

Newgen Software Technologies Limited

Statutory audit for the year ended

31 March 2017

B S R & Associates LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEWGEN SOFTWARE TECHNOLOGIES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Newgen Software Technologies Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 standalone 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 prescribed 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 standalone 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and



fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the 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 2017, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ('Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order.

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 standalone 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company did not have any pending litigations which would materially impact its financial position;
 - ii. The Company did not have any foreseeable losses on long term contracts and had no derivative contracts outstanding as at 31 March 2017;
 - iii. The Company did not have any dues on account of Investor Education and Protection Fund; and



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- iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representations, we report that the disclosures are in accordance with the books of account maintained by the Company. Refer note 42 to the financial statements.

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 14 June 2017

Annexure A referred to in our Independent Auditor's Report to the members of Newgen Software Technologies Limited on the standalone financial statements for the year ended 31 March 2017,

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, fixed assets at certain locations were verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds and lease deeds of the immovable property is held in the name of the Company except for a land transferred from subsidiary pursuant to its merger into the Company as mentioned below:

| No. of property | Type of property | Gross block (Rs. Lakhs) | Net block (Rs. Lakhs) |
|-----------------|------------------|----------------------------|--------------------------|
| One | Freehold land | 0.43 | 0.43 |

Subsequent to the balance sheet date, the property has been transferred in the name of Newgen Software Technologies Limited.

- (ii) The Company is a service Company, primarily engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from workflow automation to document management to Imaging. Accordingly, it does not hold any physical inventories at the end of the year. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, limited liability partnerships, firms or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, para 3(iii) of the Order is not applicable.
- (iv) The Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under section 185 and 186 of the Companies Act, 2013. Accordingly, para 3(iv) of the Order is not applicable.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities carried out by the Company.
- (vii) (a) According to the information and 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, Service tax, Duty of customs, Value added tax, 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 does not have any dues on account of Duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Duty of customs and Value added tax which have not been deposited with the appropriate authorities on account of any dispute. As explained above, the Company does not have any dues on account of duty of excise.
- (viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/borrowings to banks. Further, there were no dues payable to financial institutions, government or debenture holders during the year or outstanding as at 31 March 2017.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which those were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid/provided by the Company in accordance with provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the standalone Financial Statements, as required, by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.



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- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For **B S R & Associates LLP**

Chartered Accountants

Firm's registration no.: 116231W/W-100024



Rakesh Dewan

Partner

Membership No.: 092212

Place: Gurgaon

Date: 14 June 2017

Annexure B to the Independent Auditor's Report of even date on the standalone financial statements of Newgen Software Technologies Limited for the year ended 31 March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Newgen Software Technologies Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting, issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the ICAI.

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 14 June 2017

Newgen Software Technologies Limited

Balance Sheet as at 31 March 2017

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

| | Note | As at 31 March 2017 (Rs. in lakhs) | As at 31 March 2016 (Rs. in lakhs) |
|--|------|--|--|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 6,338.31 | 6,309.41 |
| Reserves and surplus | 4 | 20,869.95 | 15,916.80 |
| | | 27,208.26 | 22,226.21 |
| Non-current liabilities | | | |
| Long-term provisions | 5 | 1,442.97 | 1,121.58 |
| Other long-term liabilities | 6 | 1,024.26 | 1,316.91 |
| | | 2,467.23 | 2,438.49 |
| Current liabilities | | | |
| Short-term borrowings | 7 | 5,226.18 | 5,883.19 |
| Trade payables | 8 | | |
| - Total outstanding dues to micro enterprises and small enterprises | | - | - |
| - Total outstanding dues to creditors other than micro and small enterprises | | 1,714.35 | 1,405.21 |
| Other current liabilities | 9 | 6,467.67 | 5,077.17 |
| Short-term provisions | 5 | 233.67 | 965.65 |
| | | 13,641.87 | 13,331.22 |
| Total | | 43,317.36 | 37,995.92 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets: | | | |
| Tangible assets | 10 | 5,364.54 | 5,528.99 |
| Intangible assets | 11 | 70.44 | 103.01 |
| Capital work-in-progress | 12 | 1,108.30 | 604.62 |
| Non-current investments | 13 | 885.14 | 707.80 |
| Deferred tax assets (net) | 14 | 1,012.54 | 854.60 |
| Long-term loans and advances | 15 | 1,272.28 | 1,176.23 |
| Other non-current assets | 16 | 155.24 | 157.87 |
| | | 9,868.48 | 9,133.12 |
| Current assets | | | |
| Current investments | 17 | 4,824.28 | 4,501.67 |
| Trade receivables | 18 | 22,526.28 | 19,438.35 |
| Cash and bank balances | 19 | 2,801.67 | 2,009.95 |
| Short-term loans and advances | 15 | 687.82 | 507.64 |
| Other current assets | 16 | 2,608.83 | 2,405.19 |
| | | 33,448.88 | 28,862.80 |
| Total | | 43,317.36 | 37,995.92 |

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



Rakesh Dewan

Partner

Membership No.: 092212

Place: Gurgaon

Date: 14 June 2017

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



Diwakar Nigam

Managing Director

DIN: 00263222

Place: New Delhi

Date: 14 June 2017

T.S. Varadarajan

Whole Time Director

DIN: 00263115

Place: New Delhi

Date: 14 June 2017

Arun Kumar Gupta

Chief Financial Officer

Place: New Delhi

Place: New Delhi

Date: 14 June 2017

Aman Mourya

Company Secretary

Membership No: 27299

Place: New Delhi

Date: 14 June 2017

Newgen Software Technologies Limited
Statement of Profit and Loss for the year ended 31 March 2017
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | Note | For the year ended 31 March 2017 (Rs. in lakhs) | For the year ended 31 March 2016 (Rs. in lakhs) |
|---|------|---|---|
| Revenue | | | |
| Revenue from operations | 20 | 38,311.41 | 31,280.57 |
| Other income | 21 | 666.45 | 267.57 |
| Total revenue | | 38,977.86 | 31,548.14 |
| Expenses | | | |
| Employee benefits | 22 | 18,596.66 | 16,346.45 |
| Finance costs | 23 | 461.02 | 340.44 |
| Depreciation and amortisation | 24 | 473.80 | 431.74 |
| Other expenses | 25 | 13,137.50 | 11,025.87 |
| Total expenses | | 32,668.99 | 28,144.50 |
| Profit before tax | | 6,308.88 | 3,403.64 |
| Current tax | | 1,540.63 | 808.65 |
| MAT credit entitlement | | - | (74.85) |
| Tax expense for earlier years | | 126.24 | 69.73 |
| Deferred tax (credit) | | (157.94) | (256.06) |
| Profit after tax for the year | | 4,799.95 | 2,856.17 |
| Earnings per equity share (face value of Rs. 10 per share) | | | |
| Basic earning per share | 30 | 9.92 | 5.68 |
| Diluted earning per share | | 9.65 | 4.81 |

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



Rakesh Dewan
 Partner
 Membership No.: 092212

Place: Gurgaon
 Date: 14 June 2017

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



Diwakar Nigam
 Managing Director
 DIN: 00263222

Place: New Delhi
 Date: 14 June 2017

T.S. Varadarajan
 Whole Time Director
 DIN: 00263115

Place: New Delhi
 Date: 14 June 2017

Arun Kumar Gupta
 Chief Financial
 Officer

Place: New Delhi
 Date: 14 June 2017

Aman Mourya
 Company Secretary
 Membership No: 27299

Place: New Delhi
 Date: 14 June 2017

Newgen Software Technologies Limited
Cash flow statement for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | For the year ended 31 March 2017 (Rs. in lakhs) | For the year ended 31 March 2016 (Rs. in lakhs) |
|---|---|---|
| A. Cash flow from operating activities: | | |
| Net profit before tax | 6,308.88 | 3,403.64 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation | 473.80 | 431.74 |
| Net loss on sale/retirement of fixed assets | 0.71 | 12.20 |
| Provision for doubtful trade receivables | 1,278.30 | 632.03 |
| Loans and advances written off | 6.55 | 3.37 |
| Bad debts written off | - | 18.56 |
| Provision for loans and advances | - | 2.19 |
| Employee stock compensation expense | - | 4.98 |
| Diminution in market value of current investments | 6.29 | 25.18 |
| Unrealised foreign exchange loss/(gain) | 130.52 | (83.18) |
| Excess liabilities/provisions no longer required, written back | - | - |
| Finance costs | 461.02 | 340.44 |
| Dividend income from mutual funds | (1.75) | (5.42) |
| Interest income from government bonds | (35.11) | - |
| Profit on sale of mutual funds | (589.89) | (181.40) |
| Interest income from bank deposits | (24.17) | (29.55) |
| Operating profit before working capital changes | 8,015.15 | 4,574.78 |
| <i>Adjustments for working capital changes:</i> | | |
| Increase in trade payables | 323.94 | 144.87 |
| Increase/(decrease) in other current and non-current liabilities | 1,270.33 | (610.09) |
| Increase in long-term and short-term provisions | 365.20 | 401.69 |
| (Increase) in trade receivables | (4,692.31) | (2,665.70) |
| (Increase)/decrease in long-term and short-term loans and advances | (328.20) | 58.44 |
| (Increase) in other current assets and non-current assets | (226.04) | (770.15) |
| <i>Cash generated from operating activities</i> | 4,728.07 | 1,133.83 |
| Income tax paid (net of refund) | (1,621.43) | (1,648.58) |
| Net cash generated from operating activities | 3,106.64 | (514.75) |
| B. Cash flow from investing activities: | | |
| Purchase or construction of fixed assets (tangible and intangible fixed assets and capital work-in-progress) and capital advances | (949.41) | (571.64) |
| Proceeds from sale of fixed assets | 2.02 | 5.55 |
| Investment in subsidiary Company | (177.34) | - |
| Purchase of mutual funds and government bonds | (8,680.25) | (2,180.65) |
| Proceeds from sale of mutual funds | 8,942.99 | 3,781.40 |
| Interest income from government bonds | 28.06 | 5.42 |
| Interest income from bank deposits | 32.19 | 17.23 |
| Investment in bank deposits (net) | 24.08 | (18.49) |
| Net cash (used in) investing activities | (777.66) | 1,038.82 |
| C. Cash flow from financing activities: | | |
| (Repayment of)/proceeds from short-term borrowings (net) | (485.49) | 1,387.94 |
| Loan repaid by Newgen ESOP Trust | 182.10 | 19.50 |
| Dividend paid (including corporate dividend distribution tax) | (775.78) | (1,163.11) |
| Finance cost | (467.02) | (292.15) |
| Net cash (used in) financing activities | (1,546.19) | (47.82) |
| Net increase in cash and cash equivalents (A+B+C) | 782.79 | 476.26 |
| Amount transferred consequent to amalgamation of subsidiary (refer note 38) | - | 6.68 |
| Effect of exchange differences on cash and cash equivalents held in foreign currency | 8.93 | (13.20) |
| Cash and cash equivalents at the beginning of the year | 2,009.95 | 1,540.21 |
| Cash and cash equivalents at the end of the year | 2,801.67 | 2,009.95 |

Notes to cash flow statement:

1. Cash and cash equivalents at the end of the year consist of the following.

| | As at 31 March 2017 | As at 31 March 2016 |
|---------------------|------------------------|------------------------|
| Cash on hand | 6.26 | 4.52 |
| Balances with banks | 1,995.41 | 2,005.43 |
| Fixed deposit | 800.00 | - |
| | 2,801.67 | 2,009.95 |

2. 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

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



Rakesh Dewan
Partner
Membership No.: 092212
Place: Gurgaon
Date: 14 June 2017

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



Diwakar Nigam
Managing Director
DIN: 00263222
Place: New Delhi
Date: 14 June 2017

T.S. Varadarajan
Whole Time Director
DIN: 00263115
Place: New Delhi
Date: 14 June 2017

Arun Kumar Gupta
Chief Financial
Officer
Place: New Delhi
Date: 14 June 2017

Aman Mourya
Company Secretary
Membership No: 27299
Place: New Delhi
Date: 14 June 2017

Newgen Software Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2017

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 organizations /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 primarily comprises of mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, and 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.

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.

Newgen Software Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2017

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 its intended use, any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible fixed assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Tangible fixed assets under construction 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

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 derives estimated economic benefits from the use of such assets. The estimated useful lives of asset determined in current year is as follows:

| Category of fixed assets | Estimated useful life (Years) |
|--------------------------|-------------------------------|
| Tangible assets | |
| Building | 60 |
| Leasehold improvements # | 3 |
| Plant and machinery | 15 |
| Office equipment* | 10 |
| Furniture and fixtures | 10 |
| Vehicles | 8 |
| Computers hardware | |
| - Server and networks | 6 |
| - Computers* | 3-5 |
| Intangible assets | |
| Computer software | 3-4 |

* 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.

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

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The Company is depreciating all tangible and intangible assets on straight line method (SLM) over the estimated useful life of each asset as determined by the management. Leasehold land is amortized over lease period i.e. 90 years.

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 as per the Schedule III of the Act.

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. The comparison of cost and fair value is done separately in respect of each category of investments i.e. mutual funds, bonds etc.

i) Revenue recognition

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

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 product up gradation and services are rendered.

Software-as-a-Service (SaaS), that is, a right to use software functionality in a cloud-based-infrastructure provided by Company. Revenue is recognized monthly/periodically based on the number of users right given to customers

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.

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Newgen Software Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2017

Revenues are reported net of service tax and applicable discounts and allowances. Reimbursements of out-of-pocket expenses received from customers have been netted off with expense.

j) 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.

k) 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.

l) Foreign exchange 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.

The financial statements of an integral foreign operations (Dubai branch operations) are translated into Indian rupees as if the transactions of the foreign operations were those of the Company itself.

m) Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rental (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

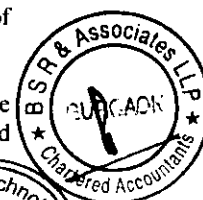
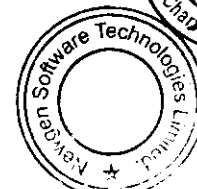
n) Provisions, contingent liabilities and contingent assets

A provision is recognised when as a result of past events, the Company has a present obligation, that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resource is remote.

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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o) 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's provident fund is a defined contribution plan under which the Company makes specified monthly contribution towards employee provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

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.

p) Employee share based compensation

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of fair 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.

q) Segment accounting policies

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

i) Segment assets and liabilities

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

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



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ii) Segment revenue and expenses

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

iii) Unallocated assets, liabilities, revenue and expenses

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

r) 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).

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 recognized 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. The deferred tax charge or credit and the corresponding deferred tax liabilities and 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 realized. 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.

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.

s) 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.

t) Cash and cash equivalents

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

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Newgen Software Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2017

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

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|-----------------------|---------------------|-----------------------|
| | Number of shares | Amount (Rs. in lakhs) | Number of shares | Amount (Rs. in lakhs) |
| 3 Share capital | | | | |
| Authorised | | | | |
| Equity shares of Rs. 10 each | 6,44,00,000 | 6,440.00 | 6,30,50,000 | 6,305.00 |
| 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 | 1,19,99,800 | 1,199.98 | 1,19,99,800 | 1,199.98 |
| | 7,64,00,000 | 7,640.00 | 7,50,50,000 | 7,505.00 |
| Issued, subscribed and paid up | | | | |
| Equity shares of Rs. 10 each, fully paid up | | | | |
| At the beginning of the year | 5,40,13,800 | 5,401.38 | 5,40,13,800 | 5,401.38 |
| Add: Preference shares conversion to equity shares during the year | 1,02,94,230 | 1,029.42 | - | - |
| At the end of the year | 6,43,08,030 | 6,430.80 | 5,40,13,800 | 5,401.38 |
| Less Recoverable from Newgen ESOP Trust (refer note 31) | 9,25,000 | 92.50 | 12,14,048 | 121.40 |
| | 6,33,83,030 | 6,338.30 | 5,27,99,752 | 5,279.98 |
| Equity share capital with Differential voting rights (DVR) of Rs. 10 each, fully paid up | | | | |
| At the beginning of the year | 120 | 0.01 | 120 | 0.01 |
| At the end of the year | 120 | 0.01 | 120 | 0.01 |
| 0.01% Compulsory convertible preference shares of Rs. 10 each, fully paid up | | | | |
| At the beginning of the year | 1,02,94,230 | 1,029.42 | 1,02,94,230 | 1,029.42 |
| Less: Preference shares conversion to equity shares during the year | 1,02,94,230 | 1,029.42 | - | - |
| At the end of the year | - | - | 1,02,94,230 | 1,029.42 |
| | 6,33,83,150 | 6,338.31 | 6,30,94,102 | 6,309.41 |

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 :

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

| Shareholder(s) | No. of DVR | No. of votes* |
|--|------------|---------------|
| Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III (referred as 'Ascent') | 60 | 53,75,952 |
| IDG Ventures India Fund II LLC (referred as '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 3(c)]

Expiration of differential rights:

Pursuant to the shareholder subscription agreement dated 31 October 2013, 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.

During the FY 2016-17, pursuant to the Articles of Association and shareholders agreement, these compulsorily convertible preference shares have been converted into equity shares, at no cost to the investors, in the ratio of 1:1 and accordingly all the differential voting and dividend rights have expired on 27 March 2017. Subsequent thereto, investors, as holder of equity shares shall have the right to vote pro-rata to their respective shareholding on a fully diluted basis.

3(b) Terms/rights attached to preference shares

During the years ended 31 March 2008 and 31 March 2009, the Company had issued 1,014,785 compulsorily convertible preference shares (hereinafter referred to as "CCPS") of Rs. 10 each fully paid up to HAV2 (Mauritius) Limited and 360,250 CCPS of Rs. 10 each fully paid up to SAPV (Mauritius). During the financial year 2013-14, HAV2 (Mauritius) Limited, exited from the Company and two new investors namely Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund II ("Ascent") and IDG Ventures India Fund II LLC ("IDGVI") made investment in the Company. During the year ended 31 March 2014, all the CCPS held by HAV2 (Mauritius) Limited, were acquired by Ascent (670,790 CCPS) and IDGVI (343,995 CCPS). Further, during the year ended 2014-15, 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 were 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. However, all the preferential dividend and differential voting rights have already been expired due to conversion of CCPS into Equity.

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.

Conversion of Compulsory convertible preference shares into equity

Pursuant to the Shareholders Agreement executed on 31 October 2013 as aforesaid, during the current year, all issued 10,294,230 CCPS of Rs.10/- each have been converted into 10,294,230 equity shares of Rs.10/- each in the ratio of 1:1, at no cost to the investors. Equity shares of the Company allotted upon conversion of the CCPS, rank pari passu in all respects including as to dividend, voting rights, with the existing fully paid up equity shares of face value of Re. 10/- each of the Company.

