

Newgen Software Technologies Limited

Statutory Audit for the year ended

31 March 2015

B S R & Associates LLP

Chartered Accountants

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

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Independent Auditor's Report To the Members of Newgen Software Technologies Limited

Report on the 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 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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



B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

Registered Office :
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March, 2015, and its profit and its 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, 2015 ('the Order'), issued by the Central Government of India in terms of Section 143 (11) of the Act, based on the comments in the auditor's report of the Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company did not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/ W-100024



Rakesh Dewan

Partner

Membership number: 092212

Place: Gurgaon

Date: 17 July 2015



B S R & Associates LLP

Annexure to the Independent Auditor's Report

The Annexure referred to in our Independent Auditor's Report to the members of the Company for the year ended 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year. As informed to us, no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (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. As informed to us, no discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.
- (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 certain goods sold and services rendered 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) The Company has not accepted any deposits from the public.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 of the Act, for any of the goods sold and services rendered by the Company.
- (vii) (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, Sales tax, Wealth tax, Service tax, Value added taxes, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of excise, Duty of custom 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, Value added taxes, Cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.



Newgen Software Technologies Limited
Balance Sheet as at 31 March 2015

	Note	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	6,306.31	1,021.55
Reserves and surplus	4	13,800.79	15,333.59
		20,107.10	16,355.14
Non-current liabilities			
Long-term provisions	5	824.99	651.29
Current liabilities			
Short-term borrowings	6	4,458.43	3,922.58
Trade payables	7	1,271.47	679.34
Other current liabilities	8	3,724.44	3,106.49
Short-term provisions	5	1,476.34	1,254.60
		10,930.68	8,963.01
TOTAL		31,862.77	25,969.44
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	9	2,165.64	1,260.35
- Intangible assets	10	75.47	96.68
		2,241.11	1,357.03
- Capital work-in-progress		475.70	287.30
		2,716.81	1,644.33
Non-current investments	11	759.12	759.12
Deferred tax assets (net)	12	598.56	501.51
Long-term loans and advances	13	699.68	811.03
Other non-current assets	14	104.38	95.66
		4,878.55	3,811.65
Current assets			
Current investments	15	5,978.28	5,500.00
Trade receivables	16	17,290.04	13,264.97
Cash and bank balances	17	1,540.21	1,897.83
Short-term loans and advances	13	590.99	311.26
Other current assets	14	1,584.70	1,183.73
		26,984.22	22,157.79
TOTAL		31,862.77	25,969.44
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

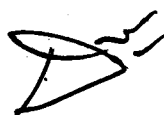
For BSR & Associates LLP
Chartered Accountants
Firm Registration No.:
116231W / W-100024



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 17th July 2015

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



Diwakar Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 17th July 2015



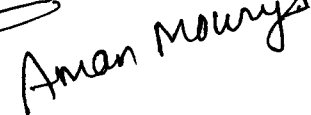
T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 17th July 2015



Arun Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: 17th July 2015



Aman
Company Secretary
Membership No: 27299

Place: New Delhi
Date: 17th July 2015

Newgen Software Technologies Limited
Statement of Profit and Loss for the year ended 31 March 2015

	Note	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Revenue			
Revenue from operations	18	28,004.56	23,360.17
Other income	19	780.11	771.93
		<u>28,784.67</u>	<u>24,132.10</u>
Expenses			
Purchases of stock-in-trade	20	17.33	282.37
Changes in inventories of stock-in-trade	21	-	4.05
Employee benefits	22	13,057.74	10,738.29
Finance costs	23	182.22	147.39
Depreciation and amortisation expense	24	429.84	416.36
Other expenses	25	9,456.23	7,597.54
		<u>23,143.36</u>	<u>19,186.00</u>
Profit before exceptional item and tax		5,641.31	4,946.10
Exceptional item	31	565.92	-
Profit before tax		6,207.23	4,946.10
Tax expense			
- Current tax			
Tax as per normal provisions		1,419.84	-
MAT for the year		-	1,105.54
MAT credit entitlement		-	(94.65)
- Provision for tax in respect of earlier years		(33.49)	-
- Deferred tax benefit		(78.82)	(146.44)
Profit after tax for the year		4,899.70	4,081.65
Earnings per equity share (face value of Rs. 10 per share)			
- Basic	30	9.90	8.33
- Diluted		8.37	6.99

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

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



Rakesh Dewan
Partner
Membership No.: 092212



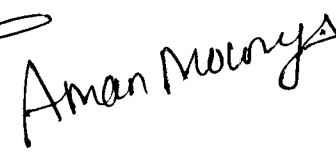
Diwakar Nigam
Managing Director
DIN: 00263222



T.S. Varadarajan
Whole Time Director
DIN: 00263115



Arun Kumar Gupta
Chief Financial
Officer



Aman
Company Secretary
Membership No: 27299

Place: Gurgaon
Date: 17th July 2015

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Newgen Software Technologies Limited
Cash flow statement for the year ended 31 March 2015

	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
A. Cash flow from operating activities:		
Net Profit before tax	6,207.23	4,946.10
<i>Adjustments for:</i>		
Depreciation and amortisation expense	429.84	416.36
Exceptional item (refer note 31)	(565.92)	-
Net gain on sale/retirement of fixed assets	(1.84)	0.95
Provision for doubtful trade receivables	488.25	328.36
Bad debts written off	10.60	0.19
Provision for earnest money deposit	4.97	-
Employee stock compensation expense	-	7.22
Diminution in current market value of investment	21.72	-
Unrealised foreign exchange difference	(133.90)	(115.04)
Finance costs	182.22	147.39
Dividend income on mutual fund investments	-	(74.57)
Profit on sale on mutual fund investments	(568.22)	(90.31)
Interest income	(48.16)	(30.28)
Operating profit before working capital changes	6,026.79	5,536.37
<i>Adjustments for working capital changes:</i>		
(Decrease)/increase in trade payables	592.13	126.44
Increase in other current liabilities	651.23	648.68
Increase in provisions	209.99	90.40
Decrease/(increase) in inventories	-	4.05
Increase in trade receivables	(4,353.98)	(3,731.01)
(Increase)/decrease in loans and advances	(344.64)	4.20
Increase in other current assets and non-current assets	(389.88)	(316.88)
Cash generated from operating activities	2,391.64	2,362.25
Income tax paid (net of refund)	(1,273.88)	(823.59)
Net cash generated from operating activities	1,117.76	1,538.66
B. Cash flow from investing activities:		
Purchase of fixed assets	(1,014.41)	(543.12)
Sale of fixed assets	3.15	0.04
Investment in subsidiaries	-	-
Purchase of mutual fund investments	(6,000.00)	(11,000.00)
Proceeds from sale of mutual fund investments	6,068.22	5,590.31
Dividend income on mutual fund investments	-	74.57
Interest received	45.68	27.12
Investment in bank deposits	(17.33)	(46.51)
Proceeds from bank deposits	-	30.89
Net cash used in investing activities	(914.69)	(5,866.70)
C. Cash flow from financing activities:		
Repayment of long-term borrowings	-	(0.61)
Proceeds from issue of compulsory convertible preference shares	-	2,010.00
Proceeds from borrowings (net)	508.48	4,011.72
Share issue expenses	-	(97.80)
Loan repaid by Newgen Employee Trust	51.01	134.00
Dividend paid (including corporate dividend distribution tax)	(923.26)	(595.39)
Finance costs	(182.21)	(147.39)
Net cash used in financing activities	(545.98)	5,314.53
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(342.91)	986.49
Effect of foreign exchange	(14.71)	-
Cash and cash equivalents at the beginning of the year	1,897.83	911.34
Cash and cash equivalents at the end of the year (refer note 17)	1,540.21	1,897.83

Note: The above Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Accounting Standard 3, Cash Flow Statements, as per Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.

Significant accounting policies (refer note 2)

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

As per our report of even date attached

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

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

Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 17th July 2015

Diwaker Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 17th July 2015

T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 17th July 2015

Arun Kumar Gupta
Chief Financial
Officer

Place: New Delhi
Date: 17th July 2015

Aman
Company Secretary
Membership No. 27299

Place: New Delhi
Date: 17th July 2015

1. Background

Newgen Software Technologies Limited (hereinafter referred to as 'Newgen' or the 'Company') is a global software company and is engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from Workflow Automation to Document Management to Imaging. Newgen provides a complete range of software that helps automate business processes. Newgen's solutions enable document intensive 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) Basis of preparation

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles Indian (GAAP) under the historical cost convention on accrual basis. Indian GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, other accounting pronouncement issued by the Institute of Chartered Accountants of India and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Current - Non Current classification

All assets and liabilities are classified into current and non-current as per company normal accounting cycle.

Assets

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

- 1) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- 2) it is held primarily for the purpose of being traded;
- 3) it is expected to be realised within 12 months after the reporting date; or
- 4) 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:

- 1) it is expected to be settled in the company's normal operating cycle;
- 2) it is held primarily for the purpose of being traded;
- 3) it is due to be settled within 12 months after the reporting date; or
- 4) 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.



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

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.

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 relative fair value of goods and services 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

Till 31 March 2014, the depreciation on tangible assets is provided on the basis of written down value (WDV) method over the estimated useful lives of each asset as determined by the management, which results in depreciation rates being equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956. Intangible assets comprising computer software were amortized on straight line basis over the estimated useful lives. During the current year the method of depreciation has been changed and the Company is depreciating all tangible and intangible assets on straight line method (SLM).

The policy has been changed to reflect the pattern in which economic benefits of the assets are consumed based on historical and future expected use and therefore results in presentation of financial results in a more appropriate manner.



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

In addition, during the current year management has changed the estimated useful lives of fixed assets. The management has determined the estimated useful lives of the assets based on the consideration of useful lives as prescribed under part C of Schedule II of the Act and the period over which the Company expects to derive estimated economic benefits from the use of such assets. The Comparison of estimated useful lives of asset considered in previous year and the estimated useful lives of asset determined in current year is as follows:

Category of fixed assets	Estimated useful life (Years)	
	Current year	Previous year
Tangible assets		
Building	60	60
Plant and machinery	15	20
Office equipment*	10	20
Furniture and fixtures	10	15
Vehicles	8	10
Computers hardware		
- Server and networks	6	6
- Computers*	5	6
Intangible assets		
Computer software	4	4

**For these class of assets, based on internal assessment and technical evaluation, management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Act.*

g) Impairment of assets

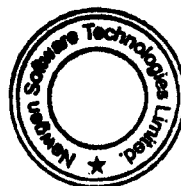
The management assesses at each Balance Sheet date whether there is any indication that a fixed asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating 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.

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.



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

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 except where fair value of delivered component is not determinable residual method is followed.

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.

k) Other income

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



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

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 provision for doubtful debts for estimated losses inherent in its trade receivable portfolio. In establishing the required provision, 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 provision 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

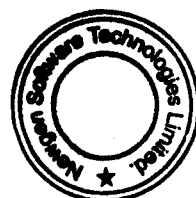
A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability 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.



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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.

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

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



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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.

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.



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

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 realized.

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" specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 on 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 2015		As at 31 March 2014	
	Number of shares	Amount (Rs. lakhs)	Number of shares	Amount (Rs. lakhs)
3 Share capital				
Authorised				
Equity shares of Rs. 10 each	63,000,000	6,300.00	12,999,800	1,299.98
Equity share capital with differential voting rights of Rs. 10 each	200	0.02	200	0.02
0.01% Compulsory convertible preference shares of Rs. 10 each	11,999,800	1,199.98	2,000,000	200.00
	<u>75,000,000</u>	<u>7,500.00</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
Add: Issue of bonus shares	43,974,000	4,397.40	-	-
As the end of the year	<u>52,768,800</u>	<u>5,276.88</u>	<u>8,794,800</u>	<u>879.48</u>
Add: Issued during the year to ESOP Trust	1,245,000	124.50	-	-
Less: Recoverable from Newgen Employee Trust (refer note 33)	(1,245,000)	(124.50)	294,970	29.50
Equity share capital with Differential voting rights (DVR) of Rs. 10 each, fully paid up				
At the beginning of the year	20	0.00	20	0.002
Add: Issue of bonus shares	100	0.01	-	-
At the end of the year	<u>52,768,920</u>	<u>5,276.89</u>	<u>8,499,850</u>	<u>849.98</u>
0.01% Compulsory convertible preference shares of Rs. 10 each, fully paid up				
At the beginning of the year	1,715,705	171.57	1,375,035	137.50
Add: Bonus shares issue during the year	8,578,525	857.85	-	-
Add: Issued during the year	-	-	340,670	34.07
At the end of the year	<u>10,294,230</u>	<u>1,029.42</u>	<u>1,715,705</u>	<u>171.57</u>
	<u>63,063,150</u>	<u>6,306.31</u>	<u>10,215,555</u>	<u>1,021.55</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.

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 (DVR):

In case of equity shares with differential voting rights, each of the shareholders holding DVR shall be entitled to such differential voting rights as specified below:

Shareholder	No. of DVR	No. of Votes *
Ascent	60	53,75,952
IDGVI	60	27,56,898

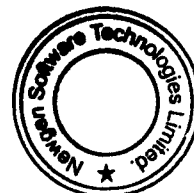
Each of the shareholder with differential voting rights shall, at all times up to the conversion thereof, are entitled to a fixed preferential and cumulative dividend of one-hundredth percent (0.01%) of the investment amount and resolved to be so distributed as such dividend in respect of each financial 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.

*Adjusted for bonus issue (Refer note 3c)

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 previous 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 and 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.

During the year, IDVG transferred 606,540 (adjusted for bonus issue) to Pandara Trust Scheme-I.

- 3(c) The Company issued bonus shares in proportion of five shares for every one existing share pursuant to resolution passed by the shareholders on 18 September 2014. Accordingly, the company allotted 43,974,000 equity shares, 8,578,525 compulsorily convertible preference shares and 100 equity shares (with differential voting rights) of face value Rs. 10 each as fully paid up bonus shares by transfer of Rs. 5,255.26 lakhs to Share Capital Account on record date 9 July 2014 by utilisation of Security Premium Account. Consequently, the earnings per share have been adjusted for all the periods presented.

