Section 134 of the Companies Act 2013. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and `procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises partially from the Company's receivables from customers, loans and investment in debt securities. The carrying amount of financial assets represent the maximum credit risk exposure. The Company has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The carrying amount of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting was:

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Trade receivables	23,813.20	23,684.65
Loans	523.25	374.43
Cash and cash equivalents	5,758.70	13,355.94
Other bank balances	6,516.11	2,139.40
	36,611.26	**39,554.42**

To cater to the credit risk for investments in mutual funds and bonds, only high rated mutual funds/bonds are accepted.

The Company has given security deposits to vendors for rental deposits for office properties, securing services from them, government departments. The Company does not expect any default from these parties and accordingly the risk of default is negligible or nil.

Trade receivables and unbilled revenues are typically unsecured and derived from revenue earned from customers primarily located in India, USA, EMEA and APAC.

Credit risk has always been managed by the Company through credit approval, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit term in normal course of business. Credit limits are established for each customers and received quarterly. Any sales/services exceeding these limits require approval from the risk management committee.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry and existence of previous financial difficulties, if any.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. An impairment analysis is performed at each reporting date.

The Company's exposure to credit risk for trade receivables by geographic region is as follows

	Carrying amount	
	As at 31 March 2020	**As at 31 March 2019**
India	7,103.27	9,300.31
USA	3,319.15	2,887.04
EMEA	9,586.80	8,540.51
APAC	3,795.90	2,956.79
Australia	8.08	-
	23,813.20	23,684.65

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables from individual customers:

As at 31 March 2020	**Gross carrying amount**	**Weighted- average loss rate**	**Loss allowance**	**Credit-impaired**
0-3 months past due	18,438.64	1.91%	352.83	No
3-6 months past due	3,588.25	7.83%	280.82	No
6-9 months past due	746.07	15.93%	118.82	No
9-12 months past due	98.49	25.68%	25.30	No
12-15 months past due	567.29	34.53%	195.88	No
15-18 months past due	336.66	38.37%	129.16	No
18-21 months past due	308.48	48.64%	150.04	No
21-24 months past due	551.49	59.01%	325.44	No
above 24 months past due	4,008.62	81.14%	3,252.50	No
	28,643.99		4,830.79	

As at 31 March 2019	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit-impaired
0-3 months past due	19,141.89	2.81%	536.95	No
3-6 months past due	966.96	9.78%	94.59	No
6-9 months past due	725.46	18.30%	132.79	No
9-12 months past due	569.91	28.02%	159.69	No
12-15 months past due	3,328.71	36.95%	1,230.10	No
15-18 months past due	1,122.21	40.93%	459.37	No
18-21 months past due	493.31	50.40%	248.63	No
21-24 months past due	268.75	59.96%	161.15	No
above 24 months past due	689.00	86.83%	598.28	No
	27,306.20		3,621.55	

Movement in allowance for impairment in respect of trade receivables

	Impairment in trade receivables
Balance as at 1 April 2018	**4,000.87**
Impairment loss recognised	1,573.26
Amounts written off	1,952.58
Balance as at 31 March 2019	**3,621.55**
Impairment loss recognised	1,736.67
Amounts written off	527.43
Balance as at 31 March 2020	**4,830.79**

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Debt securities

The Company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating A to AAA from renowned rating agencies."

The Company monitors changes in credit risk by tracking published external credit ratings. For its investment in bonds, Company also reviews changes in government bond yields together with available press and regulatory information about issuers

The exposure to credit risk for debt securities at FVTOCI and at FVTPL is as follows:-

	Net carrying amount	
	As at 31 March 2020	As at 31 March 2019
India	7,610.67	5,165.86
	7,610.67	5,165.86

Basis experienced credit judgement, no risk of loss is indicative on Company's investment in mutual funds and government bonds.

Cash and cash equivalents and other bank balances

The Company held cash and cash equivalents of INR 5,758.70 lakhs at 31 March 2020 (31 March 2019: INR 13,355.94 lakhs) and other bank balances of INR 6,516.11 lakhs as at 31 March 2020 (31 March 2019: INR 2,139.40 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AAA, based on renowned rating agencies.

Impact of COVID-19:

Financial instruments carried at fair value as at 31 March 2020 are Rs. 7,610.67 lakhs and financial instruments carried at amortised cost as at 31 March 2020 are 45,233.16 lakhs. The financial assets are classified as Level 1 having fair value of Rs. 7,610.67 lakhs as at 31 March 2020. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and government bonds and accordingly, any material volatility is not expected, other than only factored in the fair value.

Financial assets of Rs. 12,274.81 lakhs as at 31 March 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of Rs. 23,813.20 Lakhs as at 31 March 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. The same assessment has also been done in respect of unbilled receivables of Rs. 7,767.02 lakhs as at 31 March 2020. Basis this assessment, the allowance for doubtful trade receivables of Rs. 4,830.79 Lakhs as at 31 March 2020 is considered adequate.

Financial instruments – Fair values and risk management (continued)

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The Company's primary sources of liquidity include cash and bank balances, deposits, undrawn borrowings and cash flow from operating activities. As at 31 March 2020, the Company had a working capital of INR 29,464.15 lakhs (31 March 2019: INR 31,727.13 lakhs) including cash and cash equivalent of INR 5,758.70 lakhs (31 March 2019: INR 13,355.94 lakhs), other bank balances of INR 6,516.11 lakhs (31 March 2019: 2,139.40 lakhs) and current investments of INR 7,610.67 lakhs (31 March 2019: INR 5,165.86 lakhs).
Consequently, the Company believes its revenue, along with proceeds from financing activities will continue to provide the necessary funds to cover its short term liquidity needs. In addition, the Company projects cash flows and considering the level of liquid assets necessary to meet liquidity requirement.
In addition, the Company had access to the following undrawn borrowing facilities at the end of the reporting year

Particulars	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2020	546.79	-	546.79	-	-	-
As at 31 March 2019	227.36	-	227.36	-	-	-

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

		Contractual cash flows					
31 March 2020	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Finance lease obligations (including current maturities)	3,347.03	8,787.04	268.63	1,230.78	1,209.24	810.75	5,267.64
Employee related payables	3,428.23	3,428.23	2,477.64	950.59	-	-	-
Trade and other payables	3,149.06	3,149.06	3,149.06	-	-	-	-
Pre-shipment loans (secured)	7,453.21	7,453.21	-	7,453.21	-	-	-
Payable in respect of retention money	180.54	180.54	-	180.54	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	412.41	412.41	-	412.41	-	-	-
Total	**17,971.48**	**23,411.49**	**5,895.33**	**10,228.53**	**1,209.24**	**810.75**	**5,267.64**

		Contractual cash flows					
31 March 2019	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Finance lease obligations (including current maturities)	1,320.15	6,509.56	-	427.63	396.90	351.54	5,333.49
Employee related payables	3,256.39	3,256.39	3,256.39	-	-	-	-
Trade and other payables	2,461.48	2,461.48	2,461.48	-	-	-	-
Pre-shipment loans (secured)	6,772.64	6,772.64	-	6,772.64	-	-	-
Payable in respect of retention money	59.15	59.15	-	59.15	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	188.84	188.84	-	188.84	-	-	-
Total	**14,059.65**	**19,249.06**	**5,717.87**	**7,449.26**	**396.90**	**351.54**	**5,333.49**

Interest payment on variable interest rate loan in the table above reflect market forward interest rates at the reporting dates and these amount may change as market interest changes

Financial instruments – Fair values and risk management (continued)

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

v. Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on account of its borrowings, receivables and other payables in foreign currency. The functional currency of the Company is Indian Rupee.
The foreign currency exchange management policy is to minimize economic and transactional exposures arising from currency movements against the US dollar, Euro, Great Britain Pound, Canadian dolar, Abar Emirates Dhiram, Saudi Riyal, Singapore dollar, Australian dollar, Malaysian Ringgit and Hong Kong dollar. The Company manages the risk by netting off naturally-occurring opposite exposures wherever possible, and then dealing with any material residual foreign currency exchange risks if any.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below:

Particulars	Currency	31 March 2020		31 March 2019	
		Amount in foreign currency (lakhs)	Amount in local currency (lakhs)	Amount in foreign currency (lakhs)	Amount in local currency (lakhs)
Financial assets					
Trade and other receivables*					
	USD	222.03	16,738.68	204.78	14,178.50
	AED	5.22	107.07	7.74	145.94
	CAD	4.98	265.73	4.84	251.43
	EUR	0.78	64.60	0.90	70.12
	GBP	3.57	328.58	6.35	574.78
	SAR	2.06	41.36	2.12	39.09
	SGD	23.91	1,267.39	11.52	584.41
	MYR	1.62	28.30	-	-
	AUD	0.17	8.08	-	-
Bank balance-Dubai	AED	5.78	118.65	7.33	138.32
Bank balance-EEFC	USD	6.87	518.17	19.80	1,369.49
Travelling Advance to employees	USD	0.67	47.72	1.32	89.36
	AED	0.70	13.85	1.15	22.01
	CAD	0.02	0.92	0.09	5.16
	GBP	0.02	1.87	0.03	2.90
	SGD	0.02	0.87	0.16	8.68
	EURO	-	-	0.08	6.83
	SAR	0.51	10.04	-	-
	HKD	0.06	0.56	-	-
Financial liabilities					
Trade and other payables					
	USD	(20.44)	(1,498.18)	(21.40)	(1,468.91)
	SGD	(1.02)	(53.34)	(0.90)	(45.82)
	SAR	(0.47)	(8.86)	(0.78)	(14.20)
	AED			(0.17)	(3.16)
	AUD	(8.35)	(395.32)	-	-
Short term borrowings	USD	(98.86)	(7,453.21)	(97.91)	(6,772.64)

* gross of loss allowance

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollar, Euro, Great Britain Pound, Canadian dolar, Abar Emirates Dhiram, Saudi Riyal, Singapore dollar, Australian dollor, Malaysian Ringgit and Hong Kong Dollar at reporting date would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in Lakhs of INR	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	83.13	(83.13)	73.73	(73.73)
EUR1	0.64	(0.64)	0.77	(0.77)
GBP1	3.34	(3.34)	4.96	(4.96)
CAD1	2.67	(2.67)	2.56	(2.56)
SGD1	12.14	(12.14)	5.92	(5.92)
AED1	2.38	(2.38)	3.03	(3.03)
SAR1	0.42	(0.42)	0.25	(0.25)
HKD1	0.01	(0.01)		
MYR1	0.28	(0.28)	-	-
AUD1	(3.78)	3.78	-	-
	101.23	(101.23)	91.22	(91.22)

Financial instruments – Fair values and risk management (continued)

vi. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

a) Exposure to interest rate risk

The Company is exposed to both fair value interest rate risk as well as cash flow interest rate risk arising both on short-term and long-term floating rate instruments.
The interest rate profile of the Company's interest-bearing financial instruments is as follows:

	Nominal amount in INR	
	31 March 2020	**31 March 2019**
Fixed-rate instruments		
Financial assets	13,488.94	13,395.70
Financial liabilities	3,347.03	(1,320.15)
	16,835.97	12,075.55
Variable-rate instruments		
Financial liabilities	(7,453.21)	(6,772.64)
	(7,453.21)	(6,772.64)
Total	9,382.76	5,302.91

b) Sensitivity analysis

Fair value sensitivity analysis for fixed-rate instruments

The Company accounts for investments in government and other bonds as fair value through other comprehensive income. Therefore, a change in interest rate at the reporting date would have impact on equity.

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity by INR 16.84 lakhs after tax (31 March 2019: INR 10.30 lakhs).

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	100 bp increase	**100 bp decrease**
31 March 2020		
Variable-rate instruments	74.53	74.53
Cash flow sensitivity (net)	74.53	74.53
31 March 2019		
Variable-rate instruments	67.73	67.73
Cash flow sensitivity (net)	67.73	67.73

Market price risk
a) Exposure
The Company's exposure to mutual funds and bonds price risk arises from investments held by the Company and classified in the balance sheet as fair value through profit and loss and at fair value through other comprehensive income respectively.

To manage its price risk arising from investments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordances with the limits set by the Company.

b)Sensitivity analysis

Company is having investment in mutual funds, government bonds, other bonds and investment in subsidiaries.
For such investments classified at Fair value through other comprehensive income, a 2% increase in their fair value at the reporting date would have increased equity by INR 33.68 lakhs after tax (31 March, 2019: INR 20.59 lakhs). An equal change in the opposite direction would have decreased equity by INR 33.68 lakhs after tax (31 March, 2019: INR 20.59 lakhs)

For such investments classified at Fair value through profit or loss, the impact of a 2% increase in their fair value at the reporting date on profit or loss would have been an increase of INR 65.26 lakhs after tax (31 March, 2019: INR 46.61 lakhs). An equal change in the opposite direction would have decreased profit or loss by INR 65.26 lakhs after tax (31 March, 2019: INR 46.61 lakhs)

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

45 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to equity shareholders.

The Company manages its capital structure and makes adjustments to it as and when required. To maintain or adjust the capital structure, the company may pay dividend or repay debts, raise new debt or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020 and 31 March 2019.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities comprising interest bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity

The Company capital consists of equity attributable to equity holders that includes equity share capital, retained earnings and long term borrowings.

	As at 31 March 2020	As at 31 March 2019
Total liabilities	10,800.24	8,092.79
Less: Cash and cash equivalent	5,758.70	13,355.94
Adjusted net debt (a)	5,041.54	(5,263.15)
Total equity (b)	52,692.55	48,397.42
Total equity and net debt (a+b) = c	57,734.09	43,134.27
Capital gearing ratio (a/c)	8.73%	-12.20%

As a part of its capital management policy the Company ensures compliance with all covenants and other capital requirements related to its contractual obligations.

