

Newgen Software Technologies Limited

Statutory Audit

For the year ended 31 March 2014

B S S R & Co

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurgaon - 122 002 (India)

Telephone: +91-124-2549191
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Independent Auditor's Report

To the Members of
Newgen Software Technologies Limited

Report on Financial Statements

We have audited the accompanying financial statements of Newgen Software Technologies Limited ('the Company') which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

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

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - (v) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For BSSR & Co
Chartered Accountants
Firm Registration No.: 131317W



Sharad Chaudhry
Partner
Membership No.: 502000

Place: Gurgaon
Date: 12 June 2014

Annexure to the Auditor's report

The Annexure referred to in our report to the members of Newgen Software Technologies Limited ('the Company') for the year ended 31 March 2014. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of two years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. As informed to us, discrepancies were noticed on such verification were not material and have been properly adjusted in the books of account.
- (c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
- (ii) (a) Inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.
- (iii) As informed to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanations that purchase of inventories are for the Company's specialised requirements and similarly goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have neither observed nor have been informed of any instances of major weakness in the internal control system during the course of our audit.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements, the particulars of which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, we are of the opinion that the Company has an internal audit system commensurate with the size of the company and nature of its business.



- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of activities of the Company.
- (ix) (a) According to the information and explanations 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, Wealth-tax, Sales-tax, Service tax and other material statutory dues have been regularly deposited with the appropriate authorities, *though there has been a delay and short deposit in Provident Fund and certain delays in deposit of Professional tax.* As explained to us, the Company did not have any dues on account of Excise duty, Custom duty and Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, Income-tax, Wealth-tax, Sales-tax, Service tax, Customs duty and other material statutory dues were in arrears as at 31 March 2014 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 of Sales-tax, Service tax, Customs duty, Wealth tax and Excise duty which have not been deposited with the appropriate authorities on account of any dispute. The details of disputed income-tax dues that have not been deposited by the Company as at 31 March 2014 are as follows:

Name of the Statute	Nature of the dues	Forum where pending	Amount involved* (Rs. lacs)	Amount paid under protest (Rs. lacs)	Assessment year to which the amount relates
Income-tax Act, 1961	Income-tax	Commissioner of Income tax (Appeals)	2.38	2.38	2004-05

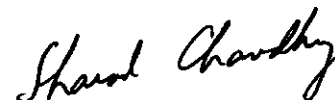
* amount as per demand orders, including interest and penalty wherever quantified in the order.

- (x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank. The Company does not have any dues payable to any financial institutions or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, paragraph 4(xiii) of the Order is not applicable.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, paragraph 4(xiv) of the Order is not applicable.



- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, paragraph 4(xv) of the Order is not applicable.
- (xvi) Based on our examination of the books of account and according to the information and explanations given to us, the Company has not obtained any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) The Company did not have any outstanding debentures during the year. Accordingly, paragraph 4(xix) of the Order is not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, paragraph 4(xx) of the Order is not applicable.
- (xxi) Based on our examination of the books of account and in accordance with the information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S S R & Co
Chartered Accountants
Firm Registration No.: 131317W



Sharad Chaudhry
Partner
Membership No.: 502000

Place: Gurgaon
Date: 12 June 2014

	Note	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,021.55	967.36
Reserves and surplus	4	15,333.59	10,175.95
		<u>16,355.14</u>	<u>11,143.31</u>
Non-current liabilities			
Long-term provisions	5	651.29	492.44
		<u>651.29</u>	<u>492.44</u>
Current liabilities			
Short-term borrowings	6	3,922.58	-
Trade payables	7	679.34	552.90
Other current liabilities	8	3,106.49	2,491.45
Short-term provisions	5	1,254.60	712.30
		<u>8,963.01</u>	<u>3,756.65</u>
		<u>25,969.44</u>	<u>15,392.40</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	9	1,260.35	1,156.79
- Intangible assets	10	96.68	203.44
		<u>1,357.03</u>	<u>1,360.23</u>
- Capital work-in-progress		287.30	287.30
		<u>1,644.33</u>	<u>1,647.53</u>
Non-current investments	11	759.12	759.12
Deferred tax asset (net)	12	501.51	355.08
Long-term loans and advances	13	811.03	528.87
Other non-current assets	14	95.66	30.96
		<u>3,811.65</u>	<u>3,321.56</u>
Current assets			
Current investments	15	5,500.00	-
Inventories	16	-	4.05
Trade receivables	17	13,264.97	9,902.67
Cash and bank balances	18	1,897.83	954.62
Short-term loans and advances	13	311.26	340.01
Other current assets	14	1,183.73	869.49
		<u>22,157.79</u>	<u>12,070.84</u>
		<u>25,969.44</u>	<u>15,392.40</u>
Significant accounting policies	2		

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

As per our report of even date attached

For: B S S R & Co
Chartered Accountants
Firm Registration No.: 131317W



Sharad Chaudhry
Partner
Membership No.: 502000

Place: Gurgaon
Date: 12-June-2014

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



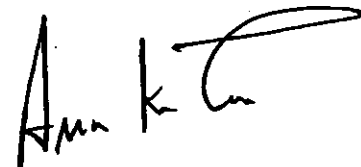
Diwakar Nigam
Managing Director

Place: New Delhi
Date: 12-June-2014



T.S. Varadarajan
Whole Time Director

Place: New Delhi
Date: 12-June-2014



Arun Kumar Gupta
Vice President Finance and
Company Secretary

Place: New Delhi
Date: 12-June-2014

Newgen Software Technologies Limited
Statement of Profit and Loss for the year ended 31 March 2014

	Note	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
Revenue			
Revenue from operations	19	23,360.17	18,876.56
Other income	20	771.93	515.79
		<u>24,132.10</u>	<u>19,392.35</u>
Expenses			
Purchases of stock-in-trade	21	282.37	28.28
Changes in inventory of stock-in-trade	22	4.05	5.42
Employee benefits expense	23	10,738.29	8,899.15
Finance costs	24	147.39	155.86
Depreciation and amortisation expense	25	416.36	430.02
Other expenses	26	7,597.54	5,933.56
		<u>19,186.00</u>	<u>15,452.29</u>
Profit before tax		4,946.10	3,940.06
Tax expense			
- current tax			
Tax as per normal provisions		-	806.44
MAT for the year		1,105.54	-
MAT credit entitlement		(94.65)	-
- deferred tax		(146.44)	(58.28)
Profit after tax for the year		4,081.65	3,191.90
Earnings per equity share (face value of Rs. 10 per share)			
- Basic	32	46.49	37.56
- Diluted		38.04	31.26


Significant accounting policies 2

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

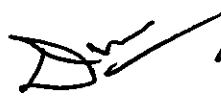
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Firm Registration No.: 131317W

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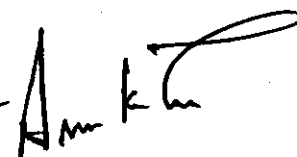
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Arun Kumar Gupta
Vice President Finance and
Company Secretary

Place: Gurgaon
Date: 12-June-2014

Place: New Delhi
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Place: New Delhi
Date: 12-June-2014