3(c) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

During ended year 2014-15, the Company had 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.

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

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|-------------------------|---------------------|-------------------------|
| | 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 | 1,84,22,406 | 28.65% | 1,84,22,406 | 34.11% |
| - Mr. T.S. Varadarajan | 1,50,09,306 | 23.34% | 1,50,09,306 | 27.79% |
| - Mrs. Priyadarshini Nigam | 79,68,906 | 12.39% | 79,68,906 | 14.75% |
| - Mrs. Usha Varadarajan | 45,28,320 | 7.04% | 45,28,320 | 8.38% |
| - Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III | 74,64,510 | 11.61% | - | - |

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

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|-------------------------|---------------------|-------------------------|
| | 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 | 60 | 50 |
| IDG Ventures India Fund II LLC | 60 | 50 | 60 | 50 |




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

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|-------------------------|---------------------|-------------------------|
| | Number of shares | % holding in the shares | Number of shares * | % holding in the shares |
| SAPV (Mauritius) | - | - | 21,61,500 | 21.00% |
| Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III | - | - | 53,75,892 | 52.22% |
| IDG Ventures India Fund II LLC | - | - | 21,50,334 | 20.89% |
| 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 31.

Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | As at 31 March 2017 (Rs. in lakhs) | As at 31 March 2016 (Rs. In 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 | 1,133.24 | 1,126.60 |
| Add: Transferred from employee stock options outstanding account on exercise of stock options issued to employees (refer note 31) | 2.70 | 6.64 |
| | <u>1,135.94</u> | <u>1,133.24</u> |
| Less: Recoverable from Newgen ESOP Trust (refer note 31) | 490.25 | 643.45 |
| At the end of the year | <u>645.69</u> | <u>489.79</u> |
| Employee stock options outstanding (refer note 31) | | |
| At the beginning of the year | 16.48 | 18.35 |
| Add: Employee stock compensation expense | - | 4.98 |
| Less: Transferred to general reserve on account of lapse of stock options issued to employees (refer note 31) | 0.69 | 0.21 |
| Less: Transferred to securities premium account on exercise of stock options issued to employees | 2.70 | 6.64 |
| At the end of the year | <u>13.09</u> | <u>16.48</u> |
| General reserve | | |
| At the beginning of the year | 1,731.39 | 1,491.88 |
| Add: Transferred from employee stock options outstanding account on lapse of stock options issued to employees (refer note 31) | 0.69 | 0.21 |
| Less: Adjustment on account of amalgamation (Refer note 38) | - | 46.32 |
| Add: Transferred from statement of Profit and Loss | - | 285.62 |
| At the end of the year | <u>1,732.08</u> | <u>1,731.39</u> |
| Surplus of Statement of Profit and Loss | | |
| At the beginning of the year | 13,591.19 | 11,735.86 |
| Add: Profit for the year | 4,799.95 | 2,856.17 |
| Add: Adjustment on account of amalgamation (Refer note 38) | - | 60.56 |
| Less: Appropriations | | |
| Proposed dividend on equity shares | - | 540.14 |
| Dividend distribution tax on proposed dividend on equity shares | - | 110.59 |
| Proposed dividend on compulsory convertible preference shares | - | 103.80 |
| Dividend distribution tax on proposed dividend on compulsory convertible preference shares | - | 21.25 |
| Transfer to general reserve | - | 285.62 |
| At the end of the year | <u>18,391.14</u> | <u>13,591.19</u> |
| | <u>20,869.95</u> | <u>15,916.80</u> |

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Newgen Software Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2017

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

5 Provisions

| | Long-term | | Short-term | |
|--|-----------------|-----------------|----------------|----------------|
| | As at | As at | As at | As at |
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| | (Rs. in lakhs) | (Rs. in lakhs) | (Rs. in lakhs) | (Rs. in lakhs) |
| Provision for employee benefits (refer note 27) | | | | |
| Provision for gratuity | 1,113.20 | 865.23 | 165.27 | 134.70 |
| Provision for compensated absences | 329.77 | 256.35 | 68.40 | 55.17 |
| | 1,442.97 | 1,121.58 | 233.67 | 189.87 |
| Other provisions | | | | |
| Proposed dividend on equity shares | - | - | - | 540.14 |
| Dividend distribution tax on proposed dividend on equity shares | - | - | - | 110.59 |
| Proposed dividend on compulsory convertible preference shares | - | - | - | 103.80 |
| Dividend distribution tax on proposed dividend on compulsory convertible preference shares | - | - | - | 21.25 |
| | - | - | - | 775.78 |
| | 1,442.97 | 1,121.58 | 233.67 | 965.65 |









Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | As at 31 March 2017 (Rs. in lakhs) | As at 31 March 2016 (Rs. in lakhs) |
|---|--|--|
| 6 Other long-term liabilities | | |
| Deferred payment liability for leasehold land * | 1,024.26 | 1,316.91 |
| | <u>1,024.26</u> | <u>1,316.91</u> |

* Deferred payment liability relates to leasehold land purchased from 'Yamuna Expressway Industrial Development Authority (YEIDA)' during the year ended 31 March 2016. The amount is payable in '12 half yearly installments' over the period of 6 years from the date of purchase.

7 Short-term borrowings

| | | |
|-----------------------------|-----------------|-----------------|
| Loans from banks (secured)* | | |
| Pre-shipment loans | 5,226.18 | 5,883.19 |
| | <u>5,226.18</u> | <u>5,883.19</u> |

* Pre-shipment loans are foreign currency short term loans taken from Standard Chartered Bank and Citi Bank having maturity varying from 3-6 months which carries interest rate ranging between 2% - 3% computed on monthly basis on the outstanding amount and are repayable on demand. These are secured by way of an exclusive charge created on all present and future other assets and trade receivables of the Company and equitable mortgage over certain immovable properties of the Company.

8 Trade payables

| | | |
|--|-----------------|-----------------|
| Trade payables | | |
| - Total outstanding dues to micro enterprises and small enterprises | - | - |
| - Total outstanding dues to creditors other than micro and small enterprises | 1,714.35 | 1,405.21 |
| | <u>1,714.35</u> | <u>1,405.21</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 2017 and 31 March 2016.

9 Other current liabilities

| | | |
|---|-----------------|-----------------|
| Deferred revenue | 3,029.27 | 2,586.77 |
| Other payables | | |
| - employee related payables | 2,411.84 | 1,702.41 |
| - statutory dues payable | 526.96 | 410.43 |
| - current maturities of deferred liability for leasehold land | 292.65 | 292.65 |
| - advance from customers | 9.39 | 7.51 |
| - earnest money deposits | 0.50 | - |
| - creditors in respect of retention money | 28.10 | 11.64 |
| - dues in respect of purchase/construction of fixed assets | 126.67 | 17.47 |
| - interest accrued but not due on deferred liability | 42.29 | 48.29 |
| | <u>6,467.67</u> | <u>5,077.17</u> |

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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

10 Tangible assets

| Particulars | Gross block | | | | Depreciation | | | | | Net block | |
|------------------------|-----------------------|---|------------------------------|---------------|------------------------|-----------------------|--|------------------------------|---------------|------------------------|------------------------|
| | As at 1 April 2016 | Addition on account of Amalgamation* | Additions during the year | Disposals | As at 31 March 2017 | As at 1 April 2016 | Adjustment on account of Amalgamation | Depreciation for the year | Disposals | As at 31 March 2017 | As at 31 March 2017 |
| Freehold land | 4.71 | - | - | - | 4.71 | - | - | - | - | - | 4.71 |
| Leasehold land | 2,842.05 | - | 12.54 | - | 2,854.59 | 18.51 | - | 31.67 | - | 50.18 | 2,804.41 |
| Buildings | 1,213.04 | - | 33.98 | - | 1,247.02 | 143.28 | - | 20.24 | - | 163.52 | 1,083.50 |
| Leasehold improvements | 153.08 | - | - | - | 153.08 | 147.09 | - | 5.99 | - | 153.08 | - |
| Plant and machinery | 366.74 | - | 18.93 | 42.73 | 342.94 | 145.71 | - | 30.41 | 42.20 | 133.92 | 209.02 |
| Furniture and fixtures | 382.11 | - | 10.16 | 1.95 | 390.32 | 149.54 | - | 32.38 | 1.95 | 179.97 | 210.35 |
| Office equipment | 486.50 | - | 16.95 | 23.62 | 479.83 | 154.48 | - | 45.32 | 23.52 | 176.28 | 303.55 |
| Vehicles | 240.73 | - | - | 8.66 | 232.07 | 104.81 | - | 20.73 | 8.66 | 116.88 | 115.19 |
| Computer and servers | 1,996.57 | - | 160.09 | 266.61 | 1,890.05 | 1,293.12 | - | 227.86 | 264.74 | 1,256.24 | 633.81 |
| Total | 7,685.53 | - | 252.65 | 343.57 | 7,594.61 | 2,156.54 | - | 414.60 | 341.07 | 2,230.07 | 5,364.54 |

| Particulars | Gross block | | | | Depreciation | | | | | Net block | |
|------------------------|-----------------------|---|------------------------------|---------------|------------------------|-----------------------|--|------------------------------|---------------|------------------------|------------------------|
| | As at 1 April 2015 | Addition on account of Amalgamation* | Additions during the year | Disposals | As at 31 March 2016 | As at 1 April 2015 | Adjustment on account of Amalgamation | Depreciation for the year | Disposals | As at 31 March 2016 | As at 31 March 2016 |
| Freehold land | 4.28 | 0.43 | - | - | 4.71 | - | - | - | - | - | 4.71 |
| Leasehold land | 39.90 | - | 2,802.15 | - | 2,842.05 | 7.27 | - | 11.24 | - | 18.51 | 2,823.54 |
| Buildings | 1,023.72 | 21.52 | 189.32 | 21.52 | 1,213.04 | 124.20 | 1.20 | 39.40 | 21.52 | 143.28 | 1,069.76 |
| Leasehold improvements | 153.08 | - | - | - | 153.08 | 147.09 | - | - | - | 147.09 | 5.99 |
| Plant and machinery | 284.58 | - | 102.79 | 20.63 | 366.74 | 137.53 | - | 25.81 | 17.63 | 145.71 | 221.03 |
| Furniture and fixtures | 239.26 | - | 153.20 | 10.35 | 382.11 | 128.88 | - | 27.77 | 7.11 | 149.54 | 232.57 |
| Office equipment | 383.60 | - | 130.42 | 27.52 | 486.50 | 129.51 | - | 41.16 | 16.19 | 154.48 | 332.02 |
| Vehicles | 208.80 | - | 35.87 | 3.94 | 240.73 | 90.14 | - | 18.61 | 3.94 | 104.81 | 135.92 |
| Computer and servers | 1,722.46 | - | 322.49 | 48.38 | 1,996.57 | 1,129.42 | - | 211.90 | 48.20 | 1,293.12 | 703.45 |
| Total | 4,059.68 | 21.95 | 3,736.24 | 132.34 | 7,685.53 | 1,894.04 | 1.20 | 375.89 | 114.59 | 2,156.54 | 5,528.99 |

11 Intangible assets

| Particulars | Gross block | | | | Amortisation | | | | | Net block | |
|-------------------|-----------------------|---|------------------------------|---------------|------------------------|-----------------------|--|------------------------------|---------------|------------------------|------------------------|
| | As at 1 April 2016 | Addition on account of Amalgamation* | Additions during the year | Disposals | As at 31 March 2017 | As at 1 April 2016 | Adjustment on account of Amalgamation | Depreciation for the year | Disposals | As at 31 March 2017 | As at 31 March 2017 |
| Computer software | 828.86 | - | 26.62 | 110.78 | 744.70 | 725.85 | - | 59.20 | 110.78 | 674.27 | 70.44 |
| Total | 828.86 | - | 26.62 | 110.78 | 744.70 | 725.85 | - | 59.20 | 110.78 | 674.27 | 70.44 |

| Particulars | Gross block | | | | Depreciation | | | | | Net block | |
|-------------------|-----------------------|---|------------------------------|-----------|------------------------|-----------------------|--|------------------------------|-----------|------------------------|------------------------|
| | As at 1 April 2015 | Addition on account of Amalgamation* | Additions during the year | Disposals | As at 31 March 2016 | As at 1 April 2015 | Adjustment on account of Amalgamation | Depreciation for the year | Disposals | As at 31 March 2016 | As at 31 March 2016 |
| Computer software | 745.46 | - | 83.40 | - | 828.86 | 670.00 | - | 55.85 | - | 725.85 | 103.01 |
| Total | 745.46 | - | 83.40 | - | 828.86 | 670.00 | - | 55.85 | - | 725.85 | 103.01 |

* Refer note 38

12 Capital work-in-progress

| Particulars | Amount |
|------------------------------------|-----------------|
| As at 1 April 2016 | 604.62 |
| Add : Additions during the year | 503.68 |
| Less : Capitalised during the year | - |
| As at 31 March 2017 | 1,108.30 |

| Particulars | Amount |
|------------------------------------|---------------|
| As at 1 April 2015 | 475.70 |
| Add : Additions during the year | 575.67 |
| Less : Capitalised during the year | 446.75 |
| As at 31 March 2016 | 604.62 |

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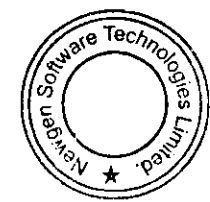
Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2017
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | <u>As at 31 March 2017 (Rs. in lakhs)</u> | <u>As at 31 March 2016 (Rs. in lakhs)</u> |
|--|---|---|
| 13 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 stock 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 |
| 20,000,000 (previous year -Nil) common stock of GBP 0.01 each, fully paid up of Newgen Software Technologies (UK) Ltd. | 177.34 | - |
| | <u>885.14</u> | <u>707.80</u> |
| Aggregate amount of unquoted investments | 885.14 | 707.80 |
| 14 Deferred tax assets (net) | | |
| Deferred tax asset on: | | |
| Provision for gratuity | 425.88 | 333.95 |
| Provision for compensated absences | 125.33 | 121.12 |
| Bonus payable | 7.88 | 17.38 |
| Provision for doubtful trade receivables | 684.92 | 589.40 |
| Provision for doubtful loans and advances | 42.64 | 42.73 |
| Others | 11.03 | 18.28 |
| | <u>1,297.68</u> | <u>1,122.86</u> |
| Deferred tax liability on: | | |
| Excess of written down value of fixed assets over books of accounts | 285.14 | 268.26 |
| | <u>285.14</u> | <u>268.26</u> |
| | <u>1,012.54</u> | <u>854.60</u> |

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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

15 Loans and advances

(unsecured and considered good, unless stated otherwise)

| | Long-term | | Short-term | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | As at | As at | As at | As at |
| | 31 March 2017 (Rs. in lakhs) | 31 March 2016 (Rs. in lakhs) | 31 March 2017 (Rs. in lakhs) | 31 March 2016 (Rs. in lakhs) |
| Security deposits | 320.46 | 264.57 | 17.24 | - |
| Loans and advances to related party | | | | |
| - Newgen ESOP Trust | 1.00 | 1.00 | - | - |
| Advances to vendors | - | - | 17.90 | 8.88 |
| Loans to employees | - | - | 26.64 | 35.04 |
| Octroi charges recoverable | - | - | - | 1.31 |
| Advance to employees | - | - | 117.40 | 35.06 |
| Prepaid expenses | 24.91 | - | 316.72 | 261.56 |
| Advance income tax [net of provision of Rs. 7,010.60 lakhs] (Previous year Rs. 5,430.15 lakhs) | 852.29 | 808.70 | - | - |
| MAT credit entitlement | - | 89.02 | - | - |
| Balances with government authorities | - | - | 191.92 | 151.49 |
| Earnest money deposits | | | | |
| - considered good | 73.62 | 12.94 | - | 14.30 |
| - considered doubtful | 123.21 | 123.46 | - | - |
| | 196.83 | 136.40 | - | 14.30 |
| Less: provision for doubtful deposits | (123.21) | (123.46) | - | - |
| | 73.62 | 12.94 | - | 14.30 |
| | 950.82 | 910.66 | 670.58 | 507.64 |
| | 1,272.28 | 1,176.23 | 687.82 | 507.64 |

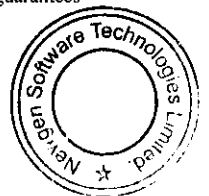
16 Other assets

(Unsecured and considered good, unless stated otherwise)

| | Non-current | | Current | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | As at | As at | As at | As at |
| | 31 March 2017 (Rs. in lakhs) | 31 March 2016 (Rs. in lakhs) | 31 March 2017 (Rs. in lakhs) | 31 March 2016 (Rs. in lakhs) |
| Bank deposits not due for realization within 12 months from the reporting date | | | | |
| - pledged with tax authorities | 2.25 | 2.25 | - | - |
| - held as margin money* | 131.54 | 155.62 | - | - |
| Unbilled revenue | | | | |
| - other than related parties | - | - | 2,500.35 | 2,274.31 |
| - related parties | - | - | 68.63 | 68.63 |
| Interest accrued on fixed deposits | 21.45 | - | 0.67 | 30.12 |
| Interest accrued but not due on government bonds | - | - | 39.18 | 32.13 |
| | 155.24 | 157.87 | 2,608.83 | 2,405.19 |

* Balance with banks held as margin money Rs. 131.54 lakhs (previous year Rs. 155.62 lakhs) represents the margin money on account of guarantees issued to government customers.

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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | As at 31 March 2017 (Rs. in lakhs) | As at 31 March 2016 (Rs. in lakhs) |
|---|--|--|
| 17 Current investments (refer note 37) (Valued at cost or fair value whichever is less) | | |
| Quoted | | |
| Investment in arbitrage funds | - | 2,353.10 |
| Investment in debt mutual funds | 3,169.81 | 1,700.00 |
| Investment in government bonds | 1,654.47 | 448.57 |
| | 4,824.28 | 4,501.67 |
| Quoted current investment | | |
| Aggregate book value | 4,824.28 | 4,501.67 |
| Aggregate market value | 4,866.52 | 4,518.67 |
| 18 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 | 5,277.04 | 4,706.87 |
| - considered doubtful | 2,038.37 | 1,703.09 |
| | 7,315.41 | 6,409.96 |
| Less: provision for doubtful debts | 2,038.37 | 1,703.09 |
| | 5,277.04 | 4,706.87 |
| Other trade receivables | 17,249.24 | 14,731.48 |
| | 22,526.28 | 19,438.35 |
| 19 Cash and bank balances | | |
| Cash and cash equivalents | | |
| - Cash on hand | 6.26 | 4.52 |
| - Balances with banks | | |
| On current accounts* | 1,995.41 | 2,005.43 |
| On deposit accounts (with original maturity of 3 months or less) | 800.00 | - |
| | 2,801.67 | 2,009.95 |

*Current account balances with banks include Rs. 36.69 lakhs (previous year: Rs. 41.11 lakhs) held at a foreign branch.