(All amounts are in lakhs of Indian Rupees, unless otherwise stated

46 Segment reporting

A. Basis for segmentation

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 that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

The Company's board of directors have been identified as the Chief Operating Decision Makers (CODM) since they are responsible for all major decisions in respect of allocation of resources and assessment of the performance on the basis of the internal reports/ information provided by functional heads. The board examines the performance of the Company based on such internal reports which are based on operations in various geographies and accordingly, have identified the following reportable segments:
• India
• Europe, Middle East and Africa (EMEA)
• Asia Pacific (APAC)
• United States of America (USA)
• Australia

B. Information about reportable segments
Year ended 31 March 2020

Particulars	Reportable segments					
	India	EMEA	APAC	USA	Australia	Total Segment
Revenue						
External revenue	19,499.82	20,324.55	6,707.70	11,199.85	8.20	57,740.12
Inter-segment revenue	-	-	-	-	-	-
Total Segment Revenue	**19,499.82**	**20,324.55**	**6,707.70**	**11,199.85**	**8.20**	**57,740.12**
Segment profit/(loss) before income tax	1,731.78	4,408.82	2,068.93	1,754.44	(389.20)	9,574.77
Segment assets	10,181.02	14,196.50	4,631.89	4,730.38	499.13	34,238.92
Segment liabilities	5,348.08	6,339.14	1,350.75	1,844.44	395.32	15,277.73
Capital expenditure during the year	3,863.14	-	-	-	-	3,863.14

Year ended 31 March 2019

Particulars	Reportable segments					
	India	EMEA	APAC	USA	Australia	Total Segment
Revenue						
External revenue	20,013.53	17,445.70	6,174.90	11,569.92	-	55,204.05
Inter-segment revenue	-	-	-	-	-	-
Total Segment Revenue	**20,013.53**	**17,445.70**	**6,174.90**	**11,569.92**	**-**	**55,204.05**
Segment profit before income tax	3,382.91	3,728.17	2,125.77	2,875.40	-	12,112.25
Segment assets	11,885.87	12,043.87	3,744.71	4,091.87	-	31,766.32
Segment liabilities	4,569.15	5,253.15	1,044.23	1,810.92	-	12,677.45
Capital expenditure during the year	653.24	-	-	-	-	653.24

C. Reconciliations of information on reportable segments to Ind AS

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Revenue		
Total revenue for reportable segments	57,740.12	55,204.05
Total revenue	**57,740.12**	**55,204.05**
(b) Profit / (loss) before tax		
Total profit before tax for reportable segments	9,574.77	12,112.25
Unallocated amounts:		
- Unallocated income	2,084.60	2,022.86
- Other corporate expenses	(3,101.01)	(1,623.22)
Total profit before tax from operations	**8,558.36**	**12,511.89**
(c) Assets		
Total assets for reportable segments	34,238.92	31,766.32
Other unallocated amounts	46,345.92	39,152.37
Total assets	**80,584.84**	**70,918.69**
(d) Liabilities		
Total liabilities for reportable segments	15,277.73	12,677.45
Other unallocated amounts	12,614.56	9,843.80
Total liabilities	**27,892.29**	**22,521.25**

C. Information about major customers

No customer individually accounted for more than 10% of the revenues in the year ended 31 March 2020 and 31 March 2019.

D. Unallocated assets, liabilities, revenue and expenses

Certain assets, liabilities, revenue and expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company believes that it is not practicable to provide segment disclosures relating to such assets, liabilities, revenue and expenses and accordingly such assets, liabilities, revenue and expenses are separately disclosed as ‘unallocated’.

47 Standards issued but not yet effective

Ministry of Corportate Affairs ("MCA") notifies new statndard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

48 As at 31 March 2020, the Company has gross foreign currency receivables amounting to INR 18,849.78 lakhs (previous year INR 15,898.33 lakhs). Out of these receivables, INR 1,992.90 lakhs (previous year INR 355.39 lakhs) is outstanding for more than 15 months. As per circular RBI/2019-20/206 A. P. (DIR series) circular no. 27 , receipt for export goods should be realized within a period of 15 months from the date of export. The Company must file extension with AD Bank & as per the requirements of circular no. RBI/2015-16/395 A. P. (DIR series) Circular no. 68 dated May12, 2016, in one calendar year, the Company is allowed to seek extension for an amount equivalent to 10% of the average export collection of the last 3 years only and pursuant to the same, the Company is in the process of applying for approval to seek extension of time beyond 15 months from export date. The management is of the view that the Company will be able to obtain approvals from the authorities for realising such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W / W-100024

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Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABM8147

Place: Gurugram
Date: 26 May 2020

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

DIWAKAR NIGAM Digitally signed by DIWAKAR NIGAM Date: 2020.05.26 15:44:27 +05'30'

Diwakar Nigam
Chairman & Managing Director
DIN: 00263222

Place: New Delhi
Date: 26 May 2020

TIRUMALAI SUNDARAJA IYENGAR VARADARAJ AN Digitally signed by TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Date: 2020.05.26 15:17:33 +05'30'

T.S.Varadarajan
Whole Time Director
DIN: 00263115

Place: Chennai
Date: 26 May 2020

ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 15:18:02 +05'30'

Arun Kumar Gupta
Chief Financial Officer
Membership No: 056859

Place: Noida
Date: 26 May 2020

AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 15:18:31 +05'30'

Aman Mourya
Company Secretary
Membership No: F9975

Place: Noida
Date: 26 May 2020

B S R & Associates LLP
Chartered Accountants

Building No.10,8th Floor Tower-B
DLF Cyber City, Phase-II
Gurugram – 122 002, India

Telephone: +91 124 7191000
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INDEPENDENT AUDITORS' REPORT

To the Members of Newgen Software Technologies Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Newgen Software Technologies Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2020, and the Consolidated Statement of Profit and Loss (including other comprehensive income (loss)), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income (loss), consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Description of Key Audit Matter

Revenue from operations (refer note 26 to the consolidated financial statements)

The key audit matter	**How the matter was addressed in our audit**
• Revenue relating to implementation services from fixed price contracts is recognised based on percentage of completion method which is estimated by the Group basis the completion of milestones and activities agreed with the customers. Due to complexity and volume of transactions, significant judgements are required to estimate percentage of completion and determine timing and accuracy of recognition of revenue.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Evaluated the design and implementation of internal controls and tested the operating effectiveness of internal controls relating to determination of percentage of completion and estimation of efforts required to complete the performance obligation; • Involved specialists to assess the design, implementation and operating effectiveness of key IT controls over the IT environment in which the business systems operate and to test information technology system controls used in recording revenue. • Selected specific/statistical samples of existing and new contracts and performed the following procedures: – Inspected key terms, including price, deliverables, timetable and milestones set out in the contract for selected sample of contracts and identified the distinct performance obligations. – Tested project management tool for budgeted efforts and related percentage completion milestones and establishing accuracy of milestones based on actualisation of efforts for delivered projects. – Tested the details of activities completed with those stated in the customer contract, details of activities completed as provided by the project head and confirmation/acceptance of completion of such activities by the customer.

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Trade receivables (refer note 11 to the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
• Significant management judgement in determining the recoverable amount of trade receivables as estimating the recoverable amount involves inherent uncertainty.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Obtained an understanding of and assessed the design and implementation of Group's key internal controls relating to debt collection and making provision for doubtful debts; – Assessed, on a sample basis that items in the receivables' ageing report were classified within the correct ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices, proof of delivery and customers sign offs; – Assessed the assumptions and estimates made by the Group for the provision for doubtful debts with reference to our understanding of the debtors' financial condition, the industry in which the debtors are operating, the ageing of overdue balances and historical and post year-end cash receipts from the debtors and by performed a retrospective analysis of the historical accuracy of these estimates; and – Tested the accuracy and completeness of underlying data for "expected credit loss model".

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income (loss), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

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- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs. 4,394.09 lakhs as at 31 March 2020, total revenues of Rs. 5,609.64 lakhs and net cash flows amounting to Rs. 1,114.76 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial

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statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income (loss)), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 35 to the consolidated financial statements.

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ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2020.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

***For* B S R & Associates LLP**
Chartered Accountants
Firm's Registration No. 116231W/W-100024

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Rakesh Dewan
Partner
Membership No. 092212
UDIN: 20092212AAAABN8911

Place: Gurugram
Date:

Annexure A to the Independent Auditors' report on the consolidated financial statements of Newgen Software Technologies Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Newgen Software Technologies Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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Date: 2020.05.26 21:08:52 +05'30'

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

***For* B S R & Associates LLP**
Chartered Accountants
Firm's Registration No. 116231W/W-100024

RAKESH DEWAN
Digitally signed by RAKESH DEWAN
Date: 2020.05.26 21:14:05 +05'30'

Rakesh Dewan
Partner
Membership No. 092212
UDIN: 20092212AAAABN8911

Place: Gurugram
Date: 26 May 2020

Newgen Software Technologies Limited
Consolidated Balance Sheet as at 31 March 2020
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,641.33	6,763.48
Capital work-in-progress	4	9,072.62	8,321.36
Right-of-use assets	18	6,252.30	-
Intangible assets	5	139.56	130.55
Financial assets			
Loans	6	437.76	362.45
Other financial assets	7	358.29	323.18
Deferred tax assets (net)	32	2,265.97	1,784.06
Income tax assets (net)	8	1,581.18	996.52
Other non-current assets	9	91.20	144.65
Total non-current assets		**26,840.21**	**18,826.25**
Current assets			
Financial assets			
Investments	10	7,610.67	5,165.86
Trade receivables	11	26,939.67	25,268.91
Cash and cash equivalents	12	10,011.04	15,775.13
Other bank balances	12A	6,516.11	2,139.40
Loans	13	132.18	44.63
Other financial assets	14	8,260.42	6,275.55
Other current assets	15	797.35	764.69
Total current assets		**60,267.44**	**55,434.17**
TOTAL ASSETS		**87,107.65**	**74,260.42**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	6,908.98	6,845.76
Other equity	17		
Securities premium		10,069.60	9,611.38
Retained earnings		35,113.48	30,607.26
Others (including items of other comprehensive income)		2,814.58	2,606.26
Total equity attributable to the owners of the Company		**54,906.64**	**49,670.66**
Non-current liabilities			
Financial liabilities			
Lease liabilities	18	2,296.15	1,028.56
Deferred tax Liability	32	17.39	11.01
Provisions	19	2,332.36	1,929.02
Total non-current liabilities		**4,645.90**	**2,968.59**
Current liabilities			
Financial liabilities			
Lease liabilities	18	1,334.14	291.59
Borrowings	20	7,453.21	6,772.64
Trade payables	21	2,750.76	2,160.57
Other financial liabilities	22	4,119.73	3,589.14
Deferred income	23	10,090.39	6,795.27
Other current liabilities	24	1,305.60	1,579.39
Provisions	25	501.28	432.57
Total current liabilities		**27,555.11**	**21,621.17**
Total liabilities		**32,201.01**	**24,589.76**
TOTAL EQUITY AND LIABILITIES		**87,107.65**	**74,260.42**

Summary of significant accounting policies 3

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.05.26 20:48:16 +05'30'	DIWAKAR NIGAM Digitally signed by DIWAKAR NIGAM Date: 2020.05.26 17:34:21 +05'30'	TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Digitally signed by TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Date: 2020.05.26 16:39:19 +05'30'	ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 16:40:08 +05'30'	AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 16:40:58 +05'30'
Rakesh Dewan	**Diwakar Nigam**	**T.S.Varadarajan**	**Arun Kumar Gupta**	**Aman Mourya**
Partner	Chairman & Managing Director	Whole Time Director	Chief Financial Officer	Company Secretary
Membership No.: 092212	DIN: 00263222	DIN: 00263115	Membership No: 056859	Membership No: F9975
UDIN: 20092212AAAABN8911				
Place: Gurugram	Place: New Delhi	Place: Chennai	Place: Noida	Place: Noida
Date: 26 May 2020	Date: 26 May 2020	Date: 26 May 2020	Date: 26 May 2020	Date: 26 May 2020

Newgen Software Technologies Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2020
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	26	66,075.62	62,064.15
Other income	27	2,096.29	2,037.97
Total income		**68,171.91**	**64,102.12**
Expenses			
Employee benefits expense	28	34,239.46	28,798.73
Finance costs	29	1,091.21	853.87
Depreciation and amortisation expense	30	1,991.11	597.99
Other expenses	31	21,375.96	20,493.34
Total expenses		**58,697.74**	**50,743.93**
Profit before tax		**9,474.17**	**13,358.19**
Tax expense	32		
Current tax		2,651.04	2,993.99
Deferred tax (credit)/ charge		(450.33)	143.31
Income tax expense		**2,200.71**	**3,137.30**
Profit for the year		**7,273.46**	**10,220.89**
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability (asset)		(106.35)	(84.78)
Income tax relating to items that will not be reclassified to profit or loss		37.16	29.63
Net other comprehensive (loss) not to be reclassified subsequently to profit or loss		**(69.19)**	**(55.15)**
Items that will be reclassified subsequently to profit or loss			
Debt instruments through other comprehensive income - net change in fair value		5.72	(2.14)
Income tax relating to items that will be reclassified to profit or loss		(2.00)	0.75
Exchange differences on translation of foreign operations		307.17	84.37
Net other comprehensive income to be reclassified subsequently to profit or loss		**310.89**	**82.98**
Other comprehensive income for the year, net of income tax		**241.70**	**27.83**
Total comprehensive income for the year		**7,515.16**	**10,248.72**
Profit attributable to:			
Owners of the Company		7,273.46	10,220.89
Profit for the year		**7,273.46**	**10,220.89**
Other comprehensive income attributable to:			
Owners of the Company		241.70	27.83
Other comprehensive income for the year		**241.70**	**27.83**
Total comprehensive income attributable to:			
Owners of the Company		7,515.16	10,248.72
Total comprehensive income for the year		**7,515.16**	**10,248.72**
Earnings per equity share	33		
Nominal value of share INR 10 (31 March 2019: INR 10)			
Basic earning per share (INR)		10.56	15.01
Diluted earning per share (INR)		10.51	14.74
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.05.26 20:49:14 +05'30'
Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABN8911

Place: Gurugram
Date: 26 May 2020

DIWAKAR NIGAM Digitally signed by DIWAKAR NIGAM Date: 2020.05.26 17:34:58 +05'30'
Diwakar Nigam
Chairman & Managing Director
DIN: 00263222

Place: New Delhi
Date: 26 May 2020

TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN
T.S.Varadarajan
Whole Time Director
DIN: 00263115

Place: Chennai
Date: 26 May 2020

ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 16:42:49 +05'30'
Arun Kumar Gupta
Chief Financial Officer
Membership No: 056859

Place: Noida
Date: 26 May 2020

AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 16:43:29 +05'30'
Aman Mourya
Company Secretary
Membership No: F9975