	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
A. Cash flow from operating activities:		
Profit before tax	4,946.10	3,940.06
<i>Adjustments for:</i>		
Depreciation and amortisation expense	416.36	430.02
Net loss on sale/retiring of fixed assets	0.95	0.86
Provision for doubtful trade receivables	328.36	90.58
Bad debts written off	0.19	36.99
Employee stock compensation expense	7.22	20.08
Excess liabilities/provisions no longer required, written back	-	(36.64)
Unrealised foreign exchange difference	(115.04)	(200.26)
Finance costs	147.39	155.86
Dividend income on mutual fund investments	(74.57)	-
Profit on sale on mutual fund investments	(90.31)	-
Interest income	(30.28)	(7.67)
Operating profit before working capital changes	5,536.37	4,429.88
<i>Adjustments for working capital changes:</i>		
(Decrease)/increase in trade payables	126.44	(137.56)
Increase in other current liabilities	648.68	353.62
Increase in provisions	90.40	135.93
Decrease/(increase) in inventories	4.05	5.42
Increase in trade receivables	(3,731.01)	(1,022.30)
(Increase)/Decrease in loans and advances	4.20	(96.76)
Increase in other current assets and non-current assets	(316.88)	(297.07)
Cash generated from operating activities	2,362.25	3,371.16
Income tax paid	(823.59)	(895.49)
Net cash generated from/(used in) operating activities	1,538.66	2,475.67
B. Cash flow from investing activities:		
Purchase of fixed assets	(543.12)	(318.35)
Sale of fixed assets	0.04	3.63
Investment in subsidiaries	-	(164.55)
Purchase of mutual fund investments	(11,000.00)	-
Proceeds from sale of mutual fund investments	5,590.31	-
Dividend income on mutual fund investments	74.57	-
Interest received	27.12	4.18
Investment in bank deposits	(46.51)	(43.21)
Proceeds from bank deposits	30.89	-
Net cash used in investing activities	(5,866.70)	(518.30)
C. Cash flow from financing activities:		
Repayment of long-term borrowings	(0.61)	(1.75)
Proceeds from issue of compulsory convertible preference shares	2,010.00	-
Proceeds from borrowings	4,011.72	(713.29)
Share issue expenses	(97.80)	-
Loan repaid by Newgen employee trust	134.00	6.76
Dividend paid (including dividend distribution tax)	(595.39)	(236.87)
Finance costs	(147.39)	(155.94)
Net cash (used in)/generated from financing activities	5,314.53	(1,101.09)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	986.49	856.28
Cash and cash equivalents at the beginning of the year	911.34	55.06
Cash and cash equivalents at the end of the year (refer to note 18)	1,897.83	911.34

Note: The above Cash Flow Statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard - 3 on Cash Flow Statements notified by the Companies (Accounting Standards) Rules, 2006.

Significant accounting policies (refer to note 2)

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

As per our report of even date attached

For B S S R & Co
Chartered Accountants
Firm Registration No.: 131317W



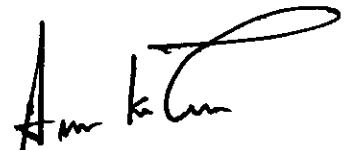
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Partner
Membership No.: 502000

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




Diwakar Nigam
Managing Director

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Arun Kumar Gupta
Vice President Finance
and Company Secretary

Place: Gurgaon
Date: 12-June-2014

Place: New Delhi
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Place: New Delhi
Date: 12-June-2014

1 Background

Newgen Software Technologies Limited (hereinafter referred to as 'Newgen' or the 'Company') is a global software development company and is engaged in the business of 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 organisations/industries such as Finance and Banking, Insurance and Government Departments to improve productivity through better document management and workflow implementation.

2 Significant accounting policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, and the presentational requirements of the Companies Act, 1956, to the extent applicable.

All income and expenditure having a material bearing on the financial statements are recognised on accrual basis. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

b) Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

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

- i) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is expected to be realised within 12 months after the reporting date; or
- iv) 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.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

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

- i) it is expected to be settled in the company's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is due to be settled within 12 months after the reporting date; or
- iv) 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 liabilities include current portion of non-current financial liabilities.

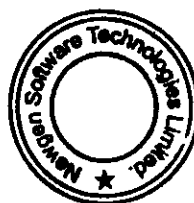
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.



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c) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include provisions of future obligation under employee retirement benefit plans, estimated useful life of fixed assets, provision for doubtful debts and loans and advances and provision for income-tax. Actual results could differ from these estimates. Any revisions to estimates are recognised prospectively in current and future periods.

d) Tangible fixed assets and capital work-in-progress

Tangible fixed assets (except freehold land which is carried at cost) are stated at cost of acquisition less accumulated depreciation and impairment loss, if any. Cost of acquisition includes freight inward, duties, taxes and other directly attributable expenses incurred to bring the assets to their working condition for

Fixed assets under construction and cost of assets not ready for use before the year-end, are disclosed as capital work-in-progress.

e) Intangible fixed assets

Intangible fixed assets comprising of computer softwares, are stated at cost of acquisition less accumulated amortization and impairment loss, if any. Intangible fixed assets are capitalized where they are expected to provide future enduring economic benefits. Capitalization costs include license fees and cost of implementation/system integration services. The costs are capitalised in the year in which the software is fully implemented for use.

f) Depreciation and amortisation

Depreciation on tangible fixed assets is provided on Written Down Value Method at rates specified in Schedule XIV to the Companies Act, 1956, which in the view of the management represents the estimated useful life of the fixed assets.

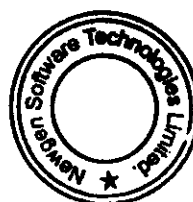
Leasehold land is amortised over the period of lease. Leasehold improvements are being amortised over the term of the lease agreement or period of three years, whichever is shorter.

Depreciation is calculated on pro-rata basis from the date of additions, except in case of assets costing Rs. 5,000 or less, where each such asset is fully depreciated in the year of purchase. Depreciation on assets sold / discarded during the year is provided till the date of such sale / disposal.

Intangible fixed assets comprising of computer softwares are amortized over a period of four years on a straight line basis which represents the period over which the company expects to derive economic benefits from the use of these assets.

g) Impairment of assets

The management assesses at each Balance Sheet date whether there is any indication that a fixed asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.



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h) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is presented under 'current assets' in consonance with the current/ non-current classification scheme of revised Schedule VI

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value.

i) Inventories

Inventories of stock-in-trade have been valued at the lower of cost and net realisable value. Cost of stock-in-trade is determined using the first-in-first-out (FIFO) basis.

j) Revenue recognition

Revenue from sale of licenses for software products is recognised on transfer of title to the customer, which generally coincides with dispatch.

When a fixed price sales arrangement contains multiple-elements, such as sale of licenses for software products, implementation services and other services, revenue for each element is based on revenue arrangements in which a customer may purchase a combination of its services. Revenue from multiple-element arrangements is recognized, for each respective element, based on (1) the attainment of the delivery criterion; (2) its fair value, which is determined using the selling price hierarchy of vendor-specific objective evidence ("VSOE") of fair value, third-party evidence or best estimated selling price, as applicable, and (3) its allocated selling price, which is based on the relative sales price method.

The revenues from fixed price contracts for software development is recognized based on proportionate completion method and foreseeable losses on the completion of contract, if any, are recognised immediately.

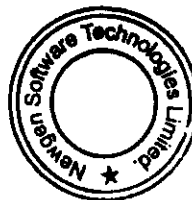
Revenue with respect to time and material contracts is recognized, as related services are performed on a man month basis.

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

Revenue from annual technical service and maintenance contracts is recognised on a pro rata basis over the period in which such services are rendered.

Amounts received or billed in advance of services 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.

Rental income from office equipments given on operating lease is recognised on a straight-line basis over the lease term which is irrespective of pattern in which benefit derived from the use of the leased asset.



Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

k) Other income

Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend from investments is recognized when right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.

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) Trade receivables

The Company maintains reserve for doubtful debts for estimated losses inherent in its trade receivable portfolio. In establishing the required reserve, management considers historical losses adjusted to take into account current market conditions and its customers' financial condition, the amount of trade receivables in dispute and the current ageing and current payment patterns. Trade receivable account balances are charged off against the reserve after all means of collection have been exhausted and the potential for recovery is considered remote.

m) Foreign currency transactions

Foreign exchange transactions are recorded using the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss for the year. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the exchange rates on that date and the resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary items denominated in a foreign currency, i.e. investments, are carried at historical cost and are stated at the exchange rate at the date of transaction.

n) Leases

Operating leases

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as an operating lease. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

o) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company does not recognise assets which are of contingent nature. However, if it has become virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the financial statements of the period in which the change occurs.

p) Employee benefits

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Post employment benefits

Defined contribution plans

The Company makes contributions to provident fund which is a defined contribution plan.



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Defined benefit plans

The Company's gratuity plan is a defined benefit plan. Present value of obligations under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure 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, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Other long-term benefits

Benefits under the Company's compensated absences scheme constitute other long-term employee benefits. The obligation in respect of compensated absences is provided on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure 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, is based on the market yields on Government bonds as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

q) Employee share based compensation

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of intrinsic value of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company, is regarded as employee compensation expense and recognised on a graded vesting basis over the vesting period in accordance with the "Guidance Note on Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India. The Company has set up a trust to administer the ESOP Plan under which options have been granted to employees.

r) Segment accounting policies

The accounting principles consistently used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments. The accounting policies in relation to segment accounting are as under:

i) Segment assets and liabilities

All segment assets and liabilities have been allocated to the various segments on the basis of specific identification. Segment assets consist principally of fixed assets, capital work in progress, trade receivables, loans and advances and service income accrued but not billed. Segment assets do not include unallocated advance tax, deferred tax assets and other assets not specifically identifiable with a segment.