Details of bank balances/deposits

| | | |
|--|---------------|---------------|
| Bank balances/deposits available on demand with original maturity of 3 months or less included under 'Cash and cash equivalents' | 800.00 | - |
| Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' | 131.54 | 155.62 |
| | 931.54 | 155.62 |





Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

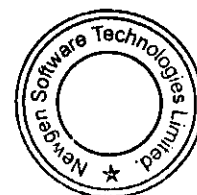
| | For the year ended 31 March 2017 (Rs. in lakhs) | For the year ended 31 March 2016 (Rs. in lakhs) |
|--|--|--|
| 20 Revenue from operations | | |
| Sale of products - softwares | 10,946.89 | 6,705.60 |
| Annuity Based Revenue | | |
| - AMC/ATS | 7,060.67 | 5,631.89 |
| - Support | 8,026.60 | 6,860.20 |
| - SaaS Revenue | 197.36 | 106.90 |
| Sale of services | | |
| - Implementation | 10,381.22 | 10,160.66 |
| - Scanning | 1,698.67 | 1,814.05 |
| Sale of stock-in-trade | - | 1.27 |
| | <u>38,311.41</u> | <u>31,280.57</u> |
| 21 Other income | | |
| Interest income from bank deposits | 24.17 | 29.55 |
| Dividend income from mutual funds | 1.75 | 5.42 |
| Interest income from government bonds | 35.11 | - |
| Profit on sale of mutual funds | 589.89 | 181.40 |
| Net foreign exchange fluctuation gain | - | 37.70 |
| Excess liabilities/provisions no longer required, written back | - | - |
| Bad debts recovered | - | 1.90 |
| Net gain on sale/retirement of fixed assets, net | - | - |
| Interest on Income tax refund | - | - |
| Miscellaneous income | 15.53 | 11.60 |
| | <u>666.45</u> | <u>267.57</u> |
| 22 Employee benefits | | |
| Salaries, wages and bonus | 17,060.33 | 14,808.07 |
| Contribution to provident fund and other funds | 609.44 | 593.27 |
| Employee stock compensation expense (refer note 31) | - | 4.98 |
| Compensated absences (refer note 27) | 228.20 | 191.11 |
| Gratuity (refer note 27) | 325.69 | 360.91 |
| Staff welfare | 373.00 | 388.11 |
| | <u>18,596.66</u> | <u>16,346.45</u> |
| 23 Finance costs | | |
| Interest expense on short-term borrowings | 156.81 | 125.72 |
| Interest on deferred payment liability for leasehold land | 175.59 | 153.64 |
| Other finance costs | 128.62 | 61.08 |
| | <u>461.02</u> | <u>340.44</u> |
| 24 Depreciation and amortisation | | |
| Depreciation on tangible assets | 414.60 | 375.89 |
| Amortisation on intangible assets | 59.20 | 55.85 |
| | <u>473.80</u> | <u>431.74</u> |

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Newgen Software Technologies Limited

Notes to the financial statements for the year ended 31 March 2017

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

| | <u>For the year ended 31 March 2017 (Rs. in lakhs)</u> | | <u>For the year ended 31 March 2016 (Rs. in lakhs)</u> |
|--|--|----------|--|
| 25 Other expenses | | | |
| Rent (refer note 28) | 1,244.73 | | 1,085.87 |
| Travelling and conveyance | 4,404.38 | | 3,657.43 |
| Legal and professional | 1,378.71 | | 1,101.79 |
| Digitisation (scanning) charges | 493.75 | | 562.93 |
| Advertisement and publicity | 435.78 | | 349.06 |
| Insurance | 234.57 | | 189.76 |
| Brokerage and commission | 483.42 | | 723.72 |
| Repairs and maintenance: | | | |
| - buildings | 65.79 | | 75.62 |
| - computers | 101.47 | | 265.88 |
| - others | 129.54 | | 131.12 |
| Rates and taxes | 219.31 | | 53.72 |
| Recruitment | 137.91 | | 110.82 |
| Donation | 28.20 | | 28.20 |
| Office maintenance | 454.39 | | 399.50 |
| Communication | 324.12 | | 291.70 |
| CSR Expenditure (refer note 40) | 105.09 | | 48.83 |
| Electricity and water | 307.78 | | 314.11 |
| Payment to auditor's | | | |
| - Statutory audit fee | 20.00 | | 20.00 |
| - Group audit fee | 14.00 | | 14.00 |
| - Reimbursement of expenses | 1.00 | | 1.50 |
| Provision for doubtful trade receivables | 1,278.30 | | 632.03 |
| Bad debt written off | 943.27 | 18.56 | 18.56 |
| Less: Provision for doubtful trade receivables | <u>943.27</u> | <u>-</u> | <u>18.56</u> |
| Loans and advances written off | 6.55 | | 3.37 |
| Provision for loans and advances | - | | 2.19 |
| Membership and subscription charges | 375.20 | | 308.03 |
| Security charges | 156.24 | | 148.32 |
| Equipment hiring charges | 28.89 | | 31.43 |
| Software and license maintenance fees | 370.35 | | 305.64 |
| Printing and stationery | 94.58 | | 78.97 |
| Net loss on sale/retirement of fixed assets | 0.12 | | 12.20 |
| Diminution in market value of current investment (refer note 37) | 6.29 | | 25.18 |
| Net foreign exchange fluctuation loss | 189.46 | | - |
| Miscellaneous expenses | 47.58 | | 34.39 |
| | <u>13,137.50</u> | | <u>11,025.87</u> |





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. 1,733.00 lakhs (previous year Rs. 574.98 lakhs)

27 Employee benefits

a) Defined contribution plan

The Company makes contributions, determined as a specified percentage of the employee salaries in respect of qualifying employees towards provident fund, which is a defined contribution plan. The amount recognised as an expense towards contribution to provident fund for the year aggregated to Rs. 609.44 lakhs (previous year Rs. 593.27 lakhs)

b) Defined benefit plan

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

| Particulars | 31 March 2017 (Rs. in lakhs) | | 31 March 2016 (Rs. in lakhs) | |
|--|---------------------------------|----------|---------------------------------|---------|
| | Non-current | Current | Non-current | Current |
| Movement in present value of defined benefit obligation | | | | |
| Present value of defined benefit obligation at the beginning of the year | | 999.93 | | 679.45 |
| Current service cost | | 163.31 | | 138.60 |
| Interest cost | | 74.99 | | 54.36 |
| Actuarial (gain) / loss | | 87.38 | | 167.95 |
| Benefits paid | | (47.15) | | (40.43) |
| Present value of defined benefit obligation at the end of the year | | 1,278.46 | | 999.93 |
| Classification into current/non-current | | | | |
| Gratuity | 1,113.20 | 165.27 | 865.23 | 134.70 |
| Compensated absences | 329.77 | 68.40 | 256.35 | 55.17 |
| Expense recognised in the Statement of Profit and Loss | | | | |
| Current service cost | | 163.31 | | 138.60 |
| Interest cost | | 74.99 | | 54.36 |
| Actuarial (gain) / loss | | 87.38 | | 167.95 |
| Expense recognised in the Statement of Profit and Loss | | 325.69 | | 360.91 |

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

| Particulars | 31 March 2017 | 31 March 2016 |
|--|--|--|
| Economic assumptions: | | |
| Discount rate* | 7.35% | 7.95% |
| Expected future salary increase** | 7.00% | 7.00% |
| Average remaining working lives of employees (years) | 30.43 | 30.48 |
| Demographic assumptions: | | |
| Retirement age | 60 years | 60 years |
| Mortality table | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Withdrawal rates: | | |
| - Upto 30 years | 21% | 21% |
| - 31 to 40 years | 15% | 15% |
| - Above 40 years | 5% | 5% |

* The discount rate is based on the prevailing market yields of Indian government bonds 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

Five year information

| Particulars | (Rs. in lakhs) | | | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 | For the year ended 31 March 2015 | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
| Present value of defined benefit obligation at the end | 1,278.46 | 999.93 | 679.45 | 497.12 | 423.50 |
| Net liability recognised in balance sheet | (1,278.46) | (999.93) | (679.45) | (497.12) | (423.50) |
| Experience adjustment on plan liabilities (loss) / gain | (35.74) | 0.61 | (18.20) | (37.00) | 3.30 |

c) Other long term benefits

An amount of Rs. 228.20 lakhs (previous year Rs. 191.11 lakhs) pertaining to compensated absences is recognised as an expense and included in "Employee benefits expense" in Note 27

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. During the year, an amount of Rs. 1,244.73 (previous year 1,085.87 lakhs) lakhs was recognised as an expense in the Statement of Profit and Loss in respect of operating leases.

The future minimum lease payments under the non-cancellable lease are as follows:

| Particulars | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
|---|------------------------------------|------------------------------------|
| Not later than one year | 909.63 | 819.63 |
| Later than one year and not later than five years | 2,041.67 | 2,077.05 |
| Later than five years | - | - |

29 Segment Reporting

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

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. in lakhs) | | | | Total |
|------------------------------|--------------------------|--------------------------|------------------------|------------------------|--------------------------|
| | India | EMEA | APAC | USA | |
| Segment revenue | 16,922.79 (11,350.02) | 11,480.51 (11,544.28) | 2,728.47 (2,142.52) | 7,179.64 (6,243.75) | 38,311.41 (31,280.57) |
| Segment result | 3,058.90 (1,177.99) | 1,596.51 (1,357.79) | 643.00 (330.51) | 1,443.44 (1,221.81) | 6,741.85 (4,088.09) |
| Unallocated income | | | | | 684.33 (267.57) |
| Less Unallocated expenditure | | | | | 1,117.31 (952.01) |
| Profit before tax | | | | | 6,308.88 (3,403.64) |
| Tax expense | | | | | 1,508.93 (547.47) |
| Profit for the year | | | | | 4,799.95 (2,856.17) |

Figures in brackets represents previous year figures

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Assets and liabilities of reportable primary segment are as follows. (Rs. in lakhs)

| Particulars | India | EMEA | APAC | USA | Total |
|---------------------------------|------------------------|--------------------------|------------------------|------------------------|--------------------------|
| Segment assets by location | 9,825.42 (7,353.40) | 11,147.29 (10,736.70) | 2,161.52 (1,994.32) | 3,762.10 (3,039.32) | 26,896.33 (23,123.74) |
| Unallocated assets | | | | | 16,421.03 (14,872.18) |
| Total assets | | | | | 43,317.36 (37,995.92) |
| Segment liabilities by location | 4,329.96 (3,103.74) | 3,102.91 (2,898.00) | 553.87 (388.80) | 854.80 (622.80) | 8,841.54 (7,013.34) |
| Capital employed | | | | | 27,208.26 (22,226.21) |
| Unallocated liabilities | | | | | 7,267.56 (8,756.38) |
| Total liabilities | | | | | 43,317.36 (37,995.92) |

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

(Rs. in lakhs)

| Particulars | India | EMEA | APAC | USA | Unallocated | Total |
|---|--------------------|--------------------|------------------|-----|----------------------|----------------------|
| Capital expenditure | - | - | - | - | 279.28 (3,819.64) | 279.28 (3,819.64) |
| Depreciation and amortisation | - | - | - | - | (473.80) (431.74) | (473.80) (431.74) |
| Provision for doubtful debts | 425.70 (328.53) | 765.64 (259.69) | 86.95 (43.82) | - | - | 1,278.30 (632.03) |
| Provision for doubtful loans and advances | - (2.19) | - | - | - | - | - (2.19) |

Figures in brackets represents previous year figures

30 Earnings per share

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| Profit after tax for the year as per Statement of Profit and Loss (Rs. in lakhs) (A) | 4,799.95 | 2,856.17 |
| Less: Preference dividend and dividend distribution tax thereon (Rs. in lakhs) | - | 124.02 |
| Less: Dividend on compulsory convertible preference share and dividend distribution tax thereon (Rs. in lakhs) | - | 1.03 |
| Net profit attributable to equity shareholders (Rs. in lakhs) (B) | 4,799.95 | 2,731.12 |
| Weighted average number of equity shares outstanding during the year for calculation of basic earnings per share** (C) | 4,83,84,319 | 4,80,63,569 |
| Dilutive impact of compulsory convertible preference shares (D) | - | 1,02,94,230 |
| Dilutive impact of employee stock options** (E) | 13,37,237 | 10,17,860 |
| Weighted average number of equity shares outstanding during the year for calculation of dilutive earning per share** [(F) = (C) + (D) + (E)] | 4,97,21,556 | 5,93,75,659 |
| Earnings per share in rupees (face value per equity share Rs. 10 each) | | |
| - Basic [(B)/(C)] | 9.92 | 5.68 |
| - Diluted [(A)/(F)] | 9.65 | 4.81 |

*The fair value of the Company's shares for purposes of calculating the dilutive impact of stock options was based on independent valuer report for the period during which the options were outstanding.

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



Reconciliation of weighted average number of equity shares for the year ended 31 March 2017:

| Particulars | Number of equity shares* | Weighted average number of equity shares* |
|--|--------------------------|---|
| Equity shares of face value of Rs. 10 per share | | |
| Equity shares outstanding for calculation of basic earning per share as at 1 April 2016 | 4,82,15,265 | 4,82,15,265 |
| Add: ESOP exercised during the year (refer to note 33) | 2,28,671 | 28,037 |
| Add: Compulsory Convertible Preference Shares converted into equity shares during the year | 1,02,94,230 | 1,41,017 |
| Equity shares outstanding for calculation of basic Earning per share as at 31 March 2017 | 5,87,38,166 | 4,83,84,319 |
| Add: Equity shares held by ESOP Trust with respect to options not granted/exercised by employees but outstanding | 46,44,984 | |
| Total equity shares outstanding as at 31 March 2017 | 6,33,83,150 | |

Reconciliation of weighted average number of equity shares for the year ended 31 March 2016:

| Particulars | Number of equity shares* | Weighted average number of equity shares* |
|--|--------------------------|---|
| Equity shares of face value of Rs. 10 per share. | | |
| Equity shares outstanding for calculation of basic Earning per share as at 1 April 2015 | 4,79,74,440 | 4,79,74,440 |
| Add: ESOP exercised during the year (refer to note 33) | 2,40,825 | 89,129 |
| Equity shares outstanding for calculation of basic Earning per share as at 31 March 2016 | 4,82,15,265 | 4,80,63,569 |
| Add: Equity shares held by ESOP Trust with respect to options not granted/exercised by employees but outstanding | 45,84,607 | |
| Total equity shares outstanding as at 31 March 2016 | 5,27,99,872 | |

** Adjusted for bonus issue [Refer note 3(e)]

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31 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) 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. During the year 2014-15, 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) The Company established Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014) in the year 2014-15, administered through a new Trust 'Newgen ESOP Trust'. The maximum numbers of grants under this Scheme shall be limited to 3,783,800 option with underlying equity shares of the Company. Pursuant to the scheme, during the year 2014-15, the Company has granted 3,653,525 options at an exercise price of 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.

c) The Company had given loan 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 ESOP Trust as at 31 March 2017 amounting to Rs. 582.75 lakhs (previous year Rs. 764.85 lakhs) in respect of loan given to the trust to acquire Company's 1,245,000 equity shares (including share premium), has been reduced from the share capital and securities premium account with respect to Newgen ESOP 2014 plan.

Loan given to Newgen employee trust for the Employee Stock option plan 1999 and Employee stock option plan 2000 has already been recovered by the Company in the earlier years.

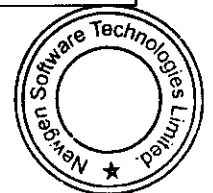
d) Reconciliation of outstanding share options

The number and the weighted average exercise prices of share options under employee stock option plans are as follows :

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--|------------------------|-------------------------------------|------------------------|-------------------------------------|
| | No. of options* | Weighted average exercise price* | No. of options* | Weighted average exercise price* |
| 1999 plan | | | | |
| Outstanding as at 01 April 2016 | 57,600 | 4.45 | 57,600 | 4.45 |
| Granted during the year | - | - | - | - |
| Exercised during the year | 5,000 | 4.45 | - | 4.45 |
| Forfeited during the year | - | - | - | - |
| Outstanding as at 31 March 2017 | 52,600 | 4.45 | 57,600 | 4.45 |
| Exercisable as at 31 March 2017 | 52,600 | 4.45 | 57,600 | 4.45 |
| 2000 plan | | | | |
| Outstanding as at 01 April 2016 | 4,83,800 | 6.67 | 6,78,180 | 6.67 |
| Granted during the year | - | - | - | - |
| Exercised during the year | 67,100 | 6.67 | 1,84,780 | 6.67 |
| Forfeited during the year | 30,000 | 6.67 | 9,600 | 6.67 |
| Outstanding as at 31 March 2017 | 3,86,700 | 6.67 | 4,83,800 | 6.67 |
| Exercisable as at 31 March 2017 | 3,86,700 | 6.67 | 4,83,800 | 6.67 |
| 2014 plan | | | | |
| Outstanding as at 01 April 2016 | 33,84,305 | 63 | 36,53,525 | 63 |
| Granted during the year | - | - | - | - |
| Exercised during the year | 1,56,571 | 63 | 56,045 | 63 |
| Forfeited during the year | 1,66,525 | 63 | 2,13,175 | 63 |
| Outstanding as at 31 March 2017 | 30,61,209 | 63 | 33,84,305 | 63 |
| Exercisable as at 31 March 2017 | 7,77,170 | 63 | 2,88,188 | 63 |
| Total outstanding as at 31 March 2017 | 35,00,509 | | 39,25,705 | |
| Total exercisable as at 31 March 2017 | 12,16,470 | | 8,29,588 | |

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

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The options outstanding at 31 March 2017 have an exercise price and a weighted average contractual life as given below :

| Particulars | As at 31 March 2017 | | | As at 31 March 2017 | | |
|-------------|--|-------------------|---------------------------------------|-------------------------------------|----------------|------------------------------------|
| | No. of outstanding share options | Exercise price | Weighted average remaining life | No. of outstanding share options | Exercise price | Weighted average remaining life |
| 1999 Plan | 52,600 | 4.45 | 1.75 | 57,600 | 4.45 | 2.75 |
| 2000 Plan | 3,86,700 | 6.67 | 2.09 | 4,83,800 | 6.67 | 3.11 |
| 2014 Plan | 30,61,209 | 63.00 | 6.76 | 33,84,305 | 63.00 | 7.76 |

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

- 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.