Place: Noida
Date: 26 May 2020

Newgen Software Technologies Limited
Consolidated Statement of Changes in Equity for the year ended 31 March 2020
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

a. Share capital

Particulars	Equity share capital Number	Equity share capital Amount	Total share capital Amount
Balance as at 1 April 2018	**6,92,35,701**	**6,923.57**	**6,923.57**
Add: Issued during the year to Newgen ESOP Trust	3,50,000	35.00	35.00
Balance as at 31 March 2019	6,95,85,701	6,958.57	6,958.57
Less: Shares held by Newgen ESOP Trust	11,28,091	112.81	112.81
Total Share capital as at 31 March 2019	**6,84,57,610**	**6,845.76**	**6,845.76**
Balance as at 1 April 2019	**6,95,85,701**	**6,958.57**	**6,958.57**
Add: Issued during the year to Newgen ESOP Trust	3,70,000	37.00	37.00
Balance as at 31 March 2020	6,99,55,701	6,995.57	6,995.57
Less: Shares held by Newgen ESOP Trust	8,65,888	86.59	86.59
Total Share capital as at 31 March 2020	**6,90,89,813**	**6,908.98**	**6,908.98**

b. Other equity*

Particulars	Securities premium	Retained earnings	Others: Capital redemption reserve	Others: General reserve	Others: Capital reserve	Others: Newgen ESOP Trust reserve	Others: Share options outstanding reserve	Items of Other comprehensive income: Foreign currency translation reserve	Items of Other comprehensive income: Remeasurement of defined benefit liability	Items of Other comprehensive income: Debt instruments through OCI	Total attributable to owners of the Group
Balance as at 1 April 2018	**9,681.50**	**22,055.71**	**87.95**	**1,731.39**	**0.21**	**231.65**	**391.88**	**(4.34)**	**28.05**	**14.87**	**34,218.87**
Total comprehensive income for the year ended 31 March 2019											
Profit for the year	-	10,220.89	-	-	-	-	-	-	-	-	**10,220.89**
Foreign currency translation reserve	-	-	-	-	-	-	-	84.37	-	-	**84.37**
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	-	(55.15)	(1.39)	**(56.54)**
Securities premium on issue of shares to Newgen ESOP Trust	185.50	-	-	-	-	-	-	-	-	-	**185.50**
Addition to Newgen ESOP Trust reserve	-	-	-	-	-	26.13	-	-	-	-	**26.13**
Dividend on equity shares	-	(1,384.71)	-	-	-	-	-	-	-	-	**(1,384.71)**
Dividend distribution tax on dividend on equity shares	-	(284.63)	-	-	-	-	-	-	-	-	**(284.63)**
Employee stock compensation expense	-	-	-	-	-	-	178.25	-	-	-	**178.25**
Loss of debt instrument transferred to statement of profit & loss	-	-	-	-	-	-	-	-	-	3.32	**3.32**
Transferred to securities premium account on exercise of stock options	110.93	-	-	-	-	-	(110.93)	-	-	-	**-**
Balance as at 31 March 2019	**9,977.93**	**30,607.26**	**87.95**	**1,731.39**	**0.21**	**257.78**	**459.20**	**80.03**	**(27.10)**	**16.80**	**43,191.45**
Less: Securities premium on shares held by Newgen ESOP Trust	(366.55)	-	-	-	-	-	-	-	-	-	**(366.55)**
Balance as at 31 March 2019	**9,611.38**	**30,607.26**	**87.95**	**1,731.39**	**0.21**	**257.78**	**459.20**	**80.03**	**(27.10)**	**16.80**	**42,824.90**
Balance as at 1 April 2019	**9,977.93**	**30,607.26**	**87.95**	**1,731.39**	**0.21**	**257.78**	**459.20**	**80.03**	**(27.10)**	**16.80**	**43,191.45**
Transition impact of Ind AS 116- Leases, net of taxes (refer note 18)		**(250.56)**									**(250.56)**
Restated balance as at 1 April 2019	**9,977.93**	**30,356.70**	**87.95**	**1,731.39**	**0.21**	**257.78**	**459.20**	**80.03**	**(27.10)**	**16.80**	**42,940.89**
Profit for the year	-	7,273.46	-	-	-	-	-	-	-	-	**7,273.46**
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	307.17	(69.18)	3.72	**241.71**
Securities premium on issue of shares to Newgen ESOP Trust	196.10	-	-	-	-	-	-	-	-	-	**196.10**
Transactions with owners, recorded directly in equity	-		-	-	-		-	-	-	-	**-**
Addition to Newgen ESOP Trust reserve	-	-	-	-	-	39.69	-	-	-	-	**39.69**
Contributions by and distributions to owners	-		-	-	-		-	-	-	-	**-**
Dividend on equity shares	-	(2,087.57)	-	-	-	-	-	-	-	-	**(2,087.57)**
Dividend distribution tax on dividend on equity shares	-	(429.11)	-	-	-	-	-	-	-	-	**(429.11)**
Employee stock compensation expense	-	-	-	-	-	-	87.03	-	-	-	**87.03**
(Gain) of debt instrument transferred to statement of profit & loss	-	-	-	-	-	-	-	-	-	(19.63)	**(19.63)**
Transferred to securities premium account on exercise of stock options	140.48	-	-	-	-	-	(140.48)	-	-	-	**-**
Balance as at 31 March 2020	**10,314.51**	**35,113.48**	**87.95**	**1,731.39**	**0.21**	**297.47**	**405.75**	**387.20**	**(96.28)**	**0.89**	**48,242.58**
Less: Securities premium on shares held by Newgen ESOP Trust	244.91	-	-	-	-	-	-	-	-	-	244.91
Balance as at 31 March 2020	**10,069.60**	**35,113.48**	**87.95**	**1,731.39**	**0.21**	**297.47**	**405.75**	**387.20**	**(96.28)**	**0.89**	**47,997.66**

* Refer Note 17

Summary of significant accounting policies — Note 3
The accompanying notes are an integral part of the Consolidated Financial Statements
As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.05.26 20:50:10 +05'30'

Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABN8911

Place: Gurugram
Date: 26 May 2020

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

DIWAKAR NIGAM Digitally signed by DIWAKAR NIGAM Date: 2020.05.26 17:36:21 +05'30'

Diwakar Nigam
Chairman & Managing Director
DIN: 00263222
Place: New Delhi
Date: 26 May 2020

T.S.Varadarajan
Whole Time Director
DIN: 00263115
Place: Chennai
Date: 26 May 2020

ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 16:45:33 +05'30'

Arun Kumar Gupta
Chief Financial Officer
Membership No: 056859
Place: Noida
Date: 26 May 2020

AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 16:47:04 +05'30'

Aman Mourya
Company Secretary
Membership No: F9975
Place: Noida
Date: 26 May 2020

Newgen Software Technologies Limited
Consolidated Statement of Cash Flows for the year period 31 March 2020
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flows from operating activities		
Net profit before tax	**9,474.17**	**13,358.19**
Adjustments for:		
Depreciation and amortisation	1,991.10	597.99
(Profit) / Loss on sale of property, plant and equipment	(1.10)	3.89
Loss allowance on trade receivables	2,235.77	1,737.57
Liabilities/ provision no longer required written back	(169.22)	(148.19)
Loss allowance on other financial assets	23.72	22.82
Unrealised foreign exchange gain	(368.45)	(92.08)
Share based payment - equity settled	87.03	178.25
Finance cost on lease liabilities	344.78	166.99
Interest expense on packing credit	649.65	621.91
Fair value changes of financial assets at FVTPL	(173.01)	(245.75)
Loss on sale of bonds at FVTOCI	7.07	5.07
Loss on sale of mutual funds (net) at FVTPL	6.85	-
Interest income on security deposits at amortised cost	(40.09)	(28.60)
Interest income from government and other bonds at FVTOCI	(148.11)	(127.46)
Interest income from bank deposits	(804.51)	(745.14)
Operating cash flow before working capital changes	**13,115.65**	**15,305.47**
Increase in trade receivables	(2,752.31)	(4,478.37)
Decrease / (increase) in loans	(108.73)	236.23
Increase in other financial assets	(1,773.63)	(769.54)
Decrease in other assets	43.46	13.70
Increase in provisions	353.49	326.05
Increase in other financial liabilities	167.22	303.34
Increase in other liabilities	2,742.66	2,009.87
Increase/(decrease) in trade payables	435.37	(161.38)
Cash generated from operations	**12,223.18**	**12,785.38**
Income taxes paid (net)	(3,217.85)	(2,564.78)
Net cash generated from operating activities (A)	**9,005.33**	**10,220.60**
B. Cash flows from investing activities		
Acquisition or construction of property, plant and equipment including intangible assets, capital work-in-progress and capital advances	(4,379.06)	(7,191.38)
Proceeds from sale of property, plant and equipment	2.79	16.48
Purchase of mutual funds and bonds	(4,742.85)	-
Proceeds from sale of mutual funds and bonds	2,467.46	98.08
Interest received from bonds	168.30	74.65
Interest received from bank deposits	502.06	627.63
Investment in bank deposits (net of maturity)	(4,415.10)	(2,160.85)
Net cash used in investing activities (B)	**(10,396.40)**	**(8,535.38)**
C. Cash flows from financing activities		
Proceeds from short-term borrowings (net)	454.03	1,856.00
Repayment of lease liability	(2,442.88)	(298.76)
Proceeds from issue of equity shares under ESOP scheme	380.97	361.30
Dividend paid (including dividend distribution tax)	(2,516.68)	(1,667.57)
Interest expense on packing credit	(635.26)	(788.90)
Gain on transfer of equity shares by Newgen ESOP trust	39.69	26.13
Net cash used in financing activities (C)	**(4,720.13)**	**(511.81)**
Net (decrease)/Increased in cash and cash equivalents (A + B + C)	**(6,111.20)**	**1,173.41**
Cash and cash equivalents at the beginning of the year	**15,775.13**	**14,548.34**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	347.11	53.38
Cash and cash equivalents at the end of the year	**10,011.04**	**15,775.13**
Components of cash and cash equivalents: (refer note 12)		
Cash in hand	4.51	5.67
Balances with banks:		
- in current accounts	6,006.53	6,367.50
- balances with scheduled banks in deposit accounts with original maturity of less than 3 months	4,000.00	9,401.96
	10,011.04	**15,775.13**

Notes:
The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows"

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.05.26 20:51:42 +05'30'

Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABN8911

Place: Gurugram
Date: 26 May 2020

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

DIWAKAR NIGAM Digitally signed by DIWAKAR NIGAM Date: 2020.05.26 17:37:31 +05'30'

Diwakar Nigam
Chairman & Managing Director
DIN: 00263222
Place: New Delhi
Date: 26 May 2020

TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Digitally signed by TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Date: 2020.05.26 16:47:49 +05'30'

T.S.Varadarajan
Whole Time Director
DIN: 00263115
Place: Chennai
Date: 26 May 2020

ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 16:48:37 +05'30'

Arun Kumar Gupta
Chief Financial Officer
Membership No: 056859
Place: Noida
Date: 26 May 2020

AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 16:49:08 +05'30'

Aman Mourya
Company Secretary
Membership No: F9975
Place: Noida
Date: 26 May 2020

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

1. Background

Newgen Software Technologies Limited ('Newgen' or 'the Company' or "the holding company") and its subsidiaries (the Holding company and its subsidiaries together referred to as "the group") is a public company domiciled and incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is situated at A-6, Satsang Vihar Marg, Qutab Institutional Area, New Delhi - 110067. The Company raised money by way of initial public offer during the year ended 31 March 2018 and its shares were listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) of India.

The Company is a global software Company and is engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from workflow automation to Document management to imaging. Newgen provides a complete range of software that helps automate business processes. Newgen's solutions enable document intensive organizations/ industries such as Finance and Banking, Insurance and government departments to improve productivity through better document management and workflow implementation.

2. Basis of Preparation

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The consolidated financial statements for the year ended 31 March 2018 were the first financial statements that the Group had prepared in accordance with Ind AS.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 26 May 2020.

Details of the Group's accounting policies are included in Note 3.

B. Basis of Consolidation

The Consolidated financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Name of Subsidiaries	Country of Incorporation	Effective Shareholding (%)
Newgen Software Inc.	U.S.A	100
Newgen Software Technologies Canada, Limited	Canada	100
Newgen Software Technologies PTY Limited.	Australia	100

Newgen Software Technologies PTE, Limited	Singapore	100
Newgen Software Technologies (UK) Limited	United Kingdom	100
Newgen Computers Technologies Limited	India	100

The consolidated financial statements have been prepared on the following basis:

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and unrealized profits in full in accordance with Ind AS 110 – "Consolidated Financial Statements". The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

The excess/deficit of cost to the parent company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognized in the consolidated financial statements as goodwill/capital reserve. The parent company's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

The financial statements of the foreign non integral subsidiaries (collectively referred to as the 'foreign non integral operations') are translated into Indian rupees as follows:-

i. Share capital and opening reserves and surplus are carried at historical cost.
ii. All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using the year-end rates.
iii. Profit and loss items are translated at the respective weighted average rates or the exchange rate that approximates the actual exchange rate on date of specific transactions.

iv. The resulting net exchange difference is credited or debited to the foreign currency translation reserve.

C. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

D. 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
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

E. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that may require material adjustment to the carrying value of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(i) and Note 26 – revenue recognition from fixed price contracts of software implementation services: percentage of completion method to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended.
- Note 3(l) and Note 18 – determination of lease term;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

- Note 3(c)(iii) –Estimation of Useful lives of intangible assets and Property, plant and equipment
- Note 28 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 32 – Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 34 –Fair value of share based payments
- Note 43(a) – Impairment of trade receivables and financial assets.
- Note 18 – Recognition of right of use asset and lease liability

F. Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/liabilities include current portion of non-current financial assets/liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities (if any) are classified as non-current assets and liabilities.

Operating cycle

Based on the nature of the operations and the time between the acquisition of assets for processing and their realization in cash or cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

G. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (Unobservable inputs).

When measuring the fair value of an asset or a liability, the Group 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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 34 – Share-based payment arrangements; and

Note 43 – Financial instruments.

3. Significant Accounting Policies

a. Foreign currency

i. Functional currency
The Group financial statements are presented in INR, which is also the Group's functional currency.

ii. Foreign currency transactions
Transactions in foreign currencies are translated into INR, the functional currency of the Group, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

b. Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets:
On initial recognition, a financial asset is classified as measured at
- Amortised cost;
- Fair value through Other Comprehensive Income (FVOCI) – debt investment;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:
- the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:
- the asset is held within a business model 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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management, for instance the stated policies and objectives for the portfolio, frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and Interest.
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and

Basis the above classification criteria, Group's investments are classified as below:-

- Investments in government and other bonds have been classified as FVOCI.
- Investments in Mutual funds have been classified as FVTPL.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

iii. De-recognition

Financial assets
The Group de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.
If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised.

Financial liabilities
The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also de-recognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivatives and Embedded derivatives

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

c. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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 Statement of profit or loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under ‘Capital work-in-progress.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Category of Property, plant and equipment	Estimated useful life (Years)
Building	60
Plant and equipment	15
Leasehold Improvements*	3
Office equipment**	10
Furniture and Fixtures	10
Vehicles	8
Computer hardware	
- servers and networks	6
- Computers**	3-5

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on addition (disposal) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

*Leasehold improvements are depreciated over the period of the lease term of the respective property or 3 years whichever is lower.

Leasehold land is amortised over the lease period of 90 years.

**Based on an internal technical assessment, the management believes that the useful lives as given above best represents the period over which management expects to use its assets. Hence, the useful life of plant and equipment is different from the useful life as prescribed under Part C of Schedule II of Companies Act, 2013.

d. Intangible assets

Recognition and measurement

Intangible assets that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and accumulated impairment loss, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Amortization

Intangible assets of the Group represents computer software and are amortized using the straight-line method over the estimated useful life (at present 3-4 years) or the tenure of the respective software license, whichever is lower. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement profit or loss when the asset is derecognized.

e. Impairment

i. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to 'investment grade' e.g. BBB or higher as per renowned rating agencies.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii. Impairment of Non-financial assets

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount. The recoverable amount is the greater of the asset's (or cash generating units) net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset (or cash generating unit).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised

f. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees of the Group and subsidiaries of the Group is recognised as an employee expense and deemed investment, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense/deemed investment is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense/dement investment is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

iii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's gratuity scheme is a defined benefit plan. The present value of obligations under such defined benefit plans are determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, are based on the market yields on government securities as at the balance sheet date, having maturity period approximating to the terms of related obligations

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the profit or loss as past service cost.

v. Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Re measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the profit or loss.

g. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group 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. 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. Expected future operating losses are not provided for. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with that contract.

h. 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 Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or a present obligation whose amount cannot be estimated reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements

i. Revenue

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The adoption of the standard did not have any material impact to the consolidated financial statements of the Group.