Segment liabilities include sundry creditors, other liabilities and staff benefits. Segment liabilities do not include share capital, reserves and surplus, provision for income tax and other liabilities not specifically identifiable with a segment.



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ii) Segment revenue and expenses

Segment revenue and expenses are directly attributable to the segment and have been allocated to various segments on the basis of specific identification. Segment revenue does not include interest income and miscellaneous income in respect of non-segmental activities. Segment expenses do not include depreciation on unallocated corporate fixed assets, finance costs, tax expense and other expense in respect of non-segmental activities.

iii) 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'.

s) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

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.

t) Earnings per share

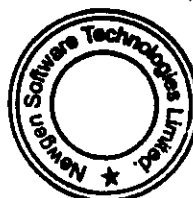
The Company reports basic and diluted earnings / (loss) per equity share in accordance with Accounting Standard 20, "Earnings Per Share" prescribed by Companies (Accounting Standards) Rules, 2006. The basic earnings / (loss) per share is computed by dividing the net profit / (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed after adjusting the effects of all dilutive potential equity shares, if any, except when the results will be anti-dilutive.

u) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



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	As at 31 March 2014		As at 31 March 2013	
	Number of shares	Amount (Rs. lacs)	Number of shares	Amount (Rs. lacs)
3 Share capital				
Authorised				
Equity shares of Rs. 10 each	12,999,800	1,299.98	13,000,000	1,300.00
Equity share capital with differential voting rights of Rs. 10 each	200	0.02	-	-
0.01% Compulsory convertible preference shares of Rs. 10 each	2,000,000	200.00	2,000,000	200.00
	<u>15,000,000</u>	<u>1,500.00</u>	<u>15,000,000</u>	<u>1,500.00</u>
Issued, subscribed and paid up				
Equity shares of Rs. 10 each, fully paid up				
At the beginning of the year	8,794,800	879.48	8,794,800	879.48
Less: Recoverable from newgen employee trust (refer to note 33)	294,970	29.50	496,230	49.62
Add: Equity share capital with differential voting rights	20	0.00	-	-
At the end of the year	8,499,850	849.98	8,298,570	829.86
0.01% Compulsory convertible preference shares of Rs. 10 each, fully paid up				
At the beginning of the year	1,375,035	137.50	1,375,035	137.50
Add: Issued during the year	340,670	34.07	-	-
At the end of the year	1,715,705	171.57	1,375,035	137.50
	<u>10,215,555</u>	<u>1,021.55</u>	<u>9,673,605</u>	<u>967.36</u>

3(a) Terms/rights attached to equity shares

The company has two classes of equity shares i.e equity shares having a par value of Rs.10 per share and equity shares with differential voting rights having par value of Rs.10 per share. During the year, the Company has issued 20 equity shares with differential voting rights, i.e., 10 equity shares with differential voting rights to Unit Trust of India Investment Advisory Services Limited, A/C Ascent Irdia Fund II ("Ascent") and 10 equity shares with differential voting rights to IDG Ventures India Fund II LLC ("IDGVI").

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. 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.

Equity shares with differential voting rights:

In case of equity shares with differential voting rights, each of the shareholders holding either the Ascent DVR or the IDGVI DVR shall be entitled to such pro-rata and proportionate differential voting rights as specified below

Shareholder	Particulars	No. of DVR	No. of Votes
Ascent	DVR	10	895,992
IDGVI	DVR	10	459,483

Each of the shareholder with differential voting rights shall, at all times up to the conversion thereof, are entitled to a fixed preferential and cumulative dividend of one-hundredth percent (0.01%) of the investment amount and resolved to be so distributed as such dividend in respect of each financial year or other accounting period of the Company, in accordance with applicable Law. In addition, the Ascent DVR and the IDGVI DVR shall be entitled to participate in any distribution of the profits of the Company (including, as regards any dividends declared) on a pro-rata share and as-if-converted basis vis-à-vis the other shareholders.

Expiration of differential rights:

Subject to the foregoing, each Ascent DVR and an IDGVI DVR shall be compulsorily converted at no cost to the Investors, into equity shares in the ratio of 1:1 at any time as may be determined by the investors in their sole discretion.

Upon conversion of the Ascent DVR and the IDGVI DVR, such differential voting and dividend rights, as mentioned above, on the shares held by each of the investors shall automatically expire. Subsequent thereto, the investors, as a holder of the Equity shares shall have the right to vote pro-rata to their respective shareholding on a fully diluted basis. In the event of a part conversion of the Ascent DVR and the IDGVI DVR, the differential voting and dividend rights shall be reduced proportionately to ensure that such rights automatically apply only to the shareholding percentage represented by the unconverted Ascent DVR and the IDGVI DVR.



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3(b) Terms/rights attached to preference shares

During the years ended 31 March 2008 and 31 March 2009, the Company had issued 1,014,785 compulsorily convertible preference shares (hereinafter referred to as "CCPS") of Rs. 10 each fully paid up to HAV2 (Mauritius) Limited and 360,250 CCPS of Rs. 10 each fully paid up to SAPV (Mauritius).

During the financial year 2013-14, HAV2 (Mauritius) Limited, exited from the Company and two new investors namely Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund II ("Ascent") and IDG Ventures India Fund II LLC ("IDGVI") made investment in the Company. During the year ended 31 March 2014, all the CCPS held by HAV2 (Mauritius) Limited, were acquired by Ascent (670,790 CCPS) and IDGVI (343,995 CCPS). Further, during the year, the Company has also allotted 225,192 number of CCPS to Ascent and 115,478 number of CCPS to IDGVI.

Pursuant to Shareholders agreement executed on 31 October 2013, between Newgen Software Technologies Ltd, Ascent, IDGVI, SAPV (Mauritius) (individually referred as investor and together referred to as investor group), Newgen Employees Trust and Mr. Diwakar Nigam, Mr. T.S. Varadarajan, Mrs. Priyadarshini Nigam and Mrs. Usha Varadarajan, and Share purchase cum Subscription agreement dated 31 October 2013, between Newgen Software Technologies Ltd, Ascent, IDGVI, SAPV (Mauritius), Mr. Diwakar Nigam, Mr. T.S. Varadarajan, Mrs. Priyadarshini Nigam and Mrs. Usha Varadarajan, the investor group shall be entitled to receive dividends in preference to any dividends on the equity shares of the Company at the rate of 0.01% (Zero point Zero One Per cent) per annum on the investors subscription consideration, pro rata on a fully diluted basis. In addition, investor group shall also be entitled to participate in any dividends paid on the equity shares on a fully diluted basis. Upon occurrence of a liquidity event, the investor group members shall, subject to applicable Law, be entitled to first (in priority to any other holders of Equity Securities) receive an amount from the liquidation amount equivalent to the higher of the following:

(a) such amount as would be distributed to such investor group member in proportion to its shareholding percentage in the Company;

or

(b) for each Equity Security held by the Investor, the price at which each Investor subscribed to it or acquired it from the respective sellers and for each SAPV Security, the price at which SAPV subscribed to such SAPV Security.

Each CCPS shall be compulsorily converted at no cost to the Investor, into Equity Shares in the ratio of 1:1 at any time as may be determined by the Investor at their sole discretion. Subject to applicable Law, the conversion of the Shares and the HAV2 (Mauritius) Limited Sale of Shares will take place within the maximum time period prescribed under applicable Law for such conversion.

3(c) Shareholders holding more than 5% equity shares of the Company:

	As at 31 March 2014		As at 31 March 2013	
	Number of shares	% holding in the shares	Number of shares	% holding in the shares
Equity shares of Rs. 10 each, fully paid up held by:				
- Mr. Diwakar Nigam	3,063,001	34.83	3,127,500	35.56%
- Mr. T.S. Varadarajan	2,556,948	29.07	2,654,100	30.18%
- Mrs. Priyadarshini Nigam	1,328,151	15.10	1,379,000	15.68%
- Mrs. Usha Varadarajan	754,720	8.58	754,720	8.58%
- Newgen Employees Trust*	-	-	496,230	5.64%

* represents equity shares issued by the Company to Newgen Employees Trust, for issue of shares under Employee Stock Option Plans.