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 2017 | For the year ended 31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| Profit after tax for the year as reported in the Statement of Profit and Loss (Rs. lakhs) (A) | 4,799.95 | 2,856.17 |
| Net profit attributable to equity shareholders (Rs. lakhs)(Refer note 30) (B) | 4,799.95 | 2,731.12 |
| Add: Employee stock option compensation expense as per intrinsic value method (Rs. lakhs) (C) | - | 4.98 |
| Less: Employee stock option compensation expense as per fair value method (Rs. lakhs) (D) | 211.26 | 58.14 |
| Adjusted proforma net profit (Rs. lakhs) [(E) = (B) + (C) - (D)] | 4,588.70 | 2,677.95 |
| Adjusted proforma net profit - diluted (Rs. lakhs) [(F) = (A) + (C) - (D)] | 4,588.70 | 2,803.00 |
| Weighted average number of equity shares outstanding during the year for calculation of basic earnings per share (G) | 4,83,84,319 | 4,80,63,569 |
| Weighted average number of equity shares outstanding during the year for calculation of dilutive earning per share (H) | 4,97,21,556 | 5,93,75,659 |
| Earnings per share - as reported | | |
| - Basic [(B)/(G)] | 9.92 | 5.68 |
| - Diluted [(A)/(H)] | 9.65 | 4.81 |
| Earnings per share - adjusted proforma | | |
| - Basic [(E)/(G)] | 9.48 | 5.57 |
| - Diluted [(F)/(H)] | 9.23 | 4.72 |

- f) Employee Stock Option compensation expense as per fair value method has been determined based on the fair value of the stock options on the date of grant. The fair value of the stock options were determined on the date of grant using Black scholes model with the following assumptions:

| Particulars | 2000 Plan (Grant VII) | 2014 Plan |
|--|-----------------------|-----------|
| Expected volatility | - | - |
| Risk free interest rate | 8.36% | 8.04% |
| Exercise price (Rs.) | 6.67 | 63.00 |
| Expected dividend yield | 0.99% to 5.29% | 1.34% |
| Life of options | 8 years | 9 years |
| Fair value of options as at the grant date (Rs.) | 7.43 | 15.41 |
| Share price at grant date | 12.40 | 63.00 |

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32 Related party disclosure

a) Related 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, Canada Newgen Software Technologies Pte. Limited, Singapore Newgen Computers Technologies Limited, India Newgen Software Technologies (UK) Ltd. |

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 Aman Mourya - Company Secretary |

c) Transactions with related parties during the year:

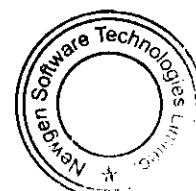
| Nature of transaction | Name of related party | For the year ended 31 March 2017 (Rs. in lakhs) | For the year ended 31 March 2016 (Rs. in lakhs) |
|--|---|---|---|
| Sale of products and services | Newgen Software Inc | 6,520.77 | 4,859.85 |
| | Newgen Software Technologies Canada, Ltd. | 562.28 | 808.42 |
| | Newgen Software Technologies Pte. Ltd | 114.90 | - |
| | Newgen Software Technologies (UK) Ltd. | 243.14 | - |
| Rent expense | Newgen Computers Technologies Limited | 7.20 | 6.00 |
| Expenses paid on behalf of Subsidiaries | Newgen Computers Technologies Limited | 0.63 | 3.18 |
| Loan received back | Newgen Employees Trust | - | 19.50 |
| Salary and other benefits* | Diwakar Nigam - Managing Director | 85.37 | 73.19 |
| | T S Varadarajan - Whole Time Director | 42.33 | 35.88 |
| | Priyadarshini Nigam - Whole Time Director | 30.64 | 26.32 |
| | Arun Kumar Gupta-Chief Financial officer | 53.46 | 57.28 |
| | Aman Mourya-Company Secretary | 8.73 | 6.75 |
| Club membership fees paid on behalf of directors and recovered later during the year | Diwakar Nigam - Managing Director | 3.10 | - |
| | T S Varadarajan - Whole Time Director | 1.70 | - |
| Investment in subsidiary | Newgen Software Technologies (UK) Ltd. | 177.34 | - |

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

d) Outstanding balances as at year end

| Particulars | Name of related party | As at 31 March 2017 (Rs. in lakhs) | As at 31 March 2016 (Rs. in lakhs) |
|-----------------------------------|--|--|--|
| Trade receivables | Newgen Software Inc | 2,445.16 | 1,861.20 |
| | Newgen Software Technologies Canada, Ltd. | 368.20 | 249.88 |
| | Newgen Software Technologies Pte. Ltd. | 111.87 | 54.91 |
| | Newgen Software Technologies (UK) Ltd. | 236.76 | - |
| 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 |
| | Newgen Software Technologies (UK) Ltd. | 177.34 | - |
| Unbilled revenue | Newgen Software Inc. | 68.63 | 68.63 |
| Salary and other benefits payable | Diwakar Nigam - Managing Director | 5.02 | 6.07 |
| | T S Varadarajan - Whole Time Director | 2.37 | 2.82 |
| | Priyadarshini Nigam - Whole Time Director | 1.79 | 2.16 |
| | Arun Kumar Gupta - Chief Financial Officer | 2.20 | 0.54 |
| | Aman Mourya - Company Secretary | 0.81 | 1.29 |

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

| Particulars | Currency | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|----------|------------------------------------|---|------------------------------------|---|
| | | Amount in foreign currency (lakhs) | Amount in local currency (Rs. in lakhs) | Amount in foreign currency (lakhs) | Amount in local currency (Rs. in lakhs) |
| Trade Receivables* | USD | 219.19 | 14,210.08 | 204.70 | 13,578.21 |
| | AED | 3.54 | 62.51 | 0.52 | 9.40 |
| | CAD | 7.56 | 368.19 | 4.90 | 249.88 |
| | EUR | 1.87 | 129.74 | 2.06 | 154.65 |
| | GBP | 3.71 | 300.34 | 1.56 | 148.15 |
| | SAR | 7.41 | 128.04 | 8.48 | 149.64 |
| | SGD | 2.41 | 111.86 | 1.12 | 54.91 |
| Trade Payable | USD | 1.63 | 107.66 | 1.29 | 86.93 |
| | GBP | 0.03 | 2.45 | - | - |
| | EURO | 0.03 | 2.32 | - | - |
| Brokerage and commission | USD | 10.04 | 650.78 | 7.98 | 510.93 |
| | SAR | 1.27 | 22.00 | - | - |
| Short-term borrowings | USD | 80.60 | 5,226.18 | 88.70 | 5,883.23 |
| Salaries and bonus | AED | - | - | 0.92 | 17.13 |
| Bank balance-Dubai | AED | 2.07 | 36.69 | 2.28 | 41.11 |
| Travelling Advance to employees | USD | 1.58 | 104.65 | 0.53 | 34.03 |
| | AED | 0.61 | 10.98 | 0.11 | 2.89 |
| | CAD | 0.02 | 0.92 | 0.04 | 1.88 |
| | GBP | - | - | 0.01 | 0.74 |
| | SGD | - | - | 0.03 | 1.70 |
| | EURO | 0.03 | 1.98 | 0.04 | 3.24 |

* gross of provision for doubtful debts

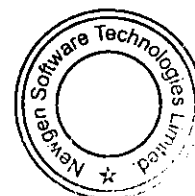
34 Expenditure in foreign currency:

| Particulars | For the year ended 31 March 2017 (Rs. in lakhs) | For the year ended 31 March 2016 (Rs. in lakhs) |
|--|---|---|
| Travelling expense (net of reimbursements) | 2,084.50 | 1,537.46 |
| Membership and subscription | 230.06 | 181.94 |
| Salaries and bonus | 366.24 | 364.78 |
| Brokerage and commission | 478.90 | 685.46 |
| Legal and professional | 379.45 | 401.62 |
| Software maintenance | 68.02 | 31.09 |
| Advertisement and exhibition | 154.06 | 71.39 |
| Rent | 33.72 | 59.93 |
| Dubai branch expenses | 139.18 | 124.76 |
| Others | 23.10 | 11.42 |

35 Earnings in foreign currency:

| Particulars | For the year ended 31 March 2017 (Rs. in lakhs) | For the year ended 31 March 2016 (Rs. in lakhs) |
|--|---|---|
| Export of software products and services | 21,363.76 | 19,911.61 |

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36 Dividend remittances in foreign currency:

| Particulars | For the year ended 31 March 2017 (Rs. in lakhs) | For the year ended 31 March 2016 (Rs. in lakhs) |
|--|---|---|
| Year to which the dividend relates | 2015-16 | 2014-15 |
| Amount remitted during the year (Rs lakhs) | 51.78 | 77.52 |
| Number of non-resident shareholders | 2 | 2 |
| Number of shares on which dividend was due * | 51,47,340 | 51,47,340 |

*Adjusted for bonus issue [Refer - note 3(c)]

37 Details of current investments

Investments in Indian money market mutual funds and bonds - (Valued at cost or market value which ever is less)

| Particulars | Number of Units as at | | Amount in Lakhs as at | |
|--|--------------------------|---------------|--------------------------|-----------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| Investment in debt mutual funds | | | | |
| Tata Short Term Fund | 12,73,800 | - | 400.00 | - |
| Reliance Short Term Fund | 6,34,842 | - | 200.00 | - |
| UTI Short Term Income Fund | 19,74,451 | - | 400.00 | - |
| ICICI Prudential Short Term Plan | 8,60,077 | - | 300.00 | - |
| UTI Income Opportunities Fund | 37,48,856 | - | 418.89 | - |
| Kotak Income Opportunities Fund | 39,48,263 | - | 417.93 | - |
| BNP Paribas Medium Term Income Fund | 41,37,952 | - | 413.80 | - |
| L&T Income Opportunities Fund Direct Plan | 37,34,193 | - | 419.19 | - |
| IIFL Cash Opportunities Fund | 18,17,389 | - | 200.00 | - |
| HSBC Income Fund - Short Term Plan | - | 7,84,326 | - | 200.00 |
| BNP Paribas Flexi Debt Fund | - | 7,70,208 | - | 200.00 |
| Birla Sun Life Dynamic Bond Fund | - | 16,94,757 | - | 450.00 |
| Reliance Regular Savings Fund | - | 9,70,116 | - | 200.00 |
| Kotak Bond Fund- Growth | - | 4,65,943 | - | 200.00 |
| UTI Bond Fund -Growth | - | 4,41,319 | - | 200.00 |
| IDFC Dynamic Bond Fund | - | 13,66,352 | - | 250.00 |
| | | | 3,169.81 | 1,700.00 |
| Investment in arbitrage funds | | | | |
| IIFL Balanced Fund | - | 4,13,056 | - | 439.23 |
| Tata Balanced Fund | - | 2,59,035 | - | 423.84 |
| DSP BR Balanced Fund | - | 4,13,307 | - | 440.03 |
| ICICI Prudential Equity Income Fund | - | 34,17,969 | - | 350.00 |
| ICICI Prudential Balanced Advantage Fund | - | 13,74,705 | - | 350.00 |
| JPMorgan India Equity Income Fund | - | 32,85,737 | - | 350.00 |
| | | | - | 2,353.10 |
| Investments in debentures or bonds | | | | |
| 8.40% Indian Railway Finance Corporation Limited | 40,000 | 40,000 | 448.57 | 448.57 |
| IIFL Perpetual Debt Product | 200 | - | 200.00 | - |
| 11% Bank of India Perpetual Bond | 10 | - | 104.62 | - |
| 10.40% Vijaya Bank Perpetual Bonds [Series II] | 40 | - | 402.12 | - |
| 7.35% National Highways Authority of India | 45,000 | - | 499.16 | - |
| | | | 1,654.47 | 448.57 |
| | | | 4,824.28 | 4,501.67 |

Quoted current investment

| Particulars | For the year ended 31 March 2017 (Rs. in lakhs) | For the year ended 31 March 2016 (Rs. in lakhs) |
|------------------------|---|---|
| Aggregate book value | 4,824.28 | 4,501.67 |
| Aggregate market value | 4,866.52 | 4,518.67 |













38 During the previous year, the Company filed an application for sanctioning a scheme of arrangement ('the Scheme') under Section 391 to 394 of the Companies Act, 1956 for merger of its subsidiary Company, Sundep Import Export Private Limited (Transferor Company). The scheme was sanctioned by the Honorable High Court of Delhi vide its order dated 30 May 2016. The Scheme had become operative as on 20 June 2016 upon filing of certified copy of the order of the Honorable High Court with the Registrar of Companies with an appointed date of 1 April 2015. Consequently in accordance with the terms of the Scheme:

- a) The assets and liabilities of the transferor company and its operating results have been incorporated in the transferee Company's books with effect from 1 April 2015 i.e. the appointed date.
- b) The transferor company has been dissolved without undergoing the process of winding up with effect from 20 June 2016.
- c) Pursuant to the terms of the Scheme, with effect from the appointed date, the transferee Company has given effect to the following accounting treatment in its books of account
 - 1 The amalgamation shall be accounted for in the books of account of Newgen Software Technologies Limited ("the Transferee Company") according to the "pooling of interests" method in accordance with Accounting Standard (AS) 14, 'Accounting for Amalgamations' prescribed by the Central Government under section 211 (3C) of the Company Act, 1956 and under section 133 of the Company Act, 2013.
 - 2 The transferee Company has recorded all the assets of the transferor company that have been transferred and vested in the Company at their respective book value and appearing in the Transferor Company's books of accounts on the appointed date.
 - 3 The transferee Company has recorded all the liabilities, if any, of the transferor company that has been transferred and vested in Company at their book values as specified in the books of accounts of the transferor Company.
 - 4 The transferee Company has aggregated all the reserves, if any, that has vested in it pursuant to the transfer at their respective book values as specified in the books of accounts of the transferor Company and continue to treat them as such in its books of accounts.
 - 5 The balance in the profit and loss account and other surpluses appearing in the financial statements of the Transferor Company has been aggregated with the balance in the profit and loss account or surplus appearing in the financial statements of the Transferee Company.
 - 6 Since the transferor Company was a wholly owned subsidiary of the Transferee Company, no consideration has been paid by the transferee Company to the Transferor Company and accordingly, the amount of investments appearing in the books of accounts of the Company shall stand cancelled.
 - 7 The Authorized Share Capital of the Transferor Company has merged to form new Authorized Share Capital of the Transferee Company;
 - 8 Any inter-company balances, investments and guarantees, either inter-segment amongst the transferor company or vis-à-vis the transferee Company have been squared off.
 - 9 Any impact due to alignment of accounting policies or changes in estimates has been adjusted against the general reserve account created pursuant to the Scheme.
- d) Adjustment in general reserve due to merger Scheme :
 Pursuant to the term of the scheme the difference between investment held in subsidiary company and share capital of subsidiary has been adjusted against general reserve. Summary of impact of amalgamation has been given below :

| Particulars | Amount (Rs. in Lakhs) |
|---|-----------------------|
| Assets of the transferor company at their cost | 71.93 |
| Less: liabilities of the transferor company at their respective book values | 6.37 |
| Less: Reserves of the transferor company at their respective book values | 60.56 |
| Net assets transferred from transferor Company | 5 |
| Less: Company's investment in transferor stand cancelled | 51.32 |
| Net adjustment in general reserve | (46.32) |

- e) Alignment of accounting policies and changes in estimates :
 In accordance with the Scheme, the Company has carried out necessary adjustments to align the accounting policies of the Transferor Companies with that of the Company.
- 39 As at 31 March 2017, the Company has gross foreign currency receivables amounting to Rs. 15,310.75 lakhs (previous year Rs. 14,344.84 lakhs). Out of these receivables, Rs. 4,253.83 lakhs (previous year Rs. 3,754.91 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 realized within 15 months from the date of export, prior approval from Reserve Bank of India (RBI) is required. As per the requirements of Foreign Exchange Management Act, in one calendar year, the Company is allowed to seek extension for an amount equivalent to 10% of the average collection of the last 3 years only and pursuant to the same, the Company has filed the extension for foreign currency receivables amounting to Rs. 1,414.58 lakhs during the year. For remaining receivables, the Company is in the process of applying for approval to seek extension of time beyond 9 months from export date. The management is of the view that the Company will be able to obtain approvals from the authorities for realizing such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.
- 40 As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Board of directors. The areas for CSR activities are promoting education, health care, sanitation, digital literacy and livelihood enhancement and participation on SOS Children's Village Projects in Faridabad. Accordingly, the Company has spent Rs. 105.09 lakhs (previous year Rs. 48.83 lakhs) out of the total CSR expenditure budget of Rs. 97.04 lakhs (previous year Rs. 100.62 lakhs).

Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2017
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

41 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 2017. 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.

42 Disclosure on Specified Bank Notes

Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 is as follows:

| Particulars | Specified Bank Notes* | Other denomination notes | Total |
|---|-----------------------|--------------------------|-------|
| Closing cash in hand as on 8 November 2016 | 3.96 | 1.25 | 5.21 |
| Add: Withdrawal from bank account | - | 3.80 | 3.80 |
| Add: Permitted receipts transactions | - | 1.24 | 1.24 |
| Less: Permitted payments transactions | - | 3.60 | 3.60 |
| Less: Amount deposited in banks accounts | 3.96 | - | 3.96 |
| Closing cash in hand as on 30 December 2016 | - | 2.69 | 2.69 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November 2016.

43 Subsequent to 31 March 2017, the Company in its Board Meeting held on 14 June 2017 has proposed final dividend @ Rs. 1.50 per share aggregating to Rs. 96.46 million out of surplus lying in the Statement of Profit and Loss of the Company in accordance with the provisions of Section 123 and other applicable provisions of the Companies Act, 2013.