Revenues from customer's contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

i. Sale of License

Revenue from sale of licenses for software products is recognised when the significant risks and rewards of ownership have been transferred to the buyer which generally coincides with delivery of licenses to the customers, recovery of the consideration is probable, the associated costs and possible return of software sold can be estimated reliably, there is no continuing effective control over, or managerial involvement with the licenses transferred and the amount of revenue can be measured reliably.

ii. Rendering of services

Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the reporting date. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Software Implementation Services
The revenue from fixed price contracts for software implementation is recognized based on proportionate completion method based on hours expended, and foreseeable losses on the completion of contract, if any are recognized immediately. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The Group is also involved in time and material contracts and recognizes revenue as the services are performed.

Digitization services
Revenue from digitization services is recognized as services are rendered to the customer.

Annual Technical services
Revenue from annual technical service and maintenance contracts is recognised ratably over the term of the underlying maintenance arrangement.

iii. Sale of right to use software

Software-as-a-service, that is, a right to access software functionality in a cloud-based-infrastructure provided by the Group. Revenue from arrangements where the customer obtains a “right to access” is recognized over the access period.

Revenue from client training, support and other services arising due to the sale of license is recognized as the performance obligations are satisfied.

Revenue is recognised, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Reimbursements of out-of-pocket expenses received from customers have been netted off with expense.

Amounts received or billed in advance of services to be performed are recorded as advance from customers/unearned revenue. Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

iv. Multiple deliverable arrangements

When two or more revenue generating activities or deliverables are provided under a single arrangement, the Group has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering license for software products and related services as distinct performance obligations. For allocating the transaction price, the Group has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Group is unable to determine the standalone selling price, the Group uses the expected cost plus margin approach in estimating the standalone selling price.

Arrangements to deliver software products generally have three elements license, implementation and Annual Technical Services (ATS). The Group has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach.

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognised when there is billings in excess of revenues.

j. Recognition of dividend income, interest income or expense

Dividend income is recognised in statement profit or loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

k. Sale of investments

Profit on sale of investments is recorded on transfer of title from the Group and is determined as the difference between the sales price and the carrying value of the investment.

l. Leases

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use 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 Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

'Transition to Ind AS 116

'Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

'The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

'For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics..

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. Accordingly, a right-of-use asset of INR 1,799.68 lakhs and a corresponding lease liability of INR 2,047.74 lakhs has been recognized. The cumulative effect on transition in retained earnings net off taxes is INR 250.56 lakhs (including a deferred tax of INR 67.93 lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 10% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

'On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

m. Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss 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. Deferred tax

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;

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. 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 realized.

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 Group 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.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

n. Cash and cash equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at banks and cash in hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

o. Earnings per share ("EPS")

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Groupby the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to equity shareholders and the weighted average number of common and dilutive common equivalent shares outstanding during the year but including share options, compulsory convertible preference shares except where the result would be anti-dilutive.

p. Share Capital

Equity Shares

Equity shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity.

Dividends

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividend are recorded as a liability on the date of declaration by the Company's Board of Directors.

q. Basis of segmentation

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

Identification of segments:

All operating segments' results are reviewed regularly by the Board of Directors, who have been identified as the CODM, to allocate resources to the segments and assess their performance. Refer note 45 for segment information.

r. Newgen ESOP Trust

The Newgen ESOP Trust has been treated as an extension of the Company and accordingly shares held by Newgen ESOP Trust are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Company, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.

s. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated

4 Property, plant and equipment and capital work in progress

	Freehold land	Leasehold land*	Buildings	Plant and machinery	Leasehold improvements	Vehicles	Office equipment	Furniture and fixtures	Computer and servers	Total	Capital work-in-progress#
Balance as at 31 March 2018	**4.71**	**3,523.68**	**1,727.97**	**312.09**	**5.99**	**150.49**	**417.77**	**363.09**	**1,179.20**	**7,684.98**	**1,659.48**
Additions during the year	-	-	-	33.37	-	94.36	23.77	2.00	411.40	564.90	6,661.88
Adjustments during the year	(0.43)	-	0.43	-	-	-	(12.43)	-	12.43	-	-
Less: Disposals during the year	-	-	-	0.97	-	-	6.67	20.53	213.07	241.24	-
Balance as at 31 March 2019	**4.28**	**3,523.68**	**1,728.40**	**344.49**	**5.99**	**244.85**	**422.44**	**344.56**	**1,389.96**	**8,008.64**	**8,321.36**
Transition impact of Ind AS 116 (refer note 18)	-	(3,523.68)	-	-	-	-	-	-	-	(3,523.68)	-
Additions during the year	-	-	2,386.00	141.87	-	-	745.76	99.24	443.72	3,816.59	3,959.24
Adjustment During the Year							0.03	3.19	1.66	4.88	
Capitalized during the year	-	-	-	-	-	-	-	-	-	-	(3,207.98)
Less: Disposals during the year	-	-	-	14.41	-	-	7.05	3.89	37.61	62.96	-
Balance as at 31 March 2020	**4.28**	**-**	**4,114.40**	**471.95**	**5.99**	**244.85**	**1,161.18**	**443.10**	**1,797.72**	**8,243.46**	**9,072.62**
Accumulated Depreciation											
Balance as at 31 March 2018	**-**	**79.20**	**42.68**	**66.89**	**5.98**	**44.78**	**95.82**	**78.67**	**513.03**	**927.06**	**-**
Additions during the year	-	39.30	31.41	41.38	-	31.65	54.43	46.09	294.71	538.97	-
Less: Disposals during the year	-	-	-	0.93	-	-	4.52	19.80	195.61	220.87	-
Balance as at 31 March 2019	**-**	**118.50**	**74.09**	**107.34**	**5.98**	**76.43**	**145.73**	**104.96**	**612.13**	**1,245.16**	**-**
Transition impact of Ind AS 116 (refer note 18)	-	(118.50)	-	-	-	-	-	-	-	(118.50)	-
Additions during the year	-	-	41.40	42.05		34.58	70.89	47.12	299.51	535.55	-
Adjustments during the year	-	-	-	-	0.01	-	0.01	0.70	0.47	1.19	-
Less: Disposals during the year	-	-	-	13.94	-	-	6.99	3.25	37.08	61.26	-
Balance as at 31 March 2020	**-**	**-**	**115.49**	**135.45**	**5.99**	**111.01**	**209.64**	**149.53**	**875.03**	**1,602.14**	**-**
Carrying amount (net)											
Balance as at 31 March 2019	**4.28**	**3,405.18**	**1,654.31**	**237.15**	**0.01**	**168.42**	**276.71**	**239.60**	**777.82**	**6,763.48**	**8,321.36**
Balance as at 31 March 2020	**4.28**	**-**	**3,998.91**	**336.50**	**-**	**133.84**	**951.54**	**293.57**	**922.69**	**6,641.33**	**9,072.62**

As at 31 March 2020 properties with a carrying amount of INR 382.70 lakhs (31 March 2019 : INR 462.67 lakhs) are subject to first charge to working capital loans from banks.
*Represents land at Chennai and Noida location taken on finance lease for a term of 99 and 90 years respectively.
Capital work in progress represents acquistion and further construction of office premises at Noida, Uttar Pradesh wherein cost incurred upto 31 March 2020 amounting to INR 9,072.62 lakhs.

5 Intangible assets

	Computer software
Balance as at 1 April 2018	**204.24**
Additions during the year	100.01
Balance as at 31 March 2019	**304.25**
Additions during the year	97.69
Balance as at 31 March 2020	**401.94**
Accumulated Amortisation	
Balance as at 1 April 2018	**114.68**
Additions during the year	59.02
Balance as at 31 March 2019	**173.70**
Additions during the year	88.68
Balance as at 31 March 2020	**262.38**
Carrying amount (net)	
Balance as at 31 March 2019	**130.55**
Balance as at 31 March 2020	**139.56**

		As at 31 March 2020	As at 31 March 2019
6	**Loans (unsecured, considered good, unless otherwise stated)**		
	Security deposits	437.76	362.45
		437.76	**362.45**

		As at 31 March 2020	As at 31 March 2019
7	**Other financial assets (non-current)**		
	Bank deposits		
	- pledged with tax authorities	4.14	2.25
	- held as margin money*	287.96	229.69
	Interest accrued on deposits	31.80	39.64
	Earnest money deposits		
	-Unsecured, considered good	34.39	51.60
	-Unsecured, considered doubtful	164.75	146.03
	Less: Loss allowance for doubtful deposits	(164.75)	(146.03)
		358.29	**323.18**

*Balances with bank deposits held as margin money INR 282.21 lakhs (31 March 2019: INR 223.94 lakhs) represents the margin money on account of guarantees issued to government customers.
Information about Group's exposure to credit and market risks and fair value measurement is included in Note 43 C

		As at 31 March 2020	As at 31 March 2019
8	**Income tax assets (net)**		
	Advance income tax (net of provision of INR 12,005.47 lakhs lakhs (31 March 2019: INR 11,417.14 lakhs))	1,581.18	996.52
		1,581.18	**996.52**

		As at 31 March 2020	As at 31 March 2019
9	**Other non-current assets**		
	Prepaid expenses	31.66	87.99
	Capital advances	59.54	56.66
		91.20	**144.65**

		As at 31 March 2020	As at 31 March 2019
10	**Investments (refer note 41)**		
	Investments in bonds (unquoted)		
	Bonds at FVOCI		
	-Investment in government bonds	1,982.38	938.28
	-Investment in other bonds	608.54	645.24
		2,590.92	**1,583.52**
	Investments in mutual funds (unquoted)		
	Mutual funds at FVTPL	5,019.75	3,582.34
		5,019.75	**3,582.34**
		7,610.67	**5,165.86**
	Aggregate book value of unquoted investments	7,610.67	5,165.86
	Aggregate market value of unquoted investments	7,610.67	5,165.86

Investments in bonds measured at FVOCI have stated interest rates of 7.04% to 9.90%. Information about Group's exposure to credit and market risks and fair value measurement is included in Note 43 C.

		As at 31 March 2020	As at 31 March 2019
11	**Trade receivables**		
	(Unsecured, considered good, unless stated otherwise)		
	Unsecured*		
	- Considered good	26,939.67	25,268.91
	- Considered doubtful	5,488.49	3,933.65
		32,428.16	**29,202.56**
	Less: Loss allowance for trade receivables		
	- unsecured, considered doubtful	(5,488.49)	(3,933.65)
		26,939.67	**25,268.91**

No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, director or a member.
Trade receivables are non-interest bearing and are generally on terms of 30-45 days.
The Group's exposure to credit and currency risks and loss allowances related to trade receivables are discussed in note 43 C.

		As at 31 March 2020	As at 31 March 2019
12	**Cash and cash equivalents**		
	Cash on hand	4.51	5.67
	Balances with banks		
	- in current accounts*	6,006.53	6,367.50
	Balances with scheduled banks in deposit accounts with original maturity of less than 3 months#	4,000.00	9,401.96
		10,011.04	**15,775.13**

*Current account balances with banks include INR 118.65 lakhs (31 March 2019: INR 138.32 lakhs) held at a foreign branch.
#Balance in bank deposits includes INR Nil (31 March 2019: INR 3,289.4 lakhs) respectively as unutilized amounts of the IPO proceeds.

12A Other bank balances

	As at 31 March 2020	As at 31 March 2019
Balances with scheduled banks in deposit accounts		
- Original maturity of less than 12 months	6,516.11	2,139.40
	6,516.11	**2,139.40**

13 Current financial assets - Loans

	As at 31 March 2020	As at 31 March 2019
Loans to employees*	7.54	9.90
Security deposits	124.64	34.73
	132.18	**44.63**

*These are interest bearing loans - repayable within one year given to employees, chargeable at the rate of 12% p.a.

14 Current financial assets - Others

	As at 31 March 2020	As at 31 March 2019
(unsecured considered good, unless otherwise stated)		
Interest accrued on deposits	406.97	117.75
Interest accrued but not due on government bonds	86.43	137.34
Unbilled revenue*		
- other than related parties	7,767.02	6,020.46
	8,260.42	**6,275.55**

*Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms.
During the year ended 31 March 2020, INR 3,536.00 lakhs of unbilled revenue as of 1 April 2019 has been reclassified to trade receivables upon billing to customers on completion of milestones.

15 Other current assets

	As at 31 March 2020	As at 31 March 2019
Advances to vendors	19.49	46.86
Balances with government authorities*	26.54	10.71
Deferred contract cost	123.00	77.37
Advance to employees	163.93	176.33
Prepaid expenses	438.48	427.91
Other current assets	25.91	25.51
	797.35	**764.69**

*Balances with government authorities comprises of Goods and Service tax/ Service tax / VAT credit receivable.

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

16 Share capital

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Authorised share capital				
Equity shares of INR 10 each	9,80,00,200	9,800.02	9,80,00,000	9,800.00
Equity share capital with differential voting rights of INR 10 each	-	-	200	0.02
0.01% Compulsory convertible preference shares of INR 10 each	1,19,99,800	1,199.98	1,19,99,800	1,199.98
	11,00,00,000	**11,000.00**	**11,00,00,000**	**11,000.00**

	As at 31 March 2020		As at 31 March 2019	
Issued, subscribed and paid up	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Equity share capital of INR 10 each, fully paid up	6,95,85,701	6,958.57	6,92,35,701	6,923.57
Add: Issued during the year to Newgen ESOP Trust	3,70,000	37.00	3,50,000	35.00
Balance	**6,99,55,701**	**6,995.57**	**6,95,85,701**	**6,958.57**
Less : Shares held by Newgen ESOP Trust	8,65,888	86.59	11,28,091	112.81
Total Share capital	**6,90,89,813**	**6,908.98**	**6,84,57,610**	**6,845.76**

Reconciliation of shares outstanding at the beginning and at the end at the reporting year

	As at 31 March 2020		As at 31 March 2019	
Equity share capital of INR 10 each, fully paid up	**Number of shares**	**Amount**	**Number of shares**	**Amount**
At the beginning of the year	6,95,85,701	6,958.57	6,92,35,701	6,923.57
Add: Issued during the year to Newgen ESOP Trust	3,70,000	37.00	3,50,000	35.00
At the end of the year	**6,99,55,701**	**6,995.57**	**6,95,85,701**	**6,958.57**
Less: Shares held by Newgen ESOP Trust	8,65,888	86.59	11,28,091	112.81
Total equity share capital	**6,90,89,813**	**6,908.98**	**6,84,57,610**	**6,845.76**

Terms/rights attached to equity shares

In case of equity shares, each equity 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, if any. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their respective shareholding.

16 A Details of shareholders holding more than 5% shares in the Company

Equity shares of INR10 each, fully paid up held by:

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	**% Holding**	**Number of shares**	**% Holding**
- Mr. Diwakar Nigam	1,84,72,406	26.41%	1,84,22,406	26.47%
- Mr. T.S. Varadarajan	1,50,09,306	21.46%	1,50,09,306	21.57%
- Mrs. Priyadarshini Nigam	79,68,906	11.39%	79,68,906	11.45%
- Mrs. Usha Varadarajan	45,28,320	6.47%	45,28,320	6.51%
- Malabar India Fund Limited	56,78,931	8.12%	45,64,262	6.56%

16 B Shares reserved for issue under Employee stock option plan

Terms attached to stock options granted to employees are described in note 34 regarding share based payments.