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

	As at 31 March 2015		As at 31 March 2014	
	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	18,422,406	34.08%	3,063,001	34.83%
- Mr. T.S. Varadarajan	15,009,306	27.77%	2,556,948	29.07%
- Mrs. Priyadarshini Nigam	7,968,906	14.74%	1,328,151	15.10%
- Mrs. Usha Varadarajan	4,528,320	8.38%	754,720	8.58%

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

	As at 31 March 2015		As at 31 March 2014	
	Number of shares *	% holding in the shares	Number of shares	% holding in the shares
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	60	50	10	50
IDG Ventures India Fund II LLC	60	50	10	50

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

	As at 31 March 2015		As at 31 March 2014	
	Number of shares *	% holding in the shares	Number of shares	% holding in the shares
SAP V (Mauritius)	2,161,500	21.00%	360,250	21.00%
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	5,375,892	52.22%	895,982	52.22%
IDG Ventures India Fund II LLC	2,150,334	20.89%	459,473	26.78%
Pandara Trust Scheme- I	606,504	5.89%	-	-

*Adjusted for bonus issue (Refer note 3(c))

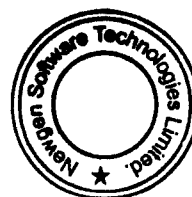
3(e) Shares reserved for issue under option

For details of shares reserved for issue under the employee stock option plan of the Company, refer note 33.



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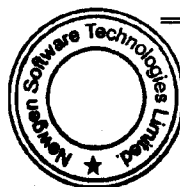
Newgen Software Technologies Limited

Notes to the financial statements for the year ended 31 March 2015

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
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	5,717.41	3,836.54
Add: Issue of shares to Newgen ESOP Trust	659.85	-
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
Less: Amount utilized for issuance of bonus shares (refer note 3(c))	5,255.26	-
Add: Transferred from employee stock options outstanding account on exercise of stock options issued to employees (refer note 33)	4.60	2.73
	<u>1,126.60</u>	<u>5,717.41</u>
Less: Recoverable from Newgen Employee Trust (refer note 33)	659.85	21.51
At the end of the year	<u>466.75</u>	<u>5,695.90</u>
Employee stock options outstanding (refer note 33)		
At the beginning of the year	24.32	22.83
Add: Employee stock compensation expense	-	7.22
Less: Transferred to general reserve on account of lapse of stock options issued to employees (refer note 33)	1.37	3.00
Less: Transferred to securities premium account on exercise of stock options issued to employees	4.60	2.73
At the end of the year	<u>18.35</u>	<u>24.32</u>
General reserve		
At the beginning of the year	1,000.54	589.38
Add: Transferred from employee stock options outstanding account on lapse of stock options issued to employees (refer note 33)	1.37	3.00
Add: Transferred from surplus	489.97	408.16
At the end of the year	<u>1,491.88</u>	<u>1,000.54</u>
Surplus profit and loss balance		
At the beginning of the year	8,524.88	5,774.64
Add: Profit for the year	4,899.70	4,081.65
Less: Adjustment of Depreciation due to Change in useful Life (net of Deferred tax of Rs. 18.22 Lakhs) (refer note 32)	35.64	-
Less: Appropriations		
Proposed dividend on equity shares	810.18	659.61
Dividend distribution tax on proposed dividend on equity shares	165.88	112.10
Proposed dividend on preference shares	155.26	129.53
Dividend distribution tax on proposed dividend on preference shares	31.79	22.01
Transfer to general reserve	489.97	408.16
At the end of the year	<u>11,735.86</u>	<u>8,524.88</u>
	<u>13,800.79</u>	<u>15,333.59</u>



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

5 Provisions

	Long-term		Short-term	
	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Provision for employee benefits (refer note 27)				
Provision for gratuity	627.76	467.72	51.69	29.41
Provision for compensated absences	197.23	183.57	33.08	19.07
	<u>824.99</u>	<u>651.29</u>	<u>84.77</u>	<u>48.48</u>
Other provisions				
Provision for income-tax [net of advance tax Rs. 1,180.53 lakhs] (Previous year Rs. 822.67 lakhs)	-	-	228.46	282.87
Proposed dividend on equity shares	-	-	810.18	659.61
Dividend distribution tax on proposed dividend on equity shares	-	-	165.88	112.10
Proposed dividend on preference shares	-	-	155.26	129.53
Dividend distribution tax on proposed dividend on preference	-	-	31.79	22.01
	-	-	<u>1,391.57</u>	<u>1,206.12</u>
	<u>824.99</u>	<u>651.29</u>	<u>1,476.34</u>	<u>1,254.60</u>



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
6 Short-term borrowings		
Loans from banks (secured)*		
Pre-shipment loans	4,458.43	3,922.58
	<u>4,458.43</u>	<u>3,922.58</u>

* Preshipment loan having maturity varying from 3-6 months and 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	1,271.47	679.34
	<u>1,271.47</u>	<u>679.34</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 2015 and 31 March 2014.

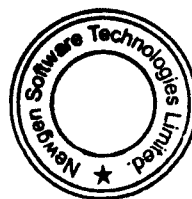
8 Other current liabilities

Deferred revenue	1,847.79	1,452.67
Other payables		
- employee related payables	1,475.32	1,174.50
- statutory dues payable	376.34	391.47
- advance from customers	8.19	37.77
- dues in respect of purchase/construction of fixed assets	16.80	50.08
	<u>3,724.44</u>	<u>3,106.49</u>



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9 Tangible assets

(Rs. lakhs)

Asset description	Gross block						
	As at 1 April 2013	Additions	Deletions/ adjustments	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015
Freehold land	4.28	-	-	4.28	-	-	4.28
Leasehold Land	39.90	-	-	39.90	-	-	39.90
Buildings	622.47	-	-	622.47	401.25	-	1,023.72
Leasehold improvements	153.08	-	-	153.08	-	-	153.08
Plant and machinery	253.25	28.23	1.38	280.10	4.48	-	284.58
Furniture and fixtures	229.35	4.64	-	233.99	5.27	-	239.26
Office equipments	281.68	64.20	0.12	345.76	37.84	-	383.60
Vehicles	97.99	74.03	-	172.02	49.68	12.90	208.80
Computer hardware	1,232.14	213.85	-	1,445.99	276.47	-	1,722.46
Total	2,914.14	384.95	1.50	3,297.59	774.99	12.90	4,059.68

Asset description	Depreciation						
	As at 1 April 2013	For the year	On deletions/ adjustments	As at 31 March 2014	Dep/Adjustments for the year*	On deletions/ adjustments#	As at 31 March 2015
Freehold land	-	-	-	-	-	-	-
Leasehold Land	6.87	0.01	-	6.88	0.39	-	7.27
Buildings	215.21	20.66	-	235.87	(111.67)	-	124.20
Leasehold improvements	116.19	23.30	-	139.49	7.60	-	147.09
Plant and machinery	131.71	19.17	(0.46)	150.42	(38.04)	25.15	137.53
Furniture and fixtures	152.74	18.35	-	171.09	(42.21)	-	128.88
Office equipments	118.12	27.13	(0.05)	145.20	(17.33)	1.64	129.51
Vehicles	83.56	10.69	-	94.25	4.04	(8.15)	90.14
Computer hardware	932.94	161.09	-	1,094.03	11.81	23.58	1,129.42
Total	1,757.34	280.40	(0.51)	2,037.23	(185.41)	42.22	1,894.04

Asset description	Net block	
	As at 31 March 2014	As at 31 March 2015
Freehold land	4.28	4.28
Leasehold Land	33.02	32.63
Buildings	386.61	899.52
Leasehold improvements	13.59	5.99
Plant and machinery	129.69	147.05
Furniture and fixtures	62.90	110.38
Office equipments	200.56	254.09
Vehicles	77.77	118.66
Computer hardware	351.96	593.04
Total	1,260.35	2,165.64

*Refer note 31

#Refer note 32

10 Intangible assets

(Rs. lakhs)

Asset description	Gross block						
	As at 1 April 2013	Additions	Deletions/ adjustments	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015
Computer software	688.18	29.18	-	717.36	28.11	-	745.47
Total	688.18	29.18	-	717.36	28.11	-	745.47

Asset description	Amortisation						
	As at 1 April 2013	For the year	On deletions/ adjustments	As at 31 March 2014	For the year	On deletions/ adjustments	As at 31 March 2015
Computer software	484.74	135.94	-	620.68	49.32	-	670.00
Total	484.74	135.94	-	620.68	49.32	-	670.00

Asset description	Net block	
	As at 31 March 2014	As at 31 March 2015
Computer software	96.68	75.47
Total	96.68	75.47



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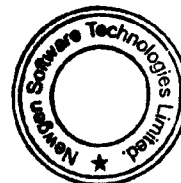
Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
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, Limited.	53.30	53.30
250,000 (previous year 250,000) ordinary shares of SGD 1 each, fully paid up of Newgen Software Technologies Pte. Limited.	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 Sundeep 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	226.26	158.73
Provision for compensated absences	90.03	60.93
Bonus payable	0.76	0.92
Provision for doubtful trade receivables	448.03	274.07
Provision for doubtful loans and advances	41.97	39.53
ESOP expense	-	10.17
Others	7.52	0.07
	<u>814.57</u>	<u>544.42</u>
Deferred tax liability on:		
Excess of written down value of fixed assets as per books	216.01	42.91
	<u>216.01</u>	<u>42.91</u>
	<u>598.56</u>	<u>501.51</u>



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

13 Loans and advances

(unsecured and considered good, unless stated otherwise)

	Long-term		Short-term	
	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Capital advances	157.13	167.50		
Security deposits	258.16	193.25	-	-
Loans and advances to related party				
- Newgen ESOP Trust	1.00	-	-	-
Other loans and advances				
Earnest money deposits				
- considered good	-	-	50.13	32.10
- considered doubtful	-	-	121.27	116.30
			171.40	148.40
Less: provision for doubtful deposits	-	-	121.27	116.30
			50.13	32.10
Advances to vendors			90.12	10.25
Loans to employees	-	-	10.88	4.76
Advance to employees	-	-	81.51	58.34
Prepaid expenses	-	-	238.64	124.14
Advance income tax [net of provision of 3,212.40 lakhs] (Previous year Rs. 2,140.33 lakhs)	199.59	355.63	-	-
MAT credit entitlement	83.80	94.65	-	-
Balances with statutory authorities				
- Service tax refundable/adjustable	-	-	119.71	81.67
	<u>699.68</u>	<u>811.03</u>	<u>590.99</u>	<u>311.26</u>

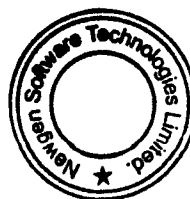
14 Other assets

(Unsecured and considered good, unless stated otherwise)

	Non-current		Current	
	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
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	100.13	82.80	-	-
Unbilled revenue				
- other than group companies	-	-	1,492.79	1,182.91
- group companies	-	-	80.00	-
Interest accrued on deposits	-	8.61	11.91	0.82
	<u>104.38</u>	<u>95.66</u>	<u>1,584.70</u>	<u>1,183.73</u>



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
---------------------------------------	---------------------------------------

15 Current investments

(Valued at cost or fair value whichever is less)

Quoted

Investment in debt security mutual funds (refer note 40)

3,000.00

5,500.00

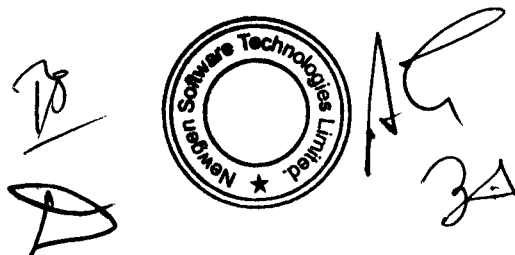
Investment in arbitrage funds (refer note 40)

2,978.28

-

5,978.28

5,500.00



Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
16 Trade receivables <i>(Unsecured, unless stated otherwise)</i>		
Trade receivables		
Outstanding for a period exceeding six months from the date they were due for payment		
- considered good	3,687.64	2,577.84
- considered doubtful	1,294.58	806.34
	<u>4,982.22</u>	<u>3,384.18</u>
Less: provision for doubtful debts	1,294.58	806.34
	<u>3,687.64</u>	<u>2,577.84</u>
Other trade receivables	13,602.40	10,687.13
	<u>17,290.04</u>	<u>13,264.97</u>

17 Cash and bank balances

Cash and cash equivalents		
- Cash on hand	2.18	4.55
- Balances with banks		
On current accounts*	1,517.54	693.28
On deposit accounts (original maturity of 3 months or less)	-	1,200.00
Other bank balances		
- Held as margin money#	20.49	-
	<u>1,540.21</u>	<u>1,897.83</u>

*Current account balances with banks include Rs. 54.26 lakhs (previous year: Rs. 37.97 lakhs) held at a foreign branch which are not freely remissible to the company because of exchange restrictions.

Balance with banks held as margin money Rs 20.49 lakhs represents the margin money on account of guarantees issued to sales tax department and government customers.

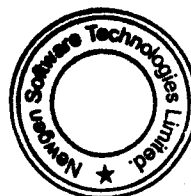
Details of bank balances/deposits

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'	20.49	-
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	100.13	82.80
	<u>120.62</u>	<u>1,282.80</u>



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31

Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
18 Revenue from operations		
Sale of products - softwares	7,199.16	4,458.37
Sale of services	20,765.04	18,569.54
Sale of stock-in-trade		
- third party software	-	232.48
- others	26.10	59.19
Rental income for office equipments given on operating lease for service delivery (refer note 28)	14.26	40.59
	28,004.56	23,360.17
19 Other income		
Interest income on bank deposits	48.16	30.28
Dividend income on mutual fund investment	-	74.57
Profit on sale on mutual fund investment	568.22	90.31
Net foreign exchange fluctuation gain	102.03	572.72
Bad debts recovered	-	0.35
Interest on Income tax refund	54.80	-
Miscellaneous income	5.06	3.70
Net gain on sale/retirement of fixed assets	1.84	-
	780.11	771.93



Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
20 Purchases of stock-in-trade		
Purchases of stock-in-trade		
- third party software	-	231.61
- others	17.33	50.76
	<u>17.33</u>	<u>282.37</u>
21 Changes in inventories/ stock-in-trade		
Opening stock	-	4.05
Less: Closing stock	-	-
	<u>-</u>	<u>4.05</u>
22 Employee benefits		
Salaries, wages and bonus	11,887.46	9,856.80
Contribution to provident fund and other funds	471.63	397.02
Employee stock compensation expense (refer note 33)	-	7.22
Compensated absences (refer note 27)	166.37	90.17
Gratuity (refer note 27)	225.93	151.37
Staff welfare	306.35	235.71
	<u>13,057.74</u>	<u>10,738.29</u>
23 Finance costs		
Interest expense on borrowings	125.04	71.55
Other borrowing costs - bank charges	57.18	75.84
	<u>182.22</u>	<u>147.39</u>
24 Depreciation and amortisation		
Depreciation on tangible assets (refer note 31)	380.52	280.40
Amortisation on intangible assets	49.32	135.94
	<u>429.84</u>	<u>416.34</u>



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2015

	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
25 Other expenses		
Rent (refer note 28)	606.96	588.38
Travelling and conveyance	3,540.11	2,996.58
Legal and professional	988.26	831.60
Digitisation (scanning) charges	449.65	471.78
Advertisement and publicity	604.91	298.76
Insurance	140.17	138.63
Brokerage and commission (refer note 38)	572.19	298.34
Repairs and maintenance:		
- buildings	74.46	51.05
- computers	104.14	82.82
- others	104.02	107.52
Rates and taxes	67.80	75.96
Recruitment	113.69	111.98
Donation	32.32	20.70
Office maintenance expense	278.41	277.24
Communication	294.70	228.97
CSR Expenditure (refer note 42)	24.76	-
Electricity and water	262.85	259.24
Auditors' remuneration		
- Statutory audit fee	15.00	15.00
- Group audit fee	12.00	-
- Reimbursement of expenses	1.30	1.00
Provision for doubtful trade receivables	488.25	328.36
Bad debt written off	10.60	0.19
Provision for earnest money deposit	4.97	-
Membership and subscription	192.80	168.06
Security charges	127.32	111.76
Equipment hiring charges	33.84	29.04
Software and license maintenance expense	227.39	57.37
Printing and stationery	50.42	40.20
Net loss on sale/retirement of fixed assets, net	-	0.95
Diminution in current market value of investment (refer note 40)	21.72	-
Miscellaneous expenses	11.22	6.06
	9,456.23	7,597.54



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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 and four years respectively from the date of last vesting. During the year ended 31 March 2000, 586,320 equity shares were issued to ESOP Trust as bonus shares in the ratio of 1:2. Further, 4,093,350 equity shares were also issued to ESOP Trust as bonus shares in the ratio of 1:5 during the year ended 31 March 2015.