44 Previous year's figures have been re-grouped/re-arranged where necessary to conform to current year's classification.

As per our report of even date attached

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



Rakesh Dewan
 Partner
 Membership No.: 092212

Place: Gurgaon
 Date: 14 June 2017

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



Diwakar Nigam
 Managing Director
 DIN: 00263222

Place: New Delhi
 Date: 14 June 2017

T.S. Varadarajan
 Whole Time Director
 DIN: 00263115

Place: New Delhi
 Date: 14 June 2017

Arun Kumar Gupta
 Chief Financial
 Officer

Place: New Delhi
 Date: 14 June 2017

Aman Mourya
 Company Secretary
 Membership No. 27299

Place: New Delhi
 Date: 14 June 2017

Newgen Software Technologies Limited

Consolidated financial statements

Statutory audit for the year ended

31 March 2017

B S R & Associates LLP

Chartered Accountants

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

Telephone: + 91 124 719 1000
Fax: + 91 124 235 8613

Independent Auditor's Report

To the Members of Newgen Software Technologies Limited

1. Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **Newgen Software Technologies Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31 March 2017, 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 (hereinafter referred to as "the consolidated financial statements").

2. 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 in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid. These Consolidated Financial Statements have been prepared on the basis of Separate Financial Statements and other financial information regarding subsidiaries.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the 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's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, 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 Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the considerations of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated 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 consolidated state of affairs of the Group as at 31 March 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

5. Other Matters

We did not audit the financial statements and other information of certain subsidiaries. These subsidiaries account for total assets of Rs. 5,469.69 lakhs as at 31 March 2017, total revenue of Rs. 11,839.48 lakhs and total net cash outflows amounting to Rs 365.06 lakhs for the year ended 31 March 2017 as shown in the Consolidated Financial Statements. Of the above:

- a) The financial statements and other financial information of Newgen Software Technologies Canada, Newgen Software Technologies PTE Ltd (Singapore) and Newgen Software Technologies UK incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('local GAAP') and have been audited by other auditors duly qualified to act as auditors in those respective countries. These subsidiaries account for total assets of Rs. 1,262.04 lakhs as at 31 March 2017, total revenue of Rs. 1,702.87 lakhs and total net cash outflows amounting to Rs. 273.12 lakhs for the year ended 31 March 2017 as shown in these consolidated financial statements. The audit reports on the local GAAP financial statements and other information of the above entities have been furnished to us by the management. For the purpose 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 confirm to the general 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 these subsidiaries, is based upon our reliance on the work done and reports of the other auditors and the procedures carried out on the reporting package, as above.
- b) The financial statements and other financial information of Newgen Computer Technologies Limited, India have been audited by other auditor. The subsidiary accounts for total assets of Rs. 55.39 lakhs as at 31 March 2017, total revenue of Rs. nil and total net cash outflows amounting to Rs. 4.44 lakhs for the year ended 31 March 2017 as shown in these consolidated financial



B S R & Associates LLP

statements. The audit reports of the other auditor on the financial statements and other information of the above entity has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is solely based on the reports of other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

6. Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other Matter' paragraphs, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with the 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 of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and on the basis of relevant assertions contained in the audit report on standalone financial of the subsidiary company incorporated in India, none of the directors of the Group are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of subsidiaries, as described in the 'Other Matters' paragraph:
 - i. The Group did not have any pending litigations which would materially impact its financial position;
 - ii. The Group did not have any foreseeable losses on long-term contracts and had no derivative contracts outstanding as at 31 March 2017;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India; and



B S R & Associates LLP

- iv. The Holding Company and its subsidiary incorporated in India has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on our audit procedures and relying on the management representations we report that the disclosures are in accordance with the books of account maintained by the Group. Refer Note 37 to the consolidated financial statements.

For B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/W-100024



Rakesh Dewan

Partner

Membership No.: 092212

Place: Gurgaon

Date: 14 June 2017

Annexure A referred in paragraph 6(i)(f) of the Independent Auditor's Report of even date on the Consolidated Financial Statements of Newgen Software Technologies Limited for the year ended 31 March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ending 31 March 2017, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiary company incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and audit evidence obtained by other auditor in terms of their report referred to in Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and subsidiary company incorporated in India, internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary company incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Newgen Computer Technologies Limited (subsidiary company incorporated in India) is based on the corresponding report of the auditor of the subsidiary.

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 14 June 2017

Newgen Software Technologies Limited
 Consolidated Balance Sheet as at 31 March 2017
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | Note | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
|--|------|---------------------------------------|---------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 6,338.31 | 6,309.41 |
| Reserves and surplus | 4 | 21,133.97 | 16,064.61 |
| | | <u>27,472.28</u> | <u>22,374.02</u> |
| Non current liabilities | | | |
| Long-term provisions | 5 | 1,442.97 | 1,121.58 |
| Deferred tax liabilities | 13.2 | 15.19 | 24.64 |
| Other long-term liabilities | 6 | 1,034.63 | 1,336.16 |
| | | <u>2,492.79</u> | <u>2,482.38</u> |
| Current liabilities | | | |
| Short-term borrowings | 7 | 5,226.18 | 5,883.19 |
| Trade payables | 8 | | |
| - Total outstanding dues to micro enterprises and small enterprises | | - | - |
| - Total outstanding dues to creditors other than micro and small enterprises | | 1,805.00 | 1,485.43 |
| Other current liabilities | 9 | 7,346.60 | 5,756.11 |
| Short-term provisions | 5 | 328.24 | 1,024.93 |
| | | <u>14,706.02</u> | <u>14,149.66</u> |
| Total | | <u><u>44,671.09</u></u> | <u><u>39,006.06</u></u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets: | | | |
| Tangible assets | 10 | 5,423.58 | 5,592.82 |
| Intangible assets | 11 | 70.43 | 103.01 |
| Capital work-in-progress | 12 | 1,108.29 | 604.61 |
| Deferred tax assets (net) | 13.1 | 1,012.54 | 854.61 |
| Long-term loans and advances | 14 | 1,311.61 | 1,240.93 |
| Other non-current assets | 15 | 161.26 | 162.44 |
| | | <u>9,087.71</u> | <u>8,558.42</u> |
| Current assets | | | |
| Current investments | 16 | 4,824.28 | 4,501.67 |
| Trade receivables | 17 | 23,935.75 | 20,550.59 |
| Cash and bank balances | 18 | 3,481.16 | 2,358.24 |
| Short-term loans and advances | 14 | 801.99 | 599.29 |
| Other current assets | 15 | 2,540.20 | 2,437.85 |
| | | <u>35,583.38</u> | <u>30,447.64</u> |
| Total | | <u><u>44,671.09</u></u> | <u><u>39,006.06</u></u> |
| Significant accounting policies | 2 | | |

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

As per our report of even date attached

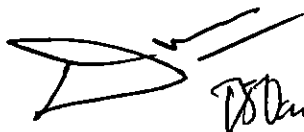
For BSR & Associates LLP
 Chartered Accountants
 Firm Registration No.: 116231W / W-100024

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



Rakesh Dewan
 Partner
 Membership No.: 092212

Place: Gurgaon
 Date: 14 June 2017



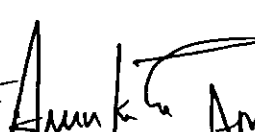
Diwakar Nigam
 Managing Director
 DIN: 00263222

Place: New Delhi
 Date: 14 June 2017



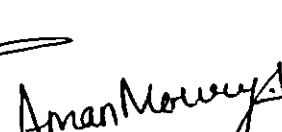
T.S. Varadarajan
 Whole Time Director
 DIN: 00263115

Place: New Delhi
 Date: 14 June 2017



Arun Kumar Gupta
 Chief Financial Officer

Place: New Delhi
 Date: 14 June 2017



Aman Mourya
 Company Secretary
 Membership No.: 27299

Place: New Delhi
 Date: 14 June 2017

Newgen Software Technologies Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2017
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | Note | For the year ended 31 March 2017 (Rs. lakhs) | For the year ended 31 March 2016 (Rs. lakhs) |
|---|------|--|--|
| Revenue | | | |
| Revenue from operations | 19 | 42,709.80 | 34,680.50 |
| Other income | 20 | 666.37 | 288.33 |
| Total revenue | | 43,376.17 | 34,968.83 |
| Expenses | | | |
| Employee benefits | 21 | 20,960.19 | 18,319.83 |
| Finance costs | 22 | 461.02 | 340.45 |
| Depreciation and amortisation | 23 | 483.74 | 436.60 |
| Other expenses | 24 | 14,849.40 | 12,395.77 |
| Total expenses | | 36,754.35 | 31,492.65 |
| Profit before tax | | 6,621.82 | 3,476.18 |
| Current tax | | 1,632.77 | 864.41 |
| MAT credit entitlement | | - | (74.85) |
| Tax expense for earlier years | | 126.24 | 69.73 |
| Deferred tax (credit) | | (157.93) | (256.06) |
| Profit after tax for the year | | 5,020.74 | 2,872.95 |
| Earnings per equity share (face value of Rs. 10 per share) | | | |
| Basic earning per share (in Rs.) | 29 | 10.38 | 5.72 |
| Diluted earning per share (in Rs.) | | 10.10 | 4.84 |

Significant accounting policies 2

The notes referred to above form an integral part of the consolidated 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: 14 June 2017

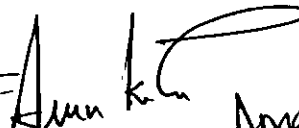


Diwakar Nigam
 Managing Director
 DIN: 00263222

Place: New Delhi
 Date: 14 June 2017

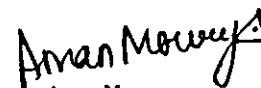
T.S.Varadarajan
 Whole Time Director
 DIN: 00263115

Place: New Delhi
 Date: 14 June 2017



Arun Kumar Gupta
 Chief Financial Officer

Place: New Delhi
 Date: 14 June 2017



Aman Mourya
 Company Secretary
 Membership No: 27299

Place: New Delhi
 Date: 14 June 2017

Newgen Software Technologies Limited
Consolidated Cash Flow Statement for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | For the year ended 31 March 2017 (Rs. lakhs) | For the year ended 31 March 2016 (Rs. lakhs) |
|---|--|--|
| A. Cash flow from operating activities: | | |
| Net profit before tax | 6,621.82 | 3,476.18 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation | 483.74 | 436.60 |
| Net loss on sale/retirement of fixed assets | 0.71 | 12.20 |
| Provision for doubtful trade receivables | 1,489.57 | 745.68 |
| Loans and advances written off | 6.55 | 3.37 |
| Bad debts written off | - | 18.56 |
| Provision for loans and advances | - | 2.19 |
| Employee stock compensation expense | - | 4.98 |
| Diminution in market value of current investments | 6.29 | 25.18 |
| Unrealised foreign exchange loss/(gain) | 138.39 | (77.84) |
| Excess liabilities/provisions no longer required, written back | - | - |
| Finance costs | 461.02 | 340.45 |
| Dividend income from mutual funds | (1.75) | (5.42) |
| Interest income from government bonds | (35.11) | - |
| Profit on sale of mutual funds | (589.89) | (181.40) |
| Interest income from bank deposits | (24.61) | (30.00) |
| Operating profit before working capital changes | 8,556.73 | 4,770.73 |
| <i>Adjustments for working capital changes:</i> | | |
| Increase/(decrease) in trade payables | 396.66 | 111.50 |
| Increase in other current and non-current liabilities | 1,480.48 | 1,256.30 |
| Increase in long-term and short-term provisions | 365.20 | 401.70 |
| (Increase) in trade receivables | (5,361.70) | (3,510.71) |
| (Increase)/decrease in long-term and short-term loans and advances | (333.85) | 62.68 |
| (Increase) in other current assets and non-current assets | (120.73) | (323.90) |
| Cash generated from operating activities | 4,982.79 | 2,768.29 |
| Income tax paid (net of refund) | (1,683.19) | (1,655.19) |
| Net cash generated from operating activities | 3,299.60 | 1,113.10 |
| B. Cash flow from investing activities: | | |
| Purchase or construction of fixed assets (tangible and intangible fixed assets and capital work-in-progress) and capital advances | (955.12) | (2,189.18) |
| Proceeds from sale of fixed assets | 2.02 | 5.55 |
| Purchase of mutual funds and government bonds | (8,680.24) | (2,180.69) |
| Proceeds from sale of mutual funds | 8,942.99 | 3,781.40 |
| Interest income from government bonds | 28.06 | 5.42 |
| Interest income from bank deposits | 32.62 | 17.68 |
| Investment in bank deposits (net) | 24.08 | (18.49) |
| Net cash (used in) investing activities | (605.59) | (578.31) |
| C. Cash flow from financing activities: | | |
| (Repayment of)/proceeds from short-term borrowings (net) | (485.49) | 1,387.94 |
| Loan repaid by Newgen ESOP Trust | 182.10 | 19.50 |
| Dividend paid (including corporate dividend distribution tax) | (775.78) | (1,163.11) |
| Finance costs | (467.02) | (292.16) |
| Net cash (used in) financing activities | (1,546.19) | (47.83) |
| Net increase in cash and cash equivalents (A+B+C) | 1,147.82 | 486.96 |
| Effect of exchange differences on cash and cash equivalents held in foreign currency | (24.90) | 3.73 |
| Cash and cash equivalents at the beginning of the year | 2,358.24 | 1,867.55 |
| Cash and cash equivalents at the end of the year | 3,481.16 | 2,358.24 |

Notes to cash flow statement:

1. Cash and cash equivalents at the end of the year consist of the following:

| | As at 31 March 2017 | As at 31 March 2016 |
|---------------------|------------------------|------------------------|
| Cash on hand | 6.72 | 14.35 |
| Balances with banks | 2,674.44 | 2,343.89 |
| Fixed Deposits | 800.00 | - |
| | 3,481.16 | 2,358.24 |

2. 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

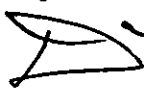
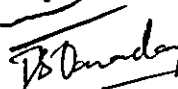
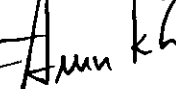

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

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


Rakesh Dewan
Partner
Membership No. 092212

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

   
Diwakar Nigam **T.S. Varadarajan** **Arun Kumar Gupta** **Aman Mourya**
Managing Director Whole Time Director Chief Financial Officer Company Secretary
DIN: 00263222 DIN: 00263115
Membership No: 27299

Place: Gurgaon
Date: 14 June 2017

Place: New Delhi
Date: 14 June 2017

Place: New Delhi
Date: 14 June 2017

Place: New Delhi
Date: 14 June 2017

Place: New Delhi
Date: 14 June 2017

Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017

1. Background

Newgen Software Technologies Limited (hereinafter referred to as 'Newgen' or the 'Company' or the 'Holding 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. Group provides a complete range of software that helps automate business processes. Newgen's solutions enable document intensive organizations /industries such as Finance and Banking, Insurance and Government Departments to improve productivity through better document management and workflow implementation.

2. Significant accounting policies

a) Basis of preparation

These consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. Indian GAAP primarily comprises of mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, and 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) Principles of consolidation

The consolidated financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) including accounting standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The consolidated financial statements include the financial statements of the Company and its following subsidiaries:

| 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 Software Technologies (UK) Limited | United Kingdom | 100 |
| Newgen Computer Technologies Limited | India | 100 |

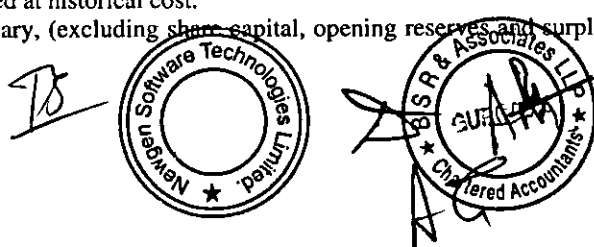
The consolidated financial statements have been prepared on the following basis:

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and unrealized profits in full in accordance with 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.



Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017

- 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's 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.

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

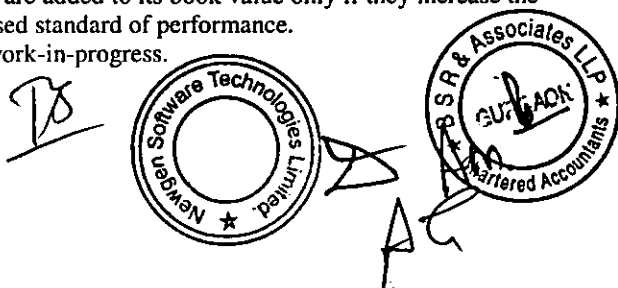
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues 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.

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 for its intended use, any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible fixed assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Tangible fixed assets under construction are disclosed as capital work-in-progress.



Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017

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.

g) Depreciation and amortisation

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 derives estimated economic benefits from the use of such assets. Leasehold land is amortized over lease period i.e. 90 years. The estimated useful lives of asset determined are as follows:

| Category of fixed assets | Estimated useful life (Years) |
|--------------------------|-------------------------------|
| Tangible assets | |
| Building | 60 |
| Leasehold improvements# | 3 |
| Plant and machinery | 15 |
| Office equipment* | 10 |
| Furniture and fixtures | 10 |
| Vehicles | 8 |
| Computers hardware | |
| - Server and networks | 6 |
| - Computers* | 3-5 |
| Intangible assets | |
| Computer software | 3-4 |

**For these classes of fixed 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.
 # Leasehold improvements are depreciated over the period of lease terms of the respective property or 3 years, whichever is lower.*



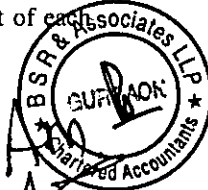
The group is depreciating all tangible and intangible assets on straight line method (SLM) over the estimated useful life of each assets as determined by the management.

h) 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 consolidated 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. Current investments are carried at the lower of cost and fair value determined by category of investment. The comparison of cost and fair value is done separately in respect of each category of investments i.e. mutual funds, bonds etc.

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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017

j) Revenue recognition

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

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 product up gradation and services are rendered.

Software-as-a-Service (SaaS), that is, a right to use software functionality in a cloud-based-infrastructure provided by Company. Revenue is recognized monthly/periodically based on the number of users right given to customers

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.

Revenues are reported net of service tax and applicable discounts and allowances. Reimbursements of out-of-pocket expenses received from customers have been netted off with expense.

k) Other income

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

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

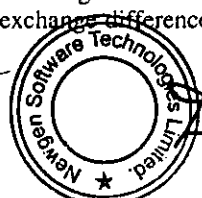
Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the carrying value of the investment.

l) Provision for trade receivables

The group 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



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017

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.