16 C Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

Equity shares have been issued under Employee stock options plans to trust for which only exercise price has been received in cash.

	For the year ended 31 March 2020	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Equity shares of INR 10 each	3,70,000	3,50,000	10,50,000	-	-

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

17 Other equity

	As at 31 March 2020	As at 31 March 2019
Securities premium	10,069.60	9,611.38
Retained earnings	35,113.48	30,607.26
Capital redemption reserve	87.95	87.95
General reserve	1,731.39	1,731.39
Capital reserve	0.21	0.21
Newgen ESOP Trust reserve	297.47	257.78
Share options outstanding reserve	405.75	459.20
Foreign currency translation reserve	387.20	80.03
Other comprehensive Loss	(95.39)	(10.31)
	47,997.66	**42,824.90**

Securities premium (refer note (i) below)	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	9,977.93	9,681.49
Securities premium on issue of shares to Newgen ESOP Trust	196.10	185.50
Transferred from share options outstanding reserve on exercise of stock options	140.48	110.94
Balance as at end of the year	**10,314.51**	**9,977.93**
Less: Securities premium on shares held by Newgen ESOP Trust	244.91	366.55
Balance as at end of the year	**10,069.60**	**9,611.38**

Retained earnings (refer note (ii) below)	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	30,607.26	22,055.71
Transistion impact of Ind AS 116-Leases, net of tax (refer note 18)	(250.56)	-
Profit for the year	7,273.46	10,220.89
Dividend on equity shares	(2,087.57)	(1,384.71)
Dividend distribution tax on dividend on equity shares	(429.11)	(284.63)
Balance as at end of the year	**35,113.49**	**30,607.26**

Capital redemption reserve	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	87.95	87.95
Balance as at end of the year	**87.95**	**87.95**

General reserve	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	1,731.39	1,731.39
Balance as at end of the year	**1,731.39**	**1,731.39**

Capital reserve		
Balance as at beginning of the year	0.21	0.21
Balance as at end of the year	**0.21**	**0.21**

Newgen ESOP Trust reserve (refer note (iii) below)	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	257.78	231.65
Addition to Newgen ESOP Trust reserve	39.69	26.13
Balance as at end of the year	**297.47**	**257.78**

Share options outstanding reserve (refer note (iv) below)	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	459.20	391.89
Employee stock compensation expense	87.03	178.24
Transferred to securities premium account on exercise of stock options	(140.48)	(110.93)
Balance as at end of the year	**405.75**	**459.20**

Other comprehensive income/(loss)

Remeasurement of defined benefit liability	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	(27.10)	28.05
Other comprehensive (loss) (net of tax)	(69.18)	(55.15)
Balance as at end of the year	**(96.28)**	**(27.10)**

Debt instruments through other comprehensive income	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	16.80	14.87
Other comprehensive income/(loss) (net of tax)	3.72	(1.39)
(Profit)/loss on sale of debt instrument transferred to profit and loss	(19.63)	3.32
Balance as at end of the year	**0.89**	**16.80**

Foreign currency translation reserve (refer note (v) below)	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	80.03	(4.34)
Other comprehensive income/(loss) (net of tax)	307.17	84.37
Balance as at end of the year	**387.20**	**80.03**

(i) Securities premium is used to record the premium received on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Accumulated balances of profits over the years after appropriations for general reserves and adjustments of dividend

(iii) The Newgen ESOP Trust has been treated as an extension of the Company and accordingly shares held by Newgen ESOP Trust are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Company, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.

(iv) The Company has established various equity-settled share-based payment plans for certain employees of the Company. Refer to note 34 for further details on these plans.

(v) Foreign currency translation reserve comprises of all exchange differences arising from translation of financial statements of foreign subsidiaries into functional and presentational currency.

18 Right-of-use assets

Changes in the carrying value of right of use assets for the year ended 31 March 2020

Particulars	**Category of ROU asset**		
	Leasehold Land	**Buildings**	**Total**
Balance as at 1 April 2019*	-	1,799.68	1,799.68
Reclassified on account of adoption of Ind AS 116	3,405.18	-	3,405.18
Addition	-	2,483.05	2,483.05
Deletion	-	(58.45)	(58.45)
FCTR	-	(10.55)	(10.55)
Depreciation	(39.40)	(1,327.20)	(1,366.61)
Balance as at 31 March 2020	**3,365.78**	**2,886.53**	**6,252.30**

*Right of use assets recognised in the balance sheet at the date of initial recognition.

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.(refer note 30)

Lease liabilities

Break up of current and non-current lease liabilities as at 31 March 2020

Particulars	**As at 31 March 2020**
Non-current lease liabilities	2,296.15
Current lease liabilities	1,334.14
Total	**3,630.29**

Movement in lease liabilities during the year ended 31 March 2020

Particulars	**As at 31 March 2020**
Balance as at 1 April 2019#	2,047.74
Reclassified on account of adoption of Ind AS 116	1,320.15
Addition	2,434.24
Finance cost accrued during the period	335.74
Deletion	(62.35)
Payment of lease liabilities	(2,445.23)
Balance as at 31 March 2020	**3,630.29**

#Lease liabilities recognised in the balance sheet at the date of initial recognition.

Details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Particulars	**As at 31 March 2020**
Less than one year	1,678.70
One to five years	2,205.39
More than five years	5,267.64
Total	**9,151.73**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Finance lease

The Group has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of Rs.3,405.18 lakhs has been reclassified from property, plant and equipment to right-of-use assets. An amount of Rs. 291.59 lakhs has been reclassified from other current financial liabilities to lease liability – current and an amount of Rs. 1,028.55 lakhs has been reclassified from Non-current financial liabilities to lease liability – non-current.

Rental expense recorded for short-term leases was INR 424.54 lakhs for the year ended 31 March 2020.

Effective interest rate of 10.43% has been applied to lease liabiliites recognised in the balance sheet at the date of initial application.

Impact of COVID-19:

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to COVID-19.

19 Non-current provisions	**As at 31 March 2020**	**As at 31 March 2019**
Provision for employee benefits (refer note 28)		
- provision for gratuity	1,799.02	1,495.50
- provision for compensated absences	533.34	433.52
	2,332.36	**1,929.02**

20 Current financial liabilities - Borrowings	**As at 31 March 2020**	**As at 31 March 2019**
Loans from banks		
Pre-shipment loans (secured)*	7,453.21	6,772.64
	7,453.21	**6,772.64**

*Pre-shipment loans carry interest rate @ LIBOR plus margin which varied from 2.45% to 4.28% per annum. These are secured by first pari passu charge over all future and present stock, book debts and equitable mortgage of land and building with carrying amount of INR 382.70 lakhs (31 March 2019: INR 462.67 lakhs) and are repayable within 180 days from the date of disbursement.

21 Trade payables	**As at 31 March 2020**	**As at 31 March 2019**
- Total outstanding dues to micro enterprises and small enterprises	-	-
- Total outstanding dues to creditors other than micro and small enterprises	2,750.76	2,160.57
	2,750.76	**2,160.57**

Trade payables are non-interest bearing and are generally on terms of 30-45 days
a) Refer note 36 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)
c) The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 43 C.

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

22 Current financial liabilities - Others

	As at 31 March 2020	As at 31 March 2019
Employee related payables	3,511.39	3,340.15
Payable in respect of retention money	180.54	59.15
Interest accrued but not due on deferred liability	14.39	-
Earnest money deposits	1.00	1.00
Payable for capital assets	412.41	188.84
	4,119.73	**3,589.14**

23 Deferred income

	As at 31 March 2020	As at 31 March 2019
Advance billing*	10,058.34	6,736.52
Advance from customers	32.05	58.75
	10,090.39	**6,795.27**

*Changes in deferred income (advance billing) is as follows:

	As at 31 March 2020	As at 31 March 2019
Balance at the begining of the year	6,736.52	4,917.82
Revenue recognised that was included in deferred income at the beginning of the year	(6,497.70)	(5,005.32)
Increase due to invoicing during the year, excluding amount recognised as revenue during the year	9,773.13	6,736.52
Foreign Currency Translation Reserve	46.39	87.50
Balance at the end of the year	**10,058.34**	**6,736.52**

24 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	1,278.05	1,571.63
Advance from employees for share options	21.22	2.82
Other current liabilities	6.33	4.94
	1,305.60	**1,579.39**

25 Current provisions

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (refer note 28)		
- provision for gratuity	278.87	244.76
- provision for compensated absences	129.09	101.70
- provision for income tax	93.32	86.11
	501.28	**432.57**

26 Revenue from operations	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products - softwares	11,765.80	15,378.46
Sale of services		
- Implementation	16,492.14	14,449.45
- Scanning	954.90	1,936.25
- AMC/ATS	13,030.30	10,361.22
- Support	20,005.30	17,546.56
- SaaS revenue	3,827.18	2,392.21
	66,075.62	**62,064.15**

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where :

(i) The performance obligation is part of a contract that has an original expected duration of one year or less.

(ii) The revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31 March 2020, other than those meeting the exclusion criteria mentioned above is INR Nil.

Impact of COVID-19:

While the Company believes strongly that it has a good portfolio of services to partner with customers, the impact on future revenue streams could come from :

• the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
• prolonged lock-down situation resulting in its inability to deploy onsite resources at different locations due to restrictions in mobility
• prolonged lock-down situation can decrease the chances of winning of new business due to inability of sales person to travel to customer locations
• customers postponing their discretionary spend due to change in priorities

The company has a resilient business model in place with mission critical solutions deployed majorly across banking, financial services, healthcare, insurance, government and shared services verticals. The Company does not have major exposure in the verticals which are impacted due to COVID 19. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

27 Other income	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income under the effective interest rate method:		
- on security deposits at amortised cost	40.09	28.60
- government and other bonds at FVOCI	148.11	127.46
Interest income on deposit with banks	804.51	676.42
Other interest income	6.05	68.72
Gain on sale of property, plant and equipment	1.10	-
Fair value changes of financial assets at FVTPL	173.01	245.75
Liabilities / provision no longer required written back	169.22	148.19
Net foreign exchange fluctuation gain	710.64	715.27
Bad debt recovered	-	15.04
Miscellaneous income	43.56	12.52
	2,096.29	**2,037.97**

28 Employee benefits expense	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	31,927.25	26,757.19
Contribution to provident funds (refer note i below)	994.27	767.10
Expenses related to compensated absences (refer note ii below)	359.39	275.35
Share based payment - equity settled	87.03	178.25
Expense related to defined benefit plan (refer note iii below)	371.73	311.88
Staff welfare expenses	499.79	508.96
	34,239.46	**28,798.73**

(i) Defined contribution plans:

The Group makes contributions, determined as a specified percentage of the employee salaries in respect of qualifying employees towards provident fund, which is a defined contribution plan. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 994.27 lakhs (31 March 2019: INR 767.10 lakhs). The amount recognised as an expense towards employee state insurance aggregated to INR 1.26 lakhs (31 March 2019: INR 2.27 lakhs).

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(ii) Compensated absences:

The Principal assumptions used in determining the compensated absences benefit obligation are as given below:

	31 March 2020	31 March 2019
Discounting rate (p.a.)	6.90%	7.66%
Future salary increase (p.a.)	6.00%	7.00%

(iii) Defined Benefit Plan:

Gratuity scheme - This is an unfunded defined benefit plan and it entitles an employee, who has rendered atleast 5 years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit.

i) On normal retirement / early retirement / withdrawal / resignation: As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
ii) On death in service: As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.
Gratuity payable to employee in case (i) and (ii), as mentioned above, is computed as per the Payment of Gratuity Act, 1972 except the Group does not have any limit on gratuity amount.
The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Balance at the beginning of the year	**1,740.26**	**1,407.46**
Benefits paid	(129.12)	(71.28)
Current service cost	238.43	202.10
Interest cost	133.30	109.78
Past service gain	-	-
Acturial (gains) losses recognised in OCI		
change in demographic assumptions	(21.33)	21.21
change in financial assumptions	(33.40)	22.48
experience adjustments	149.74	48.51
Balance at the end of the year	**2,077.88**	**1,740.26**

B. i) Expense recognised in profit and loss

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Current service cost	238.43	202.10
Interest cost	133.30	109.78
Past service gain	-	-
Total expense recognised in Statement of profit and loss	**371.73**	**311.88**

ii) Remeasurements recoginsed in other comprehensive income

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Acturial loss on defined benefit obligation	95.01	92.20
Total remeasurements recognised in other comprehensive income	**95.01**	**92.20**

C. Defined benefit obligations
i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	31 March 2020	31 March 2019
Discount rate	6.90	7.66
Salary escalation rate	6.00	7.00
Mortality rate	100% of IALM (2012- 14)	100% of IALM (2006 - 08)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date

	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(73.76)	79.01	(54.53)	58.07
Future salary growth (0.50% movement)	79.32	(74.70)	58.16	(55.10)

Attrition rate (0.50% movement)
Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.
Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	31 March 2020	31 March 2019
Net defined benefit asset	-	-
Total employee benefit asset	-	-
Net defined benefit liability		
Liability for gratuity	2,077.89	1,740.26
Liability for compensated absences	662.43	519.63
Total employee benefit liabilities	**2,740.32**	**2,259.89**
Non-current:		
Gratuity	1,799.02	1,495.50
Compensated absences	533.34	433.52
Current:		
Gratuity	278.87	244.76
Compensated absences	129.09	86.11

29 Finance costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Finance cost on lease liabilities	344.78	166.99
Interest expense on packing credit	649.65	561.23
Other finance costs	96.78	125.65
	1,091.21	**853.87**

30 Depreciation and amortization

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 4)	535.82	538.97
Depreciation of right-of use assets (refer note 18)	1,366.61	-
Amortisation of intangible assets (refer note 5)	88.68	59.02
	1,991.11	**597.99**

31 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent	416.61	1,904.77
Repairs and maintenance	264.76	283.40
Rates and taxes	772.96	254.82
Travelling and conveyance	6,311.94	6,770.69
Legal and professional fees	1,659.58	2,512.88
Outsourced technical services expense	1,299.40	397.72
Cloud hosting services	959.98	426.22
Payment to auditors*	75.40	69.67
Electricity and water	419.36	354.17
Advertising and sales promotion	1,067.32	764.92
Membership and subscription fee	366.35	375.07
Brokerage and commission	1,038.14	749.66
Communication costs	522.41	509.03
Software and license maintenance	656.75	511.92
Expenditure on corporate social responsibility	186.27	125.64
Donation	36.18	34.74
Recruitment charges	316.97	221.14
Insurance	1,045.64	824.56
Operation and maintenance	680.95	578.09
Printing, stationery and scanning charges	460.18	671.87
Loss on sale of property, plant and equipment	-	3.89
Loss allowance on trade receivables	2,235.77	1,737.57
(net of adjustment for bad debts written off of INR 527.43 lakhs (previous year INR 1,952.57 lakhs)		-
Loss allowance on other financial assets	23.72	22.82
Security charges	263.05	229.03
Net foreign exchange fluctuation loss	13.45	24.45
Loss on settlement of forward contract	-	36.30
Loss on redemption of bonds (net) at FVOCI	7.07	5.07
Loss on redemption of mutual funds (net) at FVTPL	6.85	-
Miscellaneous expenses	268.90	93.23
	21,375.96	**20,493.34**