The Board of Directors of the Company time to time extended the maximum exercise period for ESOP 1999 and ESOP 2000. In the current financial year the Board of Directors of the Company in their meeting dated 24 December 2014 extended the maximum exercise period for ESOP 1999 and ESOP 2000 to five years and four year respectively from the last vesting date or 31 December 2018, whichever is later.

b) During the current year, in accordance with the guidance under Companies Act, 2013, read with the Companies (Share Capital and Debenture) Rules, 2014, the Company set up Newgen ESOP Trust. The Company intended to grant 1,245,000 shares to Newgen ESOP Trust however as a result of an error in drafting and finalization of board resolution and board minutes, the Company granted 1,295,000 shares vide resolution dated 10 December 2014. Accordingly, the Company filed the return of allotment with the Registrar of Companies (RoC) filings on 10 December 2014 for allotment of 1,295,000 shares and issued the share certificate for the same. This error was rectified subsequent to balance sheet date vide board resolution dated 6 July 2015 and pursuant to such rectification the Company filed the necessary filings with RoC on 7 July 2015 to update the number of shares allotted to the trust and update of shareholding details. The management is of the view that Company will not incur any penalties in veiv of bonafide error and suo motu corrective actions and necessary filings completed by the Company.

c) The Company established Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014) in the year 2014-15. The maximum numbers of grants under this Scheme shall be limited to 3,783,800 option with underlying equity shares of the Company. Pursuant to the scheme, during the current year Company has granted 3,653,525 options at an exercise price of Rs. 63 per option, to the employees of the Company. Out of the above grants, 1,245,000 options were granted through Newgen ESOP Trust. Under the terms of the plans, these options are vested on a graded vesting basis over a maximum period of four years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of five from the date of last vesting. 8,579,360 Shares are reserved for issue under options.

d) The Company had given advance of Rs. 784.35 lakhs to the Newgen ESOP trust for the issue of shares in the year ended 31 March 2015 of Rs. 10 each at a price of Rs. 63 per equity share (including a share premium of Rs. 53). Consequently, share capital and securities premium of the Company includes Rs. 124.50 lakhs and Rs. 659.85 lakhs respectively against the equity shares of Rs. 10 each issued to the Newgen ESOP Trust. The amounts collected by the trust as exercise price on exercise of stock options by the employees will be transferred to the Company and such 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 2015 amounting to Rs. 784.35 lakhs (previous year Rs. 51.01 lakhs) 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 with respect to ESOP 1999, ESOP 2000 and Newgen ESOP 2014 schemes.

e) 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.

f) 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 2014
Expected volatility	-
Risk free interest rate	8.04%
Exercise price (Rs.)	63.00
Expected dividend yield	1.34%
Life of options	6 years
Fair value of options as at the grant date (Rs.)	19.27

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 2015	For the year ended 31 March 2014
Profit for the year as reported in the Statement of Profit and Loss (Rs. lakhs) (A)	4,899.70	4,081.65
Net profit attributable to equity shareholders (Rs. lakhs)(Refer note 30) (B)	4,712.65	3,929.24
Add: Stock-based employee compensation expense included in reported net loss (Rs. lakhs) (C)	-	7.22
Less: Stock-based employee compensation expense determined under fair value based method (Rs. lakhs) (D)	73.97	13.24
Proforma net profit (Rs. lakhs) [(E) = (B) + (C) - (D)]	4,638.68	3,923.22
Proforma net profit - diluted (Rs. lakhs) [(F) = (A) + (C) - (D)]	4,825.73	4,075.63
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share (G)	47,599,705	47,145,450
Weighted average number of equity shares outstanding during the year used in computing dilutive earning per share (H)	58,553,886	58,414,356
Earnings per share - as reported		
- Basic [(B)/(G)]	9.90	8.33
- Diluted [(A)/(H)]	8.37	6.99
Earnings per share - adjusted pro forma		
- Basic [(E)/(G)]	9.75	8.32
- Diluted [(F)/(H)]	8.24	6.98



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ESOP Plan	Outstanding at the beginning of the year	Bonus Option Granted	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
ESOP 1999	14,880 (36,900)	66,150 -	- -	5,430 (22,020)	18,000 -	- -	57,600 (14,880)	57,600 (14,880)
ESOP 2000	211,160 (402,300)	697,300 -	- -	183,330 (175,240)	46,950 (15,900)	- -	678,180 (211,160)	414,180 (128,310)
ESOP 2014	-	-	3,653,525	-	-	-	3,653,525	-

Figures in brackets represents previous year figures

*Adjusted for bonus issue (Refer note 3(c))

g) The weighted average share price at the date of exercise for stock options exercised during the period was Rs. 63. The options outstanding at 31 March 2015 had an exercise price of Rs. 4.445[#], Rs. 6.667[^] and Rs. 63 for the options under ESOP Plan 1999, ESOP Plan 2000 and ESOP Plan 2014 respectively.

(adjusted for bonus issue of 1:2 shares in year 2000 and bonus issue of 1:5 during the current year)

^ (adjusted for bonus issue of 1:5 shares during the current year)

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 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Employee compensation cost pertaining to employee stock compensation plans	-	7.22
Liability for employee stock options outstanding as at year end*	11.23	24.32
Intrinsic value of the vested rights at the end of the year*	11.23	24.32

*Adjusted for bonus issue (refer note 3(c))



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26 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. 2,853.58 lakhs (previous year Rs. 427.50 lakhs).

27 Employee benefits

a) Defined contribution plan

The Company makes contributions 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. 471.63 lakhs (previous year Rs. 397.02 lakhs) as expense towards contribution to this plan and included in "Employee benefits expense" in Note 22.

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 2015 (Rs. lakhs)	31 March 2014 (Rs. lakhs)
Change in present value of obligation		
Present value of obligation at the beginning of the year	497.13	423.51
Current service cost	99.77	78.04
Interest cost	42.26	36.00
Actuarial (gain) / loss	83.90	37.33
Benefits paid	(43.61)	(77.75)
Present value of obligation at the end of the year	679.45	497.13
Liability recognised in the financial statements	679.45	497.13
Expense recognised in the Statement of Profit and Loss		
Current service cost	99.77	78.04
Interest cost	42.26	36.00
Actuarial (gain) / loss	83.90	37.33
Expense recognised in the Statement of Profit and Loss	225.93	151.37

Principal actuarial assumptions used for gratuity and compensated absences at the balance sheet date are as follows:

Particulars	31 March 2015	31 March 2014
Economic assumptions:		
Discount rate*	8.00%	8.50%
Expected future salary increase**	6.00%	5.50%
Average remaining working lives of employees (years)	28.62	28.50
Demographic assumptions:		
Retirement age	58 years	58 years
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Withdrawal rates:		
- Up to 30 years	21%	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:

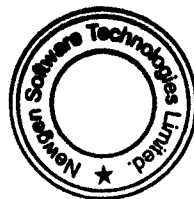
Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2011
Present value of obligation at the end	679.45	497.12	423.50	333.99	284.70
Net liability recognised in balance sheet	(679.45)	(497.12)	(423.50)	(333.99)	(284.70)
Experience adjustment on plan liabilities (loss) / gain	(18.20)	(37.00)	3.30	0.44	5.76

c) Other long term benefits

An amount of Rs. 166.37 lakhs (previous year Rs. 90.17 lakhs) pertaining to compensated absences is recognised as an expense and included in "Employee benefits expense" in Note 22.



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28 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 expense amounted to Rs. 606.96 lakhs (previous year 588.38 lakhs) [net of recovery from lessor of Rs. 141.56 (previous year 42.46 lakhs) on delay in handover of leased office premises] for the year ended 31 March 2015 and 2014 respectively. The future minimum lease payments under the non-cancellable leases as at year end is as below:

Particulars	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Not later than one year	797.62	378.17
Later than one year and not later than five years	723.80	385.53
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. 14.26 lakhs (previous year Rs. 40.59 lakhs).



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29 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	(Rs. lakhs)				
	India	EMEA	APAC	USA	Total
Segment revenue	10,362.82 (8,519.10)	9,976.36 (7,578.10)	1,367.04 (925.33)	6,298.34 (6,337.64)	28,004.56 (23,360.17)
Segment result	1,839.58 (1,448.85)	2,092.00 (1,408.24)	108.49 (55.98)	1,433.12 (1,825.80)	5,473.19 (4,738.87)
Unallocated income					1,346.03 (771.93)
Less: Unallocated expenditure					611.99 (564.70)
Profit before tax					6,207.23 (4,946.10)
Tax expense					1,307.53 (864.45)
Profit for the year					4,899.70 (4,081.65)

Figures in brackets represents previous year figures

Assets and liabilities of reportable primary segment are as follows:

Particulars	(Rs. lakhs)				
	India	EMEA	APAC	USA	Total
Segment assets by location	10,610.61 (7,941.35)	8,341.28 (5,873.57)	1,096.78 (972.30)	2,654.54 (2,073.48)	22,703.21 (16,860.70)
Unallocated assets					9,159.56 (9,108.74)
Total assets					31,862.77 (25,969.44)
Segment liabilities by location	2,465.49 (1,731.03)	2,051.98 (1,616.96)	364.58 (188.16)	647.29 (557.97)	5,529.34 (4,094.12)
Capital employed					20,107.10 (16,355.14)
Unallocated liabilities					6,226.33 (5,520.18)
Total liabilities					31,862.77 (25,969.44)

Figures in brackets represents previous year figures

Secondary segment is not applicable.

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

Particulars	(Rs. lakhs)				
	India	EMEA	APAC	USA	Total
Capital expenditure	803.09 (414.14)	-	-	-	803.09 (414.14)
Depreciation and amortisation	429.84 (416.37)	-	-	-	429.84 (416.37)
Provision for doubtful debts	326.78 (260.00)	85.73 (68.36)	75.74	-	488.25 (328.36)
Provision for doubtful loans and advances	4.97	-	-	-	4.97

Figures in brackets represents previous year figures



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30 Earnings per share

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit for the year as per Statement of Profit and Loss (Rs. lakhs) (A)	4,899.70	4,081.65
Less: preference dividend and dividend distribution tax thereon (Rs. lakhs)	186.02	151.38
Less: compulsory dividend on convertible preference share and dividend distribution tax thereon (Rs. lakhs)	1.03	1.03
Net profit attributable to equity shareholders (Rs. lakhs) (B)	4,712.65	3,929.24
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share* (C)	47,599,705	47,145,450
Dilutive impact of compulsory convertible preference shares* (D)	10,294,230	10,294,230
Dilutive impact of employee stock options* (E)	659,951	974,676
Weighted average number of equity shares outstanding during the year used in computing dilutive earnings per share* [(F) = (C) + (D) + (E)]	58,553,886	58,414,356
Earnings per share in rupees (face value per equity share Rs. 10 each)*		
- Basic [(B)/(C)]	9.90	8.33
- Diluted [(A)/(F)]	8.37	6.99

*Adjusted for bonus issue (Refer note 3(c))

Reconciliation of weighted average number of equity shares for the year ended 31 March 2015:

Particulars	Number of equity shares*	Weighted average number of shares*
Equity shares of face value of Rs. 10 per share:		
As at 1 April 2014 shares outstanding for the purpose of basic Earning per share	47,424,180	47,424,180
Add: ESOP exercised during the year	550,260	175,525
As at 31 March 2015 shares outstanding for the purpose of basic Earning per share	47,974,440	47,599,705
Add: Shares held by ESOP Trust with respect to options not granted/exercised by employees	4,794,480	
As at 31 March 2015 shares outstanding	52,768,920	

*Adjusted for bonus issue (Refer note 3(c))

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 shares outstanding for the purpose of basic Earning per share	46,216,500	46,216,500
Add: ESOP exercised during the year (refer to note 33)	1,207,560	928,914
Add: Equity DVR Primary Issue during the year	120	36
As at 31 March 2014 shares outstanding for the purpose of basic Earning per share	47,424,180	47,145,450
Add: Shares held by ESOP Trust with respect to options not granted/exercised by employees	3,574,920	
As at 31 March 2014 shares outstanding	50,999,100	

*Adjusted for bonus issue (Refer note 3(c))

31 The Company has revised its policy of providing depreciation on fixed assets effective 1 April 2014 and depreciation during the current year has been provided on a straight line basis for tangible assets compared to the policy of providing depreciation on a written down value basis for tangible assets upto 31 March 2014. As a result of such change in policy, the Company has recorded a credit of Rs. 565.92 lakhs which has been shown as an "Exceptional item" in the statement of profit and loss. Had the Company continued providing for depreciation on a written down value method, the depreciation and amortization expense for the year ended 31 March 2015 would have been higher by Rs. 137.25 lakhs. The depreciation and amortization for the year amounted to Rs. 429.84 lakhs excluding the credit impact of Rs. 565.92 lakhs as a result of revision of policy and accordingly a net credit of Rs. 136.07 lakhs was recorded in the statement of profit and loss.

32 During the year Company has changed the estimated useful lives of fixed assets. The management has determined the estimated useful lives of the fixed assets based on consideration of useful lives as prescribed under part C of Schedule II of the Act and the period over which the Company expects to derive estimated economic benefits from the use of such assets. As a result of change in useful lives, the Company has adjusted an amount of Rs. 35.64 lakhs (net of deferred tax of Rs. 18.22 lakhs) from the opening reserves in accordance with requirement of Part C of Schedule II of the Act.