The financial statements of an integral foreign operations (Dubai branch operations) are translated into Indian rupees as if the transactions of the foreign operations were those of the Company itself.

n) Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rental (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

o) Provisions, contingent liabilities and contingent assets

A provision is recognised when as a result of past events, the Company has a present obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resource is remote

The group does not recognise assets which are of contingent nature. However, if it has become virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the financial statements of the period in which the change occurs.

p) Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined contribution plans

The Holding Company's provident fund is a defined contribution plan under which the Company makes specified monthly contribution towards employee provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

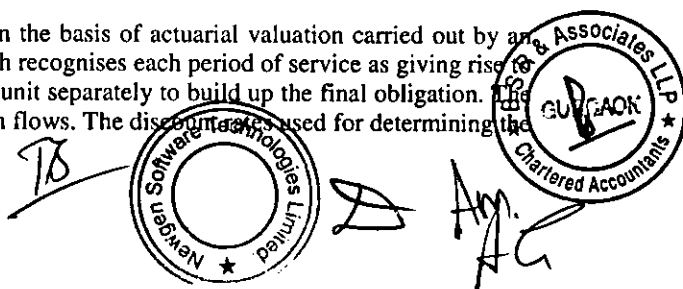
Defined benefit plans

The Holding 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 Consolidated Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognised immediately in the Consolidated 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



Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017

present value of obligation under defined benefit plans, is based on the market yields on Government bonds as at the Consolidated Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Consolidated Statement of Profit and Loss.

q) Employee share based compensation

The Holding Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of fair 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 Holding 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 administered 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 primarily of trade receivables, service income accrued but not billed, non-current investments, cash and bank and loans and advances. Segment assets do not include unallocated advance tax, deferred tax assets, fixed assets, capital work-in-progress, current investments 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.

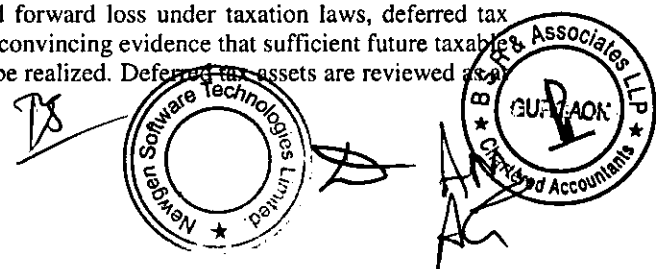
iii) Unallocated assets, liabilities, revenue and expenses

Certain assets, liabilities, revenue and expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group 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 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).

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 recognized 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. The deferred tax charge or credit and the corresponding deferred tax liabilities and 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 realized. Deferred tax assets are reviewed as



Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017

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.

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 Group 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, balances/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 2017 | | As at 31 March 2016 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | Number of shares | Amount (Rs. lakhs) | Number of shares | Amount (Rs. lakhs) |
| 3 Share capital | | | | |
| Authorised | | | | |
| Equity shares of Rs. 10 each | 6,44,00,000 | 6,440.00 | 6,30,50,000 | 6,305.00 |
| 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 | 1,19,99,800 | 1,199.98 | 1,19,99,800 | 1,199.98 |
| | <u>7,64,00,000</u> | <u>7,640.00</u> | <u>7,50,50,000</u> | <u>7,505.00</u> |
| Issued, subscribed and paid up | | | | |
| Equity shares of Rs. 10 each, fully paid up | | | | |
| At the beginning of the year | 5,40,13,800 | 5,401.38 | 5,40,13,800 | 5,401.38 |
| Add: Preference shares conversion to equity shares during the year | <u>1,02,94,230</u> | <u>1,029.42</u> | - | - |
| At the end of the year | 6,43,08,030 | 6,430.80 | 5,40,13,800 | 5,401.38 |
| Less: Recoverable from Newgen ESOP Trust (refer note 30) | <u>9,25,000</u> | <u>92.50</u> | <u>12,14,048</u> | <u>121.40</u> |
| | <u>6,33,83,030</u> | <u>6,338.30</u> | <u>5,27,99,752</u> | <u>5,279.98</u> |
| Equity share capital with Differential voting rights (DVR) of Rs. 10 each, fully paid up | | | | |
| At the beginning of the year | 120 | 0.01 | 120 | 0.01 |
| At the end of the year | <u>120</u> | <u>0.01</u> | <u>120</u> | <u>0.01</u> |
| 0.01% Compulsory convertible preference shares of Rs. 10 each, fully paid up | | | | |
| At the beginning of the year | 1,02,94,230 | 1,029.42 | 1,02,94,230 | 1,029.42 |
| Less: Preference shares conversion to equity shares during the year | <u>1,02,94,230</u> | <u>1,029.42</u> | - | - |
| At the end of the year | - | - | <u>1,02,94,230</u> | <u>1,029.42</u> |
| | <u>6,33,83,150</u> | <u>6,338.31</u> | <u>6,30,94,102</u> | <u>6,309.41</u> |

J(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 :

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* |
|--|------------|---------------|
| Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III (referred as 'Ascent') | 60 | 53,75,952 |
| IDG Ventures India Fund II LLC (referred as '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

Expiration of differential rights:

Pursuant to the shareholder subscription agreement dated 31 October 2013, 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.

During the FY 2016-17, pursuant to the Articles of Association and shareholders agreement, these compulsorily convertible preference shares have been converted into equity shares, at no cost to the investors, in the ratio of 1:1 and accordingly all the differential voting and dividend rights have expired on 27 March 2017. Subsequent thereto, investors, as holder of equity shares shall have the right to vote pro-rata to their respective shareholding on a fully diluted basis.





3(b) Terms/rights attached to preference shares

During the years ended 31 March 2008 and 31 March 2009, the Company had issued 1,014,785 compulsorily convertible preference shares (hereinafter referred to as "CCPS") of Rs 10 each fully paid up to HAV2 (Mauritius) Limited and 360,250 CCPS of Rs. 10 each fully paid up to SAPV (Mauritius). During the financial year 2013-14, HAV2 (Mauritius) Limited, exited from the Company and two new investors namely Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund II ("Ascent") and IDG Ventures India Fund II LLC ("IDGVI") made investment in the Company. During the year ended 31 March 2014, all the CCPS held by HAV2 (Mauritius) Limited, were acquired by Ascent (670,790 CCPS) and IDGVI (343,995 CCPS). Further, during the year ended 2014-15, 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 were 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. However, all the preferential dividend and differential voting rights have already been expired due to conversion of CCPS into Equity.

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.

Pursuant to the Shareholders Agreement executed on 31 October 2013 as aforesaid, during the current year, all issued 10,294,230 CCPS of Rs.10/- each have been converted into 10,294,230 equity shares of Rs.10/- each in the ratio of 1:1, at no cost to the investors. Equity shares of the Company allotted upon conversion of the CCPS, rank pari passu in all respects including as to dividend, voting rights, with the existing fully paid up equity shares of face value of Re. 10/- each of the Company.

3(c) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

During ended year 2014-15, the Company had 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.

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

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|-------------------------|---------------------|-------------------------|
| | 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 | 1,84,22,406 | 28.65% | 1,84,22,406 | 34.11% |
| - Mr. T.S. Varadarajan | 1,50,09,306 | 23.34% | 1,50,09,306 | 27.79% |
| - Mrs. Priyadarshini Nigam | 79,68,906 | 12.39% | 79,68,906 | 14.75% |
| - Mrs. Usha Varadarajan | 45,28,320 | 7.04% | 45,28,320 | 8.38% |
| - Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III | 74,64,510 | 11.61% | - | - |

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

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|-------------------------|---------------------|-------------------------|
| | 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 | 60 | 50 |
| IDG Ventures India Fund II LLC | 60 | 50 | 60 | 50 |

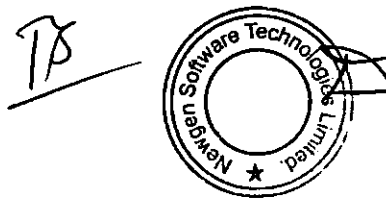

0.01% Compulsory Convertible Preference Shares of Rs.10 each, fully paid up held by:

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|-------------------------|---------------------|-------------------------|
| | Number of shares | % holding in the shares | Number of shares * | % holding in the shares |
| SAPV (Mauritius) | - | - | 21,61,500 | 21.00% |
| Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III | - | - | 53,75,892 | 52.22% |
| IDG Ventures India Fund II LLC | - | - | 21,50,334 | 20.89% |
| Pandara Trust Scheme- I | - | - | 6,06,504 | 5.89% |

*Adjusted for bonus issue [Refer - note 3(e)]

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 30.

Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (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 | 1,133.24 | 1,126.60 |
| Add: Transferred from employee stock options outstanding account on exercise of stock options issued to employees (refer note 30) | 2.70 | 6.64 |
| | <u>1,135.94</u> | <u>1,133.24</u> |
| Less: Recoverable from Newgen Employee Trust (refer note 30) | 490.25 | 643.45 |
| At the end of the year | <u>645.69</u> | <u>489.79</u> |
| Employee stock options outstanding (refer note 30) | | |
| At the beginning of the year | 16.48 | 18.35 |
| Add: Employee stock compensation expense | - | 4.98 |
| Less: Transferred to general reserve on account of lapse of stock options issued to employees (refer note 30) | 0.69 | 0.21 |
| Less: Transferred to securities premium account on exercise of stock options issued to employees | 2.70 | 6.64 |
| At the end of the year | <u>13.09</u> | <u>16.48</u> |
| General reserve | | |
| At the beginning of the year | 1,731.39 | 1,491.88 |
| Add: Transferred from employee stock options outstanding account on lapse of stock options issued to employees (refer note 30) | 0.69 | 0.21 |
| Less: Adjustment in general reserve due to merger Scheme | - | 46.32 |
| Add: Transferred from statement of profit and loss | - | 285.62 |
| At the end of the year | <u>1,732.08</u> | <u>1,731.39</u> |
| Foreign currency translation reserve | | |
| At the beginning of the year | 327.38 | 86.18 |
| Movement during the year | (104.58) | 241.20 * |
| At the end of the year | <u>222.80</u> | <u>327.38</u> |
| *Includes adjustment of Rs 88.82 lakhs relating to previous year. | | |
| Surplus of Statement of Profit and Loss | | |
| At the beginning of the year | 13,411.41 | 11,642.36 |
| Add Profit for the year | 5,020.74 | 2,872.95 |
| Add: Adjustment in general reserve due to merger Scheme | - | 46.32 |
| Less: Adjustment of foreign currency translation reserve relating to previous year | - | 88.82 |
| Less: Appropriations | | |
| Proposed dividend on equity shares | - | 540.14 |
| Dividend distribution tax on proposed dividend on equity shares | - | 110.59 |
| Proposed dividend on compulsory convertible preference shares | - | 103.80 |
| Dividend distribution tax on proposed dividend on compulsory convertible preference shares | - | 21.25 |
| Transfer to general reserve | - | 285.62 |
| At the end of the year | <u>18,432.15</u> | <u>13,411.41</u> |
| | <u>21,133.97</u> | <u>16,064.61</u> |



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

5 Provisions

| | Long-term | | Short-term | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
| Provision for employee benefits (refer note 26) | | | | |
| Provision for gratuity | 1,113.20 | 865.23 | 165.27 | 134.70 |
| Provision for compensated absences | 329.77 | 256.35 | 68.40 | 55.17 |
| | <u>1,442.97</u> | <u>1,121.58</u> | <u>233.67</u> | <u>189.86</u> |
| Other provisions | | | | |
| Provision for income-tax [net of advance tax Rs 1,568.38 lakhs (previous year Rs 1,434.14 lakhs)] | - | - | 94.57 | 59.29 |
| Proposed dividend on equity shares | - | - | - | 540.14 |
| Dividend distribution tax on proposed dividend on equity shares | - | - | - | 110.59 |
| Proposed dividend on compulsory convertible preference shares | - | - | - | 103.80 |
| Dividend distribution tax on proposed dividend on compulsory convertible preference shares | - | - | - | 21.25 |
| | | | <u>94.57</u> | <u>835.07</u> |
| | <u>1,442.97</u> | <u>1,121.58</u> | <u>328.24</u> | <u>1,024.93</u> |

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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
|--|---------------------------------------|---------------------------------------|
| 6 Other long term liabilities | | |
| Deferred liability for leasehold land* | 1,024.26 | 1,316.91 |
| Lease equalisation reserve | 10.37 | 19.25 |
| | <u>1,034.63</u> | <u>1,336.16</u> |

* Deferred payment liability relates to leasehold land purchased from 'Yamuna Expressway Industrial Development Authority (YEIDA)' during the year ended 31 March 2016. The amount is payable in '12 half yearly installments' over the period of 6 years from the date of purchase.

7 Short-term borrowings

| | | |
|-----------------------------|-----------------|-----------------|
| Loans from banks (secured)* | | |
| Pre-shipment loans | 5,226.18 | 5,883.19 |
| | <u>5,226.18</u> | <u>5,883.19</u> |

* Pre-shipment loans are foreign currency short term loans taken from standard chartered bank and citi bank having maturity varying from 3-6 months which carries interest ranging between 2% - 3% computed on monthly basis on the outstanding amount and are repayable on demand. These are secured by way of an exclusive charge created on all present and future other assets and trade receivables of the Company and equitable mortgage over certain immovable properties of the Company.

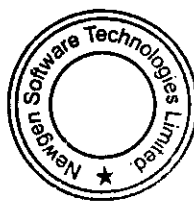
8 Trade payables

| | | |
|--|-----------------|-----------------|
| Trade payables | | |
| - Total outstanding dues to micro enterprises and small enterprises | - | - |
| - Total outstanding dues to creditors other than micro and small enterprises | 1,805.00 | 1,485.43 |
| | <u>1,805.00</u> | <u>1,485.43</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 2017 and 31 March 2016.

9 Other current liabilities

| | | |
|---|-----------------|-----------------|
| Deferred revenue | 3,856.11 | 3,264.09 |
| Other payables | | |
| - employee related payables | 2,445.54 | 1,712.91 |
| - statutory dues payable | 545.35 | 413.19 |
| - current maturities of deferred liability for leasehold land | 292.65 | 292.65 |
| - advance from customers | 9.39 | 7.51 |
| - earnest money deposits | 0.50 | - |
| - creditor in respect of retention money | 28.10 | - |
| - dues in respect of purchase/construction of fixed assets | 126.67 | 17.47 |
| - interest accrued but not due on deferred liability | 42.29 | 48.29 |
| | <u>7,346.60</u> | <u>5,756.11</u> |



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10 Tangible assets

| Particulars | Gross block | | | | Depreciation | | | | Net block |
|------------------------|-----------------------|------------------------------|---------------|------------------------|-----------------------|------------------------------|---------------|------------------------|------------------------|
| | As at 1 April 2016 | Additions during the year | Disposals | As at 31 March 2017 | As at 1 April 2016 | Depreciation for the year | Disposals | As at 31 March 2017 | As at 31 March 2017 |
| Freehold land | 4.71 | - | - | 4.71 | - | - | - | - | 4.71 |
| Leasehold land | 2,842.05 | 12.54 | - | 2,854.59 | 18.51 | 31.67 | - | 50.18 | 2,804.41 |
| Buildings | 1,259.89 | 33.98 | - | 1,293.87 | 168.16 | 20.98 | - | 189.14 | 1,104.73 |
| Leasehold improvements | 153.08 | - | - | 153.08 | 147.09 | 5.99 | - | 153.08 | - |
| Plant and machinery | 366.74 | 18.93 | 42.73 | 342.94 | 133.14 | 30.41 | 42.20 | 121.35 | 221.59 |
| Furniture and fixtures | 405.70 | 10.16 | 1.95 | 413.91 | 157.48 | 35.74 | 1.95 | 191.27 | 222.64 |
| Office equipment | 486.50 | 16.95 | 23.62 | 479.83 | 154.48 | 45.32 | 23.52 | 176.28 | 303.55 |
| Vehicles | 240.73 | - | 8.66 | 232.07 | 104.81 | 20.73 | 8.66 | 116.88 | 115.19 |
| Computer and servers | 2,021.96 | 165.24 | 266.61 | 1,920.59 | 1,304.87 | 233.70 | 264.74 | 1,273.83 | 646.76 |
| Total | 7,781.36 | 257.80 | 343.57 | 7,695.59 | 2,188.54 | 424.54 | 341.07 | 2,272.01 | 5,423.58 |

| Particulars | Gross block | | | | Depreciation | | | | Net block |
|------------------------|-----------------------|------------------------------|---------------|------------------------|-----------------------|------------------------------|---------------|------------------------|------------------------|
| | As at 1 April 2015 | Additions during the year | Disposals | As at 31 March 2016 | As at 1 April 2015 | Depreciation for the year | Disposals | As at 31 March 2016 | As at 31 March 2016 |
| Freehold land | 4.71 | - | - | 4.71 | - | - | - | - | 4.71 |
| Leasehold land | 39.90 | 2,802.15 | - | 2,842.05 | 7.27 | 11.24 | - | 18.51 | 2,823.54 |
| Buildings | 1,092.09 | 189.32 | 21.52 | 1,259.89 | 149.53 | 40.15 | 21.52 | 168.16 | 1,091.73 |
| Leasehold improvements | 153.08 | - | - | 153.08 | 147.09 | - | - | 147.09 | 5.99 |
| Plant and machinery | 284.58 | 102.79 | 20.63 | 366.74 | 124.96 | 25.81 | 17.63 | 133.14 | 233.60 |
| Furniture and fixtures | 259.07 | 156.98 | 10.35 | 405.70 | 136.96 | 27.63 | 7.11 | 157.48 | 248.22 |
| Office equipment | 383.60 | 130.42 | 27.52 | 486.50 | 129.51 | 41.16 | 16.19 | 154.48 | 332.02 |
| Vehicles | 208.80 | 35.87 | 3.94 | 240.73 | 90.14 | 18.61 | 3.94 | 104.81 | 135.92 |
| Computer and servers | 1,741.99 | 328.35 | 48.38 | 2,021.96 | 1,136.92 | 216.15 | 48.20 | 1,304.87 | 717.09 |
| Total | 4,167.82 | 3,745.88 | 132.34 | 7,781.36 | 1,922.38 | 380.75 | 114.59 | 2,188.54 | 5,592.82 |

11 Intangible assets

| Particulars | Gross block | | | | Depreciation | | | | Net block |
|-------------------|-----------------------|------------------------------|---------------|------------------------|-----------------------|------------------------------|---------------|------------------------|------------------------|
| | As at 1 April 2016 | Additions during the year | Disposals | As at 31 March 2017 | As at 1 April 2016 | Depreciation for the year | Disposals | As at 31 March 2017 | As at 31 March 2017 |
| Computer software | 828.86 | 26.62 | 110.78 | 744.70 | 725.85 | 59.20 | 110.78 | 674.27 | 70.43 |
| Total | 828.86 | 26.62 | 110.78 | 744.70 | 725.85 | 59.20 | 110.78 | 674.27 | 70.43 |