***Payment to auditors**		
As auditor:		
- Statutory audit fee	39.50	39.50
- Limited review fee	22.50	22.50
- Certification fee	8.25	3.40
- Reimbursement of expenses	5.15	4.27
	75.40	**69.67**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

32 Income Tax

	For the year ended 31 March 2020	For the year ended 31 March 2019
A. The major components of income tax (expense) / income recognised in Statement of Profit or Loss		
Tax expense	2,572.19	2,883.80
Tax expense for earlier years	78.85	110.19
Deferred tax (credit) /charge	(450.33)	143.31
Total	**2,200.71**	**3,137.30**
Recognised in Other comprehensive income		
Tax impact on		
- Re-measurement on defined benefit plan	37.16	29.63
- Fair value of debt instruments through other comprehensive income/(loss)	(2.00)	0.75
Total	35.16	30.38

B. Reconciliation of effective tax rate

	31 March 2020		31 March 2019	
Profit before tax		9,474.17		13,358.19
Tax using the Group's tax rate	34.94%	3,310.65	34.94%	4,667.89
Impact of different rate in each jurisdiction	-0.91%	(86.44)	-0.65%	(87.25)
Effect of deduction under section 10AA of the Income tax Act, 1961	-12.17%	(1,152.56)	-11.62%	(1,552.24)
Effect of expenses permanently disallowed under the Income Tax Act, 1961	0.32%	29.91	0.13%	17.50
Effect of income exempt/ taxed on lower rate	-0.28%	(26.92)	-0.17%	(23.27)
Effect of profit on sale of mutual funds taxable under Income tax Act, 1961	0.51%	48.46	-	-
Tax expense for earlier years	0.83%	78.85	0.82%	110.19
Others	-0.01%	(1.24)	0.03%	4.48
Income tax recognised in statement of profit and loss for the current year	23.23%	2,200.71	23.49%	3,137.29

C. Deferred tax assets (net)

Deferred tax relates to the following:		As at 31 March 2020	As at 31 March 2019
Deferred tax related to items recognised in OCI:			
Deferred tax assets (gross)			
Investments at fair value through OCI		1.42	-
Remeasurement of defined benefit liability (asset)		51.37	14.21
	(a)	**52.79**	**14.21**
Deferred tax liabilities			
Investments at fair value through OCI		-	7.12
	(b)	**-**	**7.12**
Deferred tax related to items recognised in Statement of Profit and Loss:			
Deferred tax liabilities (gross)			
Property, plant and equipment		373.98	308.30
Others		145.20	84.54
	(c)	**519.18**	**392.84**
Deferred tax assets (gross)			
Loss allowance on other financial assets		57.57	51.03
Loss allowance on trade receivables		1,681.52	1,258.97
Provision for employee benefits		934.43	772.84
Lease liabilities		58.84	-
	(d)	**2,732.36**	**2,082.84**
	(e) = (d) - (c)	**2,213.18**	**1,690.00**
Deferred tax assets (net)	(e) + (a) - (b)	**2,265.97**	**1,697.09**
MAT credit entitlement		-	86.97
Total deferred tax assets (net)		**2,265.97**	**1,784.06**

D. Deferred tax liabilities (gross)	As at 31 March 2020	As at 31 March 2019
Property, plant and equipment	17.39	11.01
Deferred tax Liabilities (net)	**17.39**	**11.01**

E. Movement in temporary differences

31 March 2020

Particulars	Balance as at 1 April 2019	Transition impact of Ind AS 116-Leases	Recognised in Statement of Profit or Loss during the year	Recognised in OCI during the year	Balance as at 31 March 2020
Deferred tax Liabilities (net)					
Property, plant and equipment	11.01	-	6.38	-	17.39
Total	**11.01**	**-**	**6.38**	**-**	**17.39**
Deferred tax assets (net)					
Investments at fair value through OCI	(7.12)	-	-	8.54	1.42
Remeasurement of defined benefit liability (asset)	14.21	-	-	37.16	51.37
Property, plant and equipment	(278.40)	-	(95.58)	-	(373.98)
Loss allowance on other financial assets	51.03	-	6.54	-	57.57
Loss allowance on trade receivables	1,258.97	-	422.55	-	1,681.52
Provision for employee benefits	772.84	-	161.59	-	934.43
Others	(84.54)	-	(60.66)	-	(145.20)
Lease liabilities	(29.89)	67.93	20.80	-	58.84
Total	**1,697.09**	**67.93**	**455.23**	**45.70**	**2,265.97**

31 March 2019

Particulars	Balance as at 1 April 2018	Recognised in Statement of Profit or Loss during the year	Recognised in OCI during the year	Balance as at 31 March 2019
Deferred tax Liabilities (net)				
Property, plant and equipment	11.28	(0.26)	-	11.01
Total	**11.28**	**(0.26)**	**-**	**11.01**
Investments at fair value through OCI	(7.87)	-	0.75	(7.12)
Remeasurement of defined benefit liability (asset)	(15.42)	-	29.63	14.21
Property, plant and equipment	(221.74)	(56.66)	-	(278.40)
Loss allowance on other financial assets	42.64	8.39	-	51.03
Loss allowance on trade receivables	1,381.66	(122.70)	-	1,258.97
Provision for employee benefits	667.62	105.21	-	772.84
Others	(11.01)	(73.53)	-	(84.54)
Lease liabilities	(29.62)	(0.27)	-	(29.89)
Total	**1,806.16**	**(139.56)**	**30.38**	**1,697.09**

Impact of COVID-19:

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will be realized or not. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences.

Also there is no change in Company's current tax strategies and thus no change in the accounting for Income taxes.

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

33 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

i. Profit attributable to Equity holders of the Company

	31 March 2020	31 March 2019
Profit attributable to equity holders of the Company	7,273.46	10,220.89
Profit attributable to equity holders of the Company for basic and diluted earnings	**7,273.46**	**10,220.89**

ii. Weighted average number of ordinary shares

	31 March 2020	31 March 2019
Opening balance of equity shares	6,84,57,610	6,78,84,117
Effect of share options exercised	4,22,753	1,91,325
Weighted average number of shares for basic EPS	**6,88,80,363**	**6,80,75,442**
Effect of dilution:		
Add: Equity shares held by Newgen ESOP Trust with respect to options not exercised by employees but outstanding	3,48,839	12,55,390
Weighted average number of shares for diluted EPS	**6,92,29,202**	**6,93,30,832**

Basic and diluted earnings per share

	31 March 2020 INR	31 March 2019 INR
Basic earnings per share	10.56	15.01
Diluted earnings per share	10.51	14.74

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

34 Share-based payment arrangements:

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Group had established Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014) in the year 2014-15, administered through a new Trust 'Newgen ESOP Trust'. The maximum numbers of grants under this Scheme shall be limited to 3,783,800 option with underlying equity shares of the Group. Pursuant to the scheme, during the year 2014-15, the Group has granted 3,653,525 options at an exercise price of INR 63 per option, to the employees of the Group. Under the terms of the plans, these options are vested on a graded vesting basis over a maximum period of four years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of five from the date of last vesting. Further, during the year 2017-18 grant of options 353,000, 130,000, and 79,250 through grant II, III and IV on 1 Jul 2017, 1 Sep 2017 and 1 Oct 2017 respectively under the same scheme and with same vesting conditions was made.

The Newgen ESOP trust has been treated as an extension of the Group and accordingly shares held by Newgen ESOP Trust are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Group, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.

Following table represents general terms of the grants for the ESOP outstanding as on 31 March 2020, during the year 2019-20 there were no grants made.

Newgen ESOP schemes	Grant Date	No. of Options Outstanding	Exercise Price	Weighted average remaining life	Vesting Period
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jan-2015	5,09,468	INR 63.00	3.75	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jul-2017	1,99,980	INR 63.00	6.25	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Sep-2017	1,26,500	INR 63.00	6.42	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Oct-2017	48,650	INR 63.00	6.50	4 years

B. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows.

Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	**Number of options 31 March 2020**	**Weighted average exercise price 31 March 2020**	**Number of options 31 March 2019**	**Weighted average exercise price 31 March 2019**
Options outstanding as at the beginning of the year	15,57,524	INR 63.00	22,43,483	INR 63.00
Less: Options lapsed during the year	40,723	INR 63.00	1,12,466	INR 63.00
Less: Options exercised during the year	6,32,203	INR 63.00	5,73,493	INR 63.00
Options outstanding as at the year end	**8,84,598**	**INR 63.00**	**15,57,524**	**INR 63.00**
Exercisable as at year end	**5,71,519**		**11,22,797**	
Weighted - average contractual life	4.85 years		5.51 years	

C. Expense recognised in Statement of Profit and Loss

For details on the employee benefits expense, refer note 28

35 Contingent liabilities and commitments (to the extent not provided for)*

	31 March 2020	31 March 2019
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets**	84.18	23.45
b. Income Tax matters		
Financial year 2015-16***	179.00	179.00
Financial year 2016-17***	184.43	-
Financial year 2017-18	258.00	-
Financial year 2018-19	216.65	-
Financial year 2019-20	220.28	-

* The Company is committed to operationally, technically and financially support the operation of certain of its subsidiary companies.
** For other commitments – Non-cancellable operating and finance leases, refer note 18
***The Company has received assessment orders pertaining to financial year 2015-16 and 2016-17 incorporating adjustments of Rs. 179.00 lakhs and Rs. 184.43 lakhs respectively. The Company has filed an appeal with the Commissioner of Income Tax (Appeal) against the assessment order issued by the Assessing officer. The hearing date is awaited.

In February 2019, there was a judicial pronouncement with respect to provident fund. It is not currently clear whether the interpretation set out in the pronouncement has retrospective application. If applied retrospectively, the interpretation would result in an increase in contributions payable by the Company for past and future periods for certain of its employees. There are numerous interpretative challenges concerning the retrospective application of the judgment. Due to such challenges and a lack of interpretive guidance, it is currently impracticable to reliably estimate the timing and amount of any payments the Company may be required to make. The Company will continue to monitor and evaluate its position based on future events and developments.

36 Details of dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31 March 2020 and 31 March 2019 has been made in the financial statements based on information received and available with the Group. Based on the information currently available with the Company, there are no dues payable to Micro and Small Suppliers as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

37 After the reporting date the following dividend were proposed by the Board of Directors, subject to the approval of shareholders at Annual General Meeting; Accordingly, the dividends have not been recognised as liabilities.The Finance act 2020 has repealed the Divided Distribution Tax(DDT). The comapny is now required to pay/distribute dividend after deducting applicable taxes.

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Final dividend of INR 2.00 per share (31 March 2019: INR 3/-)	1,399.11	2,087.57
Dividend distribution tax	-	429.20

38 Utilization of Corporat Social Responsibility expenses

As per Section 135 of the Companies Act 2013, the following is the detail of CSR expenses incurred by the Company: Gross amount to be spent by the Company during the year ended 31 March 2020 is INR 186.27 lakhs (previous year INR. 125.64 lakhs). Amount spent during the year ended 31 March 2020:

Particulars	Amount spent during	Amount to be spent	Total
i) For purpose mentioned as under*	186.14	0.13	186.27

*The areas for CSR activities are promoting education, health care, sanitation, digital literacy and livelihood enhancement and participation on SOS Children's Village Projects in Faridabad. The funds were primarily utilized through the year on the following activities which are specified in Schedule VII of the Companies Act, 2013.

39 The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group has got the updated documentation for the international transactions entered into with the associated enterprises during the financial year. During the year ended 31 March 2020, the holding company has also started availing services from its overseas subsidiaries in accordance with the transfer pricing methodology under sections 92-92F of the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm’s length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

40 During the year ended 31 March 2020, the IPO proceeds were utilised for furnishing of office premises near Noida-Greater Noida Expressway, Uttar Pradesh and for general corporate purpose amounting to INR 2,008.40 lakhs and INR 1,281.00 lakhs respectively. As on 31 March 2020, the net proceeds of the public issue are fully utilised.

41 Details of current Investments (refer note 10)

Particulars	Number of units as at		Amount in lakhs as at	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Investment in mutual funds -FVTPL				
Nippon India Short Term Fund- Direct Plan- Growth option	6,34,842.04	6,34,842.04	251.01	228.91
ICICI Prudential Short Term Plan-Direct Plan-Growth option	20,98,216.14	8,60,076.95	930.90	346.96
ICICI Prudential Credit Risk Fund -Direct Plan- Growth option	21,85,595.64	21,85,595.64	505.92	459.30
Kotak Credit Risk Fund- Direct Plan-Growth option	21,94,751.05	21,94,751.05	514.89	472.75
IIFL Wealth Finance Limited SR-A1-June2022 LOA 13JU22 FVRS10LAC	20.00	20.00	257.35	242.95
IIFL Dynamic Bond Fund Reg- Growth option	-	14,42,782.84	-	212.99
Franklin India Short Term Income Plan - Retail Plan -Direct- Growth option	-	11,121.68	-	466.63
Aditya Birla Sun Life Credit Risk Fund- Direct-Growth option	-	32,02,905.98	-	454.78
UTI Credit Risk Fund- DirectPlan- Growth option	-	26,17,878.59	-	471.48
L and T Credit Risk Fund Direct Plan -Growth option	-	21,57,673.57	-	468.53
HDFC Short Term Debt Fund-Direct Plan-growth option	24,03,804.13	-	550.19	-
DSP Liquidity Fund- Regular Plan-Growth option	21,276.15	-	600.45	-
IDFC Bond Fund-Short Term Plan-growth option	11,53,064.73	-	500.00	-
Aditya Birla Sun Life Liquid Fund -Growth-Regular Plan	2,20,614.74	-	700.99	-
Bharat bonds ETF	20,000.00	-	208.07	-
Investment in government bonds-FVTOCI				
8.40% IRFC 15YRS SR2A 18022029 (18-Feb-2029)	40,000.00	40,000.00	467.71	455.66
7.35% NHAI LTD Tax free Bond 15YRS SR2A Annual (11-Jan-2031)	45,000.00	45,000.00	500.96	482.62
8.54% PFC Tax free Bonds (Series 2A) 16/11/2028	16,500.00	-	203.32	-
7.04% IRFC Bond 03/03/2026	15.00	-	166.38	-
8.3% NHAI Tax free Bonds 25/01/2027	30,000.00	-	355.96	-
8.63% IRFC Bonds 26/03/2029	22,000.00	-	288.04	-
Investment in Other Bonds-FCTOCI				
Vijaya Bank SR-II 10.4 LOA Perpetual FVRS10LAC (27-Mar-2050)	-	40.00	-	402.30
State Bank of India Series 1 9.56% NCD perpetual FVRS10Lac	30.00	-	306.31	-
ICICI Bank Limited SR DDE18AT 9.90 BD Perpetual FVRS10LAC	30.00	-	302.22	-
			7,610.67	**5,165.86**

(All amounts are in lakhs of Indian Rupees, unless otherwise stated

42 Related party transactions

A. List of subsidiaries

Set out below is the list of subsidiaries:

Name of the company	Country of incorporation	Ownership interest 31 March 2020	Ownership interest 31 March 2019
Newgen Software Inc.	United States of America	100%	100%
Newgen Software Technologies Pte Limited	Singapore	100%	100%
Newgen Software Technologies Canada Limited	Canada	100%	100%
Newgen Software Technologies (UK) Limited	United Kingdom	100%	100%
Newgen Software Technologies Pty Limited	Australia	100%	-
Newgen Computers Technologies Limited	India	100%	100%

The principal place of business of all the entities listed above is the same as the respective country of incorporation.