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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 and four years respectively from the date of last vesting. During the year ended 31 March 2000, 586,320 equity shares were issued to ESOP Trust as bonus shares in the ratio of 1:2. Further, 4,093,350 equity shares were also issued to ESOP Trust as bonus shares in the ratio of 1:5 during the year ended 31 March 2015.

The Board of Directors of the Company time to time extended the maximum exercise period for ESOP 1999 and ESOP 2000. In the current financial year the Board of Directors of the Company in their meeting dated 24 December 2014 extended the maximum exercise period for ESOP 1999 and ESOP 2000 to five years and four year respectively from the last vesting date or 31 December 2018, whichever is later.

- b) During the current year, in accordance with the guidance under Companies Act, 2013, read with the Companies (Share Capital and Debenture) Rules, 2014, the Company set up Newgen ESOP Trust. The Company intended to grant 1,245,000 shares to Newgen ESOP Trust however as a result of an error in drafting and finalization of board resolution and board minutes, the Company granted 1,295,000 shares vide resolution dated 10 December 2014. Accordingly, the Company filed the return of allotment with the Registrar of Companies (RoC) filings on 10 December 2014 for allotment of 1,295,000 shares and issued the share certificate for the same. This error was rectified subsequent to balance sheet date vide board resolution dated 6 July 2015 and pursuant to such rectification the Company filed the necessary filings with RoC on 7 July 2015 to update the number of shares allotted to the trust and update of shareholding details. The management is of the view that Company will not incur any penalties in view of bonafide error and suo motto corrective actions and necessary filings completed by the Company.
- c) The Company established Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014) in the year 2014-15. The maximum numbers of grants under this Scheme shall be limited to 3,783,800 option with underlying equity shares of the Company. Pursuant to the scheme, during the current year Company has granted 3,653,525 options at an exercise price of Rs. 63 per option, to the employees of the Company. Out of the above grants, 1,245,000 options were granted through Newgen ESOP Trust. Under the terms of the plans, these options are vested on a graded vesting basis over a maximum period of four years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of five from the date of last vesting. 8,579,360 Shares are reserved for issue under options.
- d) The Company had given advance of Rs. 784.35 lakhs to the Newgen ESOP trust for the issue of shares in the year ended 31 March 2015 of Rs. 10 each at a price of Rs. 63 per equity share (including a share premium of Rs. 53). Consequently, share capital and securities premium of the Company includes Rs. 124.50 lakhs and Rs. 659.85 lakhs respectively against the equity shares of Rs. 10 each issued to the Newgen ESOP Trust. The amounts collected by the trust as exercise price on exercise of stock options by the employees will be transferred to the Company and such 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 2015 amounting to Rs. 784.35 lakhs (previous year Rs. 51.01 lakhs) 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 with respect to ESOP 1999, ESOP 2000 and Newgen ESOP 2014 schemes.
- e) 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.
- f) 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 2014
Expected volatility	-
Risk free interest rate	8.04%
Exercise price (Rs.)	63.00
Expected dividend yield	1.34%
Life of options	6 years
Fair value of options as at the grant date (Rs.)	19.27

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 2015	For the year ended 31 March 2014
Profit for the year as reported in the Statement of Profit and Loss (Rs. lakhs) (A)	4,899.70	4,081.65
Net profit attributable to equity shareholders (Rs. lakhs)(Refer note 30) (B)	4,712.65	3,929.24
Add: Stock-based employee compensation expense included in reported net loss (Rs. lakhs) (C)	-	7.22
Less: Stock-based employee compensation expense determined under fair value based method (Rs. lakhs) (D)	73.97	13.24
Proforma net profit (Rs. lakhs) [(E) = (B) + (C) - (D)]	4,638.68	3,923.22
Proforma net profit - diluted (Rs. lakhs) [(F) = (A) + (C) - (D)]	4,825.73	4,075.63
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share (G)	47,599,705	47,145,450
Weighted average number of equity shares outstanding during the year used in computing dilutive earning per share (H)	58,553,886	58,414,356
Earnings per share - as reported		
- Basic [(B)/(G)]	9.90	8.33
- Diluted [(A)/(H)]	8.37	6.99
Earnings per share - adjusted pro forma		
- Basic [(E)/(G)]	9.75	8.32
- Diluted [(F)/(H)]	8.24	6.98



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ESOP Plan	Outstanding at the beginning of the year	Bonus Option Granted	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
ESOP 1999	14,880 (36,900)	66,150 -	- -	5,430 (22,020)	18,000 -	- -	57,600 (14,880)	57,600 (14,880)
ESOP 2000	211,160 (402,300)	697,300 -	- -	183,330 (175,240)	46,950 (15,900)	- -	678,180 (211,160)	414,180 (128,310)
ESOP 2014	-	-	3,653,525	-	-	-	3,653,525	-

Figures in brackets represents previous year figures

*Adjusted for bonus issue (Refer note 3(c))

g) The weighted average share price at the date of exercise for stock options exercised during the period was Rs. 63. The options outstanding at 31 March 2015 had an exercise price of Rs. 4.445[#], Rs. 6.667[#] and Rs. 63 for the options under ESOP Plan 1999, ESOP Plan 2000 and ESOP Plan 2014 respectively.

(adjusted for bonus issue of 1:2 shares in year 2000 and bonus issue of 1:5 during the current year)

^ (adjusted for bonus issue of 1:5 shares during the current year)

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 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Employee compensation cost pertaining to employee stock compensation plans	-	7.22
Liability for employee stock options outstanding as at year end*	11.23	24.32
Intrinsic value of the vested rights at the end of the year*	11.23	24.32

*Adjusted for bonus issue (refer note 3(c))



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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., USA Newgen Software Technologies Canada, Limited Newgen Software Technologies Pte. Limited, Singapore Newgen Computers Technologies Limited, India Sundeep Import Export Pvt. Limited, India

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 Arun Kumar Gupta-Chief Financial Officer and Company Secretary

c) Transactions with related parties during the year:

Nature of transaction	Name of related party	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Sale of products and services	Newgen Software Inc.	5,301.97	5,675.18
	Newgen Software Technologies Canada, Ltd.	998.62	653.66
	Newgen Software Technologies Pte. Ltd.	92.12	137.42
Rent expense	Newgen Computers Technologies Limited	6.00	6.00
	Sundeep Import Export Pvt. Limited	9.00	9.00
Expenses Paid on behalf of Subsidiaries	Newgen Computers Technologies Limited	-	8.82
	Sundeep Import Export Pvt. Limited	1.71	1.45
Loan received back	Newgen Employees Trust	51.01	134.00
Salary and other benefits*	Diwakar Nigam - Managing Director	73.19	71.12
	T.S. Varadarajan - Whole Time Director	35.94	34.99
	Priyadarshini Nigam - Whole Time Director	26.32	25.60
	Arun Kumar Gupta-Chief Financial officer and Company Secretary	42.40	-
Bonus issue of shares	Diwakar Nigam - Managing Director	1,535.20	-
	T.S. Varadarajan - Whole Time Director	1,250.78	-
	Priyadarshini Nigam - Whole Time Director	664.08	-
	Newgen Employees Trust	111.34	-

* 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 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Trade receivables	Newgen Software Inc.	2,246.45	1,696.21
	Newgen Software Technologies Canada, Ltd.	237.22	379.56
	Newgen Software Technologies Pte. Ltd.	96.18	57.19
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
	Sundeeep Import Export Pvt. Limited	51.32	51.32
Other receivables	Newgen Computers Technologies Limited	-	5.63
Other assets	Unbilled revenue	80.00	-
Loans and advances	Newgen Employees Trust	-	51.01
Salary and other benefits	Diwakar Nigam - Managing Director	6.07	-
	T.S. Varadarajan - Whole Time Director	2.82	1.92
	Priyadarshini Nigam - Whole Time Director	2.16	1.41
	Arun Kumar Gupta-Chief Financial officer and Company Secretary	1.86	-

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

Particulars	Currency	As at 31 March 2015		As at 31 March 2014	
		Amount in foreign currency (lakhs)	Amount in local currency (Rs. lakhs)	Amount in foreign currency (lakhs)	Amount in local currency (Rs. lakhs)
Trade Receivables	USD	160.96	10,074.64	121.97	7,330.53
	AED	0.50	8.41	0.50	7.94
	CAD	4.83	237.22	6.95	372.36
	EUR	4.53	306.03	1.62	134.05
	GBP	1.02	93.86	0.44	43.88
	SAR	6.37	105.77	5.38	84.55
	SGD	2.12	96.18	1.34	62.48
Trade Payable	USD	0.31	19.42	-	-
Brokerage and commission	USD	4.61	282.83	1.93	115.84
Short-term borrowings	USD	71.23	4,458.43	65.28	3,922.58
Salaries and bonus	AED	1.23	20.65	0.96	15.44
Travelling expense	USD	4.46	217.48	2.97	156.80
	AED	2.30	23.29	0.01	0.26
	CAD	0.55	19.72	0.13	6.96
	GBP	0.01	1.17	0.05	2.31
	SGD	0.04	1.89	-	-

36 Expenditure in foreign currency:

Particulars	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Travelling expense (net of reimbursements)	1,409.41	1,106.21
Membership and subscription	172.30	148.07
Salaries and bonus	227.92	155.02
Brokerage and commission	552.04	297.43
Legal and professional	388.80	248.81
Advertisement & Exhibition	86.13	-
Rent	50.78	-
Others	111.63	150.93



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37 Earnings in foreign currency:

Particulars	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Export of software products and services	18,093.90	14,799.22

38 Prior period items:

Particulars	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Income		
Sale of product	152.93	-
Expenses		
Brokerage and commission	62.92	113.20
Digitisation (scanning) charges	-	19.60

39 Dividend remittances in foreign currency:

Particulars	31 March 2015	31 March 2014
Year to which the dividend relates	2013-14	2012-13
Amount remitted during the year (Rs. lakhs)	68.496	69.158
Number of non-resident shareholders	2	2
Number of shares on which dividend was due *	908,929	1,375,035

* not adjusted for bonus issue

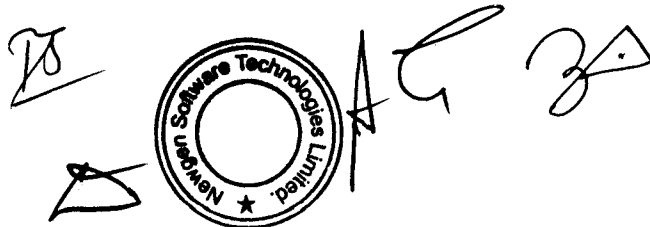
40 Details of current investments

Investments in Indian money market mutual funds-(At Cost or Market Value which ever is less)

Fund House	Number of Units as at March 31,		Balance as at March 31, (Rs. lakhs)	
	2015	2014	2015	2014
Investment in debt security mutual funds				
Birla Sunlife Fixed Term Plan	-	3,000,000	-	300.00
UTI FTIF - Series XVII	-	6,000,000	-	600.00
Tata Fixed maturity Plan Series 46 Scheme	-	6,000,000	-	600.00
J P Morgan Short Term Income Fund	-	2,888,212	-	400.00
J P Morgan Short Term Income Fund	-	2,892,054	-	400.00
Templeton India Short Term Income Fund	-	29,327	-	750.00
Birla Sun Life Dynamic Bond Fund- Retail	-	707,968	-	150.00
Birla Sun Life Dynamic Bond Fund- Retail	-	1,464,532	-	300.00
Tata Short Term Bond Fund	-	2,978,622	-	700.00
Reliance Regular Savings Fund	-	3,505,635	-	600.00
DSP Blackrock Income Opportunities fund	-	1,491,765	-	300.00
IDFC all season bond fund	-	1,023,641	-	200.00
Sundaram Mutual Fund Account - online a/c	-	995,565	-	200.00
HSBC Income Fund - Short Term Plan	650,474	-	150.00	-
BNP Paribas Medium Term Income Fund	1,788,973	-	200.00	-
Birla Sun Life Dynamic Bond Fund	614,890	-	150.00	-
Franklin India Short Term Income Plan	6,984	-	200.00	-
Reliance Dynamic Bond Fund	1,319,032	-	250.00	-
UTI-Dynamic Bond Fund	1,587,816	-	250.00	-
BNP Paribas Flexi Debt Fund	1,037,594	-	250.00	-
Franklin India Income Builder Account- Plan A	622,252	-	300.00	-
ICICI Prudential Income Plan	800,915	-	350.00	-
IDFC Super Saver Income Fund - Investment Plan	882,997	-	300.00	-
Franklin India Short Term Income Plan	6,979	-	200.00	-
DSP Blackrock bond Fund	453,732	-	200.00	-
Reliance Regular Savings Fund	1,055,114	-	200.00	-
Total	13,654,318		3,000.00	
Investment in arbitrage funds				
HDFC Balanced Fund	413,056	-	443.85	-
Tata Balanced Fund	259,035	-	443.15	-
DSP BR Balanced Fund	413,307	-	442.99	-
ICICI Prudential Equity Income Fund	3,417,969	-	350.00	-
ICICI Prudential Balanced Advantage Fund	1,374,705	-	348.63	-
JPMorgan India Equity Income Fund	3,285,737	-	349.66	-
IDFC arbitrage fund	2,191,937	-	400.00	-
Edelweiss Arbitrage Fund	1,935,584	-	200.00	-
Total	13,291,330		2,978.28	
	26,945,648	32,977,321	5,978.28	5,500.00

Quoted current investment

Particulars	31 March 2015	31 March 2014
Aggregate book value	6,000.00	5,500.00
Aggregate market value	5,994.28	5,523.79



- 41 As at 31 March 2015, the Company has gross foreign currency receivables amounting to Rs.11,527.62 Lakhs (previous year Rs.8,035.80 Lakhs). Out of these receivables, Rs.2,367.97 Lakhs (previous year Rs.1,089.81 Lakhs) is outstanding for more than 9 months. As per Foreign Exchange Management (Current Account) Rules, 2000 read with Master Circular No. 14/2014-15 dated 1 July 2014, receipt for export goods should be realized within a period of 9 months from the date of export. In case of receivables not being realised within 12 months from the date of export, prior approval from Reserve Bank of India (RBI) is required. The Company is in the process of applying for approval to seek extension of time beyond 12 months from export and shall be submitting the details of exports to the relevant authorities/authorised dealer. The management is of the view that the Company will be able to obtain approvals from the authorities for realising such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.
- 42 As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting education, health care, sanitation, digital literacy and livelihood enhancement. Accordingly, the Company has spent INR 24.76 lakhs out of the total CSR expenditure budget of Rs. 72.75 lakhs during the year by way of contribution towards consideration for SOS Children's Village project.
- 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 2015. 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 BSR & Associates LLP
Chartered Accountants
Firm Registration No.: 116231W / W-100024