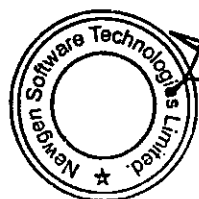
| Particulars | Gross block | | | | Depreciation | | | | Net block |
|-------------------|-----------------------|------------------------------|-----------|------------------------|-----------------------|------------------------------|-----------|------------------------|------------------------|
| | As at 1 April 2015 | Additions during the year | Disposals | As at 31 March 2016 | As at 1 April 2015 | Depreciation for the year | Disposals | As at 31 March 2016 | As at 31 March 2016 |
| Computer software | 745.46 | 83.40 | - | 828.86 | 670.00 | 55.85 | - | 725.85 | 103.01 |
| Total | 745.46 | 83.40 | - | 828.86 | 670.00 | 55.85 | - | 725.85 | 103.01 |

12 Capital work-in-progress

| Particulars | Amount |
|------------------------------------|-----------------|
| As at 1 April 2016 | 604.61 |
| Add . Additions during the year | 503.68 |
| Less : Capitalised during the year | - |
| As at 31 March 2017 | 1,108.29 |

| Particulars | Amount |
|------------------------------------|---------------|
| As at 1 April 2015 | 475.70 |
| Add . Additions during the year | 575.67 |
| Less : Capitalised during the year | 446.76 |
| As at 31 March 2016 | 604.61 |

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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
|---|---------------------------------------|---------------------------------------|
| 13.1 Deferred tax assets (net) | | |
| Deferred tax asset on: | | |
| Provision for gratuity | 425.88 | 333.95 |
| Provision for compensated absences | 125.33 | 121.12 |
| Bonus payable | 7.88 | 17.38 |
| Provision for doubtful trade receivables | 684.92 | 589.40 |
| Provision for doubtful loans and advances | 42.64 | 42.73 |
| Others | 11.03 | 18.28 |
| | <u>1,297.68</u> | <u>1,122.86</u> |
| Deferred tax liability on: | | |
| Excess of written down value of fixed assets as per books | 285.14 | 268.25 |
| | <u>285.14</u> | <u>268.25</u> |
| | <u>1,012.54</u> | <u>854.61</u> |
| 13.2 Deferred tax liabilities - Newgen Software Inc (Subsidiary) | | |
| Deferred tax liability on: | | |
| Excess of written down value of fixed assets as per books | 7.08 | 8.55 |
| Others | 8.11 | 16.09 |
| | <u>15.19</u> | <u>24.64</u> |
| | <u>15.19</u> | <u>24.64</u> |

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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2017

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

14 Loans and advances

(Unsecured and considered good, unless stated otherwise)

| | Long-term | | Short-term | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
| Security deposits | 360.05 | 329.25 | 17.24 | - |
| Loans and advances to related party | | | | |
| - Newgen ESOP Trust | 1.00 | 1.00 | - | - |
| Advances to vendors | - | - | 26.10 | 17.08 |
| Loans to employees | - | - | 26.64 | 35.04 |
| Octroi charges recoverable | - | - | - | 1.31 |
| Advance to employees | - | - | 131.21 | 37.79 |
| Prepaid expenses | 24.91 | - | 374.72 | 314.94 |
| Advance income tax (net of provision of 7,131.33 lakhs) (Previous year Rs. 5,492.07 lakhs) | 852.03 | 808.72 | - | - |
| MAT credit entitlement | - | 89.02 | - | - |
| Balances with government authorities | - | - | 226.08 | 178.82 |
| | 1,237.99 | 1,227.99 | 801.99 | 584.99 |
| Earnest money deposits | | | | |
| - considered good | 73.62 | 12.94 | - | 14.30 |
| - considered doubtful | 123.21 | 123.46 | - | - |
| | 196.83 | 136.40 | - | 14.30 |
| Less: provision for doubtful deposits | (123.21) | (123.46) | - | - |
| | 73.62 | 12.94 | - | 14.30 |
| | 1,311.61 | 1,240.93 | 801.99 | 599.29 |

15 Other assets

(Unsecured and considered good, unless stated otherwise)

| | Non-current | | Current | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
| Bank deposits not due for realization within 12 months from the reporting date | | | | |
| - pledged with tax authorities | 2.25 | 2.25 | - | - |
| - held as margin money* | 137.29 | 160.19 | - | - |
| Unbilled revenue | - | - | 2,500.35 | 2,373.45 |
| Interest accrued on deposits | 21.72 | - | 0.67 | 31.19 |
| Interest accrued but not due on government bonds | - | - | 39.18 | 32.13 |
| Other current assets | - | - | - | 1.08 |
| | 161.26 | 162.44 | 2,540.20 | 2,437.85 |

* Balance with banks held as margin money Rs. 130.01 lakhs (previous year Rs. 155.62 lakhs) represents the margin money on account of guarantees issued to government customers.

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Newgen Software Technologies Limited

B S R & Associates LLP
Chartered Accountants

Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | <u>As at 31 March 2017 (Rs. lakhs)</u> | <u>As at 31 March 2016 (Rs. lakhs)</u> |
|--|---|---|
| 16 Current investments (refer note 32) <i>(Valued at cost or fair value whichever is less)</i> | | |
| Quoted | | |
| Investment in arbitrage funds | - | 2,353.10 |
| Investment in debt mutual funds | 3,169.81 | 1,700.00 |
| Investment in government bonds | 1,654.47 | 448.57 |
| | <u>4,824.28</u> | <u>4,501.67</u> |
| Quoted current investment | | |
| Aggregate book value | 4,824.28 | 4,501.67 |
| Aggregate market value | 4,866.52 | 4,518.67 |
| 17 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 | 5,407.55 | 5,819.11 |
| - considered doubtful | <u>2,347.26</u> | <u>1,818.33</u> |
| | 7,754.81 | 7,637.44 |
| Less: provision for doubtful debts | <u>(2,347.26)</u> | <u>(1,818.33)</u> |
| | 5,407.55 | 5,819.11 |
| Other trade receivables | 18,528.20 | 14,731.48 |
| | <u>23,935.75</u> | <u>20,550.59</u> |
| 18 Cash and bank balances | | |
| Cash and cash equivalents | | |
| - Cash on hand | 6.72 | 14.35 |
| - Balances with banks | | |
| On current accounts* | 2,674.44 | 2,343.89 |
| On deposit accounts (original maturity of 3 months or less) | 800.00 | - |
| | <u>3,481.16</u> | <u>2,358.24</u> |
| * Current account balances with banks include Rs. 36.69 lakhs (previous year: Rs. 41.11 lakhs) held at a foreign branch. | | |
| Details of bank balances/deposits | | |
| Bank balances/deposits available on demand with original maturity of 3 months or less included under 'Cash and cash equivalents' | 800.00 | - |
| Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' | 137.29 | 160.19 |
| | <u>937.29</u> | <u>160.19</u> |

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Notes to the consolidated financial statements for the year ended 31 March 2017
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

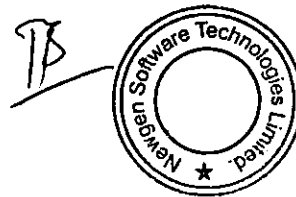
| | For the year ended 31 March 2017 (Rs. lakhs) | For the year ended 31 March 2016 (Rs. lakhs) |
|--|--|--|
| 19 Revenue from operations | | |
| Sale of products-sofware | 11,681.54 | 6,767.19 |
| Annuity Based Revenue | | |
| - AMC/ATS | 7,369.03 | 5,870.48 |
| - Support | 9,417.13 | 8,028.62 |
| - SaaS Revenue | 284.37 | 148.97 |
| Sale of services | | |
| - Implementation | 12,259.06 | 12,049.92 |
| - Scanning | 1,698.67 | 1,814.05 |
| Sale of stock-in-trade | - | 1.27 |
| | <u>42,709.80</u> | <u>34,680.50</u> |
| 20 Other income | | |
| Interest income from bank deposits | 24.61 | 30.00 |
| Dividend income from mutual funds | 1.75 | 5.42 |
| Interest income from government bonds | 35.11 | - |
| Profit on sale of mutual funds | 589.89 | 181.41 |
| Net foreign exchange fluctuation gain | - | 19.59 |
| Excess liabilities/provisions no longer required, written back | - | - |
| Bad debts recovered | - | 1.90 |
| Miscellaneous income | 15.01 | 30.01 |
| | <u>666.37</u> | <u>288.33</u> |
| 21 Employee benefits | | |
| Salaries, wages and bonus | 19,423.86 | 16,781.46 |
| Contribution to provident fund and other funds | 609.44 | 593.27 |
| Employee stock compensation expense (refer note 30) | - | 4.98 |
| Compensated absences (refer note 26) | 228.20 | 191.11 |
| Gratuity (refer note 26) | 325.69 | 360.90 |
| Staff welfare | 373.00 | 388.11 |
| | <u>20,960.19</u> | <u>18,319.83</u> |
| 22 Finance costs | | |
| Interest expense on short-term borrowings | 156.81 | 125.72 |
| Interest on deferred liability for leasehold land | 175.59 | 153.64 |
| Other finance costs | 128.62 | 61.08 |
| | <u>461.02</u> | <u>340.45</u> |
| 23 Depreciation and amortisation | | |
| Depreciation on tangible assets | 424.54 | 380.75 |
| Amortisation on intangible assets | 59.20 | 55.85 |
| | <u>483.74</u> | <u>436.60</u> |



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Notes to the consolidated financial statements for the year ended 31 March 2017
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

| | For the year ended 31 March 2017 (Rs. lakhs) | For the year ended 31 March 2016 (Rs. lakhs) |
|--|---|---|
| 24 Other expenses | | |
| Rent (refer note 27) | 1,417.38 | 1,210.67 |
| Travelling and conveyance | 4,774.78 | 3,909.02 |
| Legal and professional | 1,572.09 | 1,350.47 |
| Digitisation (scanning) charges | 493.75 | 562.93 |
| Advertisement and publicity | 539.45 | 398.99 |
| Insurance | 523.92 | 457.91 |
| Brokerage and commission | 523.05 | 739.20 |
| Repairs and maintenance: | | |
| - buildings | 65.79 | 77.81 |
| - computers | 101.47 | 270.07 |
| - others | 129.54 | 131.57 |
| Rates and taxes | 263.83 | 75.91 |
| Recruitment | 163.62 | 182.51 |
| Donation | 28.20 | 28.20 |
| Office maintenance | 496.46 | 424.96 |
| Communication | 402.57 | 356.62 |
| CSR expenditure (refer note 34) | 105.09 | 48.83 |
| Electricity and water | 307.78 | 314.11 |
| Auditors' remuneration | | |
| - Statutory audit fee | 20.00 | 20.00 |
| - Group audit fee | 14.00 | 14.00 |
| - Reimbursement of expenses | 1.00 | 1.50 |
| Provision for doubtful trade receivables | 1,489.57 | 745.68 |
| Bad debt written off | 943.27 | 18.56 |
| Less: Provision for doubtful trade receivables | 943.27 | - |
| Loans and advances written off | 6.55 | 3.37 |
| Provision for loans and advances | - | 2.19 |
| Membership and subscription | 487.53 | 402.97 |
| Security charges | 156.24 | 148.32 |
| Equipment hiring charges | 28.89 | 31.43 |
| Software and license maintenance | 370.35 | 305.64 |
| Printing and stationery | 91.74 | 76.72 |
| Net loss on sale/retirement of fixed assets | 0.12 | 12.20 |
| Diminution in market value of current investment (refer note 32) | 6.29 | 25.18 |
| Net foreign exchange fluctuation loss | 198.09 | - |
| Miscellaneous | 70.26 | 48.23 |
| | 14,849.40 | 12,395.77 |



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25 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. 1,733.00 lakhs (previous year Rs. 574.98 lakhs).

26 Employee benefits

a) Defined contribution plan

The Holding Company makes contributions, determined as a specified percentage of the employee salaries in respect of qualifying employees towards provident fund, which is a defined contribution plan. The amount recognised as an expense towards contribution to provident fund for the year aggregated to Rs. 609.44 lakhs (previous year Rs. 593.27 lakhs).

b) Defined benefit plan

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

| Particulars | 31 March 2017 (Rs. lakhs) | | 31 March 2016 (Rs. lakhs) | |
|--|------------------------------|----------|------------------------------|---------|
| | Non-current | Current | Non-current | Current |
| Movement in present value of defined benefit obligation | | | | |
| Present value of defined benefit obligation at the beginning of the year | | 999.93 | | 679.45 |
| Current service cost | | 163.31 | | 138.60 |
| Interest cost | | 74.99 | | 54.36 |
| Actuarial (gain) / loss | | 87.38 | | 167.95 |
| Benefits paid | | (47.15) | | (40.43) |
| Present value of defined benefit obligation at the end of the year | | 1,278.48 | | 999.93 |
| Classification into current/non-current | | | | |
| Gratuity | 1113.20 | 165.27 | 865.23 | 134.70 |
| Compensated absences | 329.77 | 68.40 | 236.33 | 55.17 |
| Expense recognised in the Statement of Profit and Loss | | | | |
| Current service cost | | 163.31 | | 138.60 |
| Interest cost | | 74.99 | | 54.36 |
| Actuarial (gain) / loss | | 87.38 | | 167.95 |
| Expense recognised in the Statement of Profit and Loss | | 325.68 | | 360.91 |

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

| Particulars | 31 March 2017 | 31 March 2016 |
|--|--|--|
| Economic assumptions: | | |
| Discount rate* | 7.35% | 7.95% |
| Expected future salary increase** | 7.00% | 7.00% |
| Average remaining working lives of employees (years) | 30.43 | 30.48 |
| Demographic assumptions: | | |
| Retirement age | 60 years | 60 years |
| Mortality table | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Withdrawal rates: | | |
| - Upto 30 years | 21% | 21% |
| - 31 to 40 years | 15% | 15% |
| - Above 40 years | 5% | 5% |

* The discount rate is based on the prevailing market yields of Indian government bonds 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.

Five year information

| Particulars | (Rs. lakhs) | | | | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 | For the year ended 31 March 2015 | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
| Present value of defined benefit obligation at the end | 1,278.48 | 999.93 | 679.45 | 497.12 | 423.50 |
| Net liability recognised in balance sheet | (1,278.48) | (999.93) | (679.45) | (497.12) | (423.50) |
| Experience adjustment on plan liabilities (loss) / gain | (35.74) | 0.61 | (18.20) | (37.00) | 3.30 |

c) Other long term benefits

An amount of Rs. 228.20 lakhs (previous year Rs. 191.11 lakhs) pertaining to compensated absences for the employees of the holding company is recognised as an expense and included in "Employee benefits expense" in Note 21.

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27 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. During the year, an amount of Rs. 1,417.38 lakhs [previous year Rs. 1,210.67 lakhs] was recognized as an expense in the Statement of Profit and Loss in respect of operating leases.

The future minimum lease payments under the non-cancellable lease are as follows:

| Particulars | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
|---|------------------------------------|------------------------------------|
| Not later than one year | 1,024.35 | 934.97 |
| Later than one year and not later than five years | 2,113.83 | 2,236.27 |
| Later than five years | - | - |

28 Segment Reporting

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

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

Financial information relating to the primary segments is presented below:

| Particulars | India | EMEA | APAC | USA | Total |
|-------------------------------|--------------------------|--------------------------|------------------------|-------------------------|--------------------------|
| Segment revenue | 16,522.79 (11,350.02) | 11,651.41 (11,544.28) | 3,007.50 (2,354.75) | 11,128.10 (9,431.45) | 42,709.80 (34,680.50) |
| Segment result | 3,064.76 (1,181.89) | 1,621.78 (1,357.79) | 665.62 (336.25) | 1,702.66 (1,284.73) | 7,054.82 (4,160.66) |
| Unallocated income | | | | | 684.33 (267.53) |
| Less: Unallocated expenditure | | | | | 1,117.34 (952.00) |
| Profit before tax | | | | | 6,621.82 (3,476.18) |
| Tax expense | | | | | 1,601.08 (603.23) |
| Profit for the year | | | | | 5,020.74 (2,872.95) |

Figures in brackets represents previous year figures

Assets and liabilities of reportable primary segment are as follows:

| Particulars | India | EMEA | APAC | USA | Total |
|---------------------------------|------------------------|--------------------------|------------------------|------------------------|--------------------------|
| Segment assets by location | 9,989.25 (4,462.35) | 11,114.03 (10,736.70) | 2,308.50 (2,270.71) | 4,993.43 (6,666.47) | 28,405.29 (24,136.23) |
| Unallocated assets | | | | | 16,265.80 (14,869.83) |
| Total assets | | | | | 44,671.09 (39,006.06) |
| Segment liabilities by location | 4,331.31 (3,105.31) | 3,129.52 (2,898.00) | 644.95 (457.55) | 1,825.39 (1,417.48) | 9,931.17 (7,878.34) |
| Capital employed | | | | | 27,472.28 (22,371.36) |
| Unallocated liabilities | | | | | 7,267.64 (6,756.36) |
| Total liabilities | | | | | 44,671.89 (39,006.06) |

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 | India | EMEA | APAC | USA | Unallocated | Total |
|---|--------------------|--------------------|-------------------|--------------------|-------------|----------------------|
| Capital expenditure | - | 1.33 | 0.78 | 3.03 | 279.28 | 284.42 |
| Depreciation and amortisation | - | - | (0.57) | (8.92) | (3,819.64) | (3,829.13) |
| Provision for doubtful debts | 425.70 (328.53) | 765.64 (259.69) | 133.54 (51.29) | 164.47 (106.18) | - | 1,489.57 (745.68) |
| Provision for doubtful loans and advances | - | - | - | - | - | - |
| | (2.19) | - | - | - | - | (2.19) |

Figures in brackets represents previous year figures

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29 Earnings per share

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| Profit after tax for the year as per Statement of Profit and Loss (Rs. lakhs) (A) | 5,020.74 | 2,872.95 |
| Less: Preference dividend and dividend distribution tax thereon (Rs. lakhs) | - | 124.02 |
| Less: Dividend on compulsory convertible preference share and dividend distribution tax thereon (Rs. lakhs) | - | 1.03 |
| Net profit attributable to equity shareholders (Rs. lakhs) (B) | 5,020.74 | 2,747.90 |
| Weighted average number of equity shares outstanding during the year for calculation of basic earnings per share** (C) | 4,83,84,319 | 4,80,63,569 |
| Dilutive impact of compulsory convertible preference shares (D) | - | 1,02,94,230 |
| Dilutive impact of employee stock options** (E) | 13,37,237 | 10,17,860 |
| Weighted average number of equity shares outstanding during the year for calculation of dilutive earning per share** [(F) = (C) + (D) + (E)] | 4,97,21,556 | 5,93,75,659 |
| Earnings per share in rupees (face value per equity share Rs. 10 each) | | |
| - Basic [(B)/(C)] | 10.38 | 5.72 |
| - Diluted [(A)/(F)] | 10.10 | 4.84 |

*The fair value of the Company's shares for purposes of calculating the dilutive impact of stock options was based on independent valuer report for the period during which the options were outstanding.

