

NEWGEN SOFTWARE TECHNOLOGIES LIMITED

Standalone financial statements for the year ended 31 March 2019

B S R & Associates LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Newgen Software Technologies Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Newgen Software Technologies Limited** ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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



Description of Key Audit Matters

Revenue from operations	
The key audit matter	How the matter was addressed in our audit
<p>The Company has recognised revenue of INR 55,204.05 Lacs (PY : INR 45,952.36 Lacs)</p> <ul style="list-style-type: none"> • Revenue relating to implementation services from fixed price contracts is recognised based on percentage of completion method which is estimated by the Company basis the completion of milestones and activities agreed with the customers. Due to complexity and volume of transactions, significant judgements are required to estimate percentage of completion and determine timing of recognition of revenue. • Identification of distinct performance obligation and appropriateness of allocation of contract revenues to performance obligations. 	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of internal controls and tested the operating effectiveness of internal controls relating to identification of distinct performance obligations, determining percentage of completion, estimation of efforts required to complete the performance obligation and allocation of transaction price to performance obligations. • Involved specialists to test information technology systems controls relating to contracts and related information used in recording and disclosing revenue. • Selected a sample of continuing and new contracts using a mix of quantitative and qualitative criteria and performed the following procedures: <ul style="list-style-type: none"> – Inspecting key terms, including price, deliverables, timetable and milestones set out in the contract for selected sample of contracts and identified the distinct performance obligations. – Testing project management tool for budgeted efforts and related percentage completion milestones and establishing accuracy of milestones based on actualisation of efforts for delivered projects. – Testing the details of activities completed with those stated in the customer contract, details of activities completed as provided by the project manager and confirmation/acceptance of completion of such activities by the customer.

	<ul style="list-style-type: none"> - Consider the terms of the contract, standard price list of products and services, and pricing approvals to determine the transaction price and allocation of transaction price to performance obligations. - Assess the appropriateness of management's revenue recognition across revenue streams for a sample of contracts.
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Trade receivables	
The key audit matter	How the matter was addressed in our audit
<p>The Company has recorded trade receivables of INR 23,684.65 Lacs (PY INR 20,392.66 Lacs)</p> <ul style="list-style-type: none"> • Significant management judgement in determining the recoverable amount of trade receivables as estimating the recoverable amount involves inherent uncertainty. 	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • Obtain an understanding of and assess the design and implementation of management's key internal controls relating to debt collection and making provision for doubtful debts • Assess, on a sample basis, whether items in the receivables' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices, proof of delivery and customers sign offs • Assessing the assumptions and estimates made by the management for the provision for doubtful debts with reference to our understanding of the debtors' financial condition, the industry in which the debtors are operating, the ageing of overdue balances and historical and post year-end cash receipts from the debtors and by performing a retrospective review of the historical accuracy of these estimates. • Testing the accuracy and underlying data for "expected credit loss model" • Comparing, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivable balances with bank statements and relevant remittance documentation.

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Information Other than the Standalone Financial Statements and Auditors' Report Thereon

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material



misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 - (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

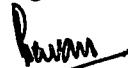


- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 37 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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

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

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


Rakesh Dewan
Partner
Membership No. 092212

Place: Gurugram

Date: 15 May 2019

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 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, fixed assets at certain locations were verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds and lease deeds of the immovable properties is held in the name of the Company.
- (ii) The Company is a service company, primarily engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from workflow automation to document management to imaging. Accordingly, it does not hold any physical inventories at the end of the year. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, limited liability partnerships, firms or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, para 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, provisions of section 186 of the Companies Act, 2013 in respect of loans given have been complied with by the Company. There are no loans given by the company in respect of which provisions of section 185 of the Companies Act, 2013 are applicable. There are no investments, guarantees and securities given in respect of which Section 185 and 186 of the Companies Act, 2013 are 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, Goods and Service tax, Duty of customs, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of excise, Sales tax, Service tax and Value added tax.



According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect of Income tax, Goods and Service tax and Duty of customs which have not been deposited with the appropriate authorities on account of any dispute. As explained above, the Company did not have any dues on account of Duty of excise, Sales tax, Service tax and Value added tax.
- (viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/borrowings to banks. Further, there were no dues payable to financial institutions, government or debenture holders during the year or outstanding as at 31 March 2019.
- (ix) The Company has not raised any money by way of initial public offer during the year. However the Company had raised money by way of initial public offer during the year 2017-18. The proceeds from IPO were Rs. 8,150 Lacs (net of issue related expenses)

Details of utilization of IPO Proceeds is as follow:

Particulars	Net Proceeds (in Rs Lacs)	Utilized upto 31 March 2019 (in Rs Lacs)	Amount Unutilized upto March 31 2019 (in Rs Lacs)
Purchase and furnishing of office premises near Noida-Greater Noida Expressway, Uttar Pradesh and general corporate expenses	8,150.85	5169.40	2980.60
Total	8,150.85	5169.40	2980.60

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

- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration has been paid/provided by the Company in accordance with provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no transactions with 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, private placement of shares and fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurugram
Date: 15 May 2019

Annexure B to the Independent Auditors' report on the standalone financial statements of Newgen Software Technologies Limited for the year ended 31 March 2019

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

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Newgen Software Technologies Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No. 116231W/W-100024



Rakesh Dewan

Partner

Membership No. 092212

Place: Gurugram

Date: 15 May 2019

Newgen Software Technologies Limited
Standalone Balance Sheet as at 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,676.59	6,664.89
Capital work-in-progress	4	8,321.36	1,659.47
Intangible assets	5	130.55	89.56
Investment in subsidiaries	6	922.39	918.19
Financial assets			
Loans	7	329.80	264.79
Other financial assets	8	316.69	548.53
Deferred tax assets (net)	33	1,790.62	1,896.09
Income tax assets (net)	9	995.21	1,277.88
Other non-current assets	10	144.65	356.23
Total non-current assets		19,627.86	13,675.63
Current assets			
Financial assets			
Investments	11	5,165.86	5,022.07
Trade receivables	12	23,684.65	20,392.66
Cash and cash equivalents	13	13,355.94	13,520.79
Other bank balances	13A	2,139.40	-
Loans	14	44.63	317.27
Other financial assets	15	6,275.55	5,177.19
Other current assets	16	624.80	641.23
Total current assets		51,290.83	45,071.21
TOTAL ASSETS		70,918.69	58,746.84
EQUITY AND LIABILITIES			
Equity			
Share capital	17	6,845.76	6,788.41
Other equity	18		
Securities premium		9,611.37	9,196.49
Retained earnings		29,414.27	21,500.53
Others (including items of other comprehensive income)		2,526.02	2,485.79
Total equity attributable to the owners of the Company		48,397.42	39,971.22
Non-current liabilities			
Financial liabilities			
Borrowings	19	1,028.56	1,316.66
Provisions	20	1,929.02	1,653.37
Total non-current liabilities		2,957.58	2,970.03
Current liabilities			
Financial liabilities			
Borrowings	21	6,772.64	4,946.27
Trade payables	22	2,461.48	2,143.75
Other financial liabilities	23	3,796.97	3,575.91
Deferred income	24	4,684.14	3,607.99
Other current liabilities	25	1,502.00	1,320.39
Provisions	26	346.46	211.28
Total current liabilities		19,563.69	15,805.59
Total liabilities		22,521.27	18,775.62
TOTAL EQUITY AND LIABILITIES		70,918.69	58,746.84

Summary of significant accounting policies

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

As per our report of even date

For BSR & Associates LLP

Chartered Accountants

Firm Registration No.: 116231W / W-100024

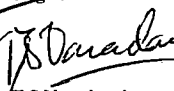

Rakesh Dewan
 Partner
 Membership No.: 092212

Place: Gurugram
 Date: 15 May 2019

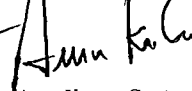
For and on behalf of the Board of Directors of
 Newgen Software Technologies Limited


Diwakar Nigam
 Managing Director
 DIN: 00263222

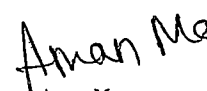
Place: New Delhi
 Date: 15 May 2019


T.S. Varadarajan
 Whole Time Director
 DIN: 00263115

Place: New Delhi
 Date: 15 May 2019


Arun Kumar Gupta
 Chief Financial Officer

Place: New Delhi
 Date: 15 May 2019


Aman Mourya
 Company Secretary
 Membership No: 9975


Place: New Delhi
 Date: 15 May 2019

Newgen Software Technologies Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	27	55,204.05	45,952.36
Other income	28	2,022.86	758.19
Total income		57,226.91	46,710.55
Expenses			
Employee benefits expense	29	24,873.40	22,285.86
Finance costs	30	841.12	520.68
Depreciation and amortisation	31	580.17	567.68
Other expenses	32	18,420.33	14,243.15
Total expenses		44,715.02	37,617.37
Profit before tax		12,511.89	9,093.18
Tax expense			
Current tax	33	2792.96	1,613.51
Deferred tax charge (includes MAT credit entitlement)		135.85	416.58
Income tax expense		2,928.81	2,030.09
Profit for the year		9,583.08	7,063.09
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability (asset)		(84.78)	126.35
Income tax relating to items that will not be reclassified to profit or loss		29.63	(43.73)
Net other comprehensive income/(loss) not to be reclassified subsequently to profit or loss		(55.15)	82.62
Items that will be reclassified subsequently to profit or loss			
Debt instruments through other comprehensive income - net change in fair value		(2.14)	(0.47)
Income tax relating to items that will be reclassified to profit or loss		0.75	0.16
Net other comprehensive (loss)/income to be reclassified subsequently to profit or loss		(1.39)	(0.31)
Other comprehensive income/(loss) for the year, net of income tax		(56.54)	82.31
Total comprehensive income for the year		9,526.54	7,145.40
Profit attributable to:			
Owners of the company		9,583.08	7,063.09
Profit for the year		9,583.08	7,063.09
Other comprehensive income/(loss) attributable to:			
Owners of the company		(56.54)	82.31
Other comprehensive income/(loss) for the year		(56.54)	82.31
Total comprehensive income attributable to:			
Owners of the company		9,526.54	7,145.40
Total comprehensive income for the year		9,526.54	7,145.40
Earnings per equity share			
Nominal value of share INR 10 (31 March 2018: INR 10)	35		
Basic earning per share (INR)		14.08	11.09
Diluted earning per share (INR)		13.82	10.81
Summary of significant accounting policies			
	3		

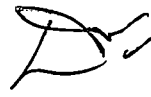
The accompanying notes are an integral part of the Standalone Financial Statements
As per our report of even date attached


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

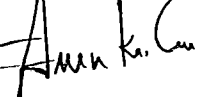

Rakesh Dewan
Partner
Membership No.: 092212

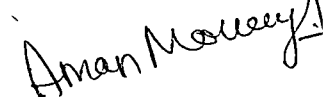
Place: Gurugram
Date: 15 May 2019

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


Diwakar Nigam
Managing Director
DIN: 00263222


T.S. Varadarajan
Whole Time Director
DIN: 00263115


Arun Kumar Gupta
Chief Financial Officer


Aman Mourya
Company Secretary
Membership No: 9975

Place: New Delhi
Date: 15 May 2019

Place: New Delhi
Date: 15 May 2019

Place: New Delhi
Date: 15 May 2019

Place: New Delhi
Date: 15 May 2019

Newgen Software Technologies Limited
 Standalone Statement of Changes in Equity for the year ended 31 March 2019
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

a. Share capital

Particulars	Equity share capital		Equity share capital with differential voting right		Total share capital
	Number	Amount			
Balance as at 31 March 2017	6,43,08,030	6,430.80	120.00	0.01	6,430.81
Add: Equity shares with differential voting rights reclassified to equity shares during the year	120	0.01	(120.00)	(0.01)	-
Add: Shares issued during the year through initial public offer	38,77,551	387.76	-	-	387.76
Add: Issued during the year to Newgen ESOP Trust	10,50,000	105.00	-	-	105.00
Balance as at 31 March 2018	6,92,35,701	6,923.57	-	-	6,923.57
Less: Shares held by trust	13,51,584	135.16	-	-	135.16
Total Share capital as at 31 March 2018	6,78,84,117	6,788.41	-	-	6,788.41
Balance as at 1 April 2018	6,92,35,701	6,923.57	-	-	6,923.57
Add: Issued during the year to Newgen ESOP Trust	3,50,000	35.00	-	-	35.00
Balance as at 31 March 2019	6,95,85,701	6,958.57	-	-	6,958.57
Less: Shares held by trust	11,28,091	112.81	-	-	112.81
Total Share capital as at 31 March 2019	6,84,57,610	6,845.76	-	-	6,845.76

b. Other equity

Particulars	Securities premium*	Retained earnings	Others				Items of Other comprehensive income		Total attributable to owners of the Company
			Capital redemption reserve	General reserve	Newgen ESOP Trust reserve*	Share options outstanding reserve*	Remeasurement of defined benefit liability	Debt instruments through OCI	
Balance as at 1 April 2017	1,168.69	15,598.43	87.95	1,731.39	200.22	359.37	(54.57)	15.18	19,106.65
Total comprehensive income for the year ended 31 March 2018	-	7,063.09	-	-	-	-	-	-	7,063.09
Profit for the year	-	7,063.09	-	-	-	-	-	-	7,063.09
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	82.62	(0.31)	82.31
Securities premium on issue of shares to Newgen ESOP Trust	556.50	-	-	-	-	-	-	-	556.50
Securities premium on shares issued through initial public offer	9,112.24	-	-	-	-	-	-	-	9,112.24
Utilized for share issue expenses	(1,349.15)	-	-	-	-	-	-	-	(1,349.15)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-
Addition to Newgen ESOP Trust reserve	-	-	-	-	31.43	-	-	-	31.43
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Dividend on equity shares	-	(964.62)	-	-	-	-	-	-	(964.62)
Dividend distribution tax on dividend on equity shares	-	(196.37)	-	-	-	-	-	-	(196.37)
Employee stock compensation expense	-	-	-	-	-	215.64	-	-	215.64
Transferred to securities premium account on exercise of stock options	193.21	-	-	-	-	(193.21)	-	-	-
Adjustment on account of options issued to subsidiaries employees	-	-	-	-	-	10.08	-	-	10.08
Balance as at 31 March 2018	9,681.49	21,500.53	87.95	1,731.39	231.65	391.88	28.05	14.87	33,667.81
Less: Securities premium on shares held by trust	485.00	-	-	-	-	-	-	-	485.00
Balance as at 31 March 2018	9,196.49	21,500.53	87.95	1,731.39	231.65	391.88	28.05	14.87	33,182.81
Balance as at 31 March 2018	9,681.49	21,500.53	87.95	1,731.39	231.65	391.88	28.05	14.87	33,667.81
Total comprehensive income for the year ended 31 March 2018	-	9,583.08	-	-	-	-	-	-	9,583.08
Profit for the year	-	9,583.08	-	-	-	-	-	-	9,583.08
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	(55.15)	(1.39)	(56.54)
Securities premium on issue of shares to Newgen ESOP Trust	185.50	-	-	-	-	-	-	-	185.50
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-
Addition to Newgen ESOP Trust reserve	-	-	-	-	26.13	-	-	-	26.13
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Dividend on equity shares	-	(1,384.71)	-	-	-	-	-	-	(1,384.71)
Dividend distribution tax on dividend on equity shares	-	(284.63)	-	-	-	-	-	-	(284.63)
Employee stock compensation expense	-	-	-	-	-	178.25	-	-	178.25
Loss on sale of debt instrument transferred to Profit & Loss	-	-	-	-	-	-	-	3.32	3.32
Transferred to securities premium account on exercise of stock options	110.93	-	-	-	-	(110.93)	-	-	-
Balance as at 31 March 2019	9,977.92	29,414.27	87.95	1,731.39	257.78	459.20	(27.10)	16.80	41,918.21
Less: Securities premium on shares held by trust	366.55	-	-	-	-	-	-	-	366.55
Balance as at 31 March 2019	9,611.37	29,414.27	87.95	1,731.39	257.78	459.20	(27.10)	16.80	41,551.66

* Refer Note 18

Summary of significant accounting policies

Note 3

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

As per our report of even date attached

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

Rakesh Dewan
 Partner
 Membership No.: 092212

Place: Gururam
 Date: 15 May 2019

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

Diwakar Nigam
 Managing Director
 DIN: 00263222

Place: New Delhi
 Date: 15 May 2019

T.S. Varadarajan
 Whole Time Director
 DIN: 00263115

Place: New Delhi
 Date: 15 May 2019

Arun Kumar Gupta
 Chief Financial Officer

Place: New Delhi
 Date: 15 May 2019

Aman Mourya
 Company Secretary
 Membership No: 9975

Place: New Delhi
 Date: 15 May 2019

Newgen Software Technologies Limited
Standalone Statement of Cash Flows for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Cash flows from operating activities		
Net profit before tax	12,511.89	9,093.18
Adjustments for:		
Depreciation and amortisation	580.17	567.68
Loss on sale of property, plant and equipment	3.89	3.15
Loss allowance on trade receivables	1,573.26	462.52
Liabilities/ provision no longer required written back	(148.19)	(229.75)
Loss allowance on other financial assets	22.82	-
Unrealised foreign exchange gain	(92.08)	(49.10)
Share based payment - equity settled	174.05	215.64
Finance costs	788.90	520.68
Fair value changes of financial assets at FVTPL	(245.75)	(25.48)
Dividend income from mutual funds at FVTPL	-	(87.86)
Profit on sale of mutual funds (net) at FVTPL	-	(60.73)
Loss on sale of bonds at FVTOCI	5.07	-
Interest income on security deposits at amortised cost	(28.60)	(31.21)
Interest income from government and other bonds at FVTOCI	(127.46)	(131.56)
Interest income from bank deposits and others	(744.87)	(159.32)
Operating cash flow before working capital changes	14,273.10	10,087.84
Increase in trade receivables	(4,802.79)	(2,238.17)
Decrease / (increase) in loans	236.23	(276.38)
Increase in other financial assets	(766.29)	(2,686.55)
Decrease / (increase) in other assets	48.95	(45.31)
Increase in provisions	326.05	314.36
Increase in other financial liabilities	273.00	1,140.88
Increase in other liabilities	1,255.99	792.65
Increase in trade payables	465.91	659.00
Cash generated from operations	11,310.15	7,748.32
Income taxes paid (net)	(2,441.58)	(2,039.14)
Net cash generated from operating activities (A)	8,868.57	5,709.18
B. Cash flows from investing activities		
Acquisition or construction of property plant and equipment including intangible assets, capital work-in-progress and capital advances	(7,177.34)	(1,869.57)
Proceeds from sale of property plant and equipment	16.48	6.96
Purchase of mutual funds and bonds	-	(1,683.12)
Proceeds from sale of mutual funds and bonds	98.08	1,699.60
Interest income from bonds	74.65	86.21
Interest received on bank deposits and others	627.36	73.57
Investment in bank deposits (net)	(2,160.85)	(70.94)
Net cash used in investing activities (B)	(8,521.62)	(1,757.29)
C. Cash flows from financing activities		
(Repayment of) / proceeds from short-term borrowings (net)	1,856.00	(259.79)
(Repayment of) / proceeds of Finance Lease Obligation	(298.76)	(301.33)
Proceed from issue of shares through initial public offer	-	9,500.00
Expenses paid for Initial Public Offer	-	(1,349.15)
Proceeds from issue of equity shares under ESOP scheme	57.35	169.35
Securities premium on issue of shares under ESOP scheme	303.95	640.31
Dividend paid (including corporate dividend distribution tax) - Equity	(1,667.57)	(1,140.21)
Div	(788.90)	(519.60)
Gain on transfer of equity shares by Newgen ESOP trust	26.13	10.64
Net cash used in / generated from financing activities (C)	(511.80)	6,750.22
Net (decrease) / increase in cash and cash equivalents (A + B + C)	(164.85)	10,702.11
Cash and cash equivalents at the beginning of the year	13,520.79	2,818.68
Cash and cash equivalents at the end of the year	13,355.94	13,520.79
Components of cash and cash equivalents: (refer note 13)		
Cash in hand	5.67	4.52
Balances with banks:		
- in current accounts	3,948.31	5,116.27
- balances with scheduled banks in deposit accounts with original maturity of less than 3 months	9,401.96	8,400.00
	13,355.94	13,520.79

Notes:

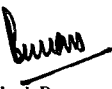
1. The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows"

2. Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

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


As per our report of even date attached

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

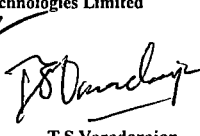

Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurugram
Date: 15 May 2019

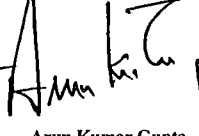
For and on behalf of the Board of Directors of
Newgen Software Technologies Limited


Divakar Nigam
Managing Director
DIN: 00263222

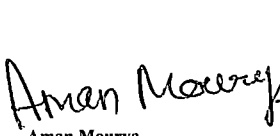
Place: New Delhi
Date: 15 May 2019


T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 15 May 2019


Arun Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: 15 May 2019


Aman Mourya
Company Secretary
Membership No.: 9975

Place: New Delhi
Date: 15 May 2019

Newgen Software Technologies Limited
Notes to standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

1. Background

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

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

2. Basis of Preparation

A. Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on 15 May 2019.

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

B. Functional and presentation currency

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

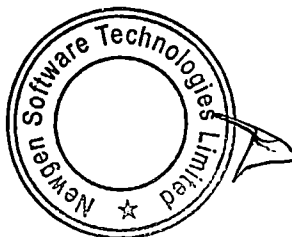
C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

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



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Newgen Software Technologies Limited
Notes to standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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

Judgements

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

- Note 27 – revenue recognition from fixed price contracts of software implementation services: percentage of completion method to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended.
- Note 36 – lease classification: classification of leases under finance lease or operating lease;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 3(c)(iii) – Estimation of Useful lives of intangible and depreciable assets
- Note 29 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 33 – Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 35 – Fair value of share based payments
- Note 47(c)(ii) – Impairment of trade receivables and financial assets.

E. Current and non-current classification

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

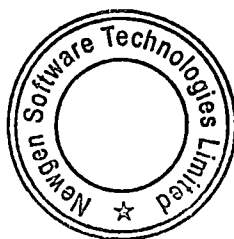
An asset is classified as current when it satisfies any of the following criteria:

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

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

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

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



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Newgen Software Technologies Limited
Notes to standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Operating cycle

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

F. Measurement of fair values

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

Note 35 – Share-based payment arrangements; and

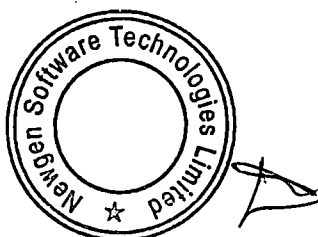
Note 47 – Financial instruments.