Rakesh Dewan
Partner
Membership No.: 092212

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



Divakar Nigam
Managing Director
DIN: 00263222

T.S. Varadarajan
Whole Time Director
DIN: 00263115

Arun Kumar Gupta
Chief Financial
Officer

Aman
Company Secretary
Membership No: 27299

Place: Gurgaon
Date: 17th July 2015

Place: New Delhi
Date: 17th July 2015

Place: New Delhi
Date: 17th July 2015

Place: New Delhi
Date: 17th July 2015

Place: New Delhi
Date: 17th July 2015

Newgen Software Technologies Limited
Consolidated Financials for the year ended
31 March 2015

B S R & Associates LLP

Chartered Accountants

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

Telephone: + 91 124 2358 610
Fax: + 91 124 2358 613

Independent Auditor's Report

To the Board of Directors of Newgen Software Technologies Limited

Report on the Consolidated Financial Statements

As required by you, we have audited the accompanying consolidated financial statements of Newgen Software Technologies Limited ('the Holding Company') and its subsidiaries (collectively called 'the Newgen Group' or 'the Company') which comprise the consolidated Balance Sheet as at 31 March 2015 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21, Consolidated Financial Statements). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes assessing the accounting principles used and



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B S R & Associates (a partnership firm with Registration No. BA68226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

Registered Office :
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

B S R & Associates LLP

significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on other relevant financial information of the subsidiaries as noted in the Other Matters paragraph below, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2015;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the group for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

Other Matters

We have not audited the financial statements and other information of certain subsidiaries. These subsidiaries account for total assets of Rs. 54.18 lakhs as at 31 March 2015, total revenue of Rs. 1,488.35 lakhs and total net cash flows amounting to Rs. 72.46 lakhs for the year ended 31 March 2015 as shown in the consolidated financial statements. Of the above:

- a) The financial statements and other financial information of Newgen Software Technologies Canada, Ltd, Newgen Software Technologies PTE, Ltd (Singapore) incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('local GAAP') has been audited by other auditors duly qualified to act as auditors in those respective countries. These subsidiaries account for total assets of Rs. 0.88 lakhs as at 31 March 2015, total revenue of Rs. 1,488.35 lakhs and total net cash flows amounting to Rs. 75.47 lakhs for the year ended 31 March 2015 as shown in these consolidated financial statements. The audit reports of the other auditors on local GAAP financial statements and other information of the above entities have been furnished to us by the management. For the purposes of preparation of consolidated financial results, the aforesaid local GAAP financial statements have been restated by the management of the holding company so that they conform to the generally accepted accounting principles in India (Indian GAAP). This has been done on the basis of a reporting package prepared by the Company and examined by us which covers accounting and disclosure requirements and adjustments applicable to the consolidated financial statements under the Indian GAAP. Our opinion on the consolidated financial statements, in so far as it relates to the amounts included in respect of those subsidiaries, is based upon our reliance on work done and reports of the other auditors.
- b) The financial statements and other financial information of Newgen Computer Technologies Limited and Sundeep Import and Export Limited have been audited by other auditors. These subsidiaries account for total assets of Rs. 53.30 lakhs as at 31 March 2015, total revenue of Nil and total net cash flows amounting to Rs. 3.01 lakhs for the year ended 31 March 2015 as



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B S R & Associates LLP

shown in these consolidated financial statements. The audit reports of the other auditors on the financial statements and other information of the above entities have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts included in respect of those subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified with respect to reliance on the work done and the reports of the other auditors.

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 17 August 2015

Newgen Software Technologies Limited
Consolidated Balance Sheet as at 31 March 2015

	Note	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	6,306.31	1,021.55
Reserves and surplus	4	13,793.68	14,939.85
		<u>20,099.99</u>	<u>15,961.40</u>
Non-current liabilities			
Long-term provisions	5	824.99	651.29
Deferred tax liabilities (net)	12.2	24.81	-
Other long term liabilities	6	18.54	16.47
		<u>868.34</u>	<u>667.76</u>
Current liabilities			
Short-term borrowings	7	4,458.43	3,922.58
Trade payables	8	1,440.88	664.15
Other current liabilities	9	4,114.84	3,448.29
Short-term provisions	5	1,491.29	1,260.99
		<u>11,505.44</u>	<u>9,296.01</u>
TOTAL		<u>32,473.77</u>	<u>25,925.17</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	10	2,245.44	1,298.22
- Intangible assets	11	75.47	96.68
		<u>2,320.91</u>	<u>1,394.90</u>
- Capital work-in-progress		475.77	287.39
		<u>2,796.68</u>	<u>1,682.29</u>
Deferred tax assets (net)	12.1	598.55	501.51
Long-term loans and advances	13	750.37	815.86
Other non-current assets	14	143.95	150.73
		<u>4,289.55</u>	<u>3,150.39</u>
Current assets			
Current investments	15	5,978.28	5,500.00
Trade receivables	16	17,608.78	12,932.88
Cash and bank balances	17	1,867.55	2,421.65
Short-term loans and advances	13	692.50	386.21
Other current assets	14	2,037.11	1,534.04
		<u>28,184.22</u>	<u>22,774.78</u>
TOTAL		<u>32,473.77</u>	<u>25,925.17</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 **BSR & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W / W-100024



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 17 August 2015

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



Diwakar Nigam
Managing Director

Place: New Delhi
Date: 17 August 2015



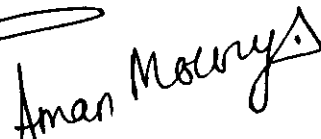
T.S. Varadarajan
Whole Time Director

Place: New Delhi
Date: 17 August 2015



Arun Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: 17 August 2015



Aman
Company Secretary

Place: New Delhi
Date: 17 August 2015

Newgen Software Technologies Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2015

	Note	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Revenue			
Revenue from operations	18	30,999.20	24,844.72
Other income	19	774.98	760.78
		<u>31,774.18</u>	<u>25,605.50</u>
Expenses			
Purchases of stock-in-trade	20	17.33	282.37
Changes in inventories of stock-in-trade	21	-	4.05
Employee benefits	22	14,322.87	11,554.94
Finance costs	23	182.22	147.38
Depreciation and amortisation expense	24	436.94	430.44
Other expenses	25	10,777.21	8,239.95
		<u>25,736.57</u>	<u>20,659.13</u>
Profit before exceptional item and tax		6,037.61	4,946.37
Exceptional item	31	582.21	-
Profit before tax		6,619.82	4,946.37
Tax expense			
- Current tax			
Tax as per normal provisions		1,433.20	4.19
MAT for the year		-	1,105.54
MAT credit entitlement		-	(94.65)
- Provision for tax in respect of earlier years		(33.49)	-
- Deferred tax benefit		(54.63)	(146.44)
Profit after tax for the year		<u>5,274.74</u>	<u>4,077.73</u>
Earnings per equity share (face value of Rs. 10 per share)			
- Basic	29	10.69	8.33
- Diluted		9.01	6.98

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

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




Rakesh Dewan
 Partner
 Membership No.: 092212



Diwakar Nigam
 Managing Director



T.S. Varadarajan
 Whole Time Director



Arun Kumar Gupta
 Chief Financial Officer

Aman
 Company Secretary

Place: Gurgaon
 Date: 17 August 2015

Place: New Delhi
 Date: 17 August 2015

Place: New Delhi
 Date: 17 August 2015

Place: New Delhi
 Date: 17 August 2015

Place: New Delhi
 Date: 17 August 2015

Newgen Software Technologies Limited
Consolidated Cash flow statement for the year ended 31 March 2015

	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
A. Cash flow from operating activities:		
Net Profit before tax	6,619.82	4,946.37
<i>Adjustments for:</i>		
Depreciation and amortisation expense	436.94	430.44
Exceptional item (refer note 30)	(582.21)	-
Net gain on sale/retirement of fixed assets	(3.04)	0.95
Provision for doubtful trade receivables	661.37	328.36
Bad debts written off	10.60	12.79
Provision for earnest money deposit	4.97	-
Employee stock compensation expense	-	7.22
Diminution in current market value of investment	21.72	-
Unrealised foreign exchange difference	(138.37)	(108.20)
Finance costs	182.22	147.38
Dividend income on mutual fund investments	-	(74.57)
Profit on sale on mutual fund investments	(568.22)	(90.31)
Interest income	(52.44)	(34.21)
Operating profit before working capital changes	6,593.36	5,566.22
<i>Adjustments for working capital changes:</i>		
(Decrease)/increase in trade payables	631.54	59.31
Increase in other current liabilities	691.32	806.88
Increase in provisions	207.23	89.75
Decrease/(increase) in inventories	-	4.05
Increase in trade receivables	(4,951.41)	(3,742.15)
(Increase)/decrease in loans and advances	(415.61)	(30.40)
Increase in other current assets and non-current assets	(581.95)	(270.57)
Cash generated from operating activities	2,174.48	2,483.09
Income tax paid (net of refund)	(1,273.88)	(826.35)
Net cash generated from operating activities	900.60	1,656.74
B. Cash flow from investing activities:		
Purchase of fixed assets	(1,038.54)	(549.58)
Sale of fixed assets	3.15	0.04
Purchase of mutual fund investments	(6,000.00)	(11,000.00)
Proceeds from sale of mutual fund investments	6,068.22	5,590.31
Dividend income on mutual fund investments	-	74.57
Interest received	76.47	32.56
Investment in bank deposits	(17.33)	(46.51)
Proceeds from bank deposits	15.50	30.89
Net cash used in investing activities	(892.53)	(5,867.72)
C. Cash flow from financing activities:		
Repayment of long-term borrowings	-	(0.61)
Proceeds from issue of compulsory convertible preference shares	-	2,010.00
Proceeds from borrowings (net)	508.48	4,011.72
Share issue expenses	-	(97.80)
Loan repaid by Newgen Employee Trust	51.01	134.00
Dividend paid (including corporate dividend distribution tax)	(923.26)	(595.39)
Finance costs	(182.22)	(147.38)
Net cash used in financing activities	(545.99)	5,314.54
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(537.92)	1,103.56
Effect of foreign exchange	(16.18)	6.41
Cash and cash equivalents at the beginning of the year	2,421.65	1,311.68
Cash and cash equivalents at the end of the year (refer note 17)	1,867.55	2,421.65


Significant accounting policies (refer note 2)

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

As per our report of even date attached

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

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


Rakesh Dewan
Partner
Membership No.: 092212


Diwakar Nigam
Managing Director


T.S. Varadarajan
Whole Time Director


Arun Kumar Gupta
Chief Financial Officer


Aman
Company Secretary

Place: Gurgaon
Date: 17 August 2015

Place: New Delhi
Date: 17 August 2015

Place: New Delhi
Date: 17 August 2015

Place: New Delhi
Date: 17 August 2015

Place: New Delhi
Date: 17 August 2015

1. Background

Newgen Software Technologies Limited ('the Company') and its subsidiaries (hereinafter referred to as the 'group') is a global software company and is engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from Workflow Automation to Document Management to Imaging. Newgen provides a complete range of software that helps automate business processes. Newgen's solutions enable document intensive 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

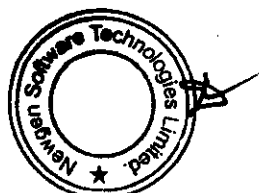
a) Basis of preparation

These consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles Indian (GAAP) under the historical cost convention on accrual basis. Indian GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, other accounting pronouncement issued by the Institute of Chartered Accountants of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Principles of consolidation

The consolidated financial statements have been prepared in accordance with AS-21 on "Consolidated Financial Statements", as specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. As per the Accounting Standard Interpretation (ASI-15) on "Notes to the Consolidated Financial Statements", only the notes involving items which are material need to be disclosed. Materiality for the purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiaries or of the parent having no bearing on the true and fair view of the consolidated financial statements need not be disclosed in the consolidated financial statements. The consolidated financial statements include the financial statements of Newgen Software Technologies Limited ('NSTL', 'the Company' or 'the Parent Company') and its following subsidiaries. NSTL together with its subsidiaries is hereinafter referred to as 'the Group'.

Name of Subsidiaries	Country of Incorporation	Effective Shareholding (%)
Newgen Software Inc.	U.S.A	100
Newgen Software Technologies Canada, Limited	Canada	100
Newgen Software Technologies PTE, Limited	Singapore	100
Newgen Computer Technologies Limited	India	100
Sundeep Import Export Limited	India	100



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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2015

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

The financial statements of the parent company and its subsidiary companies are combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and unrealized profits in full in accordance with Accounting Standard (AS-21)-“Consolidated Financial Statements”. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

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

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

- i. Share capital and opening reserves and surplus are carried at historical cost.
- ii. All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using the year-end rates.
- iii. Profit and loss items are translated at the respective weighted average rates or the exchange rate that approximates the actual exchange rate on date of specific transactions.
- iv. The resulting net exchange difference is credited or debited to the foreign currency translation reserve.

c) Current - Non Current classification

All assets and liabilities are classified into current and non-current as per company normal accounting cycle.

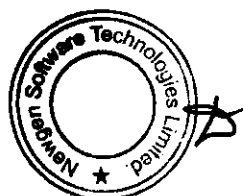
Assets

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

- 1) it is expected to be realised in, or is intended for sale or consumption in, the Company’s normal operating cycle;
- 2) it is held primarily for the purpose of being traded;
- 3) it is expected to be realised within 12 months after the reporting date; or
- 4) 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.



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Liabilities

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

- 1) it is expected to be settled in the Company's normal operating cycle;
- 2) it is held primarily for the purpose of being traded;
- 3) it is due to be settled within 12 months after the reporting date; or
- 4) 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.

d) Use of estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include relative fair value of goods and services 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.

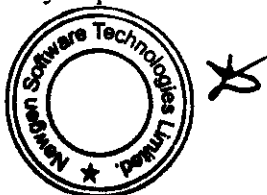
e) Tangible fixed assets and capital work-in-progress

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.

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

f) 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.



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g) Depreciation and amortisation

Till 31 March 2014, the depreciation on tangible assets with respect to NSTL and its subsidiaries based in India was provided on the basis of written down value (WDV) method over the estimated useful lives of each asset as determined by the management, which results in depreciation rates being equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956. Intangible assets comprising computer software were amortized on straight line basis over the estimated useful lives.

During the current year the method of depreciation has been changed with respect to NSTL and its subsidiaries based in India where all tangible and intangible assets are now depreciated on a straight line method (SLM).