** Adjusted for bonus issue [Refer note 3(e)]



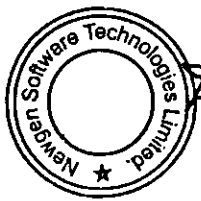

Reconciliation of weighted average number of equity shares for the year ended 31 March 2017:

| Particulars | Number of equity shares* | Weighted average number of equity shares* |
|--|--------------------------|---|
| Equity shares of face value of Rs. 10 per share: | | |
| Equity shares outstanding for calculation of basic earning per share as at 1 April 2016 | 4,82,15,265 | 4,82,15,265 |
| Add: ESOP exercised during the year (refer to note 32) | 2,28,671 | 28,037 |
| Add: Compulsory Convertible Preference Shares converted into equity shares during the year | 1,02,94,230 | 1,41,017 |
| Equity shares outstanding for calculation of basic earning per share as at 31 March 2017 | 5,87,38,166 | 4,83,84,319 |
| Add: Equity shares held by ESOP Trust with respect to options not granted/exercised by employees but outstanding | 46,44,984 | |
| Total equity shares outstanding as at 31 March 2017 | 6,33,83,150 | |

Reconciliation of weighted average number of equity shares for the year ended 31 March 2016:

| Particulars | Number of equity shares* | Weighted average number of shares* |
|--|--------------------------|------------------------------------|
| Equity shares of face value of Rs. 10 per share: | | |
| Equity shares outstanding for calculation of basic Earning per share as at 1 April 2015 | 4,79,74,440 | 4,79,74,440 |
| Add: ESOP exercised during the year (refer to note 32) | 2,40,825 | 89,129 |
| Add: Equity DVR Primary issue during the year | - | |
| Equity shares outstanding for calculation of basic Earning per share as at 31 March 2016 | 4,82,15,265 | 4,80,63,569 |
| Add: Equity shares held by ESOP Trust with respect to options not granted/exercised by employees but outstanding | 45,84,607 | |
| Total equity shares outstanding as at 31 March 2016 | 5,27,99,872 | |

** Adjusted for bonus issue [Refer note 3(e)]

30 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) 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. During the year 2014-15, 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) The Company established Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014) in the year 2014-15, administered through a new Trust 'Newgen ESOP Trust'. The maximum numbers of grants under this Scheme shall be limited to 3,783,800 option with underlying equity shares of the Company. Pursuant to the scheme, during the year 2014-15, the Company has granted 3,653,525 options at an exercise price of 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.

- c) The Company had given loan 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 ESOP Trust as at 31 March 2017 amounting to Rs. 582.75 lakhs (previous year Rs. 764.85 lakhs) in respect of loan given to the trust to acquire Company's 1,245,000 equity shares (including share premium), has been reduced from the share capital and securities premium account with respect to Newgen ESOP 2014 plan.

Loan given to Newgen employee trust for the Employee Stock option plan 1999 and Employee stock option plan 2000 has already been recovered by the Company in the earlier years.

- d) Reconciliation of outstanding share options

The number and the weighted average exercise prices of share options under employee stock option plans are as follows

| Particulars | 31 March 2017 | | 31 March 2016 | |
|--|------------------|---------------------------------|------------------|---------------------------------|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| 1999 plan | | | | |
| Outstanding as at 01 April 2016 | 57,600 | 4.45 | 57,600 | 4.45 |
| Granted during the year | - | - | - | - |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | 5,000 | 4.45 | - | 4.45 |
| Expired during the year | - | - | - | - |
| Outstanding as at 31 March 2017 | 52,600 | 4.45 | 57,600 | 4.45 |
| Exercisable as at 31 March 2017 | 52,600 | 4.45 | 57,600 | 4.45 |
| 2000 plan | | | | |
| Outstanding as at 01 April 2016 | 4,83,800 | 6.67 | 6,78,180 | 6.67 |
| Granted during the year | - | - | - | - |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | 67,100 | 6.67 | 1,84,780 | 6.67 |
| Expired during the year | 30,000 | 6.67 | 9,600 | 6.67 |
| Outstanding as at 31 March 2017 | 3,86,700 | 6.67 | 4,83,800 | 6.67 |
| Exercisable as at 31 March 2017 | 3,86,700 | 6.67 | 4,83,800 | 6.67 |
| 2014 plan | | | | |
| Outstanding as at 01 April 2016 | 33,84,305 | 63 | 36,53,525 | 63 |
| Granted during the year | - | - | - | - |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | 1,56,571 | 63 | 56,045 | 63 |
| Expired during the year | 1,66,525 | 63 | 2,13,175 | 63 |
| Outstanding as at 31 March 2017 | 30,61,209 | 63 | 33,84,305 | 63 |
| Exercisable as at 31 March 2017 | 7,77,170 | 63 | 2,88,188 | 63 |
| Total outstanding as at 31 March 2017 | 35,00,509 | | 39,25,705 | |
| Total exercisable as at 31 March 2017 | 12,16,470 | | 8,29,588 | |

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

The options outstanding at 31 March 2017 have an exercise price and a weighted average contractual life as given below .

| Particulars | 31 March 2017 | | | 31 March 2016 | | |
|-------------|----------------------------------|----------------|---------------------------------|----------------------------------|----------------|---------------------------------|
| | No. of outstanding share options | Exercise price | Weighted average remaining life | No. of outstanding share options | Exercise price | Weighted average remaining life |
| 1999 Plan | 52,600 | 4.45 | 1.75 | 57,600 | 4.45 | 2.75 |
| 2000 Plan | 3,86,700 | 6.67 | 2.09 | 4,83,800 | 6.67 | 3.11 |
| 2014 Plan | 30,61,209 | 63.00 | 6.76 | 33,84,305 | 63.00 | 7.76 |



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

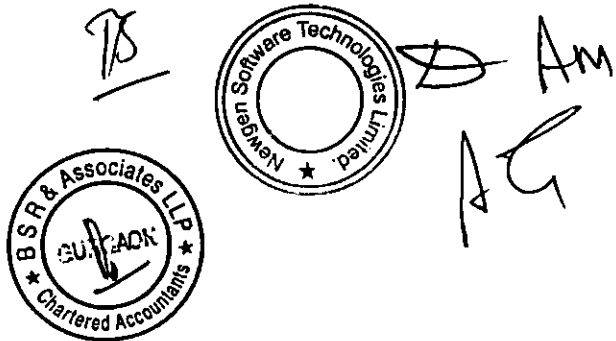
- e) In accordance with the "Guidance Note on Accounting for Employee Share-based Payments", the Company has valued the Employee Stock Options granted during the year, on Intrinsic Value Method, i.e., the excess of the fair market value of the underlying equity shares as of the date of the grant of the 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.

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 2017 | For the year ended 31 March 2016 |
|---|-------------------------------------|-------------------------------------|
| Profit after tax for the year as reported in the statement of profit and loss (Rs. lakhs) (A) | 5,020.74 | 2,872.95 |
| Net profit attributable to equity shareholders (Rs. lakhs)(Refer note 30) (B) | 5,020.74 | 2,747.90 |
| Add: Employee stock option compensation expense as per intrinsic value method (Rs. lakhs) (C) | - | 4.98 |
| Less: Employee stock option compensation expense as per fair value method (Rs. lakhs) (D) | 211.26 | 58.14 |
| Adjusted proforma net profit (Rs. lakhs) [(E) = (B) + (C) - (D)] | 4,809.48 | 2,694.74 |
| Adjusted proforma net profit - diluted (Rs. lakhs) [(F) = (A) + (C) - (D)] | 4,809.48 | 2,819.79 |
| Weighted average number of equity shares outstanding during the year for calculation of basic earnings per share (G) | 4,83,84,319 | 4,80,63,569 |
| Weighted average number of equity shares outstanding during the year for calculation of diluted earning per share (H) | 4,97,21,556 | 5,93,75,659 |
| Earnings per share - as reported | | |
| - Basic [(B)/(G)] | 10.38 | 5.72 |
| - Diluted [(A)/(H)] | 10.10 | 4.84 |
| Earnings per share - adjusted proforma | | |
| - Basic [(E)/(G)] | 9.94 | 5.61 |
| - Diluted [(F)/(H)] | 9.67 | 4.75 |

- f) Employee Stock Option compensation expense as per fair value method has been determined based on the fair value of the stock options on the date of grant. The fair value of the stock options were determined on the date of grant using Black scholes model with the following assumptions:

| Particulars | 2000 Plan (Grant VII) | 2014 Plan |
|--|-----------------------|-----------|
| Expected volatility | - | - |
| Risk free interest rate | 8.36% | 8.04% |
| Exercise price (Rs.) | 6.67 | 63.00 |
| Expected dividend yield | 0.99% to 5.29% | 1.34% |
| Life of options | 8 years | 9 years |
| Fair value of options as at the grant date (Rs.) | 7.43 | 15.41 |
| Share price at grant date | 12.40 | 63.00 |



31 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 Arun Kumar Gupta - Chief Financial Officer Aman Mourya - Company Secretary |

b) Transactions with related parties during the year:

| Nature of transaction | Name of related party | For the year ended 31 March 2017 (Rs. lakhs) | For the year ended 31 March 2016 (Rs. lakhs) |
|--|---|--|--|
| Loan received back | Newgen ESOP Trust | - | 19.50 |
| Salary and other benefits* | Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director Arun Kumar Gupta - Chief Financial Officer Aman Mourya - Company Secretary | 85.37 42.33 30.64 53.46 8.73 | 73.19 35.88 26.32 57.28 6.75 |
| Club membership fees paid on behalf of directors and recovered later during the year | Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director | 3.10 1.70 | - - |

* 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 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
|-----------------------------------|---|---------------------------------------|---------------------------------------|
| Salary and other benefits payable | Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director Arun Kumar Gupta - Chief Financial Officer Aman Mourya - Company Secretary | 5.02 2.37 1.79 2.20 0.81 | 6.07 2.82 2.16 0.54 1.29 |

32 Details of current investments

Investments in Indian money market mutual funds and bonds - (Valued at cost or market value whichever ever is less)

| Particulars | Number of Units as at | | Amount in Lakhs as at | |
|--|--------------------------|---------------|--------------------------|---------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| Investment in debt mutual funds | | | | |
| Tata Short Term Fund | 12,73,800 | - | 400.00 | - |
| Reliance Short Term Fund | 6,34,842 | - | 200.00 | - |
| UTI Short Term Income Fund | 19,74,451 | - | 400.00 | - |
| ICICI Prudential Short Term Plan | 8,60,077 | - | 300.00 | - |
| UTI Income Opportunities Fund | 37,48,856 | - | 418.89 | - |
| Kotak Income Opportunities Fund | 39,48,261 | - | 417.93 | - |
| BNP Paribas Medium Term Income Fund | 41,37,952 | - | 413.80 | - |
| L&T Income Opportunities Fund Direct Plan | 37,34,193 | - | 419.19 | - |
| IIFL Cash Opportunities Fund | 18,17,389 | - | 200.00 | - |
| HSDC Income Fund - Short Term Plan | - | 7,84,326 | - | 200.00 |
| BNP Paribas Flexi Debt Fund | - | 7,70,208 | - | 200.00 |
| Nirla Sun Life Dynamic Bond Fund | - | 16,94,757 | - | 450.00 |
| Reliance Regular Savings Fund | - | 9,70,116 | - | 200.00 |
| Kotak Bond Fund- Growth | - | 4,65,943 | - | 200.00 |
| UTI Bond Fund -Growth | - | 4,41,319 | - | 200.00 |
| IDFC Dynamic Bond Fund | - | 13,66,352 | - | 250.00 |
| | | | 3,169.81 | 1,700.00 |
| Investment in arbitrage funds | | | | |
| IDFC Balanced Fund | - | 4,13,056 | - | 439.23 |
| Tata Balanced Fund | - | 2,59,035 | - | 423.84 |
| DSP BR Balanced Fund | - | 4,13,307 | - | 440.03 |
| ICICI Prudential Equity Income Fund | - | 34,17,969 | - | 350.00 |
| ICICI Prudential Balanced Advantage Fund | - | 13,74,705 | - | 350.00 |
| JPMorgan India Equity Income Fund | - | 32,85,737 | - | 350.00 |
| | | | - | 2,353.10 |
| Investments in debentures or bonds | | | | |
| 8.40% Indian Railway Finance Corporation Limited | 40,000 | 40,000 | 448.57 | 448.57 |
| IFPL Perpetual Debt Product | 200 | - | 200.00 | - |
| 11% Bank of India Perpetual Bond | 10 | - | 104.62 | - |
| 10.40% Vijaya Bank Perpetual Bonds [Series II] | 40 | - | 402.12 | - |
| 7.35% National Highways Authority of India | 45,000 | - | 499.16 | - |
| | | | 1,654.47 | 448.57 |
| | | | 4,824.28 | 4,501.67 |

Quoted current investment

| Particulars | As at 31 March 2017 (Rs. lakhs) | As at 31 March 2016 (Rs. lakhs) |
|------------------------|---------------------------------------|---------------------------------------|
| Aggregate book value | 4,824.28 | 4,501.67 |
| Aggregate market value | 4,866.52 | 4,518.67 |



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- 33 As at 31 March 2017, the Holding Company has gross foreign currency receivables amounting to Rs. 15,310.75 lakhs (previous year Rs. 14,344.84 lakhs). Out of these receivables, Rs. 4,253.83 lakhs (previous year Rs. 3,754.91 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 15 months from the date of export, prior approval from Reserve Bank of India (RBI) is required. As per the requirements of Foreign Exchange Management Act, in one calendar year, the Holding Company is allowed to seek extension for an amount equivalent to 10% of the average collection of the last 3 years only and pursuant to the same, the Holding Company has filed the extension for foreign currency receivables amounting to Rs. 1,414.58 lakhs during the year. For remaining receivables, the Holding Company is in the process of applying for approval to seek extension of time beyond 9 months from export date. The management is of the view that the Holding 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.
- 34 As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Board of directors. The areas for CSR activities are promoting education, health care, sanitation, digital literacy and livelihood enhancement and participation in SOS Children's Village Projects in Faridabad. Accordingly, the Company has spent Rs. 105.09 lakhs (previous year Rs. 48.83 lakhs) out of the total CSR expenditure budget of Rs. 97.04 lakhs (previous year Rs. 100.62 lakhs).
- 35 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 group is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by November 2017, as required under law. 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 consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.
- 36 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements.

| Name of Company | 31-March-2017 | | | |
|---|---|---------------------------|---|------------------------------|
| | Net Assets (Total Assets minus Total Liability) as a % of consolidated net assets | Net Assets (Rs. in lakhs) | Share in Profit or Loss as a % of consolidated profit or loss | Profit/(Loss) (Rs. in lakhs) |
| Parent Company | | | | |
| Newgen Software Technologies Limited | 84.06% | 23,093.51 | 95.60% | 4,799.94 |
| Indian Subsidiaries | | | | |
| Newgen Computer Technologies Limited | 0.20% | 53.68 | 0.07% | 3.41 |
| Foreign Subsidiaries | | | | |
| Newgen Software Inc | 11.61% | 3,189.20 | 3.05% | 153.01 |
| Newgen Software Canada Ltd | 1.64% | 449.29 | 0.40% | 19.93 |
| Newgen Software Technologies (UK) Limited | 1.48% | 407.52 | 0.46% | 22.94 |
| Newgen Software Pte. Ltd | 1.02% | 279.07 | 0.43% | 21.51 |
| | 100.00% | 27,472.28 | 100.00% | 5,820.74 |

| Name of Company | 31-March-2016 | | | |
|--------------------------------------|---|---------------------------|---|------------------------------|
| | Net Assets (Total Assets minus Total Liability) as a % of consolidated net assets | Net Assets (Rs. in lakhs) | Share in Profit or Loss as a % of consolidated profit or loss | Profit/(Loss) (Rs. in lakhs) |
| Parent Company | | | | |
| Newgen Software Technologies Limited | 86.19% | 19,283.31 | 99.42% | 2,856.17 |
| Indian Subsidiaries | | | | |
| Newgen Computer Technologies Limited | 0.22% | 50.27 | 0.18% | 5.12 |
| Foreign Subsidiaries | | | | |
| Newgen Software Inc | 11.24% | 2,514.80 | 0.64% | 18.43 |
| Newgen Software Canada Ltd | 1.42% | 318.00 | -0.43% | (12.33) |
| Newgen Software Pte. Ltd | 0.93% | 207.64 | 0.19% | 5.56 |
| | 100.00% | 22,374.02 | 100.00% | 2,872.95 |

- 37 Disclosure on specified bank notes

Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 is as follow:

| Particulars | Specified Bank Notes* | Other denomination notes | Total |
|---|-----------------------|--------------------------|-------|
| Closing cash in hand as on 8 November 2016 | 3.96 | 1.25 | 5.21 |
| Add: Withdrawal from bank account | - | 3.80 | 3.80 |
| Add: Permitted receipts transactions | - | 1.24 | 1.24 |
| Less: Permitted payments transactions | - | 3.60 | 3.60 |
| Less: Amount deposited in banks accounts | 3.96 | - | 3.96 |
| Closing cash in hand as on 30 December 2016 | - | 2.69 | 2.69 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November 2016.

- 38 Subsequent to 31 March 2017, the Holding Company in its Board Meeting held on 14 June 2017 has proposed final dividend @ Rs. 1.50 per share aggregating to Rs. 96.46 million out of surplus lying in the Statement of Profit and Loss of the Holding Company in accordance with the provisions of Section 123 and other applicable provisions of the Companies Act, 2013.
- 39 Previous year's figures have been re-grouped/re-arranged where necessary to conform to current year's classification.

As per our report of even date attached

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

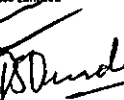

Rakesh Devas
Partner
Membership No.: 092212

Place: Gurgaon
Date: 14 June 2017

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


Divakar Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 14 June 2017


T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 14 June 2017


Arun Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: 14 June 2017


Aman Meurya
Company Secretary
Membership No: 27299

Place: New Delhi
Date: 14 June 2017