Equity shares with Differential voting Rights of Rs.10 each, fully paid up held by:

	As at 31 March 2014		As at 31 March 2013	
	Number of shares	% holding in the shares	Number of shares	% holding in the shares
Ascent	10	50	-	-
IDGVI	10	50	-	-

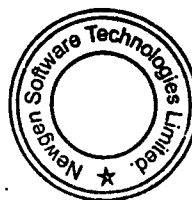
0.01% Compulsory Convertible Preference Shares of Rs.10 each, fully paid up held by:

	As at 31 March 2014		As at 31 March 2013	
	Number of shares	% holding in the shares	Number of shares	% holding in the shares
SAPV (Mauritius)	360,250	21.00%	360,250	26.20%
Ascent	895,982	52.22%	-	-
IDGVI	459,473	26.78%	-	-
HAV 2 (Mauritius) Limited	-	-	1,014,785	73.80%



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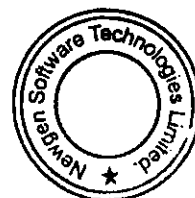
Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
4 Reserves and surplus		
Capital redemption reserve		
At the beginning and end of the year	87.95	87.95
	<u>87.95</u>	<u>87.95</u>
Securities premium account		
At the beginning of the year	3,836.54	3,760.54
Add: On issue of shares to Newgen Employees Trust in earlier years	-	75.31
Add: Share premium on fresh issue of compulsory convertible preference shares	1,975.82	-
Add: Share premium on fresh issue of equity shares with differential voting rights	0.12	-
Less: Share issue expenses written off	- 97.80	-
Add: Transferred from employee stock options outstanding account on exercise of stock options issued to employees (refer to note 33)	2.73	0.69
	<u>5,717.41</u>	<u>3,836.54</u>
Less: Recoverable from newgen employee trust (refer to note 33)	21.51	135.39
At the end of the year	<u>5,695.90</u>	<u>3,701.15</u>
Employee stock options outstanding (refer to note 33)		
At the beginning of the year	22.83	3.44
Add: Employee stock compensation expense	7.22	20.08
Less: Transferred to general reserve on account of lapse of stock options issued to employees (refer to note 33)	3.00	-
Less: Transferred to securities premium account on exercise of stock options issued to employees	2.73	0.69
At the end of the year	<u>24.32</u>	<u>22.83</u>
General reserve		
At the beginning of the year	589.38	270.19
Add: Transferred from employee stock options outstanding account on lapse of stock options issued to employees (refer to note 33)	3.00	-
Add: Transferred from surplus	408.16	319.19
At the end of the year	<u>1,000.54</u>	<u>589.38</u>
Surplus in the profit and loss balances		
At the beginning of the year	5,774.64	3,497.31
Add: Profit for the year	4,081.65	3,191.90
Less: Appropriations		
Proposed dividend on equity shares	659.61	439.74
Dividend distribution tax on proposed dividend on equity shares	112.10	74.73
Proposed dividend on preference shares	129.53	69.16
Dividend distribution tax on proposed dividend on preference shares	22.01	11.75
Transfer to general reserve	408.16	319.19
At the end of the year	<u>8,524.88</u>	<u>5,774.64</u>
	<u>15,333.59</u>	<u>10,175.95</u>



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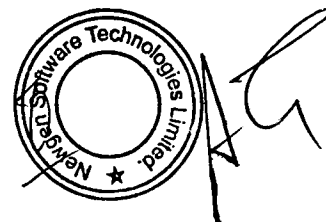
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5 Provisions

	Long-term		Short-term	
	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Provision for employee benefits (refer to note 29)				
Provision for gratuity	467.72	363.75	29.41	59.75
Provision for compensated absences	183.57	128.69	19.07	57.17
	<u>651.29</u>	<u>492.44</u>	<u>48.48</u>	<u>116.92</u>
Other provisions -				
Provision for income-tax [net of advance tax Rs. 822.67 lacs] (Previous year Rs. Nil)	-	-	282.87	-
Proposed dividend on equity shares	-	-	659.61	439.74
Dividend distribution tax on proposed dividend on equity shares	-	-	112.10	74.73
Proposed dividend on preference shares	-	-	129.53	69.16
Dividend distribution tax on proposed dividend on preference shares	-	-	22.01	11.75
	<u>-</u>	<u>-</u>	<u>1,206.12</u>	<u>595.39</u>
	<u>651.29</u>	<u>492.44</u>	<u>1,254.60</u>	<u>712.30</u>



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Newgen Software Technologies Limited

Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
6 Short-term borrowings		
Loans repayable on demand - from banks (Secured)*		
Pre-shipment loans	3,922.58	-
	<u>3,922.58</u>	<u>-</u>

* Loans repayable on demand from banks are secured by way of an exclusive charge created on all present and future stock and trade receivables of the Company and equitable mortgage over certain immovable properties of the Company.

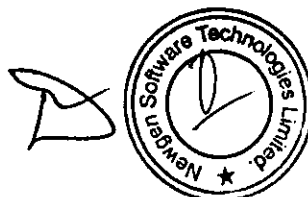
7 Trade payables

Trade payables		
- dues to micro and small enterprises	-	-
- dues to others	679.34	552.90
	<u>679.34</u>	<u>552.90</u>

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. Based on the information currently available with the Company, there are no amounts payable to micro and small enterprises as at 31 March 2014 and 31 March 2013.

8 Other current liabilities

Current maturities of long-term borrowings	-	0.61
Deferred revenue	1,452.67	1,194.13
Other payables		
- employee related payables	1,174.50	970.34
- statutory dues payable	391.47	224.04
- advance from customers	37.77	19.20
- dues in respect of purchase/construction of fixed assets	50.08	83.13
	<u>3,106.49</u>	<u>2,491.45</u>



9 Tangible assets

(Rs. lacs)

Asset description	Gross block						
	As at 31 March 2012	Additions	Deletions/ adjustments	As at 31 March 2013	Additions	Deletions/ adjustments	As at 31 March 2014
Freehold land	4.28	-	-	4.28	-	-	4.28
Leasehold land	53.90	-	14.00	39.90	-	-	39.90
Buildings	622.47	-	-	622.47	-	-	622.47
Leasehold improvements	153.08	-	-	153.08	-	-	153.08
Plant and machinery	230.24	25.21	2.20	253.25	28.23	1.38	280.10
Furniture and fixtures	202.05	28.10	0.80	229.35	4.64	-	233.99
Office equipments	224.95	57.81	1.08	281.68	64.20	0.12	345.76
Vehicles	119.98	-	21.99	97.99	74.03	-	172.02
Computer hardware	1,062.28	169.86	-	1,232.14	213.85	-	1,445.99
Total	2,673.23	280.98	40.07	2,914.14	384.95	1.50	3,297.59

Asset description	Depreciation						
	Upto 31 March 2012	For the year	On deletions/ adjustments	Upto 31 March 2013	For the year	On deletions/ adjustments	Upto 31 March 2014
Freehold land	-	-	-	-	-	-	-
Leasehold land	6.33	0.54	-	6.87	0.01	-	6.88
Buildings	187.46	27.75	-	215.21	20.66	-	235.87
Provision for income-tax [net of advance]	92.88	23.31	-	116.19	23.30	-	139.49
Plant and machinery	116.25	17.14	1.68	131.71	19.17	0.46	150.42
Furniture and fixtures	141.97	11.47	0.70	152.74	18.35	-	171.09
Office equipments	97.21	21.58	0.67	118.12	27.13	0.05	145.20
Vehicles	96.63	5.46	18.53	83.56	10.69	-	94.25
Computer hardware	755.14	177.81	-	932.94	161.09	-	1,094.04
Total	1,493.87	285.06	21.58	1,757.35	280.40	0.51	2,037.24

Asset description	Net block	
	As at 31 March 2013	As at 31 March 2014
Freehold land	4.28	4.28
Leasehold land	33.03	33.02
Buildings	407.26	386.60
Leasehold improvements	36.89	13.59
Plant and machinery	121.54	129.68
Furniture and fixtures	76.61	62.90
Office equipments	163.56	200.56
Vehicles	14.43	77.77
Computer hardware	299.19	351.96
Total	1,156.79	1,260.35