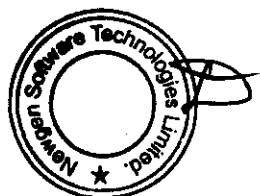
The policy has been changed to reflect the pattern in which economic benefits of the assets are consumed based on historical and future expected use and therefore results in presentation of consolidated financial results in a more appropriate manner.

In addition, during the current year management has changed the estimated useful lives of fixed assets. The management has determined the estimated useful lives of the assets based on the consideration of useful lives as prescribed under part C of Schedule II of the Act and the period over which the Company expects to derive estimated economic benefits from the use of such assets. The comparison of estimated useful lives of assets considered in previous year and the estimated useful lives of asset determined in current year is as follows:

Category of fixed assets	Estimated useful life (Years)	
	Current year	Previous year
Tangible assets		
Building	60	60
Plant and machinery	15	20
Office equipment*	10	20
Furniture and fixtures	10	15
Vehicles	8	10
Computers hardware		
- Server and networks	6	6
- Computers*	5	6
Intangible assets		
Computer software	4	4

**For these class of assets, based on internal assessment and technical evaluation, management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Act.*

Tangible assets and Intangible assets with respect to subsidiaries based outside India are depreciated on straight line basis over the estimated useful lives.



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b) 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.

i) 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 Schedule III of the Companies Act, 2013.

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.

j) 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.

k) 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 except where fair value of delivered component is not determinable residual method is followed.



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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.

l) 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.

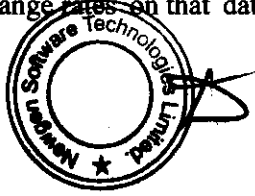
Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the carrying value of the investment.

m) Trade receivables

The Company maintains provision for doubtful debts for estimated losses inherent in its trade receivable portfolio. In establishing the required provision, 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 provision after all means of collection have been exhausted and the potential for recovery is considered remote.

n) 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



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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.

o) 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.

p) 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 consolidated financial statements of the period in which the change occurs.

q) 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.

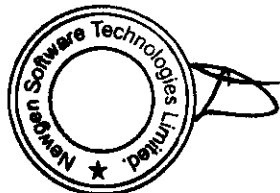
Post employment benefits

Defined contribution plans

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

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

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.

r) 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.

s) Segment accounting policies

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

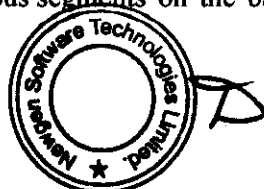
i) Segment assets and liabilities

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 trade payable, 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.

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



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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'.

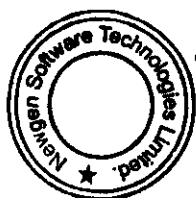
t) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period 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). Income tax expense is recognised in the Consolidated Statement of Profit and Loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods of each entity in the Group. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws 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 loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised. Deferred tax consequences of timing differences that originate in the tax holiday period and reverse after the tax holiday period are recognised in the period in which the timing differences originate. Timing differences that originate and reverse within the tax holiday period are not considered for deferred tax purposes.

The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the entity has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

For Indian entities, Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Consolidated Statement of Profit and Loss.



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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2015

The credit available under the Income tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the respective entities 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.

u) Earnings per share

The Company reports basic and diluted earnings / (loss) per equity share in accordance with Accounting Standard 20, "Earnings Per Share" specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

v) Cash and cash equivalents

Cash and cash equivalents include cash on 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 2015		As at 31 March 2014	
	Number of shares	Amount (Rs. lakhs)	Number of shares	Amount (Rs. lakhs)
3 Share capital				
Authorised				
Equity shares of Rs. 10 each	630,00,000	6,300.00	129,99,800	1,299.98
Equity share capital with differential voting rights of Rs. 10 each	200	0.02	200	0.02
0.01% Compulsory convertible preference shares of Rs. 10 each	119,99,800	1,199.98	20,00,000	200.00
	<u>750,00,000</u>	<u>7,500.00</u>	<u>150,00,000</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	87,94,800	879.48	87,94,800	879.48
Add: Issue of bonus shares	439,74,000	4,397.40	-	-
As the end of the year	<u>527,68,800</u>	<u>5,276.88</u>	<u>87,94,800</u>	<u>879.48</u>
Add: Issued during the year to ESOP Trust	12,45,000	124.50	-	-
Less: Recoverable from Newgen Employee Trust (refer note 33)	(12,45,000)	(124.50)	2,94,970	29.50
Equity share capital with Differential voting rights (DVR) of Rs. 10 each, fully paid up				
At the beginning of the year	20	0.00	20	0.002
Add: Issue of bonus shares	100	0.01	-	-
At the end of the year	<u>527,68,920</u>	<u>5,276.89</u>	<u>84,99,850</u>	<u>849.98</u>
0.01% Compulsory convertible preference shares of Rs. 10 each, fully paid up				
At the beginning of the year	17,15,705	171.57	13,75,035	137.50
Add: Bonus shares issue during the year	85,78,525	857.85	-	-
Add: Issued during the year	-	-	3,40,670	34.07
At the end of the year	<u>102,94,230</u>	<u>1,029.42</u>	<u>17,15,705</u>	<u>171.57</u>
	<u>630,63,150</u>	<u>6,306.31</u>	<u>102,15,555</u>	<u>1,021.55</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.

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 (DVR):

In case of equity shares with differential voting rights, each of the shareholders holding DVR shall be entitled to such differential voting rights as specified below:

Shareholder	No. of DVR	No. of Votes *
Ascent	60	53,75,952
IDGVI	60	27,56,898

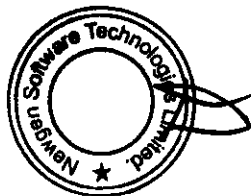
Each of the shareholder with differential voting rights shall, at all times up to the conversion thereof, are entitled to a fixed preferential and cumulative dividend of one-hundredth percent (0.01%) of the investment amount and resolved to be so distributed as such dividend in respect of each financial 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.

*Adjusted for bonus issue (Refer note 3c)

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 previous 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 and 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. Priyadarshinin 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. Priyadarshinin 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.

During the year, IDVG transferred 606,540 (adjusted for bonus issue) to Pandara Trust Scheme-I.

3(c) The Company issued bonus shares in proportion of five shares for every one existing share pursuant to resolution passed by the shareholders on 18 September 2014. Accordingly, the company allotted 43,974,000 equity shares, 8,578,525 compulsorily convertible preference shares and 100 equity shares (with differential voting rights) of face value Rs. 10 each as fully paid up bonus shares by transfer of Rs. 5,255.26 lakhs to Share Capital Account on record date 9 July 2014 by utilisation of Security Premium Account. Consequently, the earnings per share have been adjusted for all the periods presented.

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

	As at 31 March 2015		As at 31 March 2014	
	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	184,22,406	34.08%	30,63,001	34.83%
- Mr. T.S. Varadarajan	150,09,306	27.77%	25,56,948	29.07%
- Mrs. Priyadarshini Nigam	79,68,906	14.74%	13,28,151	15.10%
- Mrs. Usha Varadarajan	45,28,320	8.38%	7,54,720	8.58%

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

	As at 31 March 2015		As at 31 March 2014	
	Number of shares *	% holding in the shares	Number of shares	% holding in the shares
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	60	50	10	50
IDG Ventures India Fund II LLC	60	50	10	50

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

	As at 31 March 2015		As at 31 March 2014	
	Number of shares *	% holding in the shares	Number of shares	% holding in the shares
SAP V (Mauritius)	21,61,500	21.00%	3,60,250	21.00%
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	53,75,892	52.22%	8,95,982	52.22%
IDG Ventures India Fund II LLC	21,50,334	20.89%	4,59,473	26.78%
Pandara Trust Scheme- I	6,06,504	5.89%	-	-

*Adjusted for bonus issue (Refer note 3(c))

3(e) Shares reserved for issue under option

For details of shares reserved for issue under the employee stock option plan of the Company, refer note 33.



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
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>
Capital Reserve		
At the beginning and end of the year	0.21	0.21
	<u>0.21</u>	<u>0.21</u>
Securities premium account		
At the beginning of the year	5,717.41	3,836.54
Add: Issue of shares to Newgen ESOP Trust	659.85	-
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
Less: Amount utilized for issuance of bonus shares (refer note 3(c))	5,255.26	-
Add: Transferred from employee stock options outstanding account on exercise of stock options issued to employees (refer note 33)	4.60	2.73
	<u>1,126.60</u>	<u>5,717.41</u>
Less: Recoverable from Newgen Employee Trust (refer note 33)	659.85	21.51
At the end of the year	<u>466.75</u>	<u>5,695.90</u>
Employee stock options outstanding (refer note 33)		
At the beginning of the year	24.32	22.83
Add: Employee stock compensation expense	-	7.22
Less: Transferred to general reserve on account of lapse of stock options issued to employees (refer note 33)	1.37	3.00
Less: Transferred to securities premium account on exercise of stock options issued to employees	4.60	2.73
At the end of the year	<u>18.35</u>	<u>24.32</u>
General reserve		
At the beginning of the year	1,000.54	589.38
Add: Transferred from employee stock options outstanding account on lapse of stock options issued to employees (refer note 33)	1.37	3.00
Add: Transferred from surplus	489.97	408.16
At the end of the year	<u>1,491.88</u>	<u>1,000.54</u>
Foreign currency translation reserve		
At the beginning of the year	74.59	64.14
Movement during the Year	11.59	10.45
At the end of the year	<u>86.18</u>	<u>74.59</u>
Surplus profit and loss balance		
At the beginning of the year	8,056.34	5,310.02
Add: Profit for the year	5,274.74	4,077.73
Less: Adjustment of Depreciation due to Change in useful Life (net of Deferred tax of Rs. 18.22 Lakhs) (refer note 32)	35.64	-
Less: Appropriations		
Proposed dividend on equity shares	810.18	659.61
Dividend distribution tax on proposed dividend on equity shares	165.88	112.10
Proposed dividend on preference shares	155.26	129.53
Dividend distribution tax on proposed dividend on preference shares	31.79	22.01
Transfer to general reserve	489.97	408.16
At the end of the year	<u>11,642.36</u>	<u>8,056.34</u>
	<u>13,793.68</u>	<u>14,939.45</u>



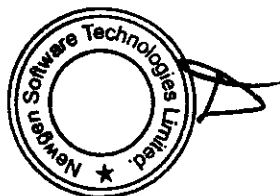
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5 Provisions

	Long-term		Short-term	
	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Provision for employee benefits (refer note 27)				
Provision for gratuity	627.76	467.72	51.69	29.41
Provision for compensated absences	197.23	183.57	33.08	19.07
	<u>824.99</u>	<u>651.29</u>	<u>84.77</u>	<u>48.48</u>
Other provisions				
Provision for income-tax [net of advance tax Rs. 1,180.53 lakhs] (Previous year Rs. 822.67 lakhs)	-	-	243.41	289.27
Proposed dividend on equity shares	-	-	810.18	659.61
Dividend distribution tax on proposed dividend on equity shares	-	-	165.88	112.10
Proposed dividend on preference shares	-	-	155.26	129.53
Dividend distribution tax on proposed dividend on preference shares	-	-	31.79	22.01
	<u>-</u>	<u>-</u>	<u>1,406.52</u>	<u>1,212.52</u>
	<u>824.99</u>	<u>651.29</u>	<u>1,491.29</u>	<u>1,260.99</u>

6 Other long term liabilities

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Lease equalization reserve	<u>18.54</u>	<u>16.47</u>
	<u>18.54</u>	<u>16.47</u>



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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
7 Short-term borrowings		
Loans from banks (secured)*		
Pre-shipment loans	4,458.43	3,922.58
	<u>4,458.43</u>	<u>3,922.58</u>

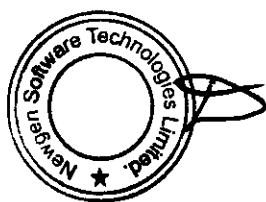
* Preshipment loan having maturity varying from 3-6 months and are secured by way of an exclusive charge created on all present and future stock and trade receivables of the Company and equitable mortgage over certain immovable properties of the Company.

8 Trade payables

Trade payables	1,440.88	664.15
	<u>1,440.88</u>	<u>664.15</u>

9 Other current liabilities

Deferred revenue	2,227.56	1,786.78
Other payables		
- employee related payables	1,483.19	1,181.16
- statutory dues payable	379.10	392.50
- advance from customers	8.19	37.77
- dues in respect of purchase/construction of fixed assets	16.80	50.08
	<u>4,114.84</u>	<u>3,448.29</u>



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10 Tangible assets

(Rs. lakhs)

Asset description	Gross block						
	As at 1 April 2013	Additions	Deletions/ adjustments	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015
Freehold land	4.71	-	-	4.71	-	-	4.71
Leasehold Land	39.90	-	-	39.90	-	-	39.90
Buildings	674.12	-	-	674.12	417.97	-	1,092.09
Leasehold improvements	153.08	-	-	153.08	-	-	153.08
Plant and machinery	253.25	28.23	1.38	280.10	4.48	-	284.58
Furniture and fixtures	249.16	4.64	-	253.80	5.27	-	259.07
Office equipments	281.68	64.20	0.12	345.76	37.84	-	383.60
Vehicles	97.99	74.03	-	172.02	49.68	12.90	208.80
Computer hardware	1,248.30	213.85	-	1,462.15	279.84	-	1,741.99
Total	3,002.19	384.95	1.50	3,385.64	795.08	12.90	4,167.82

Asset description	Depreciation						
	As at 1 April 2013	For the year	On deletions/ adjustments	As at 31 March 2014	Dep/Adjustments for the year*	On deletions/ adjustments#	As at 31 March 2015
Freehold land	-	-	-	-	-	-	-
Leasehold Land	6.87	0.01	-	6.88	0.39	-	7.27
Buildings	245.10	21.74	-	266.84	(117.31)	-	149.53
Leasehold improvements	116.19	23.30	-	139.49	7.60	-	147.09
Plant and machinery	131.71	19.17	0.46	150.42	(38.04)	12.58	124.96
Furniture and fixtures	161.79	20.49	-	182.28	(45.32)	-	136.96
Office equipments	118.12	27.13	0.05	145.20	(17.33)	1.64	129.51
Vehicles	83.56	10.69	-	94.25	4.04	(8.15)	90.14
Computer hardware	934.76	167.30	-	1,102.06	11.28	23.58	1,136.92
Total	1,798.10	289.83	0.51	2,087.42	(194.69)	29.65	1,922.38