3. Significant Accounting Policies

a. Foreign currency

i. Functional currency

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



AS *AT* *Am*

Newgen Software Technologies Limited
Notes to standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

ii. Foreign currency transactions

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

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

b. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets:

On initial recognition, a financial asset is classified as measured at

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



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Newgen Software Technologies Limited
Notes to standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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

Financial assets: Business model assessment

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

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

Financial assets: Assessment whether contractual cash flows are solely payments of principal and Interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

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

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

Financial assets: Subsequent measurement and gains and losses

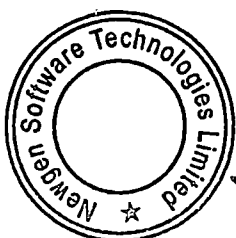
Financial assets at FVTPL

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

Financial assets at amortised cost

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

Debt investments at FVOCI



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Newgen Software Technologies Limited
Notes to standalone financial statements for the year ended 31 March 2019
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These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Der ecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

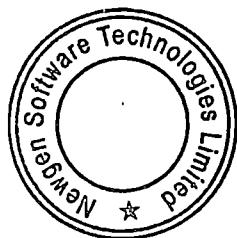
Financial liabilities

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

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

iv. Offsetting

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



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v. *Derivatives and Embedded derivatives*

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

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

c. Property, plant and equipment

i. *Recognition and measurement*

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

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

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

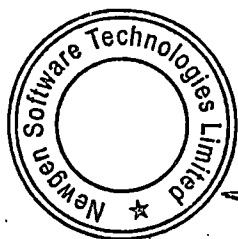
Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. *Subsequent expenditure*

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

iii. *Depreciation*

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



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

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

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

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

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

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

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

d. Intangible assets

Recognition and measurement

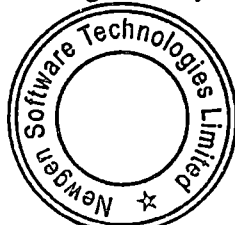
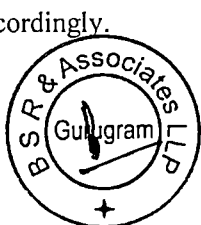
Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and accumulated impairment loss, if any.

Subsequent expenditure

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

Amortisation

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



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

e. Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

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

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

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

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

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

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

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

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

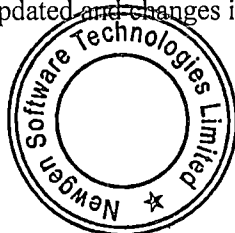
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due.

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

Measurement of expected credit losses

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

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



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Presentation of allowance for expected credit losses in the balance sheet

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

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

Write-off

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

ii. Impairment of Non-financial assets

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

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

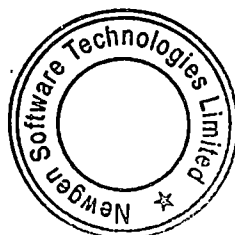
f. Employee benefits

i. Short-term employee benefits

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

ii. Share-based payment transactions

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



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iii. Defined contribution plans

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

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

iv. Defined benefit plans

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

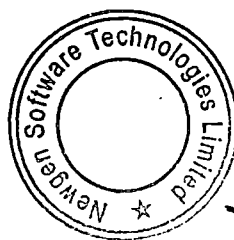
The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, are based on the market yields on government securities as at the balance sheet date, having maturity period approximating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

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

v. Other long-term employee benefits

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

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



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g. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates.

Warranties

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

Onerous contracts

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

h. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or a present obligation whose amount cannot be estimated reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements

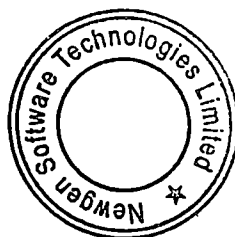
i. Revenue

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

Revenue is measured at the fair value of the consideration we expect to receive in exchange for those products or services.

i. Sale of License

Revenue from sale of licenses for software products is recognised when the significant risks and rewards of ownership have been transferred to the buyer which generally coincides with delivery of licenses to the customers, recovery of the consideration is probable, the associated costs and possible return of software sold



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can be estimated reliably, there is no continuing effective control over, or managerial involvement with the licenses transferred and the amount of revenue can be measured reliably.

Rendering of services

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

Software Implementation Services

The revenue from fixed price contracts for software implementation is recognized based on proportionate completion method based on hours expended, and foreseeable losses on the completion of contract, if any are recognized immediately.

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

Digitization services

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

Annual Technical services

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

ii. Sale of right to use software

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

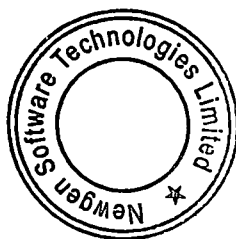
Revenue from client training, support and other services arising due to the sale of license is recognized as the performance obligations are satisfied.

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

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

iii. Multiple deliverable arrangements

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



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unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price.

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

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

j. Recognition of dividend income, interest income or expense

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

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

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

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

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

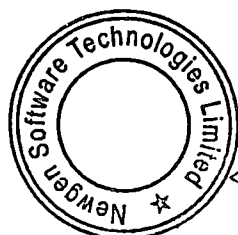
k. Sale of investments

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

l. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.



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ii. Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

iii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

m. In come tax

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

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

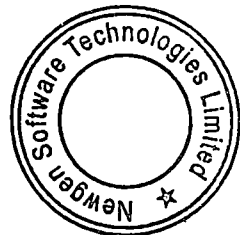
Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting



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date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized:

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

n. Cash and Cash Equivalents

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

o. Earnings per share ("EPS")

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

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

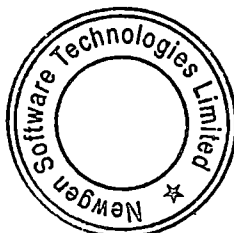
p. Share Capital

Equity Shares

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

Dividends

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



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q. Segment

Segment reporting

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

Identification of segments:

All operating segments' results are reviewed regularly by the Board of Directors, who have been identified as the CODM, to allocate resources to the segments and assess their performance. Refer note 49 for segment information.

r. ESOP Trust

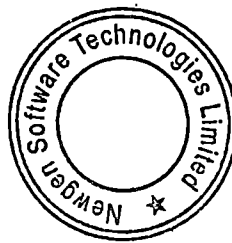
The ESOP trust has been treated as an extension of the Company and accordingly shares held by ESOP Trust are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Company, except for profit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

s. Rounding of amounts

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



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

4 Property, plant and equipment and capital work in progress

	Freehold land	Leasehold land*	Buildings	Plant and machinery	Leasehold improvements	Vehicles	Office equipment	Furniture and fixtures	Computer and servers	Total	Capital work-in-progress#
Balance as at 01 April 2017	4.71	3,523.68	1,103.74	238.88	5.99	135.91	348.85	242.73	857.80	6,462.29	1,108.29
Additions during the year	-	-	602.25	69.86	-	14.58	85.56	74.91	295.89	1,143.05	685.80
Less: Disposals during the year	-	-	-	9.77	-	-	17.07	8.78	-	35.62	134.62
Balance as at 31 March 2018	4.71	3,523.68	1,705.99	298.97	5.99	150.49	417.34	308.86	1,153.69	7,569.72	1,659.47
Additions during the year	-	-	-	33.37	-	94.36	23.77	2.00	399.73	553.23	6,661.89
Adjustments during the year	(0.43)	-	0.43	-	-	-	(12.43)	-	12.43	-	-
Less: Disposals during the year	-	-	-	0.97	-	-	6.67	20.53	213.07	241.24	-
Balance as at 31 March 2019	4.28	3,523.68	1,706.42	331.37	5.99	244.85	422.01	290.33	1,352.78	7,881.71	8,321.36
Accumulated Depreciation											
Balance as at 01 April 2017	-	39.74	20.24	29.87	5.99	20.73	45.20	32.38	223.99	418.14	-
Charge for the year (refer note 31)	-	39.46	20.96	39.78	-	24.05	67.22	44.29	276.44	512.20	-
Adjustments during the year	-	-	-	3.30	-	-	16.75	5.46	-	25.51	-
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	-	79.20	41.20	66.35	5.99	44.78	95.67	71.21	500.43	904.83	-
Additions during the year	-	39.30	30.67	41.38	-	31.65	54.34	36.70	287.11	521.15	-
Less: Disposals during the year	-	-	-	0.93	-	-	4.52	19.80	195.61	220.86	-
Balance as at 31 March 2019	-	118.50	71.87	106.80	5.99	76.43	145.49	88.11	591.93	1,205.12	-
Carrying amount (net)											
Balance as at 31 March 2018	4.71	3,444.48	1,664.79	232.62	-	105.71	321.67	237.65	653.26	6,664.89	1,659.47
Balance as at 31 March 2019	4.28	3,405.18	1,634.55	224.57	-	168.42	276.52	202.22	760.85	6,676.59	8,321.36

As at 31 March 2019 properties with a carrying amount of INR 462.67 lakhs (31 March 2018 : INR 472.93 lakhs) are subject to first charge to working capital loans from banks.

*Represents land at Chennai and Noida location taken on finance lease for a term of 99 and 90 years respectively.

Capital work in progress represents acquisition and further construction of office premises at Noida, Uttar Pradesh and Siruseri, Chennai wherein cost incurred upto 31 March 2019 amounting to INR 5,288.17 lakhs and INR 3,033.19 lakhs respectively.

5 Intangibles

	Computer software
Balance as at 01 April 2017	129.63
Additions during the year	74.61
Balance as at 31 March 2018	204.24
Additions during the year	100.01
Balance as at 31 March 2019	304.25
Accumulated Amortisation	
Balance as at 1 April 2017	59.20
Amortisation (refer note 31)	55.48
Balance as at 31 March 2018	114.68
Additions during the year	59.02
Balance as at 31 March 2019	173.70
Carrying amount (net)	
Balance as at 31 March 2018	89.56
Balance as at 31 March 2019	130.55



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Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

6 Investment in subsidiaries

Investments in equity instruments - at cost (unquoted)

	As at 31 March 2019	As at 31 March 2018
6,000 (31 March 2018: 6,000) common stock of USD 200 each, fully paid up of Newgen Software Inc. USA.	524.71	522.52
1,000,000 (31 March 2018: 1,000,000) common shares of CAD 0.10 each, fully paid up of Newgen Software Technologies Canada, Limited.	56.52	56.40
250,000 (31 March 2018: 250,000) ordinary shares of SGD 1 each, fully paid up of Newgen Software Technologies Pte. Limited.	115.92	114.12
210,000 (31 March 2018: 210,000) equity shares of INR 10 each, fully paid up of Newgen Computers Technologies Limited.	46.50	46.50
20,000,000 (31 March 2018: 20,000,000) common stock of GBP 0.01 each, fully paid up of Newgen Software Technologies (UK) Ltd.	178.74	178.65
	922.39	918.19
Aggregate book value of unquoted investments	922.39	918.19

7 Loans

(unsecured, considered good, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
Security deposits	329.80	264.79
	329.80	264.79

8 Non-current financial assets - others

	As at 31 March 2019	As at 31 March 2018
Bank deposits		
- pledged with tax authorities	2.25	2.25
- held as margin money*	223.94	202.49
Interest accrued on deposits	38.90	107.19
Earnest money deposits		
Unsecured, considered good	51.60	236.60
Unsecured, considered doubtful	146.03	123.21
Less: Loss allowance for doubtful deposits	(146.03)	(123.21)
	316.69	548.53

*Balances with bank held as margin money INR 223.94 lakhs (31 March 2018: INR 202.49 lakhs) represents the margin money on account of guarantees issued to government customers.

Information about Company's exposure to credit and market risks and fair value measurement is included in Note 47 C.

9 Income tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Advance income tax (net of provision of INR 11,415.26 lakhs (31 March 2018: INR 8,622.29 lakhs))	995.21	1,277.88
	995.21	1,277.88

10 Other non-current assets

	As at 31 March 2019	As at 31 March 2018
Prepaid expenses	87.99	120.50
Capital advances	56.66	235.73
	144.65	356.23

11 Investments

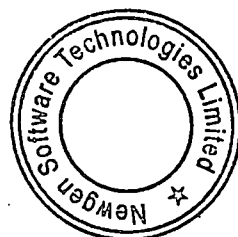
Investments in bonds (unquoted)

	As at 31 March 2019	As at 31 March 2018
Bonds at FVOCI		
Investment in government bonds	938.28	959.03
Investment in other bonds	645.24	726.46
	1,583.52	1,685.49

Investments in mutual funds (unquoted)

	As at 31 March 2019	As at 31 March 2018
Mutual funds at FVTPL		
Investment in debt mutual funds	3,582.34	3,336.58
	3,582.34	3,336.58
	5,165.86	5,022.07

Aggregate book value of unquoted investments	5,165.86	5,022.07
Aggregate market value of unquoted investments	5,165.86	5,022.07



Investments in bonds measured at FVOCI have stated interest rates of 7.35% to 10.40%. Information about Company's exposure to credit and market risks and fair value measurement is included in Note 47 C.

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Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

12 Trade receivables

Unsecured*

- Considered good
- Considered doubtful

Less: Loss allowance for trade receivables

- unsecured, considered doubtful

	As at 31 March 2019	As at 31 March 2018
	23,684.65	20,392.66
	3,621.55	4,000.87
	27,306.20	24,393.53
	(3,621.55)	(4,000.87)
	23,684.65	20,392.66

*Includes balance receivables from related parties. For Details refer note 46

The Company's exposure to credit and currency risks and loss allowances related to trade receivables are discussed in note 47 C.

13 Cash and cash equivalents

Cash on hand

Balances with banks

- in current accounts*#

Balances with scheduled banks in deposit accounts with original maturity of less than 3 months#

	As at 31 March 2019	As at 31 March 2018
	5.67	4.52
	3,948.31	5,116.27
	9,401.96	8,400.00
	13,355.94	13,520.79

*Current account balances with banks include INR 138.32 lakhs (31 March 2018: INR 112.24 lakhs) held at a foreign branch.

Balance with banks and deposits includes INR Nil and INR 3,289.4 Lakhs (31 March 2018: INR 58.80 lakhs and INR 8,400 lakhs) respectively as unutilized amounts of the IPO proceeds.

13A Other bank balances

Balances with scheduled banks in deposit accounts

- Maturity within 12 months

	As at 31 March 2019	As at 31 March 2018
	2,139.40	-
	2,139.40	-

14 Current financial assets - Loans

Loans to employees*

Security deposits

	As at 31 March 2019	As at 31 March 2018
	9.90	20.03
	34.73	297.24
	44.63	317.27

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

15 Current financial assets - Others

(unsecured considered good, unless otherwise stated)

Interest accrued on deposits

Interest accrued but not due on government bonds

Unbilled revenue*

- other than related parties
- related parties

	As at 31 March 2019	As at 31 March 2018
	117.75	0.67
	137.34	84.53
	6,020.46	5,079.43
	-	12.56
	6,275.55	5,177.19

*Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

During the year ended 31 March 2019, INR 1,980.10 lakhs of unbilled revenue as of 1 April 2018 has been reclassified to trade receivables upon billing to customers on completion of milestones.

16 Other current assets

Advances to vendors

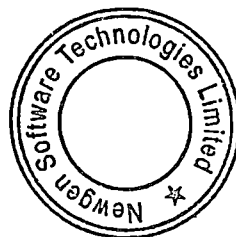
Balances with government authorities*

Deferred contract cost

Advance to employees

Prepaid expenses

Other current assets



	As at 31 March 2019	As at 31 March 2018
	38.66	11.04
	-	137.47
	77.37	-
	156.19	207.91
	335.44	284.81
	17.14	-
	624.80	641.23

*Balances with government authorities comprises of Goods and Service tax/ service tax / vat credit receivable.



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17 Share capital

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
Equity shares of INR 10 each	9,80,00,200	9,800.02	9,80,00,000	9,800.00
Equity share capital with differential voting rights of INR 10 each	-	-	200	0.02
0.01% Compulsory convertible preference shares of INR 10 each	1,19,99,800	1,199.98	1,19,99,800	1,199.98
	11,00,00,000	11,000.00	11,00,00,000	11,000.00

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Issued, subscribed and paid up				
Equity share capital of INR 10 each, fully paid up	6,92,35,701	6,923.57	6,92,35,701	6,923.57
Add: Issued during the year to Newgen ESOP Trust	3,50,000	35.00	-	-
Balance	6,95,85,701	6,958.57	6,92,35,701	6,923.57
Less: Shares held by Trust	11,28,091	112.81	13,51,584	135.16
Total Share capital	6,84,57,610	6,845.76	6,78,84,117	6,788.41

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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Equity share capital of INR 10 each, fully paid up				
At the beginning of the year	6,92,35,701	6,923.57	6,43,08,030	6,430.80
Add: Equity shares with differential voting rights reclassified to equity	-	-	120	0.01
Add: Equity shares issued during the year through initial public offer*	-	-	38,77,551	387.76
Add: Issued during the year to Newgen ESOP Trust	3,50,000	35.00	10,50,000	105.00
At the end of the year	6,95,85,701	6,958.57	6,92,35,701	6,923.57
Less: Shares held by trust	11,28,091	112.81	13,51,584	135.16
Total equity share capital	6,84,57,610	6,845.76	6,78,84,117	6,788.41

During the year ended 31 March 2018, the Company completed the initial public offer (IPO), pursuant to which 17,331,483 equity shares of INR 10 each were allotted/ allocated, at an issue price of INR 245 each, consisting of fresh issue of 3,877,551 equity shares and an offer for sale of 13,453,932 equity shares by selling shareholders. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via ID NEWGEN and BSE Limited (BSE) via ID 540900 on 29 January 2018.

Terms/rights attached to equity shares

In case of equity shares, each equity shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend, if any. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their respective shareholding.

Equity share capital with differential voting rights (DVR) of INR 10 each, fully paid up

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	-	-	120	0.01
Less: Re-classification to equity shares during the year	-	-	(120)	(0.01)
At the end of the year	-	-	-	-

Equity shares with differential voting rights :

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

Expiration of differential rights:

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 have automatically expired.

During the year ended 31 March 2018 each equity share with DVR has been re-classified into equity shares.

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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% Holding	Number of shares	% Holding
- Mr. Diwakar Nigam	1,84,22,406	26.47%	1,84,22,406	28.65%
- Mr. T.S. Varadarajan	1,50,09,306	21.57%	1,50,09,306	23.34%
- Mrs. Priyadarshini Nigam	79,68,906	11.45%	79,68,906	12.39%
- Mrs. Usha Varadarajan	45,28,320	6.51%	45,28,320	7.04%
- Malabar India Fund Limited	45,64,262	6.56%	-	-

17 B Shares reserved for issue under Employee stock option plan

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

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

A. Bonus shares have been issued for which no cash has been received. The bonus shares has been issued out of security premium

	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
Equity shares of INR 10 each	-	-	-	-	4,39,74,000
Equity share capital with differential voting rights of INR 10 each	-	-	-	-	100
0.01% Compulsory convertible preference shares of INR 10 each	-	-	-	-	85,78,525

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

	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
Equity shares of INR 10 each	3,50,000	10,50,000	-	-	12,45,000



Handwritten signatures of the directors: T.S. Varadarajan, Diwakar Nigam, Priyadarshini Nigam, and Usha Varadarajan.

18 Other equity

Securities premium
Retained earnings
Capital redemption reserve
General reserve
Newgen ESOP Trust Reserve
Share options outstanding reserve
Other comprehensive income

As at 31 March 2019	As at 31 March 2018
9,611.37	9,196.49
29,414.27	21,500.53
87.95	87.95
1,731.39	1,731.39
257.78	231.65
459.20	391.88
(10.30)	42.92
41,551.66	33,182.81

Securities Premium (refer note (i) below)

Balance as at beginning of the year
Securities premium on issue of shares to Newgen ESOP Trust
Securities premium on shares issued through initial public offer
Utilized for share issue expenses
Transferred from share options outstanding reserve on exercise of stock options
Balance as at 31 March 2019
Less: Securities premium on shares held by trust
Balance as at end of the year

As at 31 March 2019	As at 31 March 2018
9,681.49	1,168.69
185.50	556.50
-	9,112.24
-	(1,349.15)
110.93	193.21
9,977.92	9,681.49
366.55	485.00
9,611.37	9,196.49

Retained earnings (refer note (ii) below)

Balance as at beginning of the year
Profit for the year
Dividend on equity shares
Dividend distribution tax on dividend on equity shares
Balance as at end of the year

As at 31 March 2019	As at 31 March 2018
21,500.53	15,598.43
9,583.08	7,063.09
(1,384.71)	(964.62)
(284.63)	(196.37)
29,414.27	21,500.53

Capital redemption reserve

Balance as at beginning of the year
Balance as at end of the year

As at 31 March 2019	As at 31 March 2018
87.95	87.95
87.95	87.95

General reserve

Balance as at beginning of the year
Balance as at end of the year

As at 31 March 2019	As at 31 March 2018
1,731.39	1,731.39
1,731.39	1,731.39

Newgen ESOP Trust reserve (refer note (iii) below)

Balance as at beginning of the year
Addition to Newgen ESOP Trust reserve
Balance as at end of the year

As at 31 March 2019	As at 31 March 2018
231.65	200.22
26.13	31.43
257.78	231.65

Share options outstanding reserve (refer note (iv) below)

Balance as at beginning of the year
Employee stock compensation expense
Transferred to securities premium account on exercise of stock options
Balance as at end of the year

As at 31 March 2019	As at 31 March 2018
391.88	359.37
178.25	225.72
(110.93)	(193.21)
459.20	391.88

Other comprehensive income (refer note (v) below)

Remeasurement of defined benefit liability

Balance as at beginning of the year
Other comprehensive income/(loss) (net of tax)
Balance as at end of the year

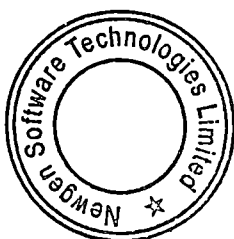
As at 31 March 2019	As at 31 March 2018
28.05	(54.57)
(55.15)	82.62
(27.10)	28.05

Debt instruments through other comprehensive income

Balance as at beginning of the year
Other comprehensive income/(loss) (net of tax)
Loss on sale of debt instrument transferred to profit and loss
Balance as at end of the year

As at 31 March 2019	As at 31 March 2018
14.87	15.18
(1.39)	(0.31)
3.32	
16.80	14.87

- (i) Securities premium is used to record the premium received on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.
(ii) Accumulated balances of profits over the years after appropriations for general reserves and adjustments of dividend
(iii) The ESOP trust has been treated as an extension of the Company and accordingly shares held by ESOP Trust are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets and liabilities of the Company, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve.
(iv) The Company has established various equity-settled share-based payment plans for certain employees of the Company. Refer to note 35 for further details on these plans.
(v) Refer Statement of Changes in Equity for analysis of other comprehensive income, net of tax.



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	As at 31 March 2019	As at 31 March 2018
19 Non-current financial liabilities - Borrowings		
Non-current maturities of finance lease obligations (secured)*	1,028.56	1,316.66
	1,028.56	1,316.66

*** Finance lease obligations**

The Company had obtained leasehold land from 'Yamuna Expressway Industrial Development Authority (YEIDA)' during the year ended 31 March 2016. The lease term of leasehold land is 90 years with equated monthly payment beginning from the month subsequent to the commencement of lease.

Finance lease obligations are payable as follows:

Particulars	As at 31 March 2018		
	Present value of minimum lease payments	Interest	Future minimum lease payments
Less than one year	302.25	170.37	472.62
Between one and five years	750.26	376.43	1,126.69
More than five years	566.40	4,832.93	5,399.33

Particulars	As at 31 March 2019		
	Present value of minimum lease payments	Interest	Future minimum lease payments
Less than one year	291.59	136.04	427.63
Between one and five years	459.74	288.70	748.44
More than five years	568.82	4,764.67	5,333.49

Effective interest rate on above borrowings is 11.73%.