10 Intangible assets

(Rs. lacs)

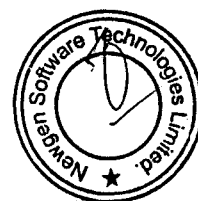
Asset description	Gross block						
	As at 31 March 2012	Additions	Deletions/ adjustments	As at 31 March 2013	Additions	Deletions/ adjustments	As at 31 March 2014
Computer software	559.88	128.30	-	688.18	29.18	-	717.36
Total	559.88	128.30	-	688.18	29.18	-	717.36

Asset description	Amortisation						
	Upto 31 March 2012	For the year	On deletions/ adjustments	Upto 31 March 2013	For the year	On deletions/ adjustments	Upto 31 March 2014
Computer software	339.78	144.96	-	484.74	135.94	-	620.68
Total	339.78	144.96	-	484.74	135.94	-	620.68

Asset description	Net block	
	As at 31 March 2013	As at 31 March 2014
Computer software	203.44	96.68
Total	203.44	96.68



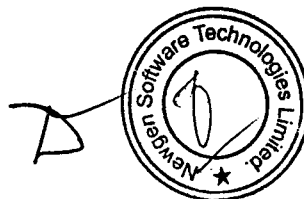
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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
11 Non-current investments <i>(valued at cost unless stated otherwise)</i>		
Long-term and unquoted investment in equity instruments of wholly owned subsidiaries		
Trade investments		
6,000 (previous year 6,000) common stocks of USD 200 each, fully paid up of Newgen Software Inc. USA.	496.75	496.75
1,000,000 (previous year 1,000,000) common shares of CAD 0.10 each, fully paid up of Newgen Software Technologies Canada, Ltd.	53.30	53.30
250,000 (previous year 250,000) ordinary shares of SGD 1 each, fully paid up of Newgen Software Technologies Pte. Ltd.	111.25	111.25
210,000 (previous year 210,000) equity shares of Rs.10 each, fully paid up of Newgen Computers Technologies Limited	46.50	46.50
5,000 (previous year 5,000) equity shares of Rs.100 each, fully paid up of Sundeeep Import Export Limited	51.32	51.32
	<u>759.12</u>	<u>759.12</u>
Aggregate amount of unquoted investments	759.12	759.12
12 Deferred tax assets (net)		
Deferred tax asset on:		
Provision for gratuity	158.73	132.76
Provision for compensated absences	60.93	55.04
Bonus payable	0.92	1.02
Provision for doubtful trade receivables	274.07	179.41
Provision for doubtful loans and advances	39.53	38.05
ESOP expense	10.17	-
Others	0.07	-
	<u>544.42</u>	<u>406.28</u>
Deferred tax liability on:		
Excess of written down value of fixed assets under Companies Act, 1956 over block of asset under Income-tax Act, 1961	42.91	51.20
	<u>42.91</u>	<u>51.20</u>
	<u>501.51</u>	<u>355.08</u>



Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

13 Loans and advances

(unsecured and considered good, unless stated otherwise)

	Long-term		Short-term	
	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Capital advances	167.50	5.46	-	-
Security deposits	193.25	167.44	-	-
Other loans and advances				
Earnest money deposits				
- considered good	-	-	32.10	23.53
- considered doubtful	-	-	116.30	117.26
Less: provision for doubtful deposits	-	-	148.40	140.79
	-	-	116.30	117.26
	-	-	32.10	23.53
Advances to vendors				
- considered good	-	-	10.25	7.16
- considered doubtful	-	-	-	-
Less: provision for doubtful advances	-	-	10.25	7.16
	-	-	4.76	11.41
Loans to employees	-	1.26	4.76	11.41
Advance to employees	-	-	58.34	80.06
Prepaid expenses	-	-	124.14	119.68
Advance income tax [net of provision of 2,140.33 lacs] (Previous year Rs. 2,140.33 lacs)	355.63	354.71	-	-
MAT credit entitlement	94.65	-	-	-
Balances with statutory authorities	-	-	81.67	98.17
	450.28	355.97	311.26	340.01
	811.03	528.87	311.26	340.01

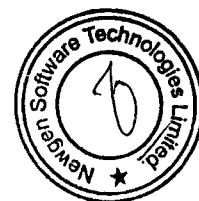
14 Other assets

(Unsecured and considered good, unless stated otherwise)

	Non-current		Current	
	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Bank deposits not due for realization within 12 months from the reporting date				
- pledged with tax authorities	4.25	4.25	-	-
- held as margin money	82.80	23.90	-	-
Unbilled revenue	-	-	1,182.91	866.03
Interest accrued on deposits	8.61	2.81	0.82	3.46
	95.66	30.96	1,183.73	869.49



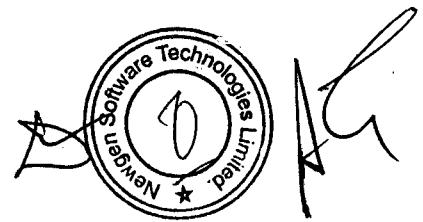
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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
15 Current Investments, <i>(Valued at cost or fair value which ever is less)</i>		
Quoted		
Investment in debt security mutual funds (refer to note 42)	5,500.00	-
	5,500.00	-



Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
16 Inventories <i>(valued at lower of cost and net realizable value)</i>		
Stock-in-trade	-	4.05
	<u>-</u>	<u>4.05</u>

17 Trade receivables

(Insecured, unless stated otherwise)

Trade receivables		
Outstanding for a period exceeding six months from the date they were due for payment		
- considered good	2,577.84	1,765.35
- considered doubtful	806.34	552.97
	<u>3,384.18</u>	<u>2,318.32</u>
Less: provision for doubtful debts	806.34	552.97
	<u>2,577.84</u>	<u>1,765.35</u>
Other trade receivables	10,687.13	8,137.32
	<u>13,264.97</u>	<u>9,902.67</u>

18 Cash and bank balances

Cash and cash equivalents		
- Cash on hand	4.55	2.38
- Balances with banks		
On current accounts	693.28	908.96
On deposit accounts (original maturity of 3 months or less)	1,200.00	-
Other bank balances	-	43.28
	<u>1,897.83</u>	<u>954.62</u>

Current account balances with banks include Rs. 37.97 lacs (previous year: Rs. 5.92 lacs) held at a foreign branch which are not freely remissible to the company because of exchange restrictions.

Details of bank balances/deposits

	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	1,200.00	-
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	-	43.28
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	82.80	23.90
	<u>1,282.80</u>	<u>67.18</u>



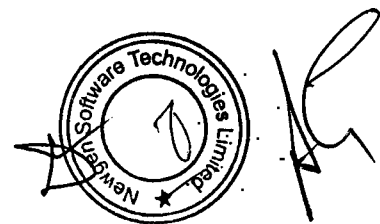
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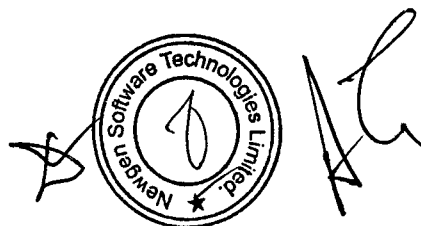
Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
19. Revenue from operations		
Sale of products - softwares	4,458.37	3,412.67
Sale of services	18,569.54	15,373.78
Sale of stock-in-trade		
- scanners	-	38.36
- third party software	232.48	-
- others	59.19	11.16
Rental income for office equipments given on operating lease for service delivery	40.59	40.59
	<u>23,360.17</u>	<u>18,876.56</u>
20. Other income:		
Interest income:		
- on bank deposits	30.28	7.67
Dividend income on mutual fund investment	74.57	-
Profit on sale on mutual fund investment	90.31	-
Net foreign exchange fluctuation gain	572.72	449.71
Excess liabilities/provisions no longer required, written back	-	36.64
Bad debts recovered	0.35	15.71
Miscellaneous income	3.70	6.06
	<u>771.93</u>	<u>515.79</u>