Asset description	Net block	
	As at 31 March 2014	As at 31 March 2015
Freehold land	4.71	4.71
Leasehold Land	33.02	32.63
Buildings	407.28	942.56
Leasehold improvements	13.59	5.99
Plant and machinery	129.69	159.62
Furniture and fixtures	71.52	122.11
Office equipments	200.56	254.09
Vehicles	77.77	118.66
Computer hardware	360.09	605.07
Total	1,298.22	2,245.44

*Refer note 31

#Refer note 32

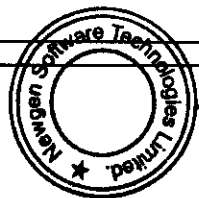
11 Intangible assets

(Rs. lakhs)

Asset description	Gross block						
	As at 1 April 2013	Additions	Deletions/ adjustments	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015
Computer software	688.18	29.18	-	717.36	28.11	-	745.47
Goodwill	46.67	-	-	46.67	-	-	-
Total	734.85	29.18	-	764.03	28.11	-	745.47

Asset description	Amortisation						
	As at 1 April 2013	For the year	On deletions/ adjustments	As at 31 March 2014	For the year	On deletions/ adjustments	As at 31 March 2015
Computer software	484.74	135.94	-	620.68	49.32	-	670.00
Goodwill	42.00	4.67	-	46.67	-	-	-
Total	526.74	140.61	-	667.35	49.32	-	670.00

Asset description	Net block	
	As at 31 March 2014	As at 31 March 2015
Computer software	96.68	75.47
Goodwill	-	-
Total	96.68	75.47



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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
12.1 Deferred tax assets (net)		
Deferred tax asset on:		
Provision for gratuity	226.26	158.73
Provision for compensated absences	90.03	60.93
Bonus payable	0.76	0.92
Provision for doubtful trade receivables	448.03	274.07
Provision for doubtful loans and advances	41.97	39.53
ESOP expense	-	10.17
Others	7.52	0.07
	<u>814.57</u>	<u>544.42</u>
Deferred tax liability on:		
Excess of written down value of fixed assets as per books	216.02	42.91
	<u>216.02</u>	<u>42.91</u>
	<u>598.55</u>	<u>501.51</u>
12.2 Deferred tax liabilities (net)		
Deferred tax asset on:		
Net operating losses carryforwards	6.40	52.31
	<u>6.40</u>	<u>52.31</u>
Deferred tax liability on:		
Excess of written down value of fixed assets as per books	8.35	7.96
Others	22.86	29.26
	<u>31.21</u>	<u>37.22</u>
	<u>24.81</u>	<u>-</u>

During the previous year deferred tax assets with respect to accumulated losses of Newgen Software Inc. was not recognised due to lack of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset shall be realized and accordingly deferred tax assets were recognised to the extent of deferred tax liability.



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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2015

13 Loans and advances

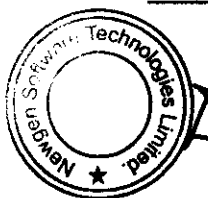
(unsecured and considered good, unless stated otherwise)

	Long-term		Short-term	
	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Capital advances	157.13	167.50		
Security deposits	308.85	197.41	-	-
Loans and advances to related party				
- Newgen ESOP Trust	1.00	-	-	-
Other loans and advances				
Earnest money deposits				
- considered good	-	-	50.13	32.10
- considered doubtful	-	-	121.27	116.30
	-	-	171.40	148.40
Less: provision for doubtful deposits	-	-	121.27	116.30
	-	-	50.13	32.10
Advances to vendors			134.31	18.45
Loans to employees	-	-	10.88	4.76
Advance to employees	-	-	85.58	58.64
Prepaid expenses	-	-	288.28	187.09
Advance income tax [net of provision of 3,212.40 lakhs] (Previous year Rs. 2,140.33 lakhs)	199.59	356.30	-	-
MAT credit entitlement	83.80	94.65	-	-
Balances with statutory authorities				
- Service tax refundable/adjustable	-	-	123.32	85.17
	<u>750.37</u>	<u>815.86</u>	<u>692.50</u>	<u>386.21</u>

14 Other assets

(Unsecured and considered good, unless stated otherwise)

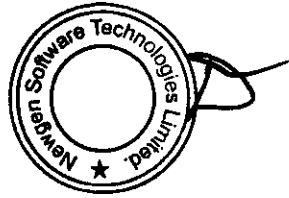
	Non-current		Current	
	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Bank deposits not due for realization within 12 months from the reporting date				
- pledged with tax authorities	4.25	4.25	-	-
- held as margin money	139.70	137.87	-	-
Unbilled revenue			2,018.65	1,503.69
Interest accrued on deposits	-	8.61	18.46	30.35
	<u>143.95</u>	<u>150.73</u>	<u>2,037.11</u>	<u>1,534.04</u>



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
15 Current investments <i>(Valued at cost or fair value whichever is less)</i>		
Quoted		
Investment in debt security mutual funds (refer note 37)	3,000.00	5,500.00
Investment in arbitrage funds (refer note 37)	2,978.28	-
	5,978.28	5,500.00



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2015

	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
16 Trade receivables (Unsecured, unless stated otherwise)		
Trade receivables		
Outstanding for a period exceeding six months from the date they were due for payment		
- considered good	4,123.67	2,577.84
- considered doubtful	1,424.44	818.91
	<u>5,548.11</u>	<u>3,396.75</u>
Less: provision for doubtful debts	1,424.44	818.91
	<u>4,123.67</u>	<u>2,577.84</u>
Other trade receivables	13,485.11	10,355.04
	<u>17,608.78</u>	<u>12,932.88</u>

17 Cash and bank balances

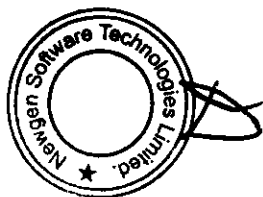
Cash and cash equivalents		
- Cash on hand	11.71	13.73
- Balances with banks		
On current accounts*	1,835.35	1,207.92
On deposit accounts (original maturity of 3 months or less)	-	1,200.00
Other bank balances		
- Held as margin money#	20.49	-
	<u>1,867.55</u>	<u>2,421.65</u>

*Current account balances with banks include Rs. 370.75 lakhs (previous year: Rs. 550.06 lakhs) held at a foreign branch and subsidiaries which are not freely remissible to the company because of exchange restrictions.

Balance with banks held as margin money Rs 20.49 lakhs represents the margin money on account of guarantees issued to sales tax department and government customers.

Details of bank balances/deposits

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'	20.49	-
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	139.70	137.87
	<u>160.19</u>	<u>1,337.87</u>

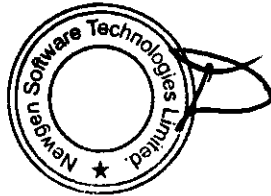


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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2015

	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
18 Revenue from operations		
Sale of products - softwares	7,199.16	4,458.37
Sale of services	23,759.68	20,054.09
Sale of stock-in-trade		
- third party software	-	232.48
- others	26.10	59.19
Rental income for office equipments given on operating lease for service delivery (refer note 28)	14.26	40.59
	<u>30,999.20</u>	<u>24,844.72</u>
19 Other income		
Interest income on bank deposits	52.44	34.21
Dividend income on mutual fund investment	-	74.57
Profit on sale on mutual fund investment	568.22	90.31
Net foreign exchange fluctuation gain	91.42	557.38
Bad debts recovered	-	1.44
Interest on Income tax refund	54.80	-
Miscellaneous income	5.06	2.87
Net gain on sale/retirement of fixed assets	3.04	-
	<u>774.98</u>	<u>760.78</u>



DS

AG 32

Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2015

	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
20 Purchases of stock-in-trade		
Purchases of stock-in-trade		
- third party software	-	231.61
- others	17.33	50.76
	<u>17.33</u>	<u>282.37</u>
21 Changes in inventories of stock-in-trade		
Opening stock	-	4.05
Less: Closing stock	-	-
	<u>-</u>	<u>4.05</u>
22 Employee benefits		
Salaries, wages and bonus	13,152.08	10,673.45
Contribution to provident fund and other funds	471.63	397.02
Employee stock compensation expense (refer note 33)	-	7.22
Compensated absences (refer note 27)	166.37	90.17
Gratuity (refer note 27)	225.93	151.37
Staff welfare	306.87	235.71
	<u>14,322.88</u>	<u>11,554.94</u>
23 Finance costs		
Interest expense on borrowings	125.04	71.55
Other borrowing costs - bank charges	57.18	75.83
	<u>182.22</u>	<u>147.38</u>
24 Depreciation and amortisation		
Depreciation on tangible assets (refer note 31)	387.62	289.83
Amortisation on intangible assets	49.32	140.61
	<u>436.94</u>	<u>430.44</u>



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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2015

	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
25 Other expenses		
Rent (refer note 28)	692.57	668.34
Travelling and conveyance	3,737.56	3,040.01
Legal and professional	1,238.29	1,029.96
Digitisation (scanning) charges	449.65	471.78
Advertisement and publicity	778.98	382.68
Insurance	305.42	221.38
Brokerage and commission (refer note 35)	604.77	318.41
Repairs and maintenance:		
- buildings	75.22	51.25
- computers	104.24	82.82
- others	104.02	107.52
Rates and taxes	80.38	91.74
Recruitment	210.99	127.05
Donation	32.32	20.70
Office maintenance expense	278.41	292.14
Communication	324.34	266.53
CSR Expenditure	24.76	-
Electricity and water	262.85	259.24
Auditors' remuneration		
- Statutory audit fee	15.00	15.34
- Group audit fee	20.00	-
- Reimbursement of expenses	2.50	1.00
Provision for doubtful trade receivables	661.37	328.36
Bad debt written off	10.60	12.79
Provision for earnest money deposit	4.97	-
Membership and subscription	272.91	203.03
Security charges	127.32	111.76
Equipment hiring charges	33.84	29.04
Software and license maintenance expense	243.02	57.37
Printing and stationery	50.42	40.20
Net loss on sale/retirement of fixed assets, net	-	0.95
Diminution in current market value of investment (refer note 37)	21.72	-
Miscellaneous expenses	8.77	8.56
	<u>10,777.21</u>	<u>8,239.95</u>



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26 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. 2,853.58 lakhs (previous year Rs. 427.50 lakhs).

27 Employee benefits

a) Defined contribution plan

The Company makes contributions towards employees' provident fund scheme in India. 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. 471.63 lakhs (previous year Rs. 397.02 lakhs) as expense towards contribution to this plan and included in "Employee benefits expense" in Note 22.

b) Defined benefit plan

Gratuity scheme - This is an unfunded defined benefit plan for qualifying employees in India. 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 2015 (Rs. lakhs)	31 March 2014 (Rs. lakhs)
Change in present value of obligation		
Present value of obligation at the beginning of the year	497.13	423.51
Current service cost	99.77	78.04
Interest cost	42.26	36.00
Actuarial (gain) / loss	83.90	37.33
Benefits paid	(43.61)	(77.75)
Present value of obligation at the end of the year	679.45	497.13
Liability recognised in the financial statements	679.45	497.13
Expense recognised in the Statement of Profit and Loss		
Current service cost	99.77	78.04
Interest cost	42.26	36.00
Actuarial (gain) / loss	83.90	37.33
Expense recognised in the Statement of Profit and Loss	225.93	151.37

Principal actuarial assumptions used for gratuity and compensated absences at the balance sheet date are as follows:

Particulars	31 March 2015	31 March 2014
Economic assumptions:		
Discount rate*	8.00%	8.50%
Expected future salary increase**	6.00%	5.50%
Average remaining working lives of employees (years)	28.62	28.50
Demographic assumptions:		
Retirement age	58 years	58 years
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Withdrawal rates:		
- Upto 30 years	21%	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. lakhs)				
	For the year ended 31 March 2015	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
Present value of obligation at the end	679.45	497.12	423.50	333.99	284.70
Net liability recognised in balance sheet	(679.45)	(497.12)	(423.50)	(333.99)	(284.70)
Experience adjustment on plan liabilities (loss) / gain	(18.20)	(37.00)	3.30	0.44	5.76

c) Other long term benefits

An amount of Rs. 166.37 lakhs (previous year Rs. 90.17 lakhs) pertaining to compensated absences is recognised as an expense and included in "Employee benefits expense" in Note 22.

28 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 expense amounted to Rs. 692.57 lakhs (previous year 688.34 lakhs) [net of recovery from lessor of Rs. 141.56 (previous year 42.46 lakhs) on delay in handover of leased office premises] for the year ended 31 March 2015 and 2014 respectively. The future minimum lease payments under the non-cancellable leases as at year end is as below:

Particulars	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Not later than one year	852.71	428.36
Later than one year and not later than five years	839.27	549.31
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. 14.26 lakhs (previous year Rs. 40.59 lakhs).



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29 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	(Rs. lakhs)				
	India	EMEA	APAC	USA	Total
Segment revenue	10,362.82 (8,519.10)	9,976.36 (7,578.11)	1,575.77 (1,063.21)	9,084.25 (7,684.30)	30,999.20 (24,844.72)
Other income	5.48 (4.18)	- -	- -	(10.61) 15.34	(5.13) 11.16
Segment result	1,858.53 (1,453.10)	2,091.00 (1,408.24)	128.23 (66.24)	1,803.02 (1,810.61)	5,881.78 (4,738.19)
Unallocated income					1,346.03 (771.93)
Less: Unallocated expenditure					687.99 (563.75)
Profit before tax					6,619.82 (4,946.37)
Tax expense					1,345.08 (868.64)
Profit for the year					5,274.74 (4,077.73)

Figures in brackets represents previous year figures

Assets and liabilities of reportable primary segment are as follows:

Particulars	(Rs. lakhs)				
	India	EMEA	APAC	USA	Total
Segment assets by location	10,735.39 (7,981.50)	8,341.28 (5,873.57)	1,290.57 (1,196.32)	3,706.11 (2,523.45)	24,073.35 (17,574.84)
Unallocated assets					8,400.42 (8,350.33)
Total assets					32,473.77 (25,925.17)
Segment liabilities by location	2,487.11 (1,684.19)	2,051.98 (1,616.96)	416.96 (284.07)	1,191.40 (858.37)	6,147.45 (4,443.59)
Capital employed					28,099.99 (15,961.40)
Unallocated liabilities					6,226.33 (5,520.18)
Total liabilities					32,473.77 (25,925.17)

Figures in brackets represents previous year figures

Secondary segment is not applicable.