B. Transactions with Key Management Personnel

A number of key management personnel, or their related parties hold positions in other entities that result in them having control or significant influence over those entities.
Compensation of the Group's key managerial personnel includes salaries, non-cash benefits and contributions to post - employment defined benefit plan(see note 28)
Executive officers also participate in the Group's share option plan as per the conditions laid down in that scheme (see note 28 and note 34).

List of key management personnel and their relatives

Diwakar Nigam - Managing Director
T.S. Varadarajan - Whole Time Director
Priyadarshini Nigam - Whole Time Director
Arun Kumar Gupta - Chief Financial Officer
Virender Jeet - Senior Vice President (Sales and Marketing/Product)
Surender Jeet Raj - Senior Vice President (HR/Operations)
Tarun Nandwani - Senior Vice President (Business Management)
Usha Varadarajan - Relative of Whole Time Director - T.S. Varadarajan
Shubhi Nigam - Relative of Managing Director
Aman Mourya- Company Secretary

List of non-executive and independent directors
Kaushik Dutta - Independent Director
Saurabh Srivastava - Independent Director
Subramaniam R Iyer - Independent Director
Ms Padmaja Krishnan - Independent Director

Key management personnel compensation

	Transaction value		Balance payable	
	For the year ended 31 March 2020	For the year ended 31 March 2019	As at 31 March 2020	As at 31 March 2019
Salaries, wages and bonus*	**1,174.61**	**1,043.33**	**389.66**	**348.95**
Diwakar Nigam	278.99	174.90	82.42	8.42
T.S. Varadarajan	142.57	83.70	50.23	6.06
Priyadarshini Nigam	77.58	40.84	33.04	-
Arun Kumar Gupta	82.77	116.13	26.60	37.87
Virender Jeet	147.60	187.03	75.01	112.47
Surender Jeet Raj	191.46	166.52	62.70	96.86
Tarun Nandwani	148.35	176.18	58.65	86.40
Shubhi Nigam	88.48	84.15	-	-
Aman Mourya	16.81	13.88	1.01	0.87
Dividend paid (excluding dividend distribution tax)	**1,402.83**	**933.99**	**-**	**-**
Diwakar Nigam	552.67	368.45	-	-
T.S. Varadarajan	450.28	300.19	-	-
Priyadarshini Nigam	239.07	159.38	-	-
Arun Kumar Gupta	2.10	1.09	-	-
Virender Jeet	7.47	4.98	-	-
Surender Jeet Raj	7.48	4.55	-	-
Tarun Nandwani	7.87	4.77	-	-
Usha Varadarajan	135.85	90.57	-	-
Aman Mourya	0.04	0.01	-	-

Share-based payments	**93.69**	**57.17**	-	-
Arun Kumar Gupta	4.60	30.18	-	-
Virender Jeet	-	-	-	-
Surender Jeet Raj	56.92	-	-	-
Tarun Nandwani	29.81	26.12	-	-
Aman Mourya	2.36	0.87	-	-

* excludes provision for gratuity and compensated absences, as these are determined on the basis of actuarial valuation for the Company as a whole and includes share-based payments and commission.

Sitting fees to independent director	**45.25**	**41.00**	**12.35**	**8.10**
Kaushik Dutta**	18.25	14.00	6.95	2.70
Saurabh Srivastava	13.00	13.00	2.70	2.70
Subramaniam R Iyer	14.00	14.00	2.70	2.70
			-	-
Commission to independent director	**50.01**	**-**	**47.49**	**-**
Kaushik Dutta	16.67	-	15.83	-
Saurabh Srivastava	16.67	-	15.83	-
Subramaniam R Iyer	16.67	-	15.83	-

** includes sitting fees of INR 4.25 lakhs paid in Newgen Software Inc., USA

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

43 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hirarchy.

		Carrying amount				Fair value			
31 March 2020	**Note**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Financial assets measured at fair value									
Investments in mutual funds	10	5,019.75	-	-	5,019.75	5,019.75	-	-	5,019.75
Investments in bonds	10	-	2,590.92	-	2,590.92	2,590.92	-	-	2,590.92
Financial assets not measured at fair value									
Other non-current financial asset	7	-	-	358.29	358.29	-	-	-	-
Trade receivables	11	-	-	26,939.67	26,939.67	-	-	-	-
Cash and cash equivalents	12	-	-	10,011.04	10,011.04	-	-	-	-
Other bank balances	12A	-	-	6,516.11	6,516.11	-	-	-	-
Loans	6 and 13	-	-	569.94	569.94	-	-	-	-
Other financial assets	14	-	-	8,260.42	8,260.42	-	-	-	-
		5,019.75	**2,590.92**	**52,655.47**	**60,266.14**	**7,610.67**	**-**	**-**	**7,610.67**
Financial liabilities									
Financial laibilities not measured at fair value									
Lease liabilities	18	-	-	3,630.29	3,630.29	-	-	-	-
Short term borrowings	20	-	-	7,453.21	7,453.21	-	-	-	-
Trade payables	21	-	-	2,750.76	2,750.76	-	-	-	-
Other financial liabilities	22	-	-	4,119.73	4,119.73	-	-	-	-
		-	**-**	**17,953.99**	**17,953.99**	**-**	**-**	**-**	**-**

		Carrying amount				Fair value			
31 March 2019	**Note**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Financial assets measured at fair value									
Investments in debt mutual funds	10	3,582.34	-	-	3,582.34	3,582.34	-	-	3,582.34
Investments in bonds	10	-	1,583.52	-	1,583.52	1,583.52	-	-	1,583.52
Financial assets not measured at fair value									
Other non-current financial asset	7	-	-	323.18	323.18	-	-	-	-
Trade receivables	11	-	-	25,268.91	25,268.91	-	-	-	-
Cash and cash equivalents	12	-	-	15,775.13	15,775.13	-	-	-	-
Other bank balances	12A	-	-	2,139.40	2,139.40	-	-	-	-
Loans	6 and 13	-	-	407.08	407.08	-	-	-	-
Other financial assets	14	-	-	6,275.55	6,275.55	-	-	-	-
		3,582.34	1,583.52	50,189.25	55,355.11	5,165.86	-	-	5,165.86

Newgen Software Technologies Limited
Notes to the Consolidated financial statements for the year ended 31 March 2020
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

		Carrying amount				Fair value			
31 March 2019	**Note**	**FVTPL**	**FVTOCI**	**Amotised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities									
Financial liabilities not measured at fair value									-
Long-term maturities of finance lease obligations (secured)	18	-	-	1,320.15	1,320.15	-	-	-	-
Short term borrowings	20	-	-	6,772.64	6,772.64	-	-	-	-
Trade payables	21	-	-	2,160.57	2,160.57	-	-	-	-
Other financial liabilities	22	-	-	3,589.14	3,589.14	-	-	-	-
		-	-	13,842.50	13,842.50	-	-	-	-

The fair value of trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities approximate their carrying amounts, due to their short-term nature. Fair value of bank deposits included in non-current other financial assets are equivalent to their carrying amount, as the interest rate on them is equivalent to market rate.

B. Measurement of fair values

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 inputs
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Particulars	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair vale measurement
Financial assets measured at FVTPL				
Investments in debt mutual funds	Level 1	Market valuation technique: Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.	Not applicable	Not applicable
Investments in arbitrage funds	Level 1			
Financial assets measured at FVTOCI				
Investments in bonds	Level 1	Market valuation technique: The fair value of bonds is based on direct and market observable inputs.	Not applicable	Not applicable
Financial liabilities measured at Amortised cost				
Long term borrowings	Level 2	Discounted cash flow: The valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate	Not applicable	Not applicable
Short term borrowings	Level 2			

There have been no transfers in either direction for the years ended 31 March 2020 and 31 March 2019.

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Financial instruments – Fair values and risk management (continued)

C. Financial risk management
The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

i. Risk management framework
The Group's board of directors has framed a risk management policy and plan for enabling the Group to identify elements of risk as contemplated by the provisions of the Section 134 of the Companies Act 2013. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Company, through its training and management standards and `procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises partially from the Group's receivables from customers, loans and investment in debt securities. The carrying amount of financial assets represent the maximum credit risk exposure. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The carrying amount of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting was:

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Trade receivables	26,939.67	25,268.91
Loans	569.94	407.08
Cash and cash equivalents	10,011.04	15,775.13
Other bank balances	6,516.11	2,139.40
	44,036.76	**43,590.52**

To cater to the credit risk for investments in mutual funds and bonds, only high rated mutual funds/bonds are accepted.

The Group has given security deposits to vendors for rental deposits for office properties, securing services from them, government departments. The Group does not expect any default from these parties and accordingly the risk of default is negligible or nil.

Trade receivables and unbilled revenues are typically unsecured and derived from revenue earned from customers primarily located in India, USA, EMEA and APAC.

Credit risk has always been managed by the Group through credit approval, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit term in normal course of business. Credit limits are established for each customers and received quarterly. Any sales/services exceeding these limits require approval from the risk management committee.

The Group establishes an allowance for impairment that represents its expected credit losses in respect of trade receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry and existence of previous financial difficulties, if any.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. An impairment analysis is performed at each reporting date.

The Group's exposure to credit risk for trade receivables by geographic region is as follows

	Carrying amount	
	As at 31 March 2020	**As at 31 March 2019**
India	7,103.27	9,300.31
USA	6,783.82	4,322.87
EMEA	9,503.08	8,536.22
APAC	3,549.50	3,109.51
	26,939.67	25,268.91

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables from individual customers:

As at 31 March 2020	**Gross carrying amount**	**Weighted- average loss rate**	**Loss allowance**	**Credit-impaired**
0-3 months past due	20,135.75	1.55%	312.75	No
3-6 months past due	4,309.99	6.52%	281.08	No
6-9 months past due	1,218.95	9.82%	119.65	No
9-12 months past due	320.71	16.14%	51.76	No
12-15 months past due	588.00	36.84%	216.59	No
15-18 months past due	399.55	48.07%	192.05	No
18-21 months past due	332.39	52.33%	173.95	No
21-24 months past due	557.74	59.47%	331.70	No
above 24 months past due	4,565.08	83.44%	3,808.96	No
	32,428.16		5,488.49	

As at 31 March 2019	**Gross carrying amount**	**Weighted- average loss rate**	**Loss allowance**	**Credit-impaired**
0-3 months past due	19,538.87	2.85%	557.61	No
3-6 months past due	1,438.59	7.84%	112.80	No
6-9 months past due	986.14	16.21%	159.82	No
9-12 months past due	752.30	23.84%	179.36	No
12-15 months past due	3,488.12	37.12%	1,294.68	No
15-18 months past due	1,172.46	39.98%	468.72	No
18-21 months past due	528.05	48.37%	255.39	No
21-24 months past due	284.37	57.95%	164.78	No
above 24 months past due	1,013.66	73.05%	740.49	No
	29,202.56		3,933.65	

Movement in allowance for impairment in respect of trade receivables

	Impairment in trade receivables
Balance as at 31 March 2018	**4,000.87**
Impairment loss recognised	1,737.57
Amounts written off	1,804.79
Balance as at 31 March 2019	**3,933.65**
Impairment loss recognised	2,235.77
Amounts written off	680.93
Balance as at 31 March 2020	**5,488.49**

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Debt securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating A to AAA from renowned rating agencies."

The Group monitors changes in credit risk by tracking published external credit ratings. For its investment in bonds, Group also reviews changes in government bond yields together with available press and regulatory information about issuers

The exposure to credit risk for debt securities at FVTOCI and at FVTPL is as follows:-

	Net carrying amount	
	As at 31 March 2020	As at 31 March 2019
India	7,610.67	5,165.86
	7,610.67	5,165.86

Basis experienced credit judgement, no risk of loss is indicative on Group's investment in mutual funds and government bonds.

Cash and cash equivalents and other bank balances

The Group held cash and cash equivalents of INR 10,011.04 lakhs at 31 March 2020 (31 March 2019: INR 15,775.13 lakhs) and other bank balances of INR 6,516.11 lakhs as at 31 March 2020 (31 March 2019: INR 2,139.40 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AAA, based on renowned rating agencies.

Impact of COVID-19:

Financial instruments carried at fair value as at 31 March 2020 are Rs. 7,610.67 lakhs and financial instruments carried at amortised cost as at 31 March 2020 are Rs. 52,655.47 lakhs. The financial assets are classified as Level 1 having fair value of Rs. 7,610.67 lakhs as at March 31, 2020. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Group are mainly investments in liquid debt securities and government bonds and accordingly, any material volatility is not expected, other than only factored in the fair value.

Financial assets of Rs. 16,527.15 lakhs as at 31 March 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Group has assessed the counterparty credit risk. Trade receivables of Rs. 26,939.67 Lakhs as at 31 March 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. The Group closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. The same assessment has also been done in respect of unbilled receivables of Rs. 7,767.02 lakhs as at 31 March 2020. Basis this assessment, the allowance for doubtful trade receivables of Rs. 5,488.49 Lakhs as at 31 March 2020 is considered adequate.