	As at 31 March 2019	As at 31 March 2018
20 Non-current provisions		
Provision for employee benefits (refer note 29)		
- provision for gratuity	1,495.50	1,266.07
- provision for compensated absences	433.52	387.30
	1,929.02	1,653.37

	As at 31 March 2019	As at 31 March 2018
21 Current financial liabilities - Borrowings		
Loans from banks		
Pre-shipment loans (secured)*	6,772.64	4,946.27
	6,772.64	4,946.27

*Pre-shipment loans carry interest rate @ LIBOR plus margin which varied from 3.21% to 4.39% per annum. These are secured by first pari passu charge over all future and present stock, book debts and equitable mortgage of land and building with carrying amount of INR 462.67 lakhs (31 March 2018: INR 472.93 lakhs) and are repayable within 180 days from the date of disbursement.

	As at 31 March 2019	As at 31 March 2018
22 Trade payables		
- Total outstanding dues to micro enterprises and small enterprises	-	-
- Total outstanding dues to creditors other than micro and small enterprises	2,461.48	2,143.75
	2,461.48	2,143.75

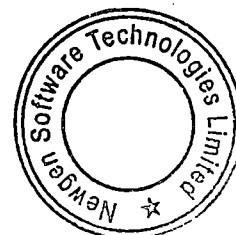
Trade payables are non-interest bearing and are generally on terms of 30-45 days

- Refer note 38 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)
- Refer note 46 for dues to related parties
- The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 47 C.



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Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

23 Current financial liabilities - Others

Current maturities of finance lease obligations
 Employee related payables
 Payable in respect of retention money
 Earnest money deposits
 Payable for capital assets

	As at 31 March 2019	As at 31 March 2018
	291.59	302.25
	3,256.39	2,983.39
	59.15	47.92
	1.00	1.00
	188.84	241.35
	3,796.97	3,575.91

24 Deferred income

Advance billing
 Advance from customers

	As at 31 March 2019	As at 31 March 2018
	4,625.39	3,582.77
	58.75	25.22
	4,684.14	3,607.99

During the year ended 31 March 2019, the Company recognized revenue of INR 3,582.77 lakhs arising from opening advance billing as of 1 April 2018.

25 Other current liabilities

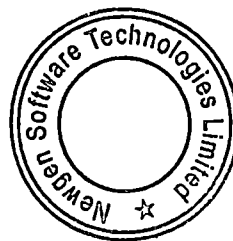
Statutory dues payable
 Advance from employees for share options
 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
	1,494.24	1,313.63
	2.82	6.76
	4.94	-
	1,502.00	1,320.39

26 Current provisions

Provision for employee benefits (refer note 29)
 - provision for gratuity
 - provision for compensated absences

	As at 31 March 2019	As at 31 March 2018
	244.76	141.39
	101.70	69.89
	346.46	211.28



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27 Revenue from operations	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products - softwares	13,889.67	12,996.88
Sale of services		
- Implementation	12,874.07	11,768.53
- Scanning	1,936.25	1,950.01
- AMC/ATS	10,017.22	7,934.91
- Support	14,778.33	10,268.75
- SaaS revenue	1,708.51	1,033.28
	55,204.05	45,952.36

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where :

- (i) The performance obligation is part of a contract that has an original expected duration of one year or less.
- (ii) The revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31 March 2019, other than those meeting the exclusion criteria mentioned above is INR Nil.

28 Other income	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income under the effective interest rate method:		
- on security deposits at amortised cost	28.60	31.21
- government and other bonds at FVOCI	127.46	131.56
Interest income on fixed deposits	676.15	159.32
Other interest income	68.72	1.10
Profit on sale of mutual funds (net) at FVTPL	-	60.73
Dividend income from mutual funds at FVTPL	-	87.86
Fair value changes of financial assets at FVTPL	245.75	25.48
Liabilities / provision no longer required written back	148.19	229.75
Net foreign exchange fluctuation gain	706.14	-
Bad debt recovered	15.04	-
Miscellaneous income	6.81	31.18
	2,022.86	758.19

29 Employee benefits expense	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	22,836.06	20,434.76
Contribution to provident funds (refer note i below)	767.10	672.31
Expenses related to compensated absences (refer note ii below)	275.35	244.17
Share based payment - equity settled	174.05	215.64
Expense related to defined benefit plan (refer note iii below)	311.88	272.39
Staff welfare expenses	508.96	446.59
	24,873.40	22,285.86

(i) Defined contribution plans:

The Company makes contributions, determined as a specified percentage of the employee salaries in respect of qualifying employees towards provident fund, which is a defined contribution plan. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 767.10 lakhs (31 March 2018: INR 672.31 lakhs). The amount recognised as an expense towards employee state insurance aggregated to INR 2.27 lakhs (31 March 2018: INR 3.52 lakhs).

(ii) Compensated absences:

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

	31 March 2019	31 March 2018
Discounting rate (p.a.)	7.66%	7.80%
Future salary increase (p.a.)	7.00%	7.00%

(iii) Defined Benefit Plan:

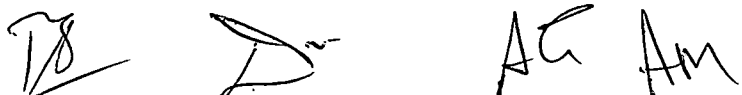
Gratuity scheme - This is an unfunded defined benefit plan and it entitles an employee, who has rendered atleast 5 years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit.

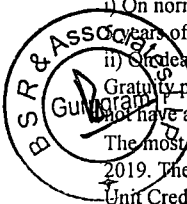
i) On normal retirement / early retirement / withdrawal / resignation: As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

ii) On death in service: As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

Gratuity payable to employee in case (i) and (ii), as mentioned above, is computed as per the Payment of Gratuity Act, 1972 except the Company does not have any limit on gratuity amount

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.





Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

A. Movement in net defined benefit (asset) liability

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

Particulars	As at	As at
	31 March 2019	31 March 2018
Balance at the beginning of the year	1,407.46	1,278.47
Benefits paid	(71.28)	(62.57)
Current service cost	202.10	178.42
Interest cost	109.78	93.97
Past service gain	-	-
Actuarial (gains) losses recognised in OCI		
change in demographic assumptions	21.21	(6.31)
change in financial assumptions	22.48	(44.89)
experience adjustments	48.51	(29.64)
Balance at the end of the year	1,740.26	1,407.46

B. i) Expense recognised in profit and loss

Particulars	For the year ended	For the year ended
	31 March 2019	31 March 2018
Current service cost	202.10	178.42
Interest cost	109.78	93.97
Past service gain	-	-
Total expense recognised in profit and loss	311.88	272.39

ii) Remeasurements recognised in other comprehensive income

Particulars	For the year ended	For the year ended
	31 March 2019	31 March 2018
Actuarial (gain) loss on defined benefit obligation	92.20	(80.84)
Total remeasurements recognised in other comprehensive income	92.20	(80.84)

C. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	31 March 2019	31 March 2018
Discount rate	7.66	7.80
Salary escalation rate	7.00	7.00
Mortality rate	100% of IALM (2006 - 08)	100% of IALM (2006 - 08)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date

	31 March 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(54.53)	58.07	(63.05)	68.33
Future salary growth (0.50% movement)	58.16	(55.10)	68.53	(63.79)

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

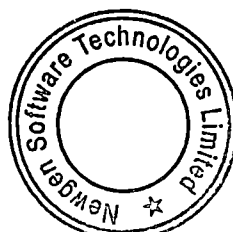
Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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

	31 March 2019	31 March 2018
Net defined benefit asset	-	-
Total employee benefit asset	-	-
Net defined benefit liability		
Liability for gratuity	1,740.26	1,407.46
Liability for compensated absences	535.22	457.19
Total employee benefit liabilities	2,275.48	1,864.65
Non-current:		
Gratuity	1,495.50	1,266.07
Compensated absences	433.52	387.30
Current:		
Gratuity	244.76	141.39
Compensated absences	101.70	69.89

30 Finance costs

	For the year ended	For the year ended
	31 March 2019	31 March 2018
Finance cost on finance lease obligations	166.99	205.49
Interest expense on packing credit	561.23	236.16
Other finance costs	112.90	79.03
	841.12	520.68



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Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

31 Depreciation and amortization

Depreciation of property, plant and equipment (refer note 4)
 Amortisation of intangible assets (refer note 5)

	For the year ended 31 March 2019	For the year ended 31 March 2018
	521.15	512.20
	59.02	55.48
	580.17	567.68

32 Other expenses

Rent
 Repairs and maintenance
 Rates and taxes
 Travelling and conveyance
 Legal and professional fees
 Outsourced technical services expense
 Cloud hosting services
 Payment to auditors*
 Electricity and water
 Advertising and sales promotion
 Membership and subscription fee
 Brokerage and commission
 Communication costs
 Software and license maintenance
 Expenditure on corporate social responsibility
 Donation
 Operation and maintenance
 Printing and stationery
 Loss on sale of property, plant and equipment
 Loss allowance on trade receivables
 (net of adjustment for bad debts written off of INR 1,952.57 lakhs (previous year INR 2,449.59 lakhs))
 Loss allowance on other financial assets
 Security charges
 Net foreign exchange fluctuation loss
 Loss on settlement of forward contract
 Loss on sale of bonds (net) at FVOCI
 Miscellaneous expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
	1,632.93	1,514.62
	283.16	308.81
	211.73	144.77
	6,187.49	5,462.40
	2,099.79	1,771.97
	1,009.80	74.23
	426.22	231.77
	69.67	61.18
	354.17	329.93
	504.76	358.19
	274.56	273.90
	695.72	605.53
	399.46	365.95
	499.38	305.58
	125.64	107.31
	34.74	32.00
	530.20	490.77
	671.87	632.06
	3.89	3.15
	1,573.26	462.52
	22.82	-
	229.03	200.79
	-	1.95
	36.30	-
	5.07	-
	538.67	503.77
	18,420.33	14,243.15

***Payment to Auditors**

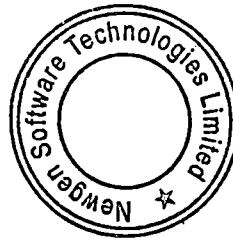
As auditor:

- Statutory audit fee
 - Limited review fee
 - Others
 - Reimbursement of expenses

	39.50	40.00
	22.50	7.50
	3.40	11.43
	4.27	2.25
	69.67	61.18



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33 Income Tax

A. The major components of income tax (expense) / income are recognised in profit or loss

	For the year ended 31 March 2019	For the year ended 31 March 2018
Tax expense	2,682.78	1,549.01
MAT credit entitlement	-	(86.97)
Tax expense for earlier years	110.19	64.50
Deferred tax (credit)	135.85	503.55
Total	2,928.82	2,030.10

Recognised in Other comprehensive income

Tax impact on		
- Re-measurement on defined benefit plan	29.63	(43.73)
- Fair value of Debt instruments through other comprehensive income	0.75	0.16
Total	30.38	(43.57)

B. Reconciliation of effective tax rate

	31 March 2019		31 March 2018	
Profit before tax		12,511.89		9,093.18
Tax using the Company's tax rate	34.94%	4,372.16	34.61%	3,049.64
Effect of deduction under section 10AA of the Income tax Act, 1961	-12.41%	(1,552.64)	-11.57%	(1,052.22)
Effect of expenses permanently disallowed under the Income Tax Act, 1961	0.14%	17.50	0.19%	16.89
Effect of income exempt/ taxed on lower rate	-0.19%	(23.27)	-0.58%	(53.04)
Others	0.04%	4.88	0.04%	3.36
Income tax recognised in statement of profit and loss for the current year	22.53%	2,818.63	21.62%	1,965.59

C. Deferred tax assets (net)

Deferred tax relates to the following:

Deferred tax related to items recognised in OCI:

	As at 31 March 2019	As at 31 March 2018
Deferred tax assets (gross)		
Investments at fair value through OCI	-	-
Remeasurement of defined benefit liability (asset)	14.21	-
(a)	14.21	-

Deferred tax liabilities

Investments at fair value through OCI	7.12	7.87
Remeasurement of defined benefit liability (asset)	-	15.42
(b)	7.12	23.29

Deferred tax related to items recognised in statement of profit and loss:

Deferred tax liabilities (gross)

Property, plant and equipment	308.29	251.36
Others	84.54	11.11
(c)	392.83	262.47

Deferred tax assets (gross)

Loss allowance on other financial assets	51.03	42.63
Loss allowance on trade receivables	1,265.52	1,384.62
Provision for employee benefits	772.84	667.62
(d)	2,089.39	2,094.87
(e) = (d) - (c)	1,696.56	1,832.40

Deferred tax assets (net)

MAT credit entitlement	86.97	86.97
Total Deferred tax assets (net)	1,790.62	1,896.09

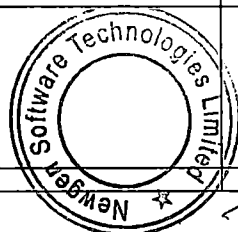
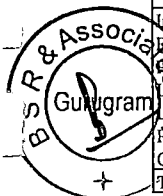
D. Movement in temporary differences

31 March 2019

Particulars	Balance as at 31 March 2018	Recognised in profit or loss during FY 2018-19	Recognised in OCI during FY 2018-19	Balance as at 31 March 2019
Investments at fair value through OCI	(7.87)	-	0.75	(7.12)
Remeasurement of defined benefit liability (asset)	(15.42)	-	29.63	14.21
Property, plant and equipment	(251.36)	(56.93)	-	(308.29)
Loss allowance on other financial assets	42.63	8.40	-	51.03
Loss allowance on trade receivables	1,384.62	(119.10)	-	1,265.52
Provision for employee benefits	667.62	105.22	-	772.84
Others	(11.10)	(73.43)	-	(84.54)
Total	1,809.11	(135.85)	30.38	1,703.65

31 March 2018

Particulars	Balance as at 31 March 2017	Recognised in profit or loss during FY 2017-18	Recognised in OCI during FY 2017-18	Balance as at 31 March 2018
Investments at fair value through OCI	(8.03)	-	(0.16)	(7.87)
Remeasurement of defined benefit liability (asset)	28.31	-	43.73	15.42
Property, plant and equipment	(314.72)	63.36	-	(251.36)
Loss allowance on other financial assets	42.64	(0.01)	-	42.63
Loss allowance on trade receivables	2,068.39	(683.77)	-	1,384.62
Provision for employee benefits	530.78	136.84	-	667.62
Others	8.87	(19.97)	-	(11.10)
Total	2,356.24	(503.55)	43.57	1,809.12



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34 Earnings per share (EPS)

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

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

i. Profit attributable to Equity holders of the Company

Profit attributable to equity holders of the company

Profit attributable to equity holders of the company for basic and diluted earnings

31 March 2019	31 March 2018
9,583.08	7,063.09
9,583.08	7,063.09

ii. Weighted average number of ordinary shares

Opening balance of equity's shares

Effect of equity shares issued through initial public offer

Effect of share options exercised

Weighted average number of shares for basic EPS

Effect of dilution:

Add: Equity shares held by Newgen ESOP Trust with respect to options not exercised by employees but outstanding

Weighted average number of shares for diluted EPS

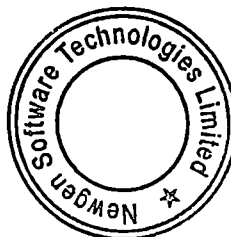
31 March 2019	31 March 2018
6,78,84,117	6,23,13,086
-	6,58,652
1,91,325	7,39,355
6,80,75,442	6,37,11,093
12,55,390	16,33,736
6,93,30,832	6,53,44,829

Basic and diluted earnings per share

Basic earnings per share

Diluted earnings per share

31 March 2019	31 March 2018
INR	INR
14.08	11.09
13.82	10.81



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35 Share-based payment arrangements:

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Company had established Employees Stock Option Plan-1999 (ESOP 1999) and Employees Stock Option Plan-2000 (ESOP 2000) in the year 1999-00 and 2000-01 respectively, 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 INR 80 and INR 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.

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

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

Following table represents general terms of the grants for the ESOP outstanding as on 31 March 2019, during the year 2018-19 there were no grants made.

ESOP schemes	Grant Date	No. of Options Outstanding	Exercise Price	Weighted average remaining life	Vesting Period
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jan-2015	11,00,564	INR 63.	4.76	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jul-2017	2,76,235	INR 63.	7.25	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Sep-2017	1,26,500	INR 63.	7.42	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Oct-2017	54,225	INR 63.	7.51	4 years

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to remain in service in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained.

The fair value of options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plans are as follows:

Particulars	Newgen Employees Stock Option Scheme 2014 (Newgen ESOP)	Newgen Employees Stock Option Scheme 2014 (Newgen ESOP)
	No Grant 31 March 2019	Grant II, III and IV 31 March 2018
Fair value of options at grant date	-	100.23
Share price at grant date	-	134.53
Exercise price	-	63.00
Expected volatility (weighted-average)	-	55.59%
Expected life (weighted-average)	-	9 years
Expected dividends	-	0.00%
Risk-free interest rate (based on government bonds)	-	6.78%

C. Reconciliation of outstanding share options

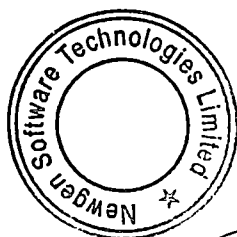
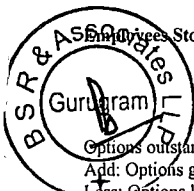
The number and weighted-average exercise prices of share options under the share option programmes were as follows.

Employees Stock Option Plan-1999 (ESOP 1999)

	Number of options 31 March 2019	Weighted average exercise price 31 March 2019	Number of options 31 March 2018	Weighted average exercise price 31 March 2018
Options outstanding as at the beginning of the year	-	-	52,600	INR 4.45
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	-	-	-	-
Less: Options exercised during the year	-	-	52,600	INR 4.45
Options outstanding as at the year end	-	-	-	INR 4.45
Exercisable as at year end	-	-	-	-
Weighted - average contractual life	-	-	-	-

Employees Stock Option Plan-2000 (ESOP 2000)

	Number of options 31 March 2019	Weighted average exercise price 31 March 2019	Number of options 31 March 2018	Weighted average exercise price 31 March 2018
Options outstanding as at the beginning of the year	-	-	3,86,700	INR 6.67
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	-	-	-	-
Less: Options exercised during the year	-	-	3,86,700	INR 6.67
Options outstanding as at the year end	-	-	-	INR 6.67
Exercisable as at year end	-	-	-	-
Weighted - average contractual life	-	-	-	-



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Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)

	Number of options 31 March 2019	Weighted average 31 March 2019	Number of options 31 March 2018	Weighted average exercise price 31 March 2018
Options outstanding as at the beginning of the year	22,43,483	INR 63.00	30,61,209	INR 63.00
Add: Options granted during the year	-	-	5,62,550	INR 63.00
Less: Options lapsed during the year	1,12,466	INR 63.00	1,26,096	INR 63.00
Less: Options exercised during the year	5,73,493	INR 63.00	12,54,180	INR 63.00
Options outstanding as at the year end	<u>15,57,524</u>	<u>INR 63.00</u>	<u>22,43,483</u>	<u>INR 63.00</u>
Exercisable as at year end	11,22,797		4,45,616	
Weighted - average contractual life	5.51 years		6.38 years	

C. Expense recognised in statement of profit and loss

For details on the employee benefits expense, refer note 29

36 Operating leases

A. Leases as lessee

a) The Company has taken various cancellable and non-cancellable leases for office premises and residential accommodation for some of its employees. The amount recognised in statement of profit and loss and future minimum lease payments and payment profile of non-cancellable operating leases are as under:

i. Future minimum lease payments

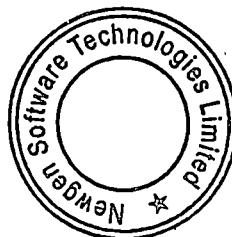
The future minimum lease payments under non-cancellable leases were as follows.

	31 March 2019	31 March 2018
Less than one year	750.95	1,150.13
Between one and five years	981.57	1,732.52
More than five years	-	-
	<u>1,732.52</u>	<u>2,882.65</u>

ii. Amounts recognised in profit or loss

Lease expense

	31 March 2019	31 March 2018
	1,632.93	1,514.62
	<u>1,632.93</u>	<u>1,514.62</u>



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

	31 March 2019	31 March 2018
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets**	23.45	759.70
b. Amount of Income tax expense for financial year 2015-16 for which assessment has been completed and against which company has filed an appeal.	179.00	-

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

** For other commitments – Non-cancellable operating and finance leases, refer Note 36 and 20 respectively

During the year ended 31 March 2019, there was a judicial pronouncement with respect to provident fund. It is not currently clear whether the interpretation set out in the pronouncement has retrospective application. If applied retrospectively, the interpretation would result in an increase in contributions payable by the Company for past and future periods for certain of its employees. There are numerous interpretative challenges concerning the retrospective application of the judgment. Due to such challenges and a lack of interpretive guidance, and based on legal advice the Company has obtained on the matter, it is currently impracticable to reliably estimate the timing and amount of any payments the Company may be required to make. Pending further clarity on the subject, the Company has made a provision of Rs 9.65 lakhs for the period subsequent to the date of judgment.

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31 March 2019 and 31 March 2018 has been made in the financial statements based on information received and available with the Company. Based on the information currently available with the Company, there are no dues payable to Micro and Small Suppliers as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

39 After the reporting date the following dividend were proposed by the Board of Directors, subject to the approval of shareholders at Annual General Meeting; Accordingly, the dividends have not been recognised as liabilities. Dividends would attract corporate dividend tax when declared.

Particulars	For the year ended	For the year ended
	31 March 2019	31 March 2018
Final dividend of INR 3.00 per share (31 March 2018: INR 2/-)	2,087.57	1,384.71
Corporate dividend tax	429.20	283.94

40 Utilization of CSR expenses

As per Section 135 of the Companies Act 2013, the following is the detail of corporate social responsibility expenses incurred by the Company: Gross amount to be spent by the Company during the year ended 31 March 2019 is INR 125.38 lakhs (previous year INR. 106.13 lakhs). Amount spent during the year ended 31 March 2019:

Particulars	Amount already spent	Amount to be spent	Total
i) For purpose mentioned as under	124.90	0.74	125.64

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

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. During the year ended 31 March 2019, the holding company has also started availing services from its overseas subsidiaries in accordance with the transfer pricing methodology under sections 92-92F of the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

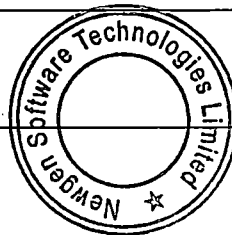
42 During the previous year ended 31 March 2018, the Company has completed the Initial Public offer, pursuant to which 17,331,483 equity shares having a face value of INR 10 each were allotted/allocated, at an issue price of INR 245 per equity share, consisting of fresh issue of 3,877,551 equity shares and an offer for sale of 13,453,932 equity shares by selling shareholders. The gross proceeds of fresh issue of equity shares from IPO amounted to INR 9,500.00 lakhs. The Company's share of fresh issue related expenses was INR 1,349.15 lakhs, which had been adjusted against Securities Premium. As at 31 March 2018, the proceeds were unutilised and had been temporarily invested/ deposited in cash and cash equivalents including fixed deposits and bank account (Refer note 13).

During the year ended 31 March 2019, the proceeds were partially utilised for the purchase of unfurnished office premises near Noida-Greater Noida Expressway, Uttar Pradesh and for general corporate purpose amounting to INR 5,145.00 lakhs (Refer note 4) and INR 24.40 lakhs respectively. As at 31 March 2019, the remaining proceeds has been temporarily invested/ deposited in cash and cash equivalents including fixed deposits and bank account (Refer note 13).