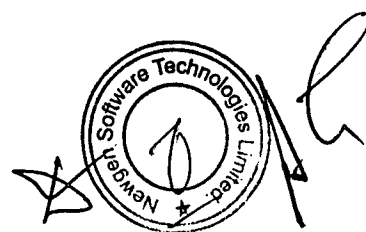
Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
21 Purchases of stock-in-trade		
Purchases of stock-in-trade		
- scanners	-	16.55
- third party software	231.61	-
- others	50.76	11.73
	<u>282.37</u>	<u>28.28</u>
22 Changes in inventory of stock-in-trade		
Opening stock	4.05	9.47
Less: Closing stock	-	4.05
	<u>4.05</u>	<u>5.42</u>
23 Employee benefits expense		
Salaries, wages and bonus	9,856.80	8,139.06
Contribution to provident fund and other funds	397.02	332.94
Employee stock compensation expense (refer to note 33)	7.22	20.08
Compensated absences	90.17	98.42
Gratuity	151.37	113.79
Staff welfare	235.71	194.86
	<u>10,738.29</u>	<u>8,899.15</u>
24 Finance costs		
Interest expense:		
- on borrowings	71.55	42.14
- on taxes	-	19.57
Other borrowing costs - bank charges	75.84	60.05
Net foreign currency loss attributable to the foreign currency loan	-	34.10
	<u>147.39</u>	<u>155.86</u>
25 Depreciation and amortisation expense		
Depreciation on tangible assets	280.40	285.06
Amortisation on intangible assets	135.94	144.96
	<u>416.34</u>	<u>430.02</u>



Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
26 Other expenses		
Rent (refer to note 30)	588.38	495.86
Travelling and conveyance	2,996.58	2,111.10
Legal and professional	831.60	765.82
Digitisation (scanning) charges	471.78	435.59
Advertisement and publicity	298.76	152.49
Insurance	138.63	94.83
Brokerage and commission	298.34	478.55
Repairs to:		
- buildings	51.05	43.32
- computers	82.82	61.19
- others	107.52	60.57
Rates and taxes	75.96	19.09
Recruitment	111.98	73.22
Donation	20.70	26.25
Office maintenance expense	277.24	202.78
Communication	228.97	231.75
Electricity and water	259.24	236.51
Auditors' remuneration		
- as auditors	15.00	15.00
- for reimbursement of expenses	1.00	-
Provision for doubtful trade receivables	328.36	90.58
Bad debt written off	0.19	36.99
Membership and subscription	168.06	102.04
Security charges	111.76	91.01
Equipment hiring charges	29.04	23.25
Software maintenance expense	57.37	30.79
Printing and stationery	40.20	46.48
Net loss on sale/retirement of fixed assets, net	0.95	0.86
Miscellaneous expenses	6.06	7.64
	<u>7,597.54</u>	<u>5,933.56</u>



Principal actuarial assumptions at the balance sheet date are as follows

Particulars	31 March 2014	31 March 2013
Economic assumptions:		
Discount rate*	8.50%	8.50%
Expected future salary increase**	5.50%	5.50%
Average remaining working lives of employees (years)	28.50	28.58
Demographic assumptions:		
Retirement age	58 years	58 years
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (1994-96)
Withdrawal rates:		
- Upto 30 years	8%	8%
- 31 to 40 years	5%	5%
- Above 40 years	1%	1%

* The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

** The expected rate of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

Experience adjustment

Particulars	(Rs. lacs)				
	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2011	For the year ended 31 March 2010
Present value of obligation at the end	497.12	423.50	333.99	284.70	255.85
Net liability recognised in balance sheet	(497.12)	(423.50)	(333.99)	(284.70)	(255.85)
Experience adjustment on plan liabilities (loss) / gain	(37.00)	3.30	0.44	5.76	22.17

c) Other long-term benefits

An amount of Rs. 90.17 lacs (previous year Rs. 98.42 lacs) pertaining to compensated absences is recognised as an expense and included in "Employee benefits expense" in Note 23.

30 Leases

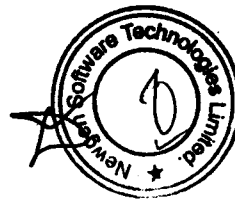
Operating leases as lessee

The Company has taken various cancellable and non-cancellable leases for office premises and residential accommodation for some of its employees. Lease payments charged during the year to the Statement of Profit and Loss amounts to Rs. 588.38 lacs (net of recovery from lessor of Rs. 42.46 lacs on delay in handover of leased office premises) (previous year Rs. 495.86 lacs). The future minimum lease payments under the non-cancellable leases as at year end is as below:

Particulars	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Not later than one year	378.17	371.87
Later than one year and not later than five years	385.53	756.35
Later than five years	-	-

Operating leases as lessor

The Company has given certain office equipments on lease to a customer for service delivery. These lease arrangements range for a period between 12 and 36 months and are cancellable in nature. Rental income recognised during the year in the Statement of Profit and Loss amounts to Rs. 40.59 lacs (previous year Rs. 40.59 lacs).



27 Contingent liabilities

Particulars	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Claims against the Company not acknowledged as debts # - Income-tax matters	-	16.02

The amounts shown above represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been initiated by the Company or the claimants as the case may be and therefore cannot be predicted accurately.

28 Commitments

Capital commitments:

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for in the financial statements aggregate to Rs. 427.50 lacs (previous year Rs. 39.09 lacs).

Other commitments:

Non-cancellable contractual commitments on account of operating leases and not provided for in the financial statements aggregate to Rs. 763.70 lacs (previous year Rs. 1,128.22 lacs).

29 Employee benefits

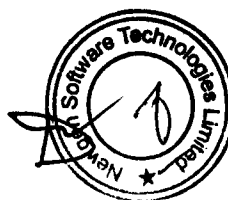
a) Defined contribution plan

The Company makes contribution towards employees' provident fund scheme. Under this scheme, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of this scheme, to this defined contribution scheme. During the year, the Company recognised Rs. 397.02 lacs (previous year Rs. 332.94 lacs) as expense towards contribution to this plan and included in "Employee benefits expense" in Note 23.

b) Defined benefit plan

Gratuity scheme - This is an unfunded defined benefit plan for qualifying employees. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

Particulars	31 March 2014 (Rs. lacs)	31 March 2013 (Rs. lacs)
Change in present value of obligation		
Present value of obligation at the beginning of the year	423.51	333.99
Current service cost	78.04	66.49
Interest cost	36.00	28.39
Actuarial (gain) / loss	37.33	18.91
Benefits paid	(77.75)	(24.28)
Present value of obligation at the end of the year	497.13	423.50
Liability recognised in the financial statements	497.13	423.50
Expense recognised in the Statement of Profit and Loss		
Current service cost	78.04	66.49
Interest cost	36.00	28.39
Actuarial (gain) / loss	37.33	18.91
Expense recognised in the Statement of Profit and Loss	151.37	113.79



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2014

31 The Company recognizes the following segments as its primary segment based on location of its customers: India, Europe, Middle East and Africa ('EMEA'), Asia Pacific ('APAC') and United States of America ('USA')

The above segments have been identified and reported taking into account the differing risks and returns, nature of regulatory environment and the current internal financial reporting structure. In view of the management, risk and returns for the Company is affected by the economic condition of various geographies. Accordingly, the geographical segments have been considered as primary reportable segments.

Financial information relating to the primary segments is presented below:

Particulars	India	EMEA	APAC	USA	Total
Segment revenue	8,519.10 (7,297.84)	7,578.11 (6,171.88)	925.33 (630.21)	6,337.64 (4,776.63)	23,360.18 (18,876.56)
Segment result	1,107.56 (1,013.88)	1,570.58 (1,565.52)	11.46 (98.06)	2,048.27 (1,782.40)	4,737.87 (4,459.86)
Operating profit					4,737.87 (4,459.86)
Unallocated income					771.94 (66.08)
Less: Unallocated expenditure					563.71 (585.88)
Profit before tax					4,946.10 (3,940.06)
Tax expense					864.45 (748.16)
Profit for the year					4,081.64 (3,191.90)

Figures in brackets represents previous year figures

Assets and liabilities of reportable primary segment are as follows:

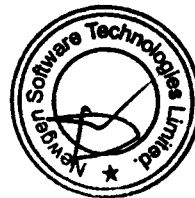
Particulars	India	EMEA	APAC	USA	Total
Segment assets by location	13,652.11 (7,467.23)	5,862.27 (3,779.86)	1,076.03 (653.88)	2,529.39 (2,781.64)	23,119.80 (14,682.61)
Unallocated assets					2,754.98 (709.79)
Total assets					25,874.78 (15,392.40)
Segment liabilities by location	1,845.93 (3,328.70)	1,557.81 (845.69)	180.93 (65.83)	508.50 (8.79)	4,093.18 (4,249.09)
Unallocated liabilities					21,781.64 (11,413.31)
Total liabilities					25,874.82 (15,392.40)

Figures in brackets represents previous year figures

Secondary segment is not applicable.