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

Particulars	(Rs. lakhs)				
	India	EMEA	APAC	USA	Total
Capital expenditure	815.78 (414.14)	- -	0.89 -	6.51 (5.89)	823.18 (420.03)
Depreciation and amortisation	430.66 (423.04)	- -	0.16 -	6.12 (7.39)	436.94 (430.43)
Provision for doubtful debts	326.78 (260.00)	85.73 (68.36)	84.64 -	164.22 -	661.37 (328.36)
Provision for doubtful loans and advances	4.97 -	- -	- -	- -	4.97 -



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30 Earnings per share

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit for the year as per Statement of Profit and Loss (Rs. lakhs) (A)	5,274.74	4,077.73
Less: preference dividend and dividend distribution tax thereon (Rs. lakhs)	186.02	151.55
Less: compulsory dividend on convertible preference share and dividend distribution tax thereon (Rs. lakhs)	1.03	1.03
Net profit attributable to equity shareholders (Rs. lakhs) (B)	5,087.69	3,925.15
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share* (C)	475,99,705	471,45,450
Dilutive impact of compulsory convertible preference shares* (D)	102,94,230	102,94,230
Dilutive impact of employee stock options* (E)	6,59,951	9,74,676
Weighted average number of equity shares outstanding during the year used in computing diluted earning per share* [(F) = (C) + (D) + (E)]	585,53,886	584,14,356
Earnings per share in rupees (face value per equity share Rs. 10 each)*		
- Basic [(B)/(C)]	10.69	8.33
- Diluted [(A)/(F)]	9.01	6.98

*Adjusted for bonus issue (Refer note 3(c))

Reconciliation of weighted average number of equity shares for the year ended 31 March 2015:

Particulars	Number of equity shares*	Weighted average number of shares*
Equity shares of face value of Rs. 10 per share:		
As at 1 April 2014 shares outstanding for the purpose of basic Earning per share	474,24,180	474,24,180
Add: ESOP exercised during the year	5,50,260	1,75,525
As at 31 March 2015 shares outstanding for the purpose of basic Earning per share	479,74,440	475,99,705
Add: Shares held by ESOP Trust with respect to options not granted/exercised by employees	47,94,480	
As at 31 March 2015 shares outstanding	527,68,920	

*Adjusted for bonus issue (Refer note 3(c))

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 shares outstanding for the purpose of basic Earning per share	462,16,500	462,16,500
Add: ESOP exercised during the year (refer to note 33)	12,07,560	9,28,914
Add: Equity DVR Primary Issue during the year	120	36
As at 31 March 2014 shares outstanding for the purpose of basic Earning per share	474,24,180	471,45,450
Add: Shares held by ESOP Trust with respect to options not granted/exercised by employees	35,74,920	
As at 31 March 2014 shares outstanding	509,99,100	

*Adjusted for bonus issue (Refer note 3(c))

31 The Company has revised its policy of providing depreciation on fixed assets effective 1 April 2014 and depreciation during the current year has been provided on a straight line basis for tangible assets compared to the policy of providing depreciation on a written down value basis for tangible assets upto 31 March 2014. As a result of such change in policy, the Company has recorded a credit of Rs. 582.21 lakhs which has been shown as an "Exceptional item" in the statement of profit and loss. The depreciation and amortization for the year amounted to Rs. 436.94 lakhs excluding the credit impact of Rs. 582.21 lakhs as a result of revision of policy and accordingly a net credit of Rs. 145.27 lakhs was recorded in the statement of profit and loss.

32 During the year Company has changed the estimated useful lives of fixed assets. The management has determined the estimated useful lives of the fixed assets based on consideration of useful lives as prescribed under part C of Schedule II of the Act and the period over which the Company expects to derive estimated economic benefits from the use of such assets. As a result of change in useful lives, the Company has adjusted an amount of Rs. 35.64 lakhs (net of deferred tax of Rs. 18.22 lakhs) from the opening reserves in accordance with requirement of Part C of Schedule II of the Act.



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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 and four years respectively from the date of last vesting. During the year ended 31 March 2000, 586,320 equity shares were issued to ESOP Trust as bonus shares in the ratio of 1:2. Further, 4,093,350 equity shares were also issued to ESOP Trust as bonus shares in the ratio of 1:5 during the year ended 31 March 2015.

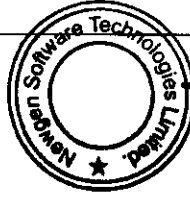
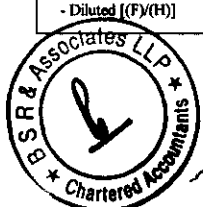
The Board of Directors of the Company time to time extended the maximum exercise period for ESOP 1999 and ESOP 2000. In the current financial year the Board of Directors of the Company in their meeting dated 24 December 2014 extended the maximum exercise period for ESOP 1999 and ESOP 2000 to five years and four year respectively from the last vesting date or 31 December 2018, whichever is later.

- b) During the current year, in accordance with the guidance under Companies Act, 2013, read with the Companies (Share Capital and Debenture) Rules, 2014, the Company set up Newgen ESOP Trust. The Company intended to grant 1,245,000 shares to Newgen ESOP Trust however as a result of an error in drafting and finalization of board resolution and board minutes, the Company granted 1,295,000 shares vide resolution dated 10 December 2014. Accordingly, the Company filed the return of allotment with the Registrar of Companies (RoC) filings on 10 December 2014 for allotment of 1,295,000 shares and issued the share certificate for the same. This error was rectified subsequent to balance sheet date vide board resolution dated 6 July 2015 and pursuant to such rectification the Company filed the necessary filings with RoC on 7 July 2015 to update the number of shares allotted to the trust and update of shareholding details. The management is of the view that Company will not incur any penalties in view of bonafide error and suo motto corrective actions and necessary filings completed by the Company.
- c) The Company established Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014) in the year 2014-15. The maximum numbers of grants under this Scheme shall be limited to 3,783,800 option with underlying equity shares of the Company. Pursuant to the scheme, during the current year Company has granted 3,653,525 options at an exercise price of Rs. 63 per option, to the employees of the Company. Out of the above grants, 1,245,000 options were granted through Newgen ESOP Trust. Under the terms of the plans, these options are vested on a graded vesting basis over a maximum period of four years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of five from the date of last vesting. 8,579,360 Shares are reserved for issue under options.
- d) The Company had given advance of Rs. 784.35 lakhs to the Newgen ESOP trust for the issue of shares in the year ended 31 March 2015 of Rs. 10 each at a price of Rs. 63 per equity share (including a share premium of Rs. 53). Consequently, share capital and securities premium of the Company includes Rs. 124.50 lakhs and Rs. 659.85 lakhs respectively against the equity shares of Rs. 10 each issued to the Newgen ESOP Trust. The amounts collected by the trust as exercise price on exercise of stock options by the employees will be transferred to the Company and such 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 2015 amounting to Rs. 784.35 lakhs (previous year Rs. 51.01 lakhs) 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 with respect to ESOP 1999, ESOP 2000 and Newgen ESOP 2014 schemes.
- e) 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.
- f) 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 2014
Expected volatility	-
Risk free interest rate	8.04%
Exercise price (Rs.)	63.00
Expected dividend yield	1.34%
Life of options	6 years
Fair value of options as at the grant date (Rs.)	19.27

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 2015	For the year ended 31 March 2014
Profit for the year as reported in the Statement of Profit and Loss (Rs. lakhs) (A)	5,274.74	4,077.73
Net profit attributable to equity shareholders (Rs. lakhs)(Refer note 30) (B)	5,087.69	3,925.15
Add: Stock-based employee compensation expense included in reported net loss (Rs. lakhs) (C)	-	7.22
Less: Stock-based employee compensation expense determined under fair value based method (Rs. lakhs) (D)	73.97	13.24
Proforma net profit (Rs. lakhs) [(E) = (B) + (C) - (D)]	5,013.71	3,919.13
Proforma net profit - diluted (Rs. lakhs) [(F) = (A) + (C) - (D)]	5,200.76	4,071.71
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share (G)	475,99,705	471,45,450
Weighted average number of equity shares outstanding during the year used in computing dilutive earnings per share (H)	585,53,886	584,14,356
Earnings per share - as reported		
- Basic [(B)/(G)]	10.69	8.33
- Diluted [(A)/(H)]	9.01	6.98
Earnings per share - adjusted pro forma		
- Basic [(E)/(G)]	10.53	8.31
- Diluted [(F)/(H)]	8.88	6.97



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ESOP Plan	Outstanding at the beginning of the year	Bonus Option Granted	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
ESOP 1999	14,880 (36,900)	66,150 -	- -	5,430 (22,020)	18,000 -	- -	57,600 (14,880)	57,600 (14,880)
ESOP 2000	2,11,160 (4,02,300)	6,97,300 -	- -	1,83,330 (1,75,240)	46,950 (15,900)	- -	6,78,180 (2,11,160)	4,14,180 (1,28,310)
ESOP 2014	-	-	36,53,525	-	-	-	36,53,525	-

Figures in brackets represents previous year figures

* Adjusted for bonus issue (Refer note 3(c))

g) The weighted average share price at the date of exercise for stock options exercised during the period was Rs. 63. The options outstanding at 31 March 2015 had an exercise price of Rs. 4.445⁷, Rs. 6.667⁷ and Rs. 63 for the options under ESOP Plan 1999, ESOP Plan 2000 and ESOP Plan 2014 respectively.

(adjusted for bonus issue of 1:2 shares in year 2000 and bonus issue of 1:5 during the current year)

^ (adjusted for bonus issue of 1:5 shares during the current year)

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 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Employee compensation cost pertaining to employee stock compensation plans	-	7.22
Liability for employee stock options outstanding as at year end*	11.23	24.32
Intrinsic value of the vested rights at the end of the year*	11.23	24.32

* Adjusted for bonus issue (refer note 3(c))



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34 Related party transactions

a) 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

b) Transactions with related parties during the year:

Nature of transaction	Name of related party	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Loan repayment	Newgen Employees Trust	51.01	134.00
Issue of shares	Newgen ESOP Trust	784.35	-
Investment in trust	Newgen ESOP Trust	1.00	-
Salary and other benefits*	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director	73.19 35.94 26.32	71.12 34.99 25.60
Dividend paid	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director	276.34 225.14 119.53	229.73 191.77 99.61
Bonus issue of shares	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director Newgen Employees Trust	1,535.20 1,250.78 664.08 111.34	- - - -

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

c) Outstanding balances as at year end

Particulars	Name of related party	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2014 (Rs. lakhs)
Amount recoverable with respect to issue of shares	Newgen ESOP Trust	784.35	-
Loans and advances	Newgen Employees Trust Newgen ESOP Trust	- 1.00	51.01 -
Salary and other benefits	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director	6.07 2.82 2.16	- 1.92 1.41
Dividend payable	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director	276.34 225.14 119.53	229.73 191.77 99.61



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35 Prior period items:

Particulars	For the year ended 31 March 2015 (Rs. lakhs)	For the year ended 31 March 2014 (Rs. lakhs)
Income		
Sale of product	152.93	-
Expenses		
Brokerage and commission	62.92	113.20
Digitisation (scanning) charges	-	19.60

36 Dividend remittances in foreign currency:

Particulars	31 March 2015	31 March 2014
Year to which the dividend relates	2013-14	2012-13
Amount remitted during the year (Rs. lakhs)	68.496	69.158
Number of non-resident shareholders	2	2
Number of shares on which dividend was due *	9,08,929	13,75,035

* not adjusted for bonus issue

37 Details of current investments

Investments in Indian money market mutual funds - (At Cost or Market Value whichever ever is less)

Fund House	Number of Units as at March 31,		Balance as at March 31, (Rs. lakhs)	
	2015	2014	2015	2014
Investment in debt security mutual funds				
Birla Sunlife Fixed Term Plan	-	30,00,000	-	300.00
UTI FTIF - Series XVII	-	60,00,000	-	600.00
Tata Fixed maturity Plan Series 46 Scheme	-	60,00,000	-	600.00
J P Morgan Short Term Income Fund	-	28,88,212	-	400.00
J P Morgan Short Term Income Fund	-	28,92,054	-	400.00
Templeton India Short Term Income Fund	-	29,327	-	750.00
Birla Sun Life Dynamic Bond Fund- Retail	-	7,07,968	-	150.00
Birla Sun Life Dynamic Bond Fund- Retail	-	14,64,532	-	300.00
Tata Short Term Bond Fund	-	29,78,622	-	700.00
Reliance Regular Savings Fund	-	35,05,635	-	600.00
DSP Blackrock Income Opportunities fund	-	14,91,765	-	300.00
IDFC all season bond fund	-	10,23,641	-	200.00
Sundaram Mutual Fund Account - online a/c	-	9,95,565	-	200.00
HSBC Income Fund - Short Term Plan	6,50,474	-	150.00	-
BNP Paribas Medium Term Income Fund	17,88,973	-	200.00	-
Birla Sun Life Dynamic Bond Fund	6,14,890	-	150.00	-
Franklin India Short Term Income Plan	6,984	-	200.00	-
Reliance Dynamic Bond Fund	13,19,032	-	250.00	-
UTI-Dynamic Bond Fund	15,87,816	-	250.00	-
BNP Paribas Flexi Debt Fund	10,37,594	-	250.00	-
Franklin India Income Builder Account- Plan A	6,22,252	-	300.00	-
KICICI Prudential Income Plan	8,00,915	-	350.00	-
IDFC Super Saver Income Fund - Investment Plan	8,82,997	-	300.00	-
Franklin India Short Term Income Plan	6,979	-	200.00	-
DSP Blackrock bond Fund	4,53,732	-	200.00	-
Reliance Regular Savings Fund	10,55,114	-	200.00	-
Total	136,54,318		3,808.00	
Investment in arbitrage funds				
IDFC Balanced Fund	4,13,056	-	443.85	-
Tata Balanced Fund	2,59,035	-	443.15	-
DSP BR Balanced Fund	4,13,307	-	442.99	-
KICICI Prudential Equity Income Fund	34,17,969	-	350.00	-
KICICI Prudential Balanced Advantage Fund	13,74,705	-	348.63	-
JPMorgan India Equity Income Fund	32,85,737	-	349.66	-
IDFC arbitrage fund	21,91,937	-	400.00	-
Edelweiss Arbitrage Fund	19,35,584	-	200.00	-
Total	132,91,330		2,978.28	
	269,45,648	329,77,321	5,978.28	5,508.00

Quoted current investment

Particulars	31 March 2015	31 March 2014
Aggregate book value	6,000.00	5,500.00
Aggregate market value	5,994.28	5,523.79

As per our report of even date attached

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

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


Rakesh Dewan
Partner
Membership No.: 092212


Dwakar Nigam
Managing Director


T.S. Varadarajan
Whole Time Director


Arun Kumar Gupta
Chief Financial Officer


Aman
Company Secretary

Place: Gurgaon
Date: 17 August 2015

Place: New Delhi
Date: 17 August 2015

Place: New Delhi
Date: 17 August 2015

Place: New Delhi
Date: 17 August 2015

Place: New Delhi
Date: 17 August 2015