43 For the year ended 31 March 2019, projected utilisation of IPO proceeds was INR 6,950.40 lakhs, however the Company has utilised only INR 5,169.40 lakhs. The Board of Directors in their meeting held on 15 May 2019, approved to seek the approval of shareholders through Postal Ballot for variation/deviation in the utilisation of IPO proceeds amounting to INR 1,781.00 lakhs.

44 Dividend remittances in foreign currency:

Particulars	For the year 31 March 2019	For the year ended 31 March 2018
Year to which the dividend relates	2017-18	2016-17
Amount remitted during the year (INR in lakhs)	-	77.21
Number of non-resident shareholders	-	2
Number of shares on which dividend was due	-	51,47,340



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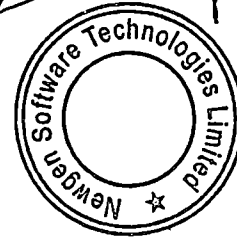
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45 Details of current Investments (refer note 11)

Particulars	Number of units as at		Amount in lakhs as at	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Investment in debt mutual funds -FVTPL				
Reliance Short Term Fund- Direct Growth Plan	6,34,842	6,34,842	228.91	213.85
ICICI Prudential Short Term Plan Direct Growth	8,60,077	8,60,077	346.96	322.56
IIFL Dynamic Bond Fund Reg- Growth	14,42,783	14,42,783	212.99	200.83
Franklin India Short Term Income Plan - Retail Plan - Growth-Direct	11,122	11,122	466.63	425.20
Aditya Birla Sun Life Credit Risk Fund- Gr. Direct	32,02,906	32,02,906	454.78	426.14
ICICI Prudential Credit Risk Fund -Direct Plan- Growth	21,85,596	21,85,596	459.30	425.63
UTI Credit Risk Fund- DirectPlan- Growth	26,17,879	26,17,879	471.48	442.00
Kotak Income Opportunities Fund- Monthly Growth	21,94,751	21,94,751	472.75	440.56
L and T Credit Risk Fund Direct Plan -Growth	21,57,674	21,57,674	468.53	439.81
Investment in government bonds-FVTOCI				
8.40% IRFC 15YRS SR2A 18022029 (18-Feb-2029)	40,000	40,000	455.66	466.42
7.35% NHAI LTD Tax free Bond 15YRS SR2A Annual (11-Jan-2031)	45,000	45,000	482.62	492.61
Investment in Other Bonds-FCTOCI				
IIFL Wealth Finance Limited SR-A1-June2022 LOA 13JU22 FVRS10LAC	20	20	242.95	220.42
11% Bank of India Perpetual Bond	-	10	-	99.83
Vijaya Bank SR-II 10.4 LOA Perpetual FVRS10LAC (27-Mar-2050)	40	40	402.30	406.21
			5,165.86	5,022.07



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46 Related party transactions

A. List of subsidiaries

Set out below is the list of subsidiaries:

Name of the company	Country of incorporation	Ownership interest	
		31 March 2019	31 March 2018
Newgen Software Inc.	United States of America	100%	100%
Newgen Software Technologies Pte Ltd.	Singapore	100%	100%
Newgen Software Canada Ltd.	Canada	100%	100%
Newgen Software Technologies (UK) Ltd.	United Kingdom	100%	100%
Newgen Computers Technologies Limited	India	100%	100%

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

B. Transactions with Key Management Personnel

A number of key management personnel, or their related parties hold positions in other entities that result in them having control or significant influence over those entities.

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post - employment defined benefit plan (see note 29)

Executive officers also participate in the Company's share option plan as per the conditions laid down in that scheme (see note 29 and note 35).

List of key management personnel and their relatives

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

Key management personnel compensation

	Transaction value		Balance payable	
	For the year ended 31 March 2019	For the year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
Salaries, wages and bonus*	959.18	768.60	348.95	262.12
Diwakar Nigam	174.90	160.35	8.42	8.24
T.S. Varadarajan	83.70	76.32	6.06	4.53
Priyadarshini Nigam	40.84	39.28	-	2.79
Arun Kumar Gupta	116.13	75.88	37.87	26.93
Virender Jeet	187.03	150.19	112.47	82.59
Surender Jeet Raj	166.52	134.22	96.86	70.59
Tarun Nandwani	176.18	121.41	86.40	65.72
Shubhi Nigam	-	0.87	-	-
Aman Mourya	13.88	10.08	0.87	0.73
Dividend paid (excluding dividend distribution tax)	933.99	699.32	-	-
Diwakar Nigam	368.45	276.34	-	-
T.S. Varadarajan	300.19	225.14	-	-
Priyadarshini Nigam	159.38	119.53	-	-
Arun Kumar Gupta	1.09	0.66	-	-
Virender Jeet	4.98	3.24	-	-
Surender Jeet Raj	4.55	3.16	-	-
Tarun Nandwani	4.77	3.33	-	-
Usha Varadarajan	90.57	67.92	-	-
Aman Mourya	0.01	-	-	-
Share-based payments	57.17	50.46	-	-
Arun Kumar Gupta	30.18	7.51	-	-
Virender Jeet	-	16.33	-	-
Surender Jeet Raj	-	14.82	-	-
Tarun Nandwani	26.12	11.80	-	-
Aman Mourya	0.87	-	-	-

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



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Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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

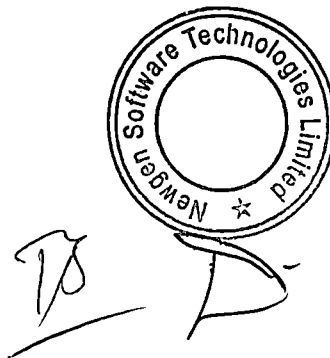
The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

For the year ended 31 March 2019 and 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period.

	Transaction value		Balance receivable	
	For the year ended 31 March 2019	For the year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
Sale of products and services				
Subsidiaries				
Newgen Software Inc., USA	10,555.33	6,393.04	2,631.96	2,218.41
Newgen Singapore	1,821.08	843.77	584.41	165.90
Newgen Software Canada Ltd.	675.27	597.99	251.43	424.85
Newgen Software Technologies (UK) Ltd.	793.44	52.09	560.49	53.15
Expense-Outsourced technical services				
Subsidiaries				
Newgen Software Inc., USA	566.26	-	566.26	-
Newgen Singapore	45.82	-	45.82	-
Rent expense				
Subsidiary				
Newgen Computers Technologies Limited	7.20	7.20	-	0.54
Paid on behalf of				
Subsidiary				
Newgen Computers Technologies Limited	0.95	0.65	-	-
Recovered from				
Subsidiary				
Newgen Computers Technologies Limited	0.95	0.65	-	-
Investment in subsidiaries - share based payment				
Newgen Software Inc., USA	2.20	7.17	-	-
Newgen Singapore	1.79	2.15	-	-
Newgen Software Canada Ltd.	0.12	0.54	-	-
Newgen Software Technologies (UK) Ltd.	0.09	0.23	-	-

D. Investment in subsidiaries

Subsidiary Company	As at	As at
	31 March 2019	31 March 2018
Newgen Software Inc. USA	524.71	522.52
Newgen Software Technologies Canada, Ltd.	56.52	56.40
Newgen Software Technologies Pte. Ltd.	115.92	114.12
Newgen Computers Technologies Limited	46.50	46.50
Newgen Software Technologies (UK) Ltd.	178.74	178.65
	922.39	918.19



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Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

47 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

31 March 2019	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Financial assets measured at fair value									
Investments in debt mutual funds	11	3,582.34	-	-	3,582.34	3,582.34	-	-	3,582.34
Investments in bonds	11	-	1,583.52	-	1,583.52	1,583.52	-	-	1,583.52
Financial assets not measured at fair value									
Other non-current financial asset	8	-	-	316.69	316.69	-	-	-	-
Trade receivables	12	-	-	23,684.65	23,684.65	-	-	-	-
Cash and cash equivalents	13	-	-	13,355.94	13,355.94	-	-	-	-
Other bank balances	13A	-	-	2,139.40	2,139.40	-	-	-	-
Loans	7 and 14	-	-	374.43	374.43	-	-	-	-
Other financial assets	15	-	-	6,275.55	6,275.55	-	-	-	-
		3,582.34	1,583.52	46,146.66	51,312.52	5,165.86	-	-	5,165.86
Financial liabilities									
Financial liabilities not measured at fair value									
Long-term maturities of finance lease obligations (secured)	19	-	-	1,028.56	1,028.56	-	1,028.56	-	1,028.56
Short term borrowings	21	-	-	6,772.64	6,772.64	-	6,772.64	-	6,772.64
Trade payables	22	-	-	2,461.48	2,461.48	-	-	-	-
Other financial liabilities	23	-	-	3,796.97	3,796.97	-	291.59	-	291.59
		-	-	14,059.65	14,059.65	-	8,092.79	-	8,092.79

31 March 2018	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Financial assets measured at fair value									
Investments in debt mutual funds	11	3,336.58	-	-	3,336.58	3,336.58	-	-	3,336.58
Investments in bonds	11	-	1,685.49	-	1,685.49	1,685.49	-	-	1,685.49
Financial assets not measured at fair value									
Other non-current financial asset	8	-	-	548.53	548.53	-	-	-	-
Trade receivables	12	-	-	20,392.66	20,392.66	-	-	-	-
Cash and cash equivalents	13	-	-	13,520.79	13,520.79	-	-	-	-
Other bank balances	13A	-	-	-	-	-	-	-	-
Loans	7 and 14	-	-	582.06	582.06	-	-	-	-
Other financial assets	15	-	-	5,177.19	5,177.19	-	-	-	-
		3,336.58	1,685.49	40,221.23	45,243.30	5,022.07	-	-	5,022.07



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Newgen Software Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

31 March 2018	Note	FVTPL	FVTOCI	Carrying amount		Level 1	Level 2	Fair value	
				Amortised Cost	Total			Level 3	Total
Financial liabilities									
Financial liabilities not measured at fair value									
Long-term maturities of finance lease obligations (secured)	19	-	-	1,316.66	1,316.66	-	1,316.66	-	1,316.66
Short term borrowings	21	-	-	4,946.27	4,946.27	-	4,946.27	-	4,946.27
Trade payables	22	-	-	2,143.75	2,143.75	-	-	-	-
Other financial liabilities	23	-	-	3,575.91	3,575.91	-	302.25	-	302.25
		-	-	11,982.59	11,982.59	-	6,565.18	-	6,565.18

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

B. Measurement of fair values

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable inputs

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

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

There have been no transfers in either direction for the years ended 31 March 2019 and 31 March 2018.



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C. Financial risk management

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

i. Risk management framework

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

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

ii. Credit risk

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

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

Particulars	As at	As at
	31 March 2019	31 March 2018
Trade receivables	23,684.65	20,392.66
Loans	374.43	582.06
Cash and cash equivalents	13,355.94	13,520.79
Other bank balances	2,139.40	-
	39,554.42	34,495.51

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

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

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

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

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

Trade and other receivables

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

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

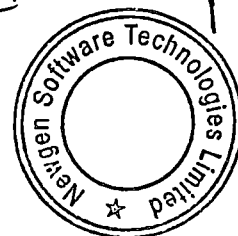
The Company's exposure to credit risk for trade receivables by geographic region is as follows

	Carrying amount	
	As at 31 March 2019	As at 31 March 2018
India	9,300.31	7,994.27
USA	2,887.04	2,643.93
EMEA	8,540.51	7,946.49
APAC	2,956.79	1,807.97
	23,684.65	20,392.66



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Newgen Software Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2019

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

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

As at 31 March 2019

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

As at 31 March 2018

	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit-impaired
0-3 months past due	16,452.48	4.11%	676.50	No
3-6 months past due	3,053.35	12.90%	393.77	No
6-9 months past due	1,197.55	21.62%	258.95	No
9-12 months past due	381.15	34.90%	133.02	No
12-15 months past due	389.65	42.90%	167.15	No
15-18 months past due	328.23	47.89%	157.20	No
18-21 months past due	170.55	52.45%	89.45	No
21-24 months past due	269.15	61.10%	164.46	No
above 24 months past due	2,151.41	91.12%	1,960.37	No
	24,393.52		4,000.87	

Movement in allowance for impairment in respect of trade receivables

	Impairment in trade receivables
Balance as at 01 April 2017	5,976.64
Impairment loss recognised	462.52
Amounts written off	2,438.29
Balance as at 31 March 2018	4,000.87
Impairment loss recognised	1,573.26
Amounts written off	1,952.58
Balance as at 31 March 2019	3,621.55

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

Debt securities

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

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

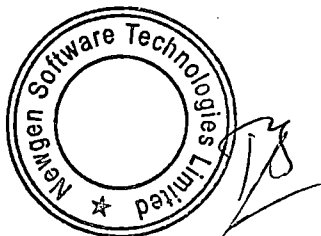
The exposure to credit risk for debt securities at FVTOCI and at FVTPL is as follows:-

	Net carrying amount	
	As at 31 March 2019	As at 31 March 2018
India	5,165.86	5,022.07
Other regions	-	-
	5,165.86	5,022.07

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

Cash and cash equivalents and other bank balances

The Company held cash and cash equivalents of INR 13,356.03 lakhs at 31 March 2019 (31 March 2018: INR 13,520.79 lakhs) and other bank balances of INR 2,139.40 lakhs as at 31 March 2019 (31 March 2018: Nil). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on renowned rating agencies.



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Financial instruments – Fair values and risk management (continued)

iii. Liquidity risk

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

The Company's primary sources of liquidity include cash and bank balances, deposits, undrawn borrowings and cash flow from operating activities. As at 31 March 2019, the Company had a working capital of INR 31727.13 lakhs (31 March 2018: INR 29,265.58 lakhs) including cash and cash equivalent of INR 13,355.94 lakhs (31 March 2018: INR 13,520.79 lakhs), other bank balances of INR 2,139.40 lakhs (31 March 2018: Nil) and current investments of INR 5,165.86 lakhs (31 March 2018: INR 5,014.54 lakhs).

Consequently, the Company believes its revenue, along with proceeds from financing activities will continue to provide the necessary funds to cover its short term liquidity needs. In addition, the Company projects cash flows and considering the level of liquid assets necessary to meet liquidity requirement.

In addition, the Company had access to the following undrawn borrowing facilities at the end of the reporting year

Particulars	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2019	227.36	-	227.36	-	-	-
As at 31 March 2018	2,041.27	-	2,041.27	-	-	-

Exposure to liquidity risk

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

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

31 March 2018	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance lease obligations (including current maturities)	1,618.91	6,998.64	-	472.62	437.51	689.18	5,399.33
Employee related payables	2,983.39	2,983.39	2,983.39	-	-	-	-
Trade and other payables	2,143.75	2,143.75	2,143.75	-	-	-	-
Pre-shipment loans (secured)	4,946.27	4,946.27	-	4,946.27	-	-	-
Payable in respect of retention money	47.92	47.92	-	47.92	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	241.35	241.35	-	241.35	-	-	-
Total	11,982.59	17,362.32	5,127.14	5,709.16	437.51	689.18	5,399.33

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



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Financial instruments – Fair values and risk management (continued)

vi. Interest rate risk

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

a) Exposure to interest rate risk

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

	Nominal amount in INR	
	31 March 2019	31 March 2018
Fixed-rate instruments		
Financial assets	13,395.70	10,607.50
Financial liabilities	(1,320.15)	(1,618.91)
	<u>12,075.55</u>	<u>8,988.59</u>
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(6,772.64)	(4,946.27)
	<u>(6,772.64)</u>	<u>(4,946.27)</u>
Total	<u>5,302.91</u>	<u>4,042.32</u>

b) Sensitivity analysis

Fair value sensitivity analysis for fixed-rate instruments

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

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity by INR 10.30 lakhs after tax (31 March 2018: INR 12.27 lakhs).

Cash flow sensitivity analysis for variable-rate instruments

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

	Profit or loss	
	100 bp increase	100 bp decrease
31 March 2019		
Variable-rate instruments	67.73	67.73
Cash flow sensitivity (net)	<u>67.73</u>	<u>67.73</u>
31 March 2018		
Variable-rate instruments	(63.72)	63.72
Cash flow sensitivity (net)	<u>(63.72)</u>	<u>63.72</u>

Market price risk

a) Exposure

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

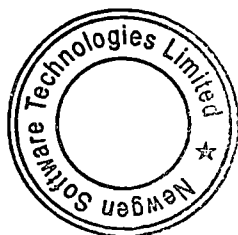
To manage its price risk arising from investments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

b) Sensitivity analysis

Company is having investment in mutual funds, government bonds, other bonds and investment in subsidiaries.

For such investments classified at Fair value through other comprehensive income, a 2% increase in their fair value at the reporting date would have increased equity by INR 20.59 lakhs after tax (31 March, 2018: INR 0.32 lakhs). An equal change in the opposite direction would have decreased equity by INR 20.59 lakhs after tax (31 March, 2018: INR 0.32 lakhs)

For such investments classified at Fair value through profit or loss, the impact of a 2% increase in their fair value at the reporting date on profit or loss would have been an increase of INR 46.61 lakhs after tax (31 March, 2018: INR 65.26 lakhs). An equal change in the opposite direction would have decreased profit or loss by INR 46.61 lakhs after tax (31 March, 2018: INR 65.26 lakhs)



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Newgen Software Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2019

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

48 Capital Management

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

The Company manages its capital structure and makes adjustments to it as and when required. To maintain or adjust the capital structure, the company may pay dividend or repay debts, raise new debt or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2019 and 31 March 2018.

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

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

	As at 31 March 2019	As at 31 March 2018
Total liabilities	8,092.79	6,565.18
Less: Cash and cash equivalent	13,355.94	13,520.79
Adjusted net debt (a)	(5,263.15)	(6,955.61)
Total equity (b)	48,397.42	39,971.22
Total equity and net debt (a+b) = c	43,134.27	33,015.61
Capital gearing ratio (a/c)	-12.20%	-21.07%

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



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49 Segment reporting

A. Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available.

The Company's board of directors have been identified as the Chief Operating Decision Makers (CODM) since they are responsible for all major decisions in respect of allocation of resources and assessment of the performance on the basis of the internal reports/ information provided by functional heads. The board examines the performance of the Company based on such internal reports which are based on operations in various geographies and accordingly, have identified the following reportable segments:

- India
- Europe, Middle East and Africa (EMEA)
- Asia Pacific (APAC)
- United States of America (USA)

B. Information about reportable segments
Year ended 31 March 2019

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

Year ended 31 March 2018

Particulars	Reportable segments				
	India	EMEA	APAC	USA	Total Segment
Revenue					
External revenue	18,071.33	16,598.70	4,104.62	7,177.71	45,952.36
Inter-segment revenue	-	-	-	-	-
Total Segment Revenue	18,071.33	16,598.70	4,104.62	7,177.71	45,952.36
Segment profit before income tax	2,105.99	4,436.20	1,253.98	1,770.61	9,566.78
Segment assets	11,398.11	10,661.09	2,396.13	3,626.16	28,081.49
Segment liabilities	5,554.03	3,538.65	757.65	749.45	10,599.78
Capital expenditure during the year	1,217.66	-	-	-	1,217.66

C. Reconciliations of information on reportable segments to Ind AS

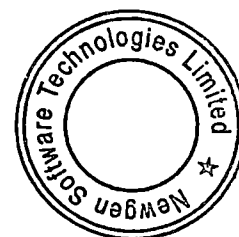
Particulars	For the year ended	For the year ended
	31 March 2019	31 March 2018
(a) Revenue		
Total revenue for reportable segments	55,204.05	45,952.36
Elimination of inter-segment revenue	-	-
Total revenue	55,204.05	45,952.36
(b) Profit / (loss) before tax		
Total profit before tax for reportable segments	12,112.25	9,566.78
Unallocated amounts:		
- Unallocated income	2,022.86	758.20
- Other corporate expenses	1,623.22	1,231.79
Total profit before tax from operations	12,511.89	9,093.19
(c) Assets		
Total assets for reportable segments	31,766.32	28,081.49
Other unallocated amounts	39,152.37	30,665.35
Total assets	70,918.69	58,746.84
(d) Liabilities		
Total liabilities for reportable segments	12,677.45	10,599.78
Other unallocated amounts	9,843.80	8,175.84
Total liabilities	22,521.25	18,775.62

C. Information about major customers

No customer individually accounted for more than 10% of the revenues in the year ended 31 March 2019 and 31 March 2018.



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50 Standards issued but not yet effective

A Ind AS 116: Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning 1 April 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1 April 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided in the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. The Company is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard.

With effect from 1 April 2019, the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization change for the right-to-use asset, and b) interest accrued on lease liability.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

B Ind AS 12 Income taxes: (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgment, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

C Amendment to Ind AS 19: (plan amendment, curtailment or settlement)

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company does not have any impact on account of this amendment.

51 As at 31 March 2019, the Company has gross foreign currency receivables amounting to INR 15,898.33 lakhs (previous year INR 15,310.75 lakhs). Out of these receivables, INR 3,124.36 lakhs (previous year INR 4,253.83 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 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 INR2,248.07 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 realising such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.

As per our report of even date attached

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



Rakesh Dewan
 Partner
 Membership No.: 092212

Place: Gurugram
 Date: 15 May 2019

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



Diwakar Nigam
 Managing Director
 DIN: 00263222

Place: New Delhi
 Date: 15 May 2019

T.S. Varadarajan
 Whole Time Director
 DIN: 00263115

Place: New Delhi
 Date: 15 May 2019

Arun Kumar Gupta
 Chief Financial
 Officer

Place: New Delhi
 Date: 15 May 2019

Aman Mourya
 Company Secretary
 Membership No: 9975

Place: New Delhi
 Date: 15 May 2019

NEWGEN SOFTWARE TECHNOLOGIES LIMITED

Consolidated financial statements for the year ended 31 March 2019

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 AUDITORS' REPORT

To the Members of Newgen Software Technologies Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Newgen Software Technologies Limited** (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



Description of Key Audit Matters

Revenue from operations	
The key audit matter	How the matter was addressed in our audit
<p>The Group has recognised revenue of INR 62,064.15 Lacs (PY : INR 51,242.78 Lacs)</p> <ul style="list-style-type: none"> • Revenue relating to implementation services from fixed price contracts is recognised based on percentage of completion method which is estimated by the Group basis the completion of milestones and activities agreed with the customers. Due to complexity and volume of transactions, significant judgements are required to estimate percentage of completion and determine timing of recognition of revenue. • Identification of distinct performance obligation and appropriateness of allocation of contract revenues to performance obligations. 	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of internal controls and tested the operating effectiveness of internal controls relating to identification of distinct performance obligations, determining percentage of completion, estimation of efforts required to complete the performance obligation and allocation of transaction price to performance obligations. • Involved specialists to test information technology systems controls relating to contracts and related information used in recording and disclosing revenue. • Selected a sample of continuing and new contracts using a mix of quantitative and qualitative criteria and performed the following procedures: <ul style="list-style-type: none"> – Inspecting key terms, including price, deliverables, timetable and milestones set out in the contract for selected sample of contracts and identified the distinct performance obligations. – Testing project management tool for budgeted efforts and related percentage completion milestones and establishing accuracy of milestones based on actualisation of efforts for delivered projects. – Testing the details of activities completed with those stated in the customer contract, details of activities completed as provided by the project manager and confirmation/acceptance of completion of such activities by the customer.