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A listing of capital expenditure, depreciation and amortisation and other non-cash expenditure of the reportable primary segment are set out below.

(Rs. lacs)					
Particulars	India	EMEA	APAC	USA	Total
Capital expenditure	414.14 (394.27)	-	-	-	414.14 (394.27)
Depreciation and amortisation	416.37 (430.02)	-	-	-	416.37 (430.02)

Figures in brackets represents previous year figures

32 Earnings per share

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit for the year as per Statement of Profit and Loss (Rs. lacs)	4,081.65	3,191.90
Less: preference dividend and dividend distribution tax thereon (Rs. lacs)	151.55	80.91
Net profit attributable to equity shareholders (Rs. lacs)	3,930.10	3,110.99
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share	8,453,395	8,283,325
Dilutive impact of compulsory convertible preference shares	1,715,705	1,375,035
Dilutive impact of employee stock options	162,446	292,185
Weighted average number of equity shares outstanding during the year used in computing dilutive earning per share	10,331,546	9,950,545
Earnings per share in rupees (face value per equity share Rs. 10 each)		
- Basic	46.49	37.56
- Diluted	38.04	31.26

Reconciliation of weighted average number of equity shares for the year ended 31 March 2014:

Particulars	Number of equity shares	Weighted average number of shares
Equity shares of face value of Rs. 10 per share:		
As at 1 April 2013	8,298,570	8,298,570
ESOP Issued(Exercised) during the year (refer to note 33)	201,260	154,819
Equity DVR Primary Issue during the year	20	6
As at 31 March 2013	8,499,850	8,453,395

Reconciliation of weighted average number of equity shares for the year ended 31 March 2013:

Particulars	Number of equity shares	Weighted average number of shares
Equity shares of face value of Rs. 10 per share:		
As at 1 April 2012	8,280,670	8,280,670
Issued during the year (refer to note 33)	17,900	2,655
As at 31 March 2012	8,298,570	8,283,325



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33 Employee Stock Option Plan (ESOP)

- a) The Company had established Employees Stock Option Plan-1999 (ESOP 1999) and Employees Stock Option Plan-2000 (ESOP 2000), administered through Newgen Employees Trust (ESOP Trust) especially set-up for this purpose, for a total grant of 293,160 and 600,000 options respectively, at an Exercise Price of Rs. 80 and Rs. 40 per option respectively, to the employees of the Company. Under the terms of the original plans, these options are vested on a graded vesting basis over a maximum period of Four (4) years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of Five (5) and Four (4) years respectively from the date of last vesting.
- b) The Board of Directors of the Company in their meeting dated 5 December 2012 extended the maximum exercise period for ESOP 1999 to four year from the last vesting date or 31 December 2014, whichever is later. This was further approved by way of special resolution passed in the Extra Ordinary General Meeting dated 28 December 2012.
- c) Compensation Committee of the Board of Directors approves the grant of options including the grant of options that lapse out of each grant.
- d) The Company had given advance of Rs. 117.26 lacs and Rs. 117.26 lacs to the ESOP trust in the year ended 31 March 1999 and 31 March 2000 respectively to purchase its equity shares of Rs. 10 each at a price of Rs. 80 per share. 146,580 equity shares of Rs. 10 each in the year ended 31 March 1999 and 146,580 equity Shares of Rs. 10 each in the year ended 31 March 2000 were issued to the ESOP Trust at a price of Rs. 80 including a share premium of Rs. 70 per equity share. Consequently, share capital and securities premium of the Company includes Rs. 29.31 lacs and Rs. 205.21 lacs respectively against the equity shares of Rs. 10 each issued to the ESOP Trust in earlier years. Further, 586,320 equity shares were also issued to ESOP Trust as bonus shares in the ratio of 1:2 during the year ended 31 March 2000.
- e) Out of the shares issued to the ESOP Trust, as on 31 March 2014, 299,870 (previous year 277,850) equity shares of Rs. 10 each under ESOP-1999 and 284,640 (previous year 105,400) equity shares of Rs. 10 each under ESOP-2000 have been issued pursuant to the exercise of options granted under Employee Stock Option Plans.
- f) The amounts collected by the ESOP trust as exercise price on exercise of stock options by the employees are transferred to the Company. These receipts are adjusted from the advances recoverable from ESOP Trust. In accordance with the "Guidance Note on Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India, the amount recoverable from Newgen Employee Trust as at 31 March 2014 amounting to Rs. 51.01 lacs (previous year Rs. 185.01 lacs) in respect of loan given to the trust to acquire the Company's shares (including share premium) has been reduced from the share capital and securities premium account.
- g) In accordance with the "Guidance Note on Accounting for Employee Share-based Payments", the Company has valued the Employee Stock Options granted during the year, on Intrinsic Value Method, i.e., the excess of the fair market value of the underlying equity shares as of the date of the grant of the options over the exercise price of the option. Such excess, if any is recognized as stock compensation cost and has been amortised in accordance with the requirements of Guidance note.
- h) Stock compensation expense under the Fair Value Method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions:

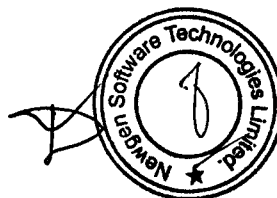
Particulars	Employee Stock Option Scheme 2000
Expected volatility	-
Risk free interest rate	6.75% to 8.36%
Exercise price (Rs.)	40.00
Expected dividend yield	0.99% to 5.29%
Life of options	1 to 8 years
Fair value of options as at the grant date	Rs. 0.00 to Rs. 34.42

The following table illustrates the effect on earnings per share if the Company had applied the fair value method to stock-based employee compensation:

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit for the year as reported in the Statement of Profit and Loss (Rs. lacs)	3,930.10	3,110.99
Add: Stock-based employee compensation expense included in reported net loss (Rs. lacs)	7.22	20.08
Deduct: Stock-based employee compensation expense determined under fair value based method (Rs. lacs)	13.24	129.84
Proforma net profit (Rs. lacs)	3,924.08	3,001.23
Earnings per share - as reported		
- Basic	46.49	37.56
- Diluted	38.04	31.26
Earnings per share - adjusted pro forma		
- Basic	46.42	36.23
- Diluted	37.98	30.16

The graded vesting pattern for the plans is set out in the table below:

Particulars	Employee Stock Option Scheme 1999	Employee Stock Option Scheme 2000
On completion of 1 year	10%	10%
On completion of 2 years	20%	20%
On completion of 3 years	30%	30%
On completion of 4 years	40%	40%



The details of activity under ESOP 1999 plan during the year have been summarized below:

Exercise price	Rs. 26.67 per option							
	Date of Grant	Outstanding at the beginning of the year	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options forfeited during the year	Options outstanding at the end of the year	Options exercisable at the end of year
	12 March 1999	16,050 (16,050)	- -	15,420 -	- -	- -	630 (16,050)	630 (16,050)
	31 December 1999	20,850 (23,850)	- -	6,600 (3,000)	- -	- -	14,250 (20,850)	14,250 (20,850)

Figures in brackets represents previous year figures

The details of activity under ESOP 2000 plan during the year have been summarized below:

Exercise price	Rs. 40.00 per option							
	Date of Grant	Outstanding at the beginning of the year	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options forfeited during the year	Options outstanding at the end of the year	Options exercisable at the end of year
	1 June 2000	40,700 (42,800)	- -	14,590 (1,600)	2,000 (500)	- -	24,110 (40,700)	24,110 (40,700)
	20 January 2006	18,900 (18,900)	- -	9,600 -	- -	- -	9,300 (18,900)	9,300 (18,900)
	1 April 2006	112,000 (112,000)	- -	64,800 -	- -	- -	47,200 (112,000)	47,200 (112,000)
	2 April 2007	125,000 (140,500)	- -	80,350 (12,500)	- (3,000)	- -	44,650 (125,000)	44,650 (125,000)
	29 September 2011	105,700 (119,000)	- -	9,900 (800)	10,900 (12,500)	- -	84,900 (105,700)	84,900 (9,850)