Financial instruments – Fair values and risk management (continued)

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's primary sources of liquidity include cash and bank balances, deposits, undrawn borrowings and cash flow from operating activities. As at 31 March 2020, the Group had a working capital of INR 32,712.33 lakhs (31 March 2019: INR 33,813 lakhs) including cash and cash equivalent of INR 10,011.04 lakhs (31 March 2019: INR 15,775.13 lakhs), other bank balances of INR 6,516.11 lakhs (31 March 2019: 2,139.40 lakhs) and current investments of INR 7,610.67 lakhs (31 March 2019: INR 5,165.86 lakhs).
Consequently, the Group believes its revenue, along with proceeds from financing activities will continue to provide the necessary funds to cover its short term liquidity needs. In addition, the Group projects cash flows and considering the level of liquid assets necessary to meet liquidity requirement.
In addition, the Group had access to the following undrawn borrowing facilities at the end of the reporting year

Particulars	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2020	546.79	-	546.79	-	-	-
As at 31 March 2019	227.36	-	227.36	-	-	-

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

			Contractual cash flows				
31 March 2020	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Finance lease obligations (including current maturities)	3,630.29	9,151.73	322.58	1,356.53	1,310.38	894.60	5,267.64
Employee related payables	3,511.39	3,511.39	2,560.80	950.59	-	-	-
Trade and other payables	2,750.76	2,750.76	2,750.76	-	-	-	-
Pre-shipment loans (secured)	7,453.21	7,453.21	-	7,453.21	-	-	-
Payable in respect of retention money	180.54	180.54	-	180.54	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	412.41	412.41	-	412.41	-	-	-
Total	**17,939.60**	**23,461.04**	**5,634.14**	**10,354.28**	**1,310.38**	**894.60**	**5,267.64**

			Contractual cash flows				
31 March 2019	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Finance lease obligations (including current maturities)	1,320.15	6,509.56	-	427.63	396.90	351.54	5,333.49
Employee related payables	3,340.15	3,340.15	3,340.15	-	-	-	-
Trade and other payables	2,160.57	2,160.57	2,160.57	-	-	-	-
Pre-shipment loans (secured)	6,772.64	6,772.64	-	6,772.64	-	-	-
Payable in respect of retention money	59.15	59.15	-	59.15	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	188.84	188.84	-	188.84	-	-	-
Total	**13,842.50**	**19,031.91**	**5,500.72**	**7,449.26**	**396.90**	**351.54**	**5,333.49**

Interest payment on variable interest rate loan in the table above reflect market forward interest rates at the reporting dates and these amount may change as market interest changes

Financial instruments – Fair values and risk management (continued)

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

v. Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on account of its borrowings, receivables and other payables in foreign currency. The functional currency of the Company is Indian Rupee.
The foreign currency exchange management policy is to minimize economic and transactional exposures arising from currency movements against the US dollar, Euro, Great Britain Pound, Canadian dolar, Abar Emirates Dhiram, Saudi Riyal, Singapore dollar, Australian dollar, Malaysian Ringgit and Hong Kong dollar. The Company manages the risk by netting off naturally-occurring opposite exposures wherever possible, and then dealing with any material residual foreign currency exchange risks if any.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2020 and 31 March 2019 are as below:

Particulars	**Currency**	**31 March 2020**		**31 March 2019**	
		Amount in foreign currency (lakhs)	**Amount in local currency (lakhs)**	**Amount in foreign currency (lakhs)**	**Amount in local currency (lakhs)**
Financial assets					
Trade and other receivables*					
	USD	222.03	16,738.68	204.78	14,178.50
	AED	5.22	107.07	7.74	145.94
	CAD	4.98	265.73	4.84	251.43
	EUR	0.78	64.60	0.90	70.12
	GBP	3.57	328.58	6.35	574.78
	SAR	2.06	41.36	2.12	39.09
	SGD	23.91	1,267.39	11.52	584.41
	MYR	1.62	28.30	-	-
	AUD	0.17	8.08	-	-
Bank balance-Dubai	AED	5.78	118.65	7.33	138.32
Bank balance-EEFC	USD	6.87	518.17	19.80	1,369.49
Travelling Advance to employees	USD	0.67	47.72	1.32	89.36
	AED	0.70	13.85	1.15	22.01
	CAD	0.02	0.92	0.09	5.16
	GBP	0.02	1.87	0.03	2.90
	SGD	0.02	0.87	0.16	8.68
	EURO	-	-	0.08	6.83
	SAR	0.51	10.04	-	-
	HKD	0.06	0.56	-	-
Financial liabilities					
Trade and other payables					
	USD	(20.44)	(1,498.18)	(21.40)	(1,468.91)
	SGD	(1.02)	(53.34)	(0.90)	(45.82)
	SAR	(0.47)	(8.86)	(0.78)	(14.20)
	AED			(0.17)	(3.16)
	AUD	(8.35)	(395.32)	-	-
Short term borrowings	USD	(98.86)	(7,453.21)	(97.91)	(6,772.64)

* gross of loss allowance

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollar, Euro, Great Britain Pound, Canadian dolar, Abar Emirates Dhiram, Saudi Riyal, Singapore dollar, Australian dollor, Malaysian Ringgit and Hong Kong Dollar at reporting date would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	For the year ended 31 March 2020		**For the year ended 31 March 2019**	
Effect in Lakhs of INR	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	83.13	(83.13)	73.73	(73.73)
EUR1	0.64	(0.64)	0.77	(0.77)
GBP1	3.34	(3.34)	4.96	(4.96)
CAD1	2.67	(2.67)	2.56	(2.56)
SGD1	12.14	(12.14)	5.92	(5.92)
AED1	2.38	(2.38)	3.03	(3.03)
SAR1	0.42	(0.42)	0.25	(0.25)
HKD1	0.01	(0.01)	-	-
MYR1	0.28	(0.28)	-	-
AUD1	(3.78)	3.78	-	-
	101.23	(101.23)	91.22	(91.22)

Financial instruments – Fair values and risk management (continued)

vi. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

a) Exposure to interest rate risk

The Group is exposed to both fair value interest rate risk as well as cash flow interest rate risk arising both on short-term and long-term floating rate instruments.
The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	Nominal amount in INR	
	31 March 2020	**31 March 2019**
Fixed-rate instruments		
Financial assets	13,531.31	13,401.45
Financial liabilities	3,630.29	(1,320.15)
	17,161.60	12,081.30
Variable-rate instruments		
Financial liabilities	(7,453.21)	(6,772.64)
	(7,453.21)	(6,772.64)
Total	9,708.39	5,308.66

b) Sensitivity analysis

Fair value sensitivity analysis for fixed-rate instruments

The Group accounts for investments in government and other bonds as fair value through other comprehensive income. Therefore, a change in interest rate at the reporting date would have impact on equity.

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity by INR 16.84 lakhs after tax (31 March 2019: INR 10.30 lakhs).

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	100 bp increase	**100 bp decrease**
31 March 2020		
Variable-rate instruments	74.53	74.53
Cash flow sensitivity (net)	74.53	74.53
31 March 2019		
Variable-rate instruments	67.73	67.73
Cash flow sensitivity (net)	67.73	67.73

Market price risk
a) Exposure
The Group's exposure to mutual funds and bonds price risk arises from investments held by the Group and classified in the balance sheet as fair value through profit and loss and at fair value through other comprehensive income respectively.

To manage its price risk arising from investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordances with the limits set by the Group.

b)Sensitivity analysis

Group is having investment in mutual funds, government bonds, other bonds and investment in subsidiaries.
For such investments classified at Fair value through other comprehensive income, a 2% increase in their fair value at the reporting date would have increased equity by INR 33.68 lakhs after tax (31 March, 2019: INR 20.59 lakhs). An equal change in the opposite direction would have decreased equity by INR 33.68 lakhs after tax (31 March, 2019: INR 20.59 lakhs)

For such investments classified at Fair value through profit or loss, the impact of a 2% increase in their fair value at the reporting date on profit or loss would have been an increase of INR 65.26 lakhs after tax (31 March, 2019: INR 46.61 lakhs). An equal change in the opposite direction would have decreased profit or loss by INR 65.26 lakhs after tax (31 March, 2019: INR 46.61 lakhs)

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

44 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group manages its capital structure and makes adjustments to it as and when required. To maintain or adjust the capital structure, the Group may pay dividend or repay debts, raise new debt or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020 and 31 March 2019.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities comprising interest bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity

The Group capital consists of equity attributable to equity holders that includes equity share capital, retained earnings and long term borrowings.

	As at 31 March 2020	**As at 31 March 2019**
Total liabilities	11,083.49	8,092.79
Less: Cash and cash equivalent	10,011.04	15,775.13
Adjusted net debt (a)	1,072.45	(7,682.34)
Total equity (b)	54,906.64	49,670.66
Total equity and net debt (a+b) = c	55,979.09	41,988.32
Capital gearing ratio (a/c)	1.92%	-18.30%

As a part of its capital management policy the Group ensures compliance with all covenants and other capital requirements related to its contractual obligations.

(All amounts are in lakhs of Indian Rupees, unless otherwise stated

45 Segment reporting

A. Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available.

The Group's board of directors have been identified as the Chief Operating Decision Makers (CODM) since they are responsible for all major decisions in respect of allocation of resources and assessment of the performance on the basis of the internal reports/ information provided by functional heads. The board examines the performance of the Group based on such internal reports which are based on operations in various geographies and accordingly, have identified the following reportable segments:
- India
- Europe, Middle East and Africa (EMEA)
- Asia Pacific (APAC)
- United States of America (USA)
- Australia

B. Information about reportable segments
Year ended 31 March 2020

Particulars	Reportable segments					
	India	EMEA	APAC	USA	Australia	Total Segment
Revenue						
External revenue	19,499.82	20,734.45	7,556.53	18,284.82	0.00	66,075.62
Inter-segment revenue	-	-	-	-	-	-
Total Segment Revenue	**19,499.82**	**20,734.45**	**7,556.53**	**18,284.82**	**0.00**	**66,075.62**
Segment profit/(loss) before income tax	1,738.54	4,431.59	2,263.24	2,422.78	(377.24)	10,478.91
Segment assets	10,204.77	14,386.81	5,669.50	10,373.98	126.65	40,761.71
Segment liabilities	5,349.50	6,467.29	1,928.31	5,803.79	37.54	19,586.43
Capital expenditure during the year	3,863.14	0.50	0.96	48.02	1.67	3,914.29

Year ended 31 March 2019

Particulars	Reportable segments					
	India	EMEA	APAC	USA	Australia	Total Segment
Revenue						
External revenue	20,013.53	17,742.56	6,889.85	17,418.21	-	62,064.15
Inter-segment revenue	-	-	-	-	-	-
Total Segment Revenue	**20,013.53**	**17,742.56**	**6,889.85**	**17,418.21**	**-**	**62,064.15**
Segment profit before income tax	3,389.00	3,754.31	2,273.50	3,526.63	-	12,943.44
Segment assets	11,904.61	12,156.06	4,450.97	6,596.41	-	35,108.05
Segment liabilities	4,571.86	5,336.58	1,505.70	3,331.82	-	14,745.96
Capital expenditure during the year	653.24	-	2.70	8.97	-	664.91

C. Reconciliations of information on reportable segments to Ind AS

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Revenue		
Total revenue for reportable segments	66,075.62	62,064.15
Total revenue	**66,075.62**	**62,064.15**
(b) Profit / (loss) before tax		
Total profit before tax for reportable segments	10,478.91	12,943.44
Unallocated amounts:		
- Unallocated income	2,096.29	2,037.97
- Other corporate expenses	(3,101.03)	(1,623.22)
Total profit before tax from operations	**9,474.17**	**13,358.19**
(c) Assets		
Total assets for reportable segments	40,761.71	35,108.05
Other unallocated amounts	46,345.94	39,152.37
Total assets	**87,107.65**	**74,260.42**
(d) Liabilities		
Total liabilities for reportable segments	19,586.43	14,745.96
Other unallocated amounts	12,614.58	9,843.80
Total liabilities	**32,201.01**	**24,589.76**

C. Information about major customers

No customer individually accounted for more than 10% of the revenues in the year ended 31 March 2020 and 31 March 2019.

D. Unallocated assets, liabilities, revenue and expenses

Certain assets, liabilities, revenue and expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company believes that it is not practicable to provide segment disclosures relating to such assets, liabilities, revenue and expenses and accordingly such assets, liabilities, revenue and expenses are separately disclosed as 'unallocated'.

46 Standards issued but not yet effective

Ministry of Corportate Affairs ("MCA") notifies new statndard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

47 As at 31 March 2020, the Company has gross foreign currency receivables amounting to INR 18,849.78 lakhs (previous year INR 15,898.33 lakhs). Out of these receivables, INR 1,992.90 lakhs (previous year INR 355.39 lakhs) is outstanding for more than 15 months. As per circular RBI/2019-20/206 A. P. (DIR series) circular no. 27 , receipt for export goods should be realized within a period of 15 months from the date of export. The Company must file extension with AD Bank & as per the requirements of circular no. RBI/2015-16/395 A. P. (DIR series) Circular no. 68 dated May12, 2016, in one calendar year, the Company is allowed to seek extension for an amount equivalent to 10% of the average export collection of the last 3 years only and pursuant to the same, the Company is in the process of applying for approval to seek extension of time beyond 15 months from export date. The management is of the view that the Company will be able to obtain approvals from the authorities for realising such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.

48 Additional information pursuant to Para 2 of general instruction for the preparation of consolidated financial statement

Name of the enterprise	Net assets (Total assets-Total liabilities)			
	31 March 2020		31 March 2019	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent	95.97%	52,692.54	97.44%	48,397.42
Newgen Software Technologies Limited				
Indian Subsidiary				
Newgen Computers Technologies Limited	0.13%	68.83	0.13%	62.53
Foreign Subsidiaries				
Newgen Software Inc. USA.	3.78%	2,072.91	2.71%	1,344.27
Newgen Software Technologies UK Ltd.	0.44%	240.89	0.42%	207.50
Newgen Software Technologies Canada Ltd.	0.35%	194.83	0.29%	145.56
Newgen Software technologies PTE Ltd	1.05%	576.77	0.73%	361.49
Newgen Software technologies PTY Ltd	0.87%	476.35	-	-
Adjustment arising out of consolidation	-2.58%	(1,416.48)	-1.71%	(848.11)
Total	**100.00%**	**54,906.64**	**100.00%**	**49,670.65**

Name of the enterprise	Share in profit and loss after tax			
	31 March 2020		31 March 2019	
	As % of consolidated profit and loss	Amount	As % of consolidated profit and loss	Amount
Parent	90.62%	6,591.23	93.76%	9,583.08
Newgen Software Technologies Limited				
Indian Subsidiary				
Newgen Computers Technologies Limited	0.09%	6.30	0.05%	4.62
Foreign Subsidiaries				
Newgen Software Inc. USA.	7.51%	546.45	4.10%	419.38
Newgen Software Technologies UK Ltd.	0.36%	26.52	0.21%	21.13
Newgen Software Technologies Canada Ltd.	0.62%	45.02	0.42%	42.46
Newgen Software technologies PTE Ltd	2.67%	194.34	1.27%	130.00
Newgen Software technologies PTY Ltd	0.19%	14.12	-	-
Adjustment arising out of consolidation	-2.07%	(150.52)	0.20%	20.22
Total	**100.00%**	**7,273.46**	**100.00%**	**10,220.89**

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W / W-100024

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.05.26 20:53:20 +05'30'

Rakesh Dewan
Partner
Membership No.: 092212
UDIN: 20092212AAAABN8911

Place: Gurugram
Date: 26 May 2020

For and on behalf of the Board of Directors of
Newgen Software Technologies Limited

DIWAKAR NIGAM Digitally signed by DIWAKAR NIGAM Date: 2020.05.26 17:39:48 +05'30'

Diwakar Nigam
Chairman & Managing I
DIN: 00263222
Place: New Delhi
Date: 26 May 2020

TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Digitally signed by TIRUMALAI SUNDARAJA IYENGAR VARADARAJAN Date: 2020.05.26 16:51:44 +05'30'

T.S.Varadarajan
Whole Time Director
DIN: 00263115
Place: Chennai
Date: 26 May 2020

ARUN KUMAR GUPTA Digitally signed by ARUN KUMAR GUPTA Date: 2020.05.26 16:52:24 +05'30'

Arun Kumar Gupta
Chief Financial Officer
Membership No: 056859
Place: Noida
Date: 26 May 2020

AMAN MOURYA Digitally signed by AMAN MOURYA Date: 2020.05.26 16:52:59 +05'30'

Aman Mourya
Company Secretary
Membership No: F9975
Place: Noida
Date: 26 May 2020