	<ul style="list-style-type: none"> - Consider the terms of the contract, standard price list of products and services, and pricing approvals to determine the transaction price and allocation of transaction price to performance obligations. - Assess the appropriateness of management's revenue recognition across revenue streams for a sample of contracts.
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Trade receivables	
The key audit matter	How the matter was addressed in our audit
<p>The Group has recorded trade receivables of INR 25,268.91 Lacs (PY INR 22,201.67 Lacs)</p> <ul style="list-style-type: none"> • Significant management judgement in determining the recoverable amount of trade receivables as estimating the recoverable amount involves inherent uncertainty. 	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> - Obtain an understanding of and assess the design and implementation of management's key internal controls relating to debt collection and making provision for doubtful debts - Assess, on a sample basis, whether items in the receivables' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices, proof of delivery and customers sign offs - Assessing the assumptions and estimates made by the management for the provision for doubtful debts with reference to our understanding of the debtors' financial condition, the industry in which the debtors are operating, the ageing of overdue balances and historical and post year-end cash receipts from the debtors and by performing a retrospective review of the historical accuracy of these estimates. - Testing the accuracy and underlying data for "expected credit loss model" - Comparing, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivable balances with bank statements and relevant remittance documentation.

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Other Information (or another title if appropriate, such as “Information Other than the Consolidated Financial Statements and Auditors’ Report Thereon”)

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company’s management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements



can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

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

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

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

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

Other Matters

We did not audit the financial statements of four (number) subsidiaries, whose financial statements reflect total assets of Rs. 2,918.25 Lacs as at 31 March 2019, total revenues of Rs. 4,852.74 Lacs and net cash flows amounting to Rs. 440.17 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated



statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 36 to the consolidated financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies during the year ended 31 March 2019.
 - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.



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

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

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



Rakesh Dewan
Partner
Membership No. 092212

Place: Gurugram
Date: 15 May 2019

Annexure A to the Independent Auditors' report on the consolidated financial statements of Newgen Software Technologies Limited for the year ended 31 March 2019

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Newgen Software Technologies Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness



of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

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

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

Other Matters

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

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No. 116231W/W-100024



Rakesh Dewan

Partner

Membership No. 092212

Place: Gurugram

Date: 15 May 2019

Newgen Software Technologies Limited
 Consolidated Balance Sheet as at 31 March 2019
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,763.48	6,757.93
Capital work-in-progress	4	8,321.36	1,659.48
Intangible assets	5	130.55	89.56
Financial assets			
Loans	6	362.45	295.70
Other financial assets	7	323.18	554.77
Deferred tax assets (net)	32	1,784.06	1,893.13
Income tax assets (net)	8	996.52	1,281.29
Other non-current assets	9	144.65	356.23
Total non-current assets		18,826.25	12,888.09
Current assets			
Financial assets			
Investments	10	5,165.86	5,022.07
Trade receivables	11	25,268.91	22,201.67
Cash and cash equivalents	12	15,775.13	14,548.34
Other bank balances	12A	2,139.40	-
Loans	13	44.63	317.27
Other financial assets	14	6,275.55	5,177.19
Other current assets	15	764.69	747.53
Total current assets		55,434.17	48,014.07
TOTAL ASSETS		74,260.42	60,902.16
EQUITY AND LIABILITIES			
Equity			
Share capital	16	6,845.76	6,788.41
Other equity	17		
Securities premium		9,611.38	9,196.49
Retained earnings		30,607.26	22,055.71
Others (including items of other comprehensive income)		2,606.26	2,481.65
Total equity attributable to the owners of the Group		49,670.66	40,522.26
Non-current Liabilities			
Financial liabilities			
Borrowings	18	1,028.56	1,316.66
Deferred tax liabilities	32	11.01	11.28
Provisions	19	1,929.02	1,653.37
Total non-current liabilities		2,968.59	2,981.31
Current liabilities			
Financial liabilities			
Borrowings	20	6,772.64	4,946.27
Trade payables	21	2,160.57	2,292.10
Other financial liabilities	22	3,880.73	3,624.48
Deferred income	23	6,795.27	4,943.04
Other current liabilities	24	1,579.39	1,372.04
Provisions	25	432.57	220.66
Total current liabilities		21,621.17	17,398.59
Total liabilities		24,589.76	20,379.90
TOTAL EQUITY AND LIABILITIES		74,260.42	60,902.16

Summary of significant accounting policies 3

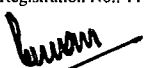
The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date

For B S R & Associates LLP

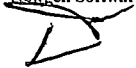
Chartered Accountants

Firm Registration No.: 116231W / W-100024

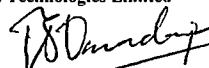

 Rakesh Devan
 Partner
 Membership No.: 092212

Place: Gurugram
 Date: 15 May 2019


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


 Diwakar Nigam
 Managing Director
 DIN: 00263222

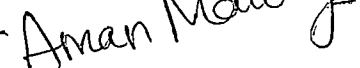
Place: New Delhi
 Date: 15 May 2019


 T.S. Varadarajan
 Whole Time Director
 DIN: 00263115

Place: New Delhi
 Date: 15 May 2019


 Arun Kumar Gupta
 Chief Financial Officer

Place: New Delhi
 Date: 15 May 2019


 Aman Mourya
 Company Secretary
 Membership No: 9975

Place: New Delhi
 Date: 15 May 2019

Newgen Software Technologies Limited
 Consolidated Statement of Profit and Loss for the year ended 31 March 2019
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	26	62,064.15	51,242.78
Other income	27	2,037.97	760.98
Total income		64,102.12	52,003.76
Expenses			
Employee benefits expense	28	28,798.73	24,887.78
Finance costs	29	853.87	520.68
Depreciation and amortisation	30	597.99	580.67
Other expenses	31	20,493.34	16,601.38
Total expenses		50,743.93	42,590.51
Profit before tax		13,358.19	9,413.25
Tax expense			
Current tax	32	2,993.99	1,630.40
Deferred tax charge (includes MAT credit entitlement)		143.31	494.17
Income tax expense		3,137.30	2,124.57
Profit for the year		10,220.89	7,288.68
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability (asset)		(84.78)	126.35
Income tax relating to items that will not be reclassified to profit or loss		29.63	(43.73)
Net other comprehensive income/(loss) not to be reclassified subsequently to profit or loss		(55.15)	82.62
Items that will be reclassified subsequently to profit or loss			
Debt instruments through other comprehensive income - net change in fair value		(2.14)	(0.47)
Income tax relating to items that will be reclassified to profit or loss		0.75	0.16
Exchange differences on translation of foreign operations		84.37	100.20
Net other comprehensive income to be reclassified subsequently to profit or loss		82.98	99.89
Other comprehensive income for the year, net of income tax		27.83	82.31
Total comprehensive income for the year		10,248.72	7,370.99
Profit attributable to:			
Owners of the company		10,220.89	7,288.68
Profit for the year		10,220.89	7,288.68
Other comprehensive income attributable to:			
Owners of the company		27.83	82.31
Other comprehensive income for the year		27.83	82.31
Total comprehensive income attributable to:			
Owners of the company		10,248.72	7,370.99
Total comprehensive income for the year		10,248.72	7,370.99
Earnings per equity share			
Nominal value of share INR 10 (31 March 2018: INR 10)	33		
Basic earning per share (INR)		15.01	11.44
Diluted earning per share (INR)		14.74	11.15
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the Consolidated Financial Statements
 As per our report of even date attached

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



Rakesh Dewan
 Partner
 Membership No.: 092212


Place: Gurugram
 Date: 15 May 2019

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



Diwakar Nigam
 Managing Director
 DIN: 00263222

Place: New Delhi
 Date: 15 May 2019




T.S. Varadarajan
 Whole Time Director
 DIN: 00263115

Place: New Delhi
 Date: 15 May 2019



Arun Kumar Gupta
 Chief Financial Officer

Place: New Delhi
 Date: 15 May 2019



Aman Mourya
 Company Secretary
 Membership No: 9975

Place: New Delhi
 Date: 15 May 2019

Newgen Software Technologies Limited
 Consolidated Statement of Changes in Equity for the year ended 31 March 2019
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

a. Share capital

Particulars	Equity share capital		Equity share capital with differential voting		Total share capital
	Number	Amount	Number	Amount	Amount
Balance as at 31 March 2017	64,308,030	6,430.80	120	0.01	6,430.81
Add: Equity shares with differential voting rights reclassified to equity shares during the year	120	0.01	(120)	(0.01)	-
Add: Shares issued during the year through initial public offer	3,877,551	387.76	-	-	387.76
Add: Issued during the year to Newgen ESOP Trust	1,050,000	105.00	-	-	105.00
Balance as at 31 March 2018	69,235,701	6,923.57	-	-	6,923.57
Less: Shares held by trust	1,351,584	135.16	-	-	135.16
Total Share capital as at 31 March 2018	67,884,117	6,788.41	-	-	6,788.41
Balance as at 1 April 2018	69,235,701	6,923.57	-	-	6,923.57
Add: Issued during the year to Newgen ESOP Trust	350,000	35.00	-	-	35.00
Balance as at 31 March 2019	69,585,701	6,958.57	-	-	6,958.57
Less: Shares held by trust	1,128,091	112.81	-	-	112.81
Total Share capital as at 31 March 2019	68,457,610	6,845.76	-	-	6,845.76

b. Other equity

Particulars	Securities premium*	Retained earnings	Others					Items of Other comprehensive income			Total attributable to owners of the Group
			Capital redemption reserve	General reserve	Capital reserve	Newgen ESOP Trust reserve*	Share options outstanding reserve*	Foreign currency translation reserve*	Remeasurement of defined benefit liability	Debt instruments through OCI	
Balance as at 1 April 2017	1,168.69	15,928.02	87.95	1,731.39	0.21	200.22	359.36	(104.54)	(64.57)	15.17	19,331.90
Total comprehensive income for the year ended 31 March 2018	-	7,288.68	-	-	-	-	-	-	-	-	7,288.68
Profit for the year	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	-	-	-	-	100.20	-	-	100.20
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	-	82.62	(0.31)	82.31
Securities premium on issue of shares to Newgen ESOP Trust	556.50	-	-	-	-	-	-	-	-	-	556.50
Securities premium on shares issued through initial public offer	9,112.24	-	-	-	-	-	-	-	-	-	9,112.24
Utilized for share issue expenses	(1,349.15)	-	-	-	-	-	-	-	-	-	(1,349.15)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Addition to Newgen ESOP Trust reserve	-	-	-	-	-	31.43	-	-	-	-	31.43
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-
Dividend on equity shares	-	(964.62)	-	-	-	-	-	-	-	-	(964.62)
Dividend distribution tax on dividend on equity shares	-	(196.37)	-	-	-	-	-	-	-	-	(196.37)
Employee stock compensation expense	-	-	-	-	-	-	225.73	-	-	-	225.73
Transferred to securities premium account on exercise of stock options	193.21	-	-	-	-	-	(193.21)	-	-	-	-
Balance as at 31 March 2018	9,681.50	22,055.71	87.95	1,731.39	0.21	231.65	391.88	(4.34)	28.05	14.86	34,218.85
Less: Securities premium on shares held by trust	(485.00)	-	-	-	-	-	-	-	-	-	(485.00)
Balance as at 31 March 2018	9,196.50	22,055.71	87.95	1,731.39	0.21	231.65	391.88	(4.34)	28.05	14.86	33,733.85
Balance as at 1 April 2018	9,681.50	22,055.71	87.95	1,731.39	0.21	231.65	391.88	(4.34)	28.05	14.87	34,218.87
Total comprehensive income for the year ended 31 March 2019	-	10,220.89	-	-	-	-	-	-	-	-	10,220.89
Profit for the year	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	-	-	-	-	84.37	-	-	84.37
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	-	-	-	(55.15)	(1.39)	(56.54)
Securities premium on issue of shares to Newgen ESOP Trust	185.50	-	-	-	-	-	-	-	-	-	185.50
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Addition to Newgen ESOP Trust reserve	-	-	-	-	-	26.13	-	-	-	-	26.13
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-
Dividend on equity shares	-	(1,384.71)	-	-	-	-	-	-	-	-	(1,384.71)
Dividend distribution tax on dividend on equity shares	-	(284.63)	-	-	-	-	-	-	-	-	(284.63)
Employee stock compensation expense	-	-	-	-	-	-	178.25	-	-	-	178.25
Loss on sale of debt instrument transferred to Profit & Loss	-	-	-	-	-	-	-	-	-	3.32	3.32
Transferred to securities premium account on exercise of stock options	110.93	-	-	-	-	-	(110.93)	-	-	-	-
Balance as at 31 March 2019	9,977.93	30,607.26	87.95	1,731.39	0.21	257.78	459.20	80.03	(27.10)	16.80	43,191.45
Less: Securities premium on shares held by trust	(366.55)	-	-	-	-	-	-	-	-	-	(366.55)
Balance as at 31 March 2019	9,611.38	30,607.26	87.95	1,731.39	0.21	257.78	459.20	80.03	(27.10)	16.80	42,824.90

* Refer Note 17

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

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

Rakesh Dewan
 Partner
 Membership No.: 092212

Place: Gurugram
 Date: 15 May 2019

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

Divakar Nigam
 Managing Director
 DIN: 00263222

T.S. Varadarajan
 Whole Time Director
 DIN: 00263115

Arun Kumar Gupta
 Chief Financial Officer

Aman Mourya
 Company Secretary
 Membership No: 9975

Place: New Delhi
 Date: 15 May 2019

Place: New Delhi
 Date: 15 May 2019

Place: New Delhi
 Date: 15 May 2019

Place: New Delhi
 Date: 15 May 2019

Newgen Software Technologies Limited
Consolidated Statement of Cash Flows for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Cash flows from operating activities		
Net profit before tax	13,358.19	9,413.25
Adjustments for:		
Depreciation and amortisation	597.99	580.67
Loss on sale of property, plant and equipment	3.89	3.15
Impairment loss on trade receivables	1,737.57	659.26
Liabilities/ provision no longer required written back	(148.19)	(229.75)
Loss allowance on other financial assets	22.82	-
Unrealised foreign exchange gain	(92.08)	(49.10)
Share based payment - equity settled	178.25	225.73
Finance costs	788.90	520.68
Fair value changes of financial assets at FVTPL	(245.75)	(25.48)
Dividend income from mutual funds at FVTPL	-	(87.86)
Profit on sale of mutual funds (net) at FVTPL	-	(60.73)
Loss on sale of bonds at FVTOCI	5.07	-
Interest income on security deposits at amortised cost	(28.60)	(31.21)
Interest income from government and other bonds at FVTOCI	(127.46)	(131.56)
Interest income from bank deposits and others	(745.14)	(159.32)
Operating cash flow before working capital changes	15,305.47	10,627.73
Increase in trade receivables	(4,478.37)	(2,503.86)
Decrease/(Increase) in loans	236.23	(278.74)
Increase in other financial assets	(769.54)	(2,627.21)
Increase in other assets	13.70	(33.32)
Increase in provisions	326.05	314.36
Increase in other financial liabilities	303.34	1,616.27
Increase in other liabilities	2,009.87	844.50
(Decrease)/Increase in trade payables	(161.38)	270.37
Cash generated from operations	12,785.38	8,230.10
Income taxes paid (net)	(2,564.78)	(2,205.62)
Net cash generated from operating activities (A)	10,220.60	6,024.48
B. Cash flows from investing activities		
Acquisition or construction of property, plant and equipment including intangible assets and capital work-in-progress and capital advances	(7,191.38)	(1,914.11)
Proceeds from sale of property, plant and equipment	16.48	6.96
Purchase of mutual funds and bonds	-	(1,683.12)
Proceeds from sale of mutual funds and bonds	98.08	1,699.60
Interest income from bonds	74.65	86.21
Interest received on bank deposits and others	627.63	73.57
Investment in bank deposits (net)	(2,160.85)	(70.95)
Net cash used in investing activities (B)	(8,535.38)	(1,801.84)
C. Cash flows from financing activities		
(Repayment of)/ proceeds from short-term borrowings (net)	1,856.00	(259.79)
(Repayment of)/ proceeds of finance lease obligation	(298.76)	(301.33)
Proceed from issue of shares through initial public offer	-	9,500.00
Expenses paid for Initial Public Offer	-	(1,349.15)
Proceeds from issue of equity shares under ESOP scheme	57.35	169.35
Securities premium on issue of shares under ESOP scheme	303.95	640.31
Dividend paid (including corporate dividend distribution tax)- Equity	(1,667.57)	(1,140.21)
Finance cost	(788.90)	(519.60)
Gain on transfer of equity shares by Newgen ESOP trust	26.13	10.64
Net cash (used in)/generated from financing activities (C)	(511.81)	6,750.22
Net increase in cash and cash equivalents (A + B + C)	1,173.41	10,972.86
Cash and cash equivalents at the beginning of the year	14,548.34	3,491.88
Effect of exchange differences on translation of foreign currency cash and cash equivalents	53.38	83.60
Cash and cash equivalents at the end of the year	15,775.13	14,548.34
Components of cash and cash equivalents:		
Cash in hand	5.67	4.52
Balances with banks:		
- in current accounts	6,367.50	6,143.82
- on deposit accounts with original maturity upto 3 months	9,401.96	8,400.00
	15,775.13	14,548.34

Notes:

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

2. Effective 1 April 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

The accompanying notes are 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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurugram
Date: 15 May 2019

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



Divakar Nigam
Managing Director
DIN: 00263222

T.S. Varadarajan
Whole Time Director
DIN: 00263115

Arun Kumar Gupta
Chief Financial Officer
Date: 15 May 2019

Aman Mourya
Company Secretary
Membership No: 9975
Date: 15 May 2019

Place: New Delhi
Date: 15 May 2019

Place: New Delhi
Date: 15 May 2019

Place: New Delhi
Date: 15 May 2019

Place: New Delhi
Date: 15 May 2019

Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

1. Background

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

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

2. Basis of Preparation

A. Statement of compliance

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

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 15 May 2019.

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

B. Basis of Consolidation

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

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



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Limited		
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 Ind AS 110 – “Consolidated Financial Statements”. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

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

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

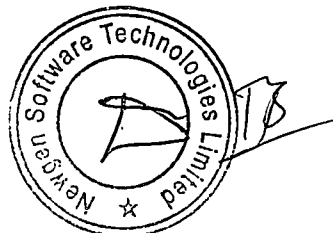
- i. Share capital and opening reserves and surplus are carried at historical cost.
- ii. All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using the year-end rates.
- iii. Profit and loss items are translated at the respective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

C. Functional and presentation currency

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

D. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

E. Use of estimates and judgements

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

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

Judgements

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

- Note 26 – revenue recognition from fixed price contracts of software implementation services: percentage of completion method to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended.
- Note 35 – lease classification: classification of leases under finance lease or operating lease;

Assumptions and estimation uncertainties

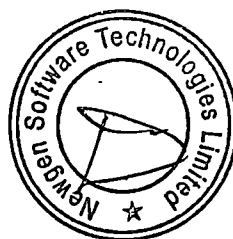
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 3(c)(iii) – Estimation of Useful lives of intangible and depreciable assets
- Note 28 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 32 – Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 34 – Fair value of share based payments
- Note 46(a) – Impairment of trade receivables and financial assets.

F. Current and non-current classification

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

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



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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

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

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

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

Operating cycle

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

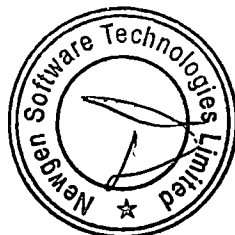
G. Measurement of fair values

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



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Newgen Software Technologies Limited

Notes to consolidated financial statements for the year ended 31 March 2019

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

- Level 3: inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

Note 34 – Share-based payment arrangements; and

Note 46 – Financial instruments.

3. Significant Accounting Policies

a. Foreign currency

i. Functional currency

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

ii. Foreign currency transactions

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

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

b. Financial instruments

i. Recognition and initial measurement

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



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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

ii. Classification and subsequent measurement

Financial assets:

On initial recognition, a financial asset is classified as measured at

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

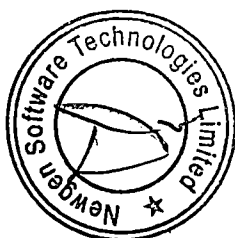
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management, for instance the stated policies and objectives for the portfolio, frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.



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Newgen Software Technologies Limited

Notes to consolidated financial statements for the year ended 31 March 2019

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. *Financial assets: Assessment whether contractual cash flows are solely payments of principal and Interest.*

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Debt investments at FVOCI

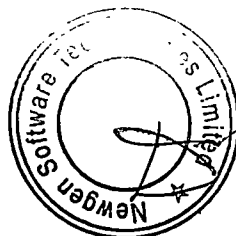
These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified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

Equity investments at FVOCI

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Der ecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group der ecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

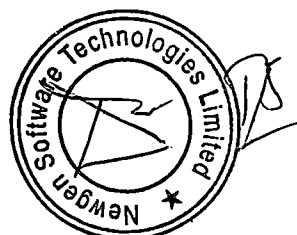
iv. Offsetting

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

v. Derivatives and Embedded derivatives

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

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



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

c. Property, plant and equipment

i. Recognition and measurement

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

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

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

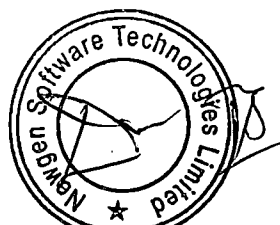
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

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

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

Category of fixed assets	Estimated useful life (Years)
Building	60
Plant and equipment	15
Leasehold Improvements*	3
Office equipment**	10
Furniture and Fixtures	10
Vehicles	8
Computer hardware	



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

- servers and networks	6
- Computers**	3-5

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

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

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

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

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

d. Intangible assets

Recognition and measurement

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

Subsequent expenditure

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

Amortisation

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

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

e. Impairment

i. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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

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

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

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

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

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

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

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

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

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

Measurement of expected credit losses

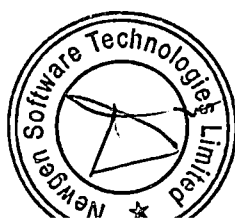
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

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

Presentation of allowance for expected credit losses in the balance sheet

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

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



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Newgen Software Technologies Limited
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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Write-off

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

ii. Impairment of Non-financial assets

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

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

f. Employee benefits

i. Short-term employee benefits

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

ii. Share-based payment transactions

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



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

iii. Defined contribution plans

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

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

iv. Defined benefit plans

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

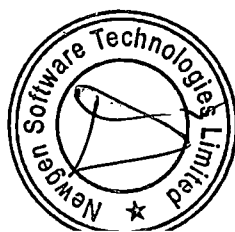
The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, are based on the market yields on government securities as at the balance sheet date, having maturity period approximating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

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

v. Other long-term employee benefits

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

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



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

g. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates.

Warranties

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

Onerous contracts

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

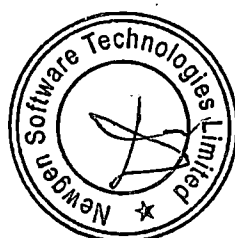
h. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation, or a present obligation whose amount cannot be estimated reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements

i. Revenue

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

Revenue is measured at the fair value of the consideration we expect to receive in exchange for those products or services.



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Newgen Software Technologies Limited

Notes to consolidated financial statements for the year ended 31 March 2019

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

i. Sale of License

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

ii. Rendering of services

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

Software Implementation Services

The revenue from fixed price contracts for software implementation is recognized based on proportionate completion method based on hours expended, and foreseeable losses on the completion of contract, if any are recognized immediately.