Figures in brackets represents previous year figures

Effect of the employee stock option plans on the Statement of Profit and Loss and on the company's financial position:

Particulars	For the year ended	For the year ended
	31 March 2014 (Rs. lacs)	31 March 2013 (Rs. lacs)
Employee compensation cost pertaining to employee stock compensation plans	7.22	20.08
Liability for employee stock options outstanding as at year end	24.32	22.83
Intrinsic value of the vested rights at the end of the year	24.32	22.83



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34 Related party transactions

a) Parties where control exists whether or not transactions have taken place during the year:

Nature of relationship	Name of related party
Wholly owned subsidiaries	Newgen Software Inc. Newgen Software Technologies Canada, Ltd. Newgen Software Technologies Pte. Ltd. Newgen Computers Technologies Limited Sundeep Import Export Limited

b) Other related parties with whom transactions have taken place during the year:

Nature of relationship	Name of related party
(i) Individuals having substantial interest in voting power	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director
(ii) Enterprises over which any person described in (i) above is able to exercise significant influence	Newgen Employees Trust
(iii) Key management personnel	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director

c) Transactions with related parties during the year:

Nature of transaction	Name of related party	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
Sale of products and services	Newgen Software Inc.	5,675.18	4,529.72
	Newgen Software Technologies Canada, Ltd.	653.66	90.12
	Newgen Software Technologies Pte. Ltd.	137.42	39.01
Equity contribution made	Newgen Software Technologies Canada, Ltd.	-	53.30
	Newgen Software Technologies Pte. Ltd.	-	111.25
Rent expense	Newgen Computers Technologies Limited	6.00	4.80
	Sundeep Import Export Limited	9.00	7.20
Expenses Paid on behalf of Subsidiaries to be recovered	Newgen Computers Technologies Limited	8.82	0.46
	Sundeep Import Export Limited	1.45	1.15
Loan received back	Newgen Employees Trust	134.00	6.76
Managerial remuneration*	Diwakar Nigam - Managing Director	71.12	60.76
	T.S. Varadarajan - Whole Time Director	34.99	30.10
	Priyadarshini Nigam - Whole Time Director	25.60	22.00

* excludes provision for gratuity and leave encashment, as these are determined on the basis of actuarial valuation for the Company as a whole.



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d) Outstanding balances as at year end

Particulars	Name of related party	As at 31 March 2014 (Rs. lacs)	As at 31 March 2013 (Rs. lacs)
Trade receivables	Newgen Software Inc.	1,696.21	2,091.88
	Newgen Software Technologies Canada, Ltd.	379.56	90.83
	Newgen Software Technologies Pte. Ltd.	57.19	39.36
Investment in subsidiaries	Newgen Software Inc. USA	496.75	496.75
	Newgen Software Technologies Canada, Ltd.	53.30	53.30
	Newgen Software Technologies Pte. Ltd.	111.25	111.25
	Newgen Computers Technologies Limited	46.50	46.50
	Sundee Import Export Limited	51.32	51.32
Other receivables	Newgen Computers Technologies Limited	5.63	-
Loans and advances	Newgen Employees Trust	51.01	185.01
Managerial remuneration payable	Diwakar Nigam - Managing Director	-	3.53
	T.S. Varadarajan - Whole Time Director	1.92	1.92
	Priyadarshini Nigam - Whole Time Director	1.41	2.36

35 Provisions

The schedule of provision as required to be disclosed in compliance with Accounting Standard 29 on "Provision, Contingent Liabilities and Contingent Assets" is as under:

(Rs. lacs)

Provision for warranty

Particulars	Opening balance	For the year	Payment/reversed during the year	Closing balance
2014-2013	-	-	-	-
2013-2012	10.77	-	(10.77)	-

36 Foreign currency exposures that are not hedged by derivatives instruments or otherwise are as follows:

Particulars	Currency	As at 31 March 2014		As at 31 March 2013	
		Amount in foreign currency (lacs)	Amount in local currency (Rs. lacs)	Amount in foreign currency (lacs)	Amount in local currency (Rs. lacs)
Trade receivables	USD	121.97	7330.53	102.00	5,547.52
	AED	0.50	7.94	3.16	46.35
	CAD	6.95	372.36	1.73	90.83
	EUR	1.62	134.05	1.01	70.43
	GBP	0.44	43.88	1.12	92.03
	SAR	5.38	84.55	-	-
	SGD	1.34	62.48	1.06	45.67

37 Value of imports calculated on CIF basis:

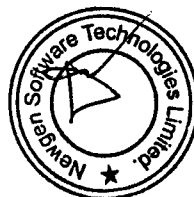
Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
Stock-in-trade		
- scanners	-	14.64
- others	-	10.36

38 Expenditure in foreign currency:

Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
Travelling expense	1,163.51	795.08
Membership and subscription	148.07	110.26
Salaries and bonus	155.02	101.82
Brokerage and commission	297.43	466.83
Legal and professional	248.81	149.96
Others	150.93	21.24



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39 Earnings in foreign currency:

Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
Export of software products and services	14,799.22	11,578.70

40 Prior period items:

Particulars	For the year ended 31 March 2014 (Rs. lacs)	For the year ended 31 March 2013 (Rs. lacs)
Foreign exchange fluctuation loss	-	9.93
Legal and professional	-	32.55
Office maintenance expense	-	54.54
Brokerage and commission	113.20	291.23
Electricity and water	-	16.66
Employee stock compensation expense	-	8.26
Digitisation (scanning) charges	19.60	-

41 Dividend remittances in foreign currency:

Particulars	31 March 2014	31 March 2013
Year to which the dividend relates	2012-13	2011-12
Amount remitted during the year (Rs. lacs)	69,158	27.91
Number of non-resident shareholders	2	2
Number of shares on which dividend was due	1,375,035	1,375,035

42 Details of current investments

Investments in Indian money market mutual funds

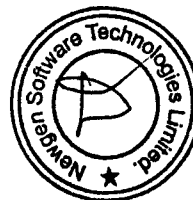
Fund House	Number of Units as at March 31,		Balance as at March 31,	
	2014	2013	2014	2013
Birla Sunlife Fixed Term Plan	3,000,000	-	300	-
UTI FTIF - Series XVII	6,000,000	-	600	-
Tata Fixed maturity Plan Series 46 Scheme	6,000,000	-	600	-
J P Morgan Short Term Income Fund	2,888,212	-	400	-
J P Morgan Short Term Income Fund	2,892,054	-	400	-
Templeton India Short Term Income Fund	29,327	-	750	-
Birla Sun Life Dynamic Bond Fund- Retail	707,968	-	150	-
Birla Sun Life Dynamic Bond Fund- Retail	1,464,532	-	300	-
Tata Short Term Bond Fund	2,978,622	-	700	-
Reliance Regular Savings Fund	3,505,635	-	600	-
DSP Blackrock Income Opportunities fund	1,491,765	-	300	-
IDFC all season bond fund	1,023,641	-	200	-
Sundaram Mutual Fund Account - online a/c	995,565	-	200	-
	32,977,321	-	5,500	-

Quoted current investment

Particulars	31 March 2014	31 March 2013
Aggregate book value	5,500	-
Aggregate market value	5,524	-



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43 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. Accordingly, the management believes that there has been no change in the nature of its international transactions with the associated enterprises during the year ended 31 March 2014. Further, 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.

As per our report of even date attached

For B S S R & Co
Chartered Accountants
Firm Registration No.: 131317W



Sharad Chaudhry
Partner
Membership No.: 502000

Place: Gurgaon
Date: 12-June-2014

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



Diwakar Nigam
Managing Director

T.S. Varadarajan
Whole Time Director

Afun Kumar Gupta
Vice President Finance and
Company Secretary

Place: New Delhi
Date: 12-June-2014

Place: New Delhi
Date: 12-June-2014

Place: New Delhi
Date: 12-June-2014