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

Digitization services

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

Annual Technical services

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

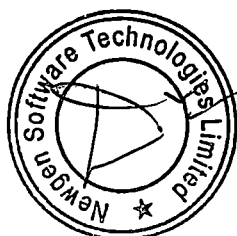
iii. Sale of right to use software

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

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

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

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



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

iv. Multiple deliverable arrangements

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

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

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

j. Recognition of dividend income, interest income or expense

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

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

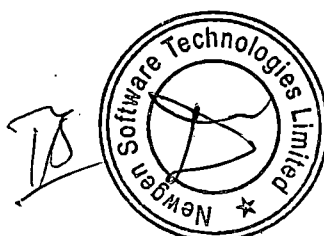
The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

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

k. Sale of investments

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



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Newgen Software Technologies Limited

Notes to consolidated financial statements for the year ended 31 March 2019

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

l. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Assets held under leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Group's Balance Sheet.

iii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

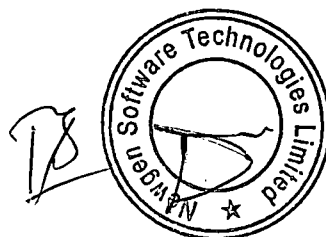
Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

m. Income tax

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

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after



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Newgen Software Technologies Limited
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(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

n. Cash and Cash Equivalents

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



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Newgen Software Technologies Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

o. Earnings per share (“EPS”)

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

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

p. Share Capital

Equity Shares

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

Dividends

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

q. Segment

Segment reporting

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

Identification of segments:

All operating segments’ results are reviewed regularly by the Board of Directors, who have been identified as the CODM, to allocate resources to the segments and assess their performance. Refer note 48 for segment information.

r. ESOP Trust

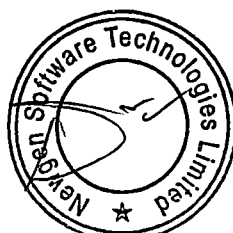
The ESOP trust has been treated as an extension of the Company and accordingly shares held by ESOP Trust are netted off from the total share capital. Consequently, all the assets, liabilities, income and expenses of the trust are accounted for as assets, liabilities, income and expenses of the Company,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

s. Rounding of amounts

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



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4 Property, plant and equipment and capital work in progress

	Freehold land	Leasehold land*	Buildings	Plant and machinery	Leasehold improvements	Vehicles	Office equipment	Furniture and fixtures	Computer and servers	Total	Capital work-in-progress#
Balance as at 01 April 2017	4.71	3,523.68	1,125.72	252.00	5.99	135.91	348.87	258.39	876.59	6,531.85	1,108.29
Additions during the year	-	-	602.25	69.86	-	14.58	85.97	113.48	302.61	1,188.75	685.80
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Adjustments during the year	-	-	-	9.77	-	-	17.07	8.78	-	35.62	134.62
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	4.71	3,523.68	1,727.97	312.09	5.99	150.49	417.77	363.09	1,179.20	7,684.98	1,659.48
Additions during the year	-	-	-	33.37	-	94.36	23.77	2.00	411.40	564.90	6,661.88
Adjustments during the year	(0.43)	-	0.43	-	-	-	(12.43)	-	12.43	-	-
Less: Disposals during the year	-	-	-	0.97	-	-	6.67	20.53	213.07	241.24	-
Balance as at 31 March 2019	4.28	3,523.68	1,728.40	344.49	5.99	244.85	422.44	344.56	1,389.96	8,008.64	8,321.36
Accumulated Depreciation											
Balance as at 01 April 2017	-	39.74	20.98	30.41	5.98	20.73	45.32	35.74	229.83	428.74	-
Charge for the year (refer note 30)	-	39.46	21.70	39.78	-	24.05	67.25	48.39	283.20	523.83	-
Adjustments during the year	-	-	-	-	-	-	-	-	-	-	-
Less: Disposals during the year	-	-	-	3.30	-	-	16.75	5.46	-	25.51	-
Balance as at 31 March 2018	-	79.20	42.68	66.89	5.98	44.78	95.82	78.67	513.03	927.06	-
Additions during the year	-	39.30	31.41	41.38	-	31.65	54.43	46.09	294.71	538.97	-
Less: Disposals during the year	-	-	-	0.93	-	-	4.52	19.80	195.61	220.87	-
Balance as at 31 March 2019	-	118.50	74.09	107.34	5.98	76.43	145.73	104.96	612.13	1,245.16	-
Carrying amount (net)											
Balance as at 31 March 2018	4.71	3,444.48	1,685.29	245.20	0.01	105.71	321.95	284.42	666.16	6,757.93	1,659.48
Balance as at 31 March 2019	4.28	3,405.18	1,654.31	237.15	0.01	168.42	276.71	239.60	777.82	6,763.48	8,321.36

As at 31 March 2019 properties with a carrying amount of INR 462.67 lakhs (31 March 2018 : INR 472.93 lakhs) are subject to first charge to working capital loans from banks.

*Represents land at Chennai and Noida location taken on finance lease for a term of 99 and 90 years respectively.

Capital work in progress represents acquisition and further construction of office premises at Noida, Uttar Pradesh and Siruseri, Chennai wherein cost incurred upto 31 March 2019 amounting to INR 5,288.17 lakhs and INR 3,033.18 lakhs respectively.

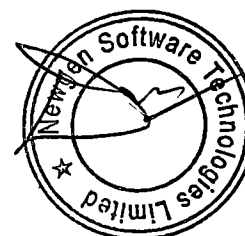
5 Intangibles

Computer software

Cost	
Balance as at 01 Apr 2017	129.63
Additions during the year	74.61
Balance as at 31 March 2018	204.24
Additions during the year	100.01
Balance as at 31 March 2019	304.25
Accumulated Amortisation	
Balance as at 01 Apr 2017	59.20
Amortisation (refer note 30)	55.48
Balance as at 31 March 2018	114.68
Additions during the year	59.02
Balance as at 31 March 2019	173.70
Carrying amount (net)	
Balance as at 31 March 2018	89.56
Balance as at 31 March 2019	130.55



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6 Loans (unsecured, considered good, unless otherwise stated)

Security deposits

As at 31 March 2019	As at 31 March 2018
362.45	295.70
362.45	295.70

7 Non-current financial assets - others

Bank deposits

- pledged with tax authorities

- held as margin money*

Interest accrued on deposits

Earnest money deposits

Unsecured, considered good

Unsecured, considered doubtful

Less: Loss allowance for doubtful deposits

As at 31 March 2019	As at 31 March 2018
2.25	2.25
229.69	208.24
39.64	107.68
51.60	236.60
146.03	123.21
(146.03)	(123.21)
323.18	554.77

*Balances with bank held as margin money INR 229.69 lakhs (31 March 2018: INR 208.24 lakhs) represents the margin money on account of guarantees issued to government customers.

Information about Group's exposure to credit and market risks and fair value measurement is included in Note 46 C.

8 Income tax assets (net)

Advance income tax (net of provision of INR 11,417.14 lakhs (31 March 2018: INR 8,622.29 lakhs)

As at 31 March 2019	As at 31 March 2018
996.52	1,281.29
996.52	1,281.29

9 Other non-current assets

Prepaid expenses

Capital advances

As at 31 March 2019	As at 31 March 2018
87.99	120.50
56.66	235.73
144.65	356.23

10 Investments

Investments in bonds (unquoted)

Bonds at FVOCI

Investment in government bonds

Investment in other bonds

Investments in mutual funds (unquoted)

Mutual funds at FVTPL

Investment in debt mutual funds

As at 31 March 2019	As at 31 March 2018
938.28	959.03
645.24	726.46
1,583.52	1,685.49
3,582.34	3,336.58
3,582.34	3,336.58
5,165.86	5,022.07

Aggregate book value of unquoted investments

Aggregate market value of unquoted investments

5,165.86	5,022.07
5,165.86	5,022.07

Investments in bonds measured at FVOCI have stated interest rates of 7.35% to 10.40%. Information about Group's exposure to credit and market risks and fair value measurement is included in Note 46 C.

11 Trade receivables

Unsecured

- Considered good

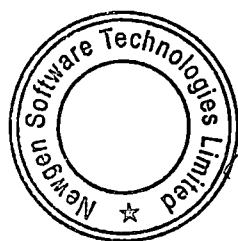
- Considered doubtful

Less: Loss allowance for trade receivables

- unsecured, considered doubtful

As at 31 March 2019	As at 31 March 2018
25,268.91	22,201.67
3,933.65	4,139.83
29,202.56	26,341.50
(3,933.65)	(4,139.83)
25,268.91	22,201.67

The Group's exposure to credit and currency risks and loss allowances related to trade receivables are discussed in note 46 C.



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12 Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Cash on hand	5.67	4.52
Balances with banks		
- in current accounts*#	6,367.50	6,143.82
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months#	9,401.96	8,400.00
	15,775.13	14,548.34

*Current account balances with banks include INR 138.32 lakhs (31 March 2018: INR 112.24 lakhs) held at a foreign branch.

Balance with banks and deposits includes INR Nil and INR 3,289.4 Lakhs (31 March 2018: INR 58.80 lakhs and INR 8,400 lakhs) respectively as unutilized amounts of the IPO proceeds.

12A Other bank balances

	As at 31 March 2019	As at 31 March 2018
Balances with scheduled banks in deposit accounts		
- Maturity with in 12 months	2,139.40	-
	2,139.40	-

13 Current financial assets - Loans

	As at 31 March 2019	As at 31 March 2018
Loans to employees*	9.90	20.03
Security deposits	34.73	297.24
	44.63	317.27

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

14 Current financial assets - Others
(unsecured considered good, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
Interest accrued on deposits	117.75	0.67
Interest accrued but not due on government bonds	137.34	84.53
Unbilled revenue*		
- other than related parties	6,020.46	5,091.99
	6,275.55	5,177.19

*Unbilled revenue represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

During the year ended 31 March 2019, INR 1,980.10 lakhs of unbilled revenue as of 1 April 2018 has been reclassified to trade receivables upon billing to customers on completion of milestones.

15 Other current assets

	As at 31 March 2019	As at 31 March 2018
Advances to vendors	46.86	41.14
Balances with government authorities*	10.71	153.05
Deferred contract cost	77.37	-
Advance to employees	176.33	221.39
Prepaid expenses	427.91	331.95
Other current assets	25.51	-
	764.69	747.53

*Balances with government authorities comprises of Goods and Service tax/ service tax / vat credit receivable.



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16 Share capital

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
Equity shares of INR 10 each	9,80,00,200	9,800.02	9,80,00,000	9,800.00
Equity share capital with differential voting rights of INR 10 each	-	-	200	0.02
0.01% Compulsory convertible preference shares of INR 10 each	1,19,99,800	1,199.98	1,19,99,800	1,199.98
	11,00,00,000	11,000.00	11,00,00,000	11,000.00

Issued, subscribed and paid up

Equity share capital of INR 10 each, fully paid up
Add: Issued during the year to Newgen ESOP Trust
Balance
Less: Shares held by Trust
Total Share capital

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Equity share capital of INR 10 each, fully paid up	6,92,35,701	6,923.57	6,92,35,701	6,923.57
Add: Issued during the year to Newgen ESOP Trust	3,50,000	35.00	-	-
Balance	6,95,85,701	6,958.57	6,92,35,701	6,923.57
Less: Shares held by Trust	11,28,091	112.81	13,51,584	135.16
Total Share capital	6,84,57,610	6,845.76	6,78,84,117	6,788.41

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

Equity share capital of INR 10 each, fully paid up

At the beginning of the year
Add: Equity shares with differential voting rights reclassified to equity shares during the year
Add: Equity shares issued during the year through initial public offer*
Add: Issued during the year to Newgen ESOP Trust
At the end of the year
Less: Shares held by trust
Total equity share capital

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	6,92,35,701	6,923.57	6,43,08,030	6,430.80
Add: Equity shares with differential voting rights reclassified to equity shares during the year	-	-	120	0.01
			38,77,551	387.76
Add: Equity shares issued during the year through initial public offer*	-	-	-	-
Add: Issued during the year to Newgen ESOP Trust	3,50,000	35.00	10,50,000	105.00
At the end of the year	6,95,85,701	6,958.57	6,92,35,701	6,923.57
Less: Shares held by trust	11,28,091	112.81	13,51,584	135.16
Total equity share capital	6,84,57,610	6,845.76	6,78,84,117	6,788.41

During the year ended 31 March 2018, the Company completed the initial public offer (IPO), pursuant to which 17,331,483 equity shares of INR 10 each were allotted/ allocated, at an issue price of INR 245 each, consisting of fresh issue of 3,877,551 equity shares and an offer for sale of 13,453,932 equity shares by selling shareholders. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via ID NEWGEN and BSE Limited (BSE) via ID 540900 on 29 January 2018.

Terms/rights attached to equity shares

In case of equity shares, each equity shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend, if any. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their respective shareholding.

Equity share capital with differential voting rights (DVR) of INR 10 each, fully paid up

At the beginning of the year
Less: Re-classification to equity shares during the year
At the end of the year

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	-	-	120	0.01
Less: Re-classification to equity shares during the year	-	-	(120)	(0.01)
At the end of the year	-	-	-	-

Equity shares with differential voting rights :

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

Expiration of differential rights:

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 have automatically expired. During the year ended 31 March 2018 each equity share with DVR has been re-classified into equity shares.

16 A Details of shareholders holding more than 5% shares in the Company

Equity shares of INR10 each, fully paid up held by:

- Mr. Diwakar Nigam
- Mr. T.S. Varadarajan
- Mrs. Priyadarshini Nigam
- Mrs. Usha Varadarajan
- Malabar India Fund Limited

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% Holding	Number of shares	% Holding
- Mr. Diwakar Nigam	1,84,22,406	26.47%	1,84,22,406	28.65%
- Mr. T.S. Varadarajan	1,50,09,306	21.57%	1,50,09,306	23.34%
- Mrs. Priyadarshini Nigam	79,68,906	11.45%	79,68,906	12.39%
- Mrs. Usha Varadarajan	45,28,320	6.51%	45,28,320	7.04%
- Malabar India Fund Limited	45,64,262	6.56%	-	-

16 B Shares reserved for issue under Employee stock option plan

Terms attached to stock options granted to employees are described in note 34 regarding share based payments.

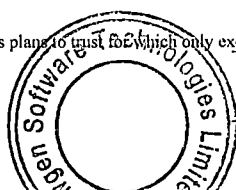
16 C Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

A. Bonus shares have been issued for which no cash has been received. The bonus shares has been issued out of security premium

	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
	Equity shares of INR 10 each	-	-	-	-
Equity share capital with differential voting rights of INR 10 each	-	-	-	-	100
0.01% Compulsory convertible preference shares of INR 10 each	-	-	-	-	85,78,525

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

	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015
	Equity shares of INR 10 each	3,50,000	10,50,000	-	-



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17 Other equity

	As at 31 March 2019	As at 31 March 2018
Securities premium	9,611.38	9,196.49
Retained earnings	30,607.26	22,055.71
Capital redemption reserve	87.95	87.95
Capital reserve	0.21	0.21
General reserve	1,731.39	1,731.39
Newgen ESOP trust reserve	257.78	231.65
Share options outstanding reserve	459.20	391.88
Other comprehensive income	69.73	38.57
	<u>42,824.90</u>	<u>33,733.85</u>
Particulars	As at 31 March 2019	As at 31 March 2018
Securities Premium (refer note (i) below)		
Balance as at beginning of the year	9,681.49	1,168.69
Securities premium on issue of shares to Newgen ESOP Trust	185.50	556.50
Securities premium on shares issued through initial public offer	-	9,112.24
Utilized for share issue expenses	-	(1,349.15)
Transferred to securities premium account on exercise of stock options	110.94	193.21
Balance as at 31 March 2019	9,977.93	9,681.49
Less: Securities premium on shares held by trust	366.55	485.00
Balance as at end of the year	<u>9,611.38</u>	<u>9,196.49</u>
Retained earnings (refer note (ii) below)		
Balance as at beginning of the year	22,055.71	15,928.02
Profit for the year	10,220.89	7,288.68
Dividend on equity shares	(1,384.71)	(964.62)
Dividend distribution tax on dividend on equity shares	(284.63)	(196.37)
Balance as at end of the year	<u>30,607.26</u>	<u>22,055.71</u>
Capital redemption reserve		
Balance as at beginning of the year	87.95	87.95
Balance as at end of the year	<u>87.95</u>	<u>87.95</u>
Capital reserve		
Balance as at beginning of the year	0.21	0.21
Balance as at end of the year	<u>0.21</u>	<u>0.21</u>
General reserve		
Balance as at beginning of the year	1,731.39	1,731.39
Balance as at end of the year	<u>1,731.39</u>	<u>1,731.39</u>
Newgen ESOP Trust reserve (refer note (iii) below)		
Balance as at beginning of the year	231.65	200.22
Addition to Newgen ESOP Trust reserve	26.13	31.43
Balance as at end of the year	<u>257.78</u>	<u>231.65</u>
Share options outstanding reserve (refer note (iv) below)		
Balance as at beginning of the year	391.89	359.37
Employee stock compensation expense	178.24	225.73
Transferred to securities premium account on exercise of stock options	(110.93)	(193.21)
Balance as at end of the year	<u>459.20</u>	<u>391.89</u>
Other comprehensive income (refer note (v) below)		
Remeasurement of defined benefit liability		
Balance as at beginning of the year	28.05	(54.57)
Other comprehensive income/(loss) (net of tax)	(55.15)	82.62
Balance as at end of the year	<u>(27.10)</u>	<u>28.05</u>
Debt instruments through other comprehensive income		
Balance as at beginning of the year	14.87	15.18
Other comprehensive income/(loss) (net of tax)	(1.39)	(0.31)
Loss transferred to Profit & Loss during the year	3.32	-
Balance as at end of the year	<u>16.80</u>	<u>14.87</u>
Foreign currency translation reserve (refer note (vi) below)		
Balance as at beginning of the year	(4.34)	(104.54)
Other comprehensive income/(loss) (net of tax)	84.37	100.20
Balance as at end of the year	<u>80.03</u>	<u>(4.34)</u>

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

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

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

(iv) The Company has established various equity-settled share-based payment plans for certain employees of the Company. Refer to note 34 for further details on these plans.

(v) Refer Statement of Changes in Equity for analysis of other comprehensive income, net of tax.

(vi) Foreign currency translation reserve comprises of all exchange differences arising from translation of financial statements of foreign subsidiaries into functional and presentational currency.



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Notes	Particulars	As at 31 March 2019	As at 31 March 2018
18	Non-current financial liabilities - Borrowings		
	Non-current maturities of finance lease obligations (secured)*	1,028.56	1,316.66
		<u>1,028.56</u>	<u>1,316.66</u>

*** Finance lease obligations**

The Group had obtained leasehold land from 'Yamuna Expressway Industrial Development Authority (YEIDA)' during the year ended 31 March 2016. The lease term of leasehold land is 90 years with equated monthly payment beginning from the month subsequent to the commencement of lease.

Finance lease obligations are payable as follows:

Particulars	As at 31 March 2018		
	Present value of minimum lease payments	Interest	Future minimum lease payments
Less than one year	302.25	170.37	472.62
Between one and five years	750.26	376.43	1,126.69
More than five years	566.40	4,832.93	5,399.33

Particulars	As at 31 March 2019		
	Present value of minimum lease payments	Interest	Future minimum lease payments
Less than one year	291.59	136.04	427.63
Between one and five years	459.74	288.70	748.44
More than five years	568.82	4,764.67	5,333.49

Effective interest rate on above borrowings is 11.73%.

19	Non-current provisions	As at 31 March 2019	As at 31 March 2018
	Provision for employee benefits (refer note 28)		
	- provision for gratuity	1,495.50	1,266.07
	- provision for compensated absences	433.52	387.30
		<u>1,929.02</u>	<u>1,653.37</u>

20	Current financial liabilities - Borrowings	As at 31 March 2019	As at 31 March 2018
	Loans from banks		
	Pre-shipment loans (secured)*	6,772.64	4,946.27
		<u>6,772.64</u>	<u>4,946.27</u>

*Pre-shipment loans carry interest rate @ LIBOR plus margin which varied from 3.21% to 4.39% per annum. These are secured by first pari passu charge over all future and present stock, book debts and equitable mortgage of land and building with carrying amount of INR 462.67 lakhs (31 March 2018: INR 472.93 lakhs) and are repayable within 180 days from the date of disbursement.

21	Trade payables	As at 31 March 2019	As at 31 March 2018
	- Total outstanding dues to micro enterprises and small enterprises	-	-
	- Total outstanding dues to creditors other than micro and small enterprises	2,160.57	2,292.10
		<u>2,160.57</u>	<u>2,292.10</u>

Trade payables are non-interest bearing and are generally on terms of 30-45 days

a) Refer note 37 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

b) The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 46



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22 Current financial liabilities - Others

Current maturities of finance lease obligations
Employee related payables
Payable in respect of retention money
Earnest money deposits
Payable for capital assets

	As at 31 March 2019	As at 31 March 2018
Current maturities of finance lease obligations	291.59	302.25
Employee related payables	3,340.15	3,031.96
Payable in respect of retention money	59.15	47.92
Earnest money deposits	1.00	1.00
Payable for capital assets	188.84	241.35
	3,880.73	3,624.48

23 Deferred income

Advance billing
Advance from customers

	As at 31 March 2019	As at 31 March 2018
Advance billing	6,736.52	4,917.82
Advance from customers	58.75	25.22
	6,795.27	4,943.04

During the year ended 31 March 2019, the Group recognized revenue of INR 4,917.82 lakhs arising from opening advance billing as of 1 April 2018.

24 Other current liabilities

Statutory dues payable
Advance from employees for exercise of share options
Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Statutory dues payable	1,571.63	1,365.28
Advance from employees for exercise of share options	2.82	6.76
Other current liabilities	4.94	-
	1,579.39	1,372.04

25 Current provisions

Provision for employee benefits (refer note 28)
- provision for gratuity
- provision for compensated absences
- provision for income tax

	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits (refer note 28)	244.76	141.39
- provision for gratuity	101.70	69.89
- provision for compensated absences	86.11	9.38
- provision for income tax	432.57	220.66



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26 Revenue from operations

Sale of products - softwares
Sale of services
- Implementation
- Scanning
- AMC/ATS
- Support
- SaaS revenue

	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products - softwares	15,378.46	13,695.06
Sale of services		
- Implementation	14,449.45	13,504.14
- Scanning	1,936.25	1,950.01
- AMC/ATS	10,361.22	8,471.52
- Support	17,546.56	12,486.87
- SaaS revenue	2,392.21	1,135.18
	62,064.15	51,242.78

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where:

(i) The performance obligation is part of a contract that has an original expected duration of one year or less.

(ii) The revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31 March 2019, other than those meeting the exclusion criteria mentioned above is INR Nil.

27 Other income

Interest income under the effective interest rate method:

- on security deposits at amortised cost
- government and other bonds at FVOCI

Interest income on fixed deposits

Other interest income

Profit on sale of mutual funds (net) at FVTPL

Dividend income from mutual funds at FVTPL

Fair value changes of financial assets at FVTPL

Liabilities / provision no longer required written back

Net foreign exchange fluctuation gain

Bad debt recovered

Miscellaneous income

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income under the effective interest rate method:		
- on security deposits at amortised cost	28.60	31.21
- government and other bonds at FVOCI	127.46	131.56
Interest income on fixed deposits	676.42	159.32
Other interest income	68.72	1.10
Profit on sale of mutual funds (net) at FVTPL	-	60.73
Dividend income from mutual funds at FVTPL	-	87.86
Fair value changes of financial assets at FVTPL	245.75	25.48
Liabilities / provision no longer required written back	148.19	229.75
Net foreign exchange fluctuation gain	715.27	-
Bad debt recovered	15.04	-
Miscellaneous income	12.52	33.97
	2,037.97	760.98

28 Employee benefits expense

Salaries, wages and bonus

Contribution to provident and other funds (refer note i below)

Expenses related to compensated absences (refer note ii below)

Share based payment - equity settled

Expense related to defined benefit plan (refer note iii below)

Staff welfare expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	26,757.19	23,026.60
Contribution to provident and other funds (refer note i below)	767.10	672.31
Expenses related to compensated absences (refer note ii below)	275.35	244.17
Share based payment - equity settled	178.25	225.72
Expense related to defined benefit plan (refer note iii below)	311.88	272.39
Staff welfare expenses	508.96	446.59
	28,798.73	24,887.78

(i) Defined contribution plans:

The Group makes contributions, determined as a specified percentage of the employee salaries in respect of qualifying employees towards provident fund, which is a defined contribution plan. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 767.10 lakhs (31 March 2018: INR 672.31 lakhs). The amount recognised as an expense towards employee state insurance aggregated to INR 2.27 lakhs (31 March 2018: INR 3.52 lakhs).

(ii) Compensated absences:

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

Discounting rate (p.a.)

Future salary increase (p.a.)

	31 March 2019	31 March 2018
Discounting rate (p.a.)	7.66%	7.80%
Future salary increase (p.a.)	7.00%	7.00%

(iii) Defined Benefit Plan:

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

i) On normal retirement / early retirement / withdrawal / resignation: As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

ii) On death in service: As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

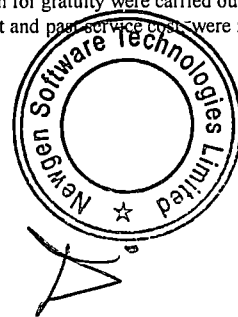
Gratuity payable to employee in case (i) and (ii), as mentioned above, is computed as per the Payment of Gratuity Act, 1972 except the Group does not have any limit on gratuity amount

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at

31 March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.



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A. Movement in net defined benefit (asset) liability

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

Particulars	As at	
	31 March 2019	31 March 2018
Balance at the beginning of the year	1,407.46	1,278.47
Benefits paid	(71.28)	(62.57)
Current service cost	202.10	178.42
Interest cost	109.78	93.97
Past service gain		
Actuarial (gains) losses recognised in OCI		
change in demographic assumptions	21.21	(6.31)
change in financial assumptions	22.48	(44.89)
experience adjustments	48.51	(29.64)
Balance at the end of the year	1,740.26	1,407.45

B. i) Expense recognised in profit and loss

Particulars	For the year ended	
	31 March 2019	31 March 2018
Current service cost	202.10	178.42
Interest cost	109.78	93.97
Past service gain	-	-
Total expense recognised in profit and loss	311.88	272.39

ii) Remeasurements recognised in other comprehensive income

Particulars	For the year ended	
	31 March 2019	31 March 2018
Actuarial (gain) loss on defined benefit obligation	92.20	(80.83)
Total remeasurements recognised in other comprehensive income	92.20	(80.83)

C. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	31 March 2019	31 March 2018
Discount rate	7.66	7.80
Salary escalation rate	7.00	7.00
Mortality rate	100% of IALM (2006 - 08)	100% of IALM (2006 - 08)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one

	31 March 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(54.53)	58.07	(63.05)	68.33
Future salary growth (0.50% movement)	58.16	(55.10)	68.53	(63.79)

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

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

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

	31 March 2019	31 March 2018
Net defined benefit asset	-	-
Total employee benefit asset	-	-
Net defined benefit liability		
Liability for gratuity	1,740.26	1,407.46
Liability for compensated absences	519.63	457.19
Total employee benefit liabilities	2,259.89	1,864.65
Non-current:		
Gratuity	1,495.50	1,266.07
Compensated absences	433.52	387.30
Current:		
Gratuity	244.76	141.39
Compensated absences	86.11	69.89



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29 Finance costs

Finance cost on finance lease obligations
Interest expense on packing credit
Other finance costs

For the year ended 31 March 2019	For the year ended 31 March 2018
166.99	205.49
561.23	236.16
125.65	79.03
853.87	520.68

30 Depreciation and amortization

Depreciation of property, plant and equipment (refer note 4)
Amortisation of intangible assets (refer note 5)

For the year ended 31 March 2019	For the year ended 31 March 2018
538.97	525.19
59.02	55.48
597.99	580.67

31 Other expenses

Rent
Repairs and maintenance
Rates and taxes
Travelling and conveyance
Legal and professional fees
Outsourced technical services expense
Cloud hosting services
Payment to auditors*
Electricity and water
Advertising and sales promotion
Membership and subscription fee
Brokerage and commission
Communication costs
Software and license maintenance
Expenditure on corporate social responsibility
Donation
Operation and maintenance
Printing and stationery
Loss on sale of property, plant and equipment
Loss allowance on trade receivables
(net of adjustment for bad debts written off of INR 1,952.57 lakhs (previous year INR 2,449.59 lakhs)
Loss allowance on other financial assets
Security charges
Net foreign exchange fluctuation loss
Loss on settlement of forward contract
Loss on sale of bonds (net) at FVOCI
Miscellaneous expenses

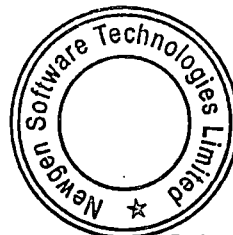
For the year ended 31 March 2019	For the year ended 31 March 2018
1,904.77	1,704.41
283.40	313.59
254.82	195.94
6,770.69	5,960.98
2,512.88	2,298.18
397.72	-
426.22	-
69.67	61.18
354.17	329.93
764.92	520.68
375.07	619.72
749.66	749.68
509.03	456.81
511.92	305.58
125.64	107.31
34.74	32.00
578.09	490.77
671.87	671.05
3.89	3.15
1,737.57	659.26
22.82	-
229.03	200.79
24.45	35.81
36.30	-
5.07	-
1,138.93	884.57
20,493.34	16,601.38

*Payment to auditors

As auditor:

- Statutory audit fee
- Limited review fee
- Others
- Reimbursement of expenses

39.50	40.00
22.50	7.50
3.40	11.43
4.27	2.25
69.67	61.18



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Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
32 Income Tax		
A. The major components of income tax (expense) / income are recognised in profit or loss		
Tax expense	2,883.80	1,630.40
MAT credit entitlement	-	(86.97)
Tax expense for earlier years	110.19	64.50
Deferred tax (credit)	143.31	516.64
Total	3,137.30	2,124.57
Recognised in Other comprehensive income		
Tax impact on		
- Re-measurement on defined benefit plan	29.63	(43.73)
- Fair value of Debt instruments through other comprehensive income	0.75	0.16
Total	30.38	(43.57)

B. Reconciliation of effective tax rate

	31 March 2019		31 March 2018	
Profit before tax		13,358.19		9,413.25
Tax using the Group's tax rate	34.94%	4,667.89	34.61%	3,257.74
Impact of different rate in each jurisdiction	-0.65%	(87.25)	-1.20%	(112.66)
Effect of deduction under section 10AA of the Income tax Act, 1961	-11.62%	(1,552.24)	-11.18%	(1,052.22)
Effect of expenses permanently disallowed under the Income Tax Act, 1961	0.13%	17.50	0.18%	16.89
Effect of income exempt/ taxed on lower rate	-0.17%	(23.27)	-0.56%	(53.04)
Others	0.03%	4.49	0.04%	3.36
Income tax recognised in statement of profit and loss for the current year	22.66%	3,027.11	21.88%	2,060.06

C. Deferred tax assets (net)

Deferred tax relates to the following:

	As at 31 March 2019	As at 31 March 2018
Deferred tax related to items recognised in OCI:		
Deferred tax assets (gross)		
Investments at fair value through OCI	-	-
Remeasurement of defined benefit liability (asset)	14.21	-
(a)	14.21	-
Deferred tax liabilities		
Investments at fair value through OCI	7.12	7.87
Remeasurement of defined benefit liability (asset)	-	15.42
(b)	7.12	23.29
Deferred tax related to items recognised in statement of profit and loss:		
Deferred tax liabilities (gross)		
Property, plant and equipment	308.30	251.36
Others	84.54	11.11
(c)	392.84	262.47
Deferred tax assets (gross)		
Loss allowance on other financial assets	51.03	42.63
Loss allowance on trade receivables	1,258.97	1,381.66
Provision for employee benefits	772.84	667.62
(d)	2,082.84	2,091.91
(e) = (d) - (c)	1,690.00	1,829.44
Deferred tax assets (net)	1,697.09	1,806.15
MAT credit entitlement	86.97	86.97
Total Deferred tax assets (net)	1,784.06	1,893.12
D. Deferred tax liability (net)		
Deferred tax liabilities (gross)		
Property, plant and equipment	11.01	11.28
Total Deferred tax liability (net)	11.01	11.28

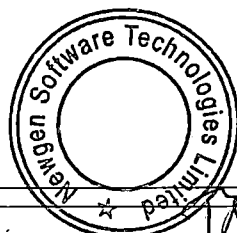
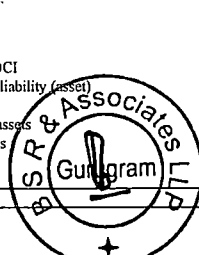
D. Movement in temporary differences

31 March 2019

Particulars	Balance as at 31 March 2018	Recognised in profit or loss during FY 2018-19	Recognised in OCI during FY 2018-19	Balance as at 31 March 2019
Deferred tax liabilities (net)				
Property, plant and equipment	11.28	(0.26)	-	11.01
Total	11.28	(0.26)	-	11.01
Deferred tax assets (net)				
Investments at fair value through OCI	(7.87)	-	0.75	(7.12)
Remeasurement of defined benefit liability (asset)	(15.42)	-	29.63	14.21
Property, plant and equipment	(251.36)	(56.93)	-	(308.30)
Loss allowance on other financial assets	42.64	8.39	-	51.03
Loss allowance on trade receivables	1,381.66	(122.70)	-	1,258.97
Provision for employee benefits	667.62	105.21	-	772.84
Others	(11.01)	(73.53)	-	(84.54)
Total	1,806.16	(139.56)	30.38	1,697.09

31 March 2018

Particulars	Balance as at 31 March 2017	Recognised in profit or loss during FY 2017-18	Recognised in OCI during FY 2017-18	Balance as at 31 March 2018
Deferred tax liabilities (net)				
Property, plant and equipment	(15.19)	3.91	-	(11.28)
Total	(15.19)	3.91	-	(11.28)
Deferred tax assets (net)				
Investments at fair value through OCI	(8.03)	-	(0.16)	(7.87)
Remeasurement of defined benefit liability (asset)	28.31	-	43.73	15.42
Property, plant and equipment	(314.72)	63.36	-	(251.36)
Loss allowance on other financial assets	42.64	-	-	42.64
Loss allowance on trade receivables	2,082.54	(700.87)	-	1,381.66
Provision for employee benefits	530.78	136.84	-	667.62
Others	8.87	(19.88)	-	(11.01)
Total	2,370.39	(520.55)	43.57	1,806.26



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33 Earnings per share (EPS)

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

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

i. Profit attributable to Equity holders of the Group

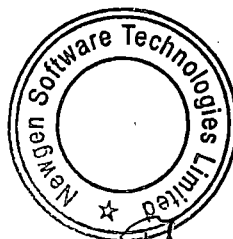
	31 March 2019	31 March 2018
Profit attributable to equity holders of the Group	10,220.89	7,288.68
Profit attributable to equity holders of the Group for basic and diluted earnings	10,220.89	7,288.68

ii. Weighted average number of ordinary shares

	31 March 2019	31 March 2018
Opening balance of equity shares	6,78,84,117	6,23,13,086
Effect of equity shares issued through initial public offer	-	6,58,652
Effect of share options exercised	1,91,325	7,39,355
Weighted average number of shares for basic EPS	6,80,75,442	6,37,11,093
Effect of dilution:		
Add: Equity shares held by Newgen ESOP Trust with respect to options not exercised by employees but outstanding	12,55,390	16,33,736
Weighted average number of shares for diluted EPS	6,93,30,832	6,53,44,829

Basic and Diluted earnings per share

	31 March 2019 INR	31 March 2018 INR
Basic earnings per share	15.01	11.44
Diluted earnings per share	14.74	11.15



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34 Share-based payment arrangements:

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Group had established Employees Stock Option Plan-1999 (ESOP 1999) and Employees Stock Option Plan-2000 (ESOP 2000) in the year 1999-00 and 2000-01 respectively, 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 INR 80 and INR 40 per option respectively, to the employees of the Group. 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 Group 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 Group 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.

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

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

Following table represents general terms of the grants for the ESOP outstanding as on 31 March 2019, during the year 2018-19 there were no grants made.

ESOP schemes	Grant Date	No. of Options Outstanding	Exercise Price	Weighted average remaining life	Vesting Period
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jan-2015	11,00,564	INR 63.00	4.76	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jul-2017	2,76,235	INR 63.00	7.25	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Sep-2017	1,26,500	INR 63.00	7.42	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Oct-2017	54,225	INR 63.00	7.51	4 years

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to remain in service in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained.

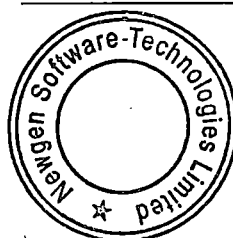
The fair value of options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plans are as follows:

Particulars	Newgen Employees Stock Option Scheme 2014 (Newgen ESOP)	Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)
	No Grant 31 March 2019	Grant II, III and IV 31 March 2018
Fair value of options at grant date	-	100.23
Share price at grant date	-	134.53
Exercise price	-	63.00
Expected volatility (weighted-average)	-	55.59%
Expected life (weighted-average)	-	9 years
Expected dividends	-	0.00%
Risk-free interest rate (based on government bonds)	-	6.78%

C. Reconciliation of outstanding share options

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

Employees Stock Option Plan-1999 (ESOP 1999)	Number of options 31 March 2019	Weighted average exercise price 31 March 2019	Number of options 31 March 2018	Weighted average exercise price 31 March 2018
Options outstanding as at the beginning of the year	-	-	52,600	INR 4.45
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	-	-	-	-
Less: Options exercised during the year	-	-	52,600	INR 4.45
Options outstanding as at the year end	-	-	-	INR 4.45
Exercisable as at year end	-	-	-	-
Weighted - average contractual life	-	-	-	-



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Employees Stock Option Plan-2000 (ESOP 2000)

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	31 March 2019	31 March 2019	31 March 2018	31 March 2018
Options outstanding as at the beginning of the year	-	-	3,86,700	INR 6.67
Add: Options granted during the year	-	-	-	-
Less: Options lapsed during the year	-	-	-	-
Less: Options exercised during the year	-	-	3,86,700	INR 6.67
Options outstanding as at the year end	-	-	-	INR 6.67
Exercisable as at year end	-	-	-	-
Weighted - average contractual life	-	-	-	-

Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	31 March 2019	31 March 2019	31 March 2018	31 March 2018
Options outstanding as at the beginning of the year	22,43,483	INR 63.00	30,61,209	INR 63.00
Add: Options granted during the year	-	-	5,62,550	INR 63.00
Less: Options lapsed during the year	1,12,466	INR 63.00	1,26,096	INR 63.00
Less: Options exercised during the year	5,73,493	INR 63.00	12,54,180	INR 63.00
Options outstanding as at the year end	15,57,524	INR 63.00	22,43,483	INR 63.00
Exercisable as at year end	11,22,797	-	4,45,616	-
Weighted - average contractual life	5.51 years	-	6.38 years	-

C. Expense recognised in statement of profit and loss

For details on the employee benefits expense, refer note 28

35 Operating leases

A. Leases as lessee

a) The Group has taken various cancellable and non-cancellable leases for office premises and residential accommodation for some of its employees. The amount recognised in statement of profit and loss and future minimum lease payments and payment profile of non-cancellable operating leases are as under:

i. Future minimum lease payments

The future minimum lease payments under non-cancellable leases were as follows.

	31 March 2019	31 March 2018
Less than one year	991.78	1,334.90
Between one and five years	1,251.78	2,152.94
More than five years	-	-
	2,243.56	3,487.84

ii. Amounts recognised in profit or loss

	31 March 2019	31 March 2018
Lease expense	1,904.77	1,704.41
	1,904.77	1,704.41



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

	31 March 2019	31 March 2018
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets**	23.45	759.70
b. Amount of Income tax expense for financial year 2015-16 for which assessment has been completed and against which company has filed an appeal.	179.00	-

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

** For other commitments – Non-cancellable operating, and finance leases, refer Note 35 and 18

During the year ended 31 March 2019, there was a judicial pronouncement with respect to provident fund. It is not currently clear whether the interpretation set out in the pronouncement has retrospective application. If applied retrospectively, the interpretation would result in an increase in contributions payable by the Company for past and future periods for certain of its employees. There are numerous interpretative challenges concerning the retrospective application of the judgment. Due to such challenges and a lack of interpretive guidance, and based on legal advice the Company has obtained on the matter, it is currently impracticable to reliably estimate the timing and amount of any payments the Company may be required to make. Pending further clarity on the subject, the Company has made a provision of INR 9.65 lakhs for the period subsequent to the date of judgment.

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31 March 2019 and 31 March 2018 has been made in the financial statements based on information received and available with the Group. Based on the information currently available with the Group, there are no dues payable to Micro and Small Suppliers as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

38 After the reporting date the following dividend were proposed by the Board of Directors, subject to the approval of shareholders at Annual General Meeting; Accordingly, the dividends have not been recognised as liabilities. Dividends would attract corporate dividend tax when declared.

Particulars	For the year ended	For the year ended
	31 March 2019	31 March 2018
Final dividend of INR 3.00 per share (31 March 2018: INR 2/-)	2,087.57	1,384.71
Corporate dividend tax	429.20	283.94

39 Utilization of CSR expenses

As per Section 135 of the Companies Act 2013, the following is the detail of corporate social responsibility expenses incurred by the Company: Gross amount to be spent by the Company during the year ended 31 March 2019 is INR 125.38 lakhs (previous year INR. 106.13 lakhs). Amount spent during the year ended 31 March 2019:

Particulars	Amount already spent	Amount to be spent	Total
i) For purpose mentioned as under	124.90	0.74	125.64

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

40 The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company has got the updated documentation for the international transactions entered into with the associated enterprises during the financial year. During the year ended 31 March 2019, the holding company has also started availing services from its overseas subsidiaries in accordance with the transfer pricing methodology under sections 92-92F of the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

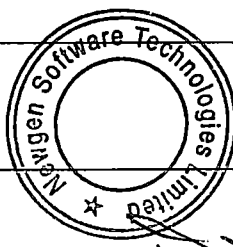
41 During the previous year ended 31 March 2018, the Company has completed the Initial Public offer, pursuant to which 17,331,483 equity shares having a face value of INR 10 each were allotted/allocated, at an issue price of INR 245 per equity share, consisting of fresh issue of 3,877,551 equity shares and an offer for sale of 13,453,932 equity shares by selling shareholders. The gross proceeds of fresh issue of equity shares from IPO amounted to INR 9,500.00 lakhs. The Company's share of fresh issue related expenses was INR 1,349.15 lakhs, which had been adjusted against Securities Premium. As at 31 March 2018, the proceeds were unutilised and had been temporarily invested/ deposited in cash and cash equivalents including fixed deposits and bank account (Refer note 12).

During the year ended 31 March 2019, the proceeds were partially utilised for the purchase of unfurnished office premises near Noida-Greater Noida Expressway, Uttar Pradesh and for general corporate purpose amounting to INR 5,145.00 lakhs (Refer note 4) and INR 24.40 lakhs respectively. As at 31 March 2019, the remaining proceeds has been temporarily invested/ deposited in cash and cash equivalents including fixed deposits and bank account (Refer note 12).

42 For the year ended 31 March 2019, projected utilisation of IPO proceeds was INR 6,950.40 lakhs, however the Company has utilised only INR 5,169.40 lakhs. The Board of Directors in their meeting held on 15 May 2019, approved to seek the approval of shareholders through Postal Ballot for variation/deviation in the utilisation of IPO proceeds amounting to INR 1,781.00 lakhs.

43 Dividend remittances in foreign currency:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Year to which the dividend relates	2017-18	2016-17
Amount remitted during the year (INR in lakhs)	-	77.21
Number of non-resident shareholders	-	2
Number of shares on which dividend was due	-	51,47,340



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44 Details of current Investments (refer note 10)

Particulars	Number of units as at		Amount in lakhs as at	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Investment in debt mutual funds - FVTPL				
Reliance Short Term Fund- Direct Growth Plan	6,34,842	6,34,842	228.91	213.85
ICICI Prudential Short Term Plan Direct Growth	8,60,077	8,60,077	346.96	322.56
IIFL Dynamic Bond Fund Reg- Growth	14,42,783	14,42,783	212.99	200.83
Franklin India Short Term Income Plan - Retail Plan - Growth-Direct	11,122	11,122	466.63	425.20
Aditya Birla Sun Life Credit Risk Fund- Gr. Direct	32,02,906	32,02,906	454.78	426.14
ICICI Prudential Credit Risk Fund -Direct Plan- Growth	21,85,596	21,85,596	459.30	425.63
UTI Credit Risk Fund- DirectPlan- Growth	26,17,879	26,17,879	471.48	442.00
Kotak Income Opportunities Fund- Monthly Growth	21,94,751	21,94,751	472.75	440.56
L and T Credit Risk Fund Direct Plan -Growth	21,57,674	21,57,674	468.53	439.81
Investment in government bonds - FVOCI				
8.40% IRFC 15YRS SR2A 18022029 (18-Feb-2029)	40,000	40,000	455.66	466.42
7.35% NHAI LTD Tax free Bond 15YRS SR2A Annual (11-Jan-2031)	45,000	45,000	482.62	492.61
Investment in Other Bonds - FVOCI				
IIFL Wealth Finance Limited SR-A1-June2022 LOA 13JU22 FVRS10LAC	20	20	242.94	220.42
11% Bank of India Perpetual Bond	-	10	-	99.83
Vijaya Bank SR-II 10.4 LOA Perpetual FVRS10LAC (27-Mar-2050)	40	40	402.30	406.21
			5,165.86	5,022.07



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45 Related party transactions

A. Transactions with Key Management Personnel

A number of key management personnel, or their related parties hold positions in other entities that result in them having control or significant influence over those entities.

Compensation of the Group's key managerial personnel includes salaries, non-cash benefits and contributions to post - employment defined benefit plan(see note 28) Executive officers also participate in the Group's share option plan as per the conditions laid down in that scheme (see note 28 and note 34).

List of key management personnel and their relatives

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

Key management personnel compensation

	Transaction value		Balance payable	
	For the year ended 31 March 2019	For the year ended 31 March 2018	As at 31 March 2019	As at 31 March 2018
Salaries, wages and bonus*	1,062.83	895.35	348.95	262.12
Divakar Nigam	174.90	160.35	8.42	8.24
T.S. Varadarajan	83.70	76.32	6.06	4.53
Priyadarshini Nigam	40.84	39.28	-	2.79
Arun Kumar Gupta	116.13	75.88	37.87	26.93
Virender Jeet	187.03	150.19	112.47	82.59
Surender Jeet Raj	166.52	134.22	96.86	70.59
Tarun Nandwani	176.18	121.41	86.40	65.72
Shubhi Nigam	84.15	59.38	-	-
Aman Mourya	13.88	10.06	0.87	0.73
Sonali Nigam	19.50	68.26	-	-
Dividend paid (excluding dividend distribution tax)	933.99	699.32	-	-
Divakar Nigam	368.45	276.34	-	-
T.S. Varadarajan	300.19	225.14	-	-
Priyadarshini Nigam	159.38	119.53	-	-
Arun Kumar Gupta	1.09	0.66	-	-
Virender Jeet	4.98	3.24	-	-
Surender Jeet Raj	4.55	3.16	-	-
Tarun Nandwani	4.77	3.33	-	-
Usha Varadarajan	90.57	67.92	-	-
Aman Mourya	0.01	-	-	-
Share-based payments	57.17	50.46	-	-
Arun Kumar Gupta	30.18	7.51	-	-
Virender Jeet	-	16.33	-	-
Surender Jeet Raj	-	14.82	-	-
Tarun Nandwani	26.12	11.80	-	-
Aman Mourya	0.87	-	-	-

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



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

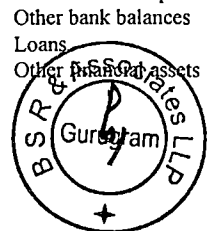
46 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

31 March 2019	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Financial assets measured at fair value									
Investments in debt mutual funds	10	3,582.34	-	-	3,582.34	3,582.34	-	-	3,582.34
Investments in bonds	10	-	-1,583.52	-	1,583.52	1,583.52	-	-	1,583.52
Financial assets not measured at fair value									
Other non-current financial asset	7	-	-	323.18	323.18	-	-	-	-
Trade receivables	11	-	-	25,268.91	25,268.91	-	-	-	-
Cash and cash equivalents	12	-	-	15,775.13	15,775.13	-	-	-	-
Other bank balances	12A	-	-	2,139.40	2,139.40	-	-	-	-
Loans	6 and 13	-	-	407.08	407.08	-	-	-	-
Other financial assets	14	-	-	6,275.55	6,275.55	-	-	-	-
		3,582.34	1,583.52	50,189.25	55,355.11	5,165.86	-	-	5,165.86
Financial liabilities									
Financial liabilities not measured at fair value									
Long-term maturities of finance lease obligations (secured)	18	-	-	1,028.56	1,028.56	-	1,028.56	-	1,028.56
Short term borrowings	20	-	-	6,772.64	6,772.64	-	6,772.64	-	6,772.64
Trade payables	21	-	-	2,160.57	2,160.57	-	-	-	-
Other financial liabilities	22	-	-	3,880.73	3,880.73	-	291.59	-	291.59
		-	-	13,842.50	13,842.50	-	8,092.79	-	8,092.79

31 March 2018	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Financial assets measured at fair value									
Investments in debt mutual funds	10	3,336.58	-	-	3,336.58	3,336.58	-	-	3,336.58
Investments in bonds	10	-	1,685.49	-	1,685.49	1,685.49	-	-	1,685.49
Financial assets not measured at fair value									
Other non-current financial asset	7	-	-	554.77	554.77	-	-	-	-
Trade receivables	11	-	-	22,201.67	22,201.67	-	-	-	-
Cash and cash equivalents	12	-	-	14,548.34	14,548.34	-	-	-	-
Other bank balances	12A	-	-	-	-	-	-	-	-
Loans	6 and 13	-	-	612.97	612.97	-	-	-	-
Other financial assets	14	-	-	5,177.19	5,177.19	-	-	-	-
		3,336.58	1,685.49	43,094.94	48,117.01	5,022.07	-	-	5,022.07



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Newgen Software Technologies Limited
 Notes to the consolidated financial statements for the year ended 31 March 2019
 (All amounts are in lakhs of Indian Rupees, unless otherwise stated)

31 March 2018	Note	FVTPL	FVTOCI	Carrying amount		Fair value			
				Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial liabilities									
Financial liabilities not measured at fair value									
Long-term maturities of finance lease obligations (secured)	18	-	-	1,316.66	1,316.66	-	1,316.66	-	1,316.66
Short term borrowings	20	-	-	4,946.27	4,946.27	-	4,946.27	-	4,946.27
Trade payables	21	-	-	2,292.10	2,292.10	-	-	-	-
Other financial liabilities	22	-	-	3,624.48	3,624.48	-	302.25	-	302.25
		-	-	12,179.51	12,179.51	-	6,565.18	-	6,565.18

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

B. Measurement of fair values

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable inputs

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

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

There have been no transfers in either direction for the years ended 31 March 2019 and 31 March 2018.



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C. Financial risk management

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

i. Risk management framework

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

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

ii. Credit risk

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

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

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	25,268.91	22,201.67
Loans	407.08	612.97
Cash and cash equivalents	15,775.13	14,548.34
Other bank balances	2,139.40	-
	<u>43,590.52</u>	<u>37,362.98</u>

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

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

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

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

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

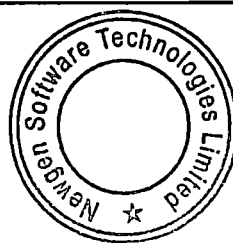
Trade and other receivables

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

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

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

	Carrying amount	
	31 March 2019	31 March 2018
India	9,300.31	7,994.27
USA	4,322.87	4,219.37
EMEA	8,536.22	7,967.17
APAC	3,109.51	2,020.86
	<u>25,268.91</u>	<u>22,201.67</u>



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Newgen Software Technologies Limited

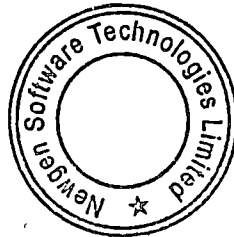
Notes to the consolidated financial statements for the year ended 31 March 2019

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

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

As at 31 March 2019	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit-impaired
0-3 months past due	19,538.87	2.85%	557.61	No
3-6 months past due	1,438.59	7.84%	112.80	No
6-9 months past due	986.14	16.21%	159.82	No
9-12 months past due	752.30	23.84%	179.36	No
12-15 months past due	3,488.12	37.12%	1,294.68	No
15-18 months past due	1,172.46	39.98%	468.72	No
18-21 months past due	528.05	48.37%	255.39	No
21-24 months past due	284.37	57.95%	164.78	No
above 24 months past due	1,013.66	73.05%	740.48	No
	29,202.56		3,933.65	

As at 31 March 2018	Gross carrying amount	Weighted- average loss rate	Loss allowance	Credit-impaired
0-3 months past due	17,111.83	4.03%	690.01	No
3-6 months past due	3,555.53	11.37%	404.32	No
6-9 months past due	1,300.53	20.34%	264.53	No
9-12 months past due	444.07	31.38%	139.34	No
12-15 months past due	534.59	35.89%	191.85	No
15-18 months past due	427.32	41.70%	178.19	No
18-21 months past due	238.08	44.49%	105.93	No
21-24 months past due	306.07	57.04%	174.59	No
above 24 months past due	2,423.47	82.16%	1,991.07	No
	26,341.49		4,139.83	



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Movement in allowance for impairment in respect of trade receivables

	Impairment in trade receivables
Balance as at 01 April 2017	5,976.64
Impairment loss recognised	659.26
Amounts written off	2,496.07
Balance as at 31 March 2018	4,139.83
Impairment loss recognised	1,737.57
Amounts written off	1,943.75
Balance as at 31 March 2019	3,933.65

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

Debt securities

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

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

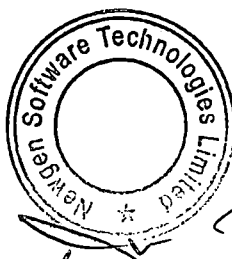
The exposure to credit risk for debt securities at FVTOCI and at FVTPL is as follows:-

	Net carrying amount	
	31 March 2019	31 March 2018
India	5,165.86	5,022.07
Other regions	-	-
	5,165.86	5,022.07

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

Cash and cash equivalents and other bank balances

The Group held cash and cash equivalents of INR 15,775.13 lakhs at 31 March 2019 (31 March 2018: INR 14,548.34 lakhs) and other bank balances of INR 2,139.40 lakhs as at 31 March 2019 (31 March 2018: Nil). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on renowned rating agencies.



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2019
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Financial instruments – Fair values and risk management (continued)

iii. Liquidity risk

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

The Group's primary sources of liquidity include cash and bank balances, deposits, undrawn borrowings and cash flow from operating activities. As at 31 March 2019, the Group had a working capital of INR 33,813.00 lakhs (31 March 2018: INR 30,615.47 lakhs) including cash and cash equivalent of INR 15,775.13 lakhs (31 March 2018: INR 14,548.34 lakhs) and other bank balances of INR 2,139.40 (31 March 2018: Nil) and current investments of INR 5,165.86 lakhs (31 March 2018: INR 5,022.07 lakhs).

Consequently, the Group believes its revenue, along with proceeds from financing activities will continue to provide the necessary funds to cover its short term liquidity needs. In addition, the Group projects cash flows and considering the level of liquid assets necessary to meet liquidity requirement.

In addition, the Group had access to the following undrawn borrowing facilities at the end of the reporting year

Particulars	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2019	227.36	-	227.36	-	-	-
As at 31 March 2018	2,041.27	-	2,041.27	-	-	-

Exposure to liquidity risk

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

31 March 2019	Carrying amount	Total	Contractual cash flows				
			2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance lease obligations (including current maturities)	1,320.15	6,509.56	-	427.63	396.90	351.54	5,333.49
Employee related payables	3,340.15	3,340.15	3,340.15	-	-	-	-
Trade and other payables	2,160.57	2,160.57	2,160.57	-	-	-	-
Pre-shipment loans (secured)	6,772.64	6,772.64	-	6,772.64	-	-	-
Payable in respect of retention money	59.15	59.15	-	59.15	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	188.84	188.84	-	188.84	-	-	-
Total	13,842.50	19,031.91	5,500.72	7,449.26	396.90	351.54	5,333.49

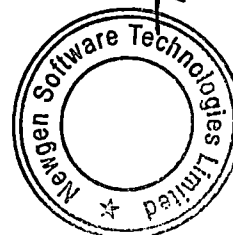
31 March 2018	Carrying amount	Total	Contractual cash flows				
			2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Finance lease obligations (including current maturities)	1,618.91	6,998.64	-	472.62	437.51	689.18	5,399.33
Employee related payables	3,020.61	3,020.61	3,020.61	-	-	-	-
Trade and other payables	2,292.10	2,292.10	2,292.10	-	-	-	-
Pre-shipment loans (secured)	4,946.27	4,946.27	-	4,946.27	-	-	-
Payable in respect of retention money	47.92	47.92	-	47.92	-	-	-
Earnest money deposits	1.00	1.00	-	1.00	-	-	-
Payable for capital assets	241.35	241.35	-	241.35	-	-	-
Total	12,168.16	17,547.89	5,312.71	5,709.16	437.51	689.18	5,399.33

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



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Financial instruments – Fair values and risk management (continued)

iv. Market risk

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

v. Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on account of its borrowings, receivables and other payables in foreign currency. The functional currency of the Group is Indian Rupee.

The foreign currency exchange management policy is to minimize economic and transactional exposures arising from currency movements against the US dollar, Euro, GBP, Canadian dolar, Abar Emirates Dhiram, Saudi Riyal, Singapore dollar and Japanese Yen. The Group manages the risk by netting off naturally-occurring opposite exposures wherever possible, and then dealing with any material residual foreign currency exchange risks if any.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2019 and 31 March 2018 are as below:

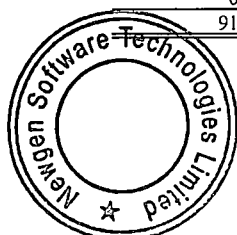
Particulars	Currency	31 March 2019		31 March 2018	
		Amount in foreign currency (lakhs)	Amount in local currency (lakhs)	Amount in foreign currency (lakhs)	Amount in local currency (lakhs)
Financial assets					
Trade and other receivables*					
	USD	204.78	14,178.50	207.57	13,500.77
	AED	7.74	145.94	5.22	92.64
	CAD	4.84	251.43	8.41	424.85
	EUR	0.90	70.12	1.55	125.00
	GBP	6.35	574.78	0.69	63.71
	SAR	2.12	39.09	7.41	128.63
	SGD	11.52	584.41	3.34	165.90
Bank balance-Dubai	AED	7.33	138.32	6.28	111.39
Bank balance-EEFC	USD	19.80	1,369.49	0.74	48.31
Travelling Advance to employees	USD	1.32	89.36	2.12	136.97
	AED	1.15	22.01	1.45	25.75
	CAD	0.09	5.16	0.07	3.85
	GBP	0.03	2.90	0.02	2.13
	SGD	0.16	8.68	0.07	3.38
	EURO	0.08	6.83	0.10	8.53
Financial liabilities					
Trade and other payables					
	USD	(21.40)	(1,468.91)	(13.41)	(869.67)
	SGD	(0.90)	(45.82)	-	-
	SAR	(0.78)	(14.20)	(0.31)	(5.36)
	AED	(0.17)	(3.16)	-	-
	EURO	-	-	(0.01)	(0.64)
Short term borrowings	USD	(97.91)	(6,772.64)	(76.05)	(4,946.27)

* gross of loss allowance

Sensitivity analysis

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

Effect in thousands of INR	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Strengthening	Weakening	Strengthening	Weakening
1% movement				
USD	73.73	(73.73)	78.43	(78.43)
EUR1	0.77	(0.77)	1.32	(1.32)
GBP1	4.96	(4.96)	0.66	(0.66)
CAD1	2.56	(2.56)	4.28	(4.28)
SGD1	5.92	(5.92)	1.69	(1.69)
AED1	3.03	(3.03)	2.30	(2.30)
SAR1	0.25	(0.25)	1.23	(1.23)
	91.22	(91.22)	89.92	(89.92)



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Financial instruments – Fair values and risk management (continued)

vi. Interest rate risk

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

a) Exposure to interest rate risk

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

	Nominal amount in INR	
	31 March 2019	31 March 2018
Fixed-rate instruments		
Financial assets	13,401.45	10,613.25
Financial liabilities	(1,320.15)	(1,618.91)
	12,081.30	8,994.34
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	(6,772.64)	(4,946.27)
	(6,772.64)	(4,946.27)
Total	5,308.66	4,048.07

b) Sensitivity analysis

Fair value sensitivity analysis for fixed-rate instruments

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

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity by INR 10.30 lakhs after tax (31 March 2018: INR 12.27 lakhs).

Cash flow sensitivity analysis for variable-rate instruments

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

	Profit or loss	
	100 bp increase	100 bp decrease
31 March 2019		
Variable-rate instruments	67.73	67.73
Cash flow sensitivity (net)	67.73	67.73
31 March 2018		
Variable-rate instruments	(63.72)	63.72
Cash flow sensitivity (net)	(63.72)	63.72

Market price risk

a) Exposure

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

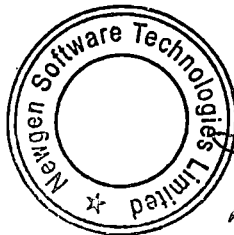
To manage its price risk arising from investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

b) Sensitivity analysis

Group is having investment in mutual funds, government bonds and other bonds.

For such investments classified at Fair value through other comprehensive income, a 2% increase in their fair value at the reporting date would have increased equity by INR 20.59 lakhs after tax (31 March, 2018: INR 0.32 lakhs). An equal change in the opposite direction would have decreased equity by INR 20.59 lakhs after tax (31 March, 2018: INR 0.32 lakhs).

For such investments classified at Fair value through profit or loss, the impact of a 2% increase in their fair value at the reporting date on profit or loss would have been an increase of INR 46.61 lakhs after tax (31 March, 2018: INR 65.26 lakhs). An equal change in the opposite direction would have decreased profit or loss by INR 46.61 lakhs after tax (31 March, 2018: INR 65.26 lakhs).



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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2019

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

47 Capital Management

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

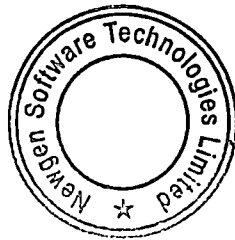
The Group manages its capital structure and makes adjustments to it as and when required. To maintain or adjust the capital structure, the Group may pay dividend or repay debts, raise new debt or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2019 and 31 March 2018.

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

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

	As at 31 March 2019	As at 31 March 2018
Total liabilities	8,092.79	6,565.18
Less: Cash and cash equivalent	15,775.13	14,548.34
Adjusted net debt (a)	(7,682.34)	(7,983.16)
Total equity (b)	49,670.66	40,522.26
Total equity and net debt (a+b) = c	41,988.32	32,539.10
Capital gearing ratio (a/c)	-18.30%	-24.53%

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



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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2019

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

48 Segment reporting

A. Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available.

The Group's board of directors have been identified as the Chief Operating Decision Makers (CODM) since they are responsible for all major decisions in respect of allocation of resources and assessment of the performance on the basis of the internal reports/ information provided by functional heads. The board examines the performance of the Group based on such internal reports which are based on operations in various geographies and accordingly, have identified the following reportable segments:

- India
- Europe, Middle East and Africa (EMEA)
- Asia Pacific (APAC)
- United States of America (USA)

B. Information about reportable segments

Year ended 31 March 2019

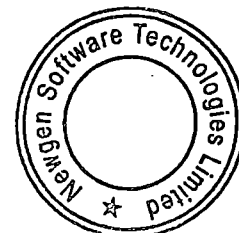
Particulars	Reportable segments				Total Segment
	India	EMEA	APAC	USA	
Revenue					
External revenue	20,013.53	17,742.56	6,889.85	17,418.21	62,064.15
Inter-segment revenue	-	-	-	-	-
Total Segment Revenue	20,013.53	17,742.56	6,889.85	17,418.21	62,064.15
Segment profit before income tax	3,389.00	3,754.31	2,273.50	3,526.63	12,943.44
Segment assets	11,904.61	12,156.06	4,450.97	6,596.41	35,108.05
Segment liabilities	4,571.86	5,336.58	1,505.70	3,331.82	14,745.96
Capital expenditure during the year	653.24	-	2.70	8.97	664.91

Year ended 31 March 2018

Particulars	Reportable segments				Total Segment
	India	EMEA	APAC	USA	
Revenue					
External revenue	18,071.33	16,840.19	4,431.09	11,900.17	51,242.78
Inter-segment revenue	-	-	-	-	-
Total Segment Revenue	18,071.33	16,840.19	4,431.09	11,900.17	51,242.78
Segment profit before income tax	2,104.27	4,430.81	1,259.56	2,089.39	9,884.03
Segment assets	11,411.31	10,690.11	2,697.44	5,437.93	30,236.79
Segment liabilities	5,555.87	3,674.85	945.07	2,027.94	12,203.73
Capital expenditure during the year	1,217.66	-	-	44.97	1,262.63

C. Reconciliations of information on reportable segments to Ind AS

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) Revenue		
Total revenue for reportable segments	62,064.15	51,242.78
Elimination of inter-segment revenue	-	-
Total revenue	62,064.15	51,242.78
(b) Profit / (loss) before tax		
Total profit before tax for reportable segments	12,943.44	9,884.03
Unallocated amounts:		
- Unallocated income	2,037.97	760.98
- Other corporate expenses	(1,623.22)	(1,231.76)
Total profit before tax from operations	13,358.19	9,413.25
(c) Assets		
Total assets for reportable segments	35,108.05	30,236.79
Other unallocated amounts	39,152.37	30,665.35
Total assets	74,260.42	60,902.14
(d) Liabilities		
Total liabilities for reportable segments	14,745.96	12,203.73
Other unallocated amounts	9,843.80	8,175.84
Total liabilities	24,589.76	20,379.57



D. Information about major customers

No customer individually accounted for more than 10% of the revenues in the year ended 31 March 2019 and 31 March 2018.



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49 Standards issued but not yet effective

A Ind AS 116: Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group will adopt Ind AS 116, effective annual reporting period beginning 1 April 2019. The Group will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1 April 2019). Accordingly, the Group will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Group will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Group will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Group will be using the practical expedient provided in the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. The Group is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard.

With effect from 1 April 2019, the Group will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization change for the right-to-use asset, and b) interest accrued on lease liability.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

B Ind AS 12 Income taxes: (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgment, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

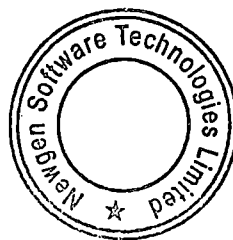
C Amendment to Ind AS 19: (plan amendment, curtailment or settlement)

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not have any impact on account of this amendment.

50 As at 31 March 2019, the Company has gross foreign currency receivables amounting to INR 15,898.33 lakhs (previous year INR 15,310.75 lakhs). Out of these receivables, INR 3,124.36 lakhs (previous year INR 4,253.83 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 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 INR 2,248.07 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 realising such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.



TS

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Newgen Software Technologies Limited

Notes to the consolidated financial statements for the year ended 31 March 2019

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


51 Additional information pursuant to Para 2 of general instruction for the preparation of consolidated financial statement

Name of the enterprise	Net assets (Total assets-Total liabilities)			
	31 March 2019		31 March 2018	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent				
Newgen Software Technologies Limited	97.44%	48,397.42	98.64%	39,971.22
Indian Subsidiary				
Newgen Computers Technologies Limited	0.13%	62.53	0.14%	57.91
Foreign Subsidiaries				
Newgen Software Inc. USA.	2.71%	1,344.27	2.11%	856.68
Newgen Software Technologies UK Ltd.	0.42%	207.50	0.48%	192.69
Newgen Software Technologies Canada Ltd.	0.29%	145.56	0.25%	103.13
Newgen Software technologies PTE Ltd	0.73%	361.49	0.51%	205.41
Adjustment arising out of consolidation	-1.71%	(848.11)	-2.13%	(864.77)
Total	100%	49,670.66	100%	40,522.26

Name of the enterprise	Share in profit and loss after tax			
	31 March 2019		31 March 2018	
	As % of consolidated profit and loss	Amount	As % of consolidated profit and loss	Amount
Parent				
Newgen Software Technologies Limited	93.76%	9,583.08	98.03%	7,145.40
Indian Subsidiary				
Newgen Computers Technologies Limited	0.05%	4.62	0.06%	4.22
Foreign Subsidiaries				
Newgen Software Inc. USA.	4.10%	419.38	2.09%	151.98
Newgen Software Technologies UK Ltd.	0.21%	21.13	-0.07%	(4.99)
Newgen Software Technologies Canada Ltd.	0.42%	42.46	0.24%	17.13
Newgen Software technologies PTE Ltd	1.27%	130.00	0.06%	4.50
Adjustment arising out of consolidation	0.20%	20.22	-0.41%	(29.57)
Total	100%	10,220.89	100%	7,288.68

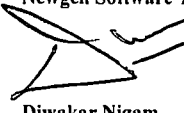
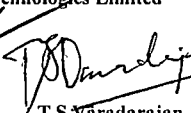
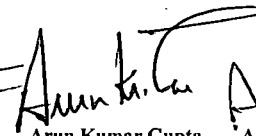
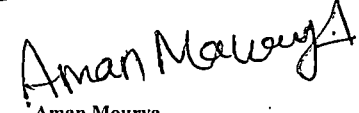
As per our report of even date attached

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


Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurugram
Date: 15 May 2019

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

Place: New Delhi Place: New Delhi Place: New Delhi Place: New Delhi
Date: 15 May 2019 Date: 15 May 2019 Date: 15 May 2019 Date: 15 May 2019