

Newgen Software Technologies Limited

Financial Statements for the year ended

31 March 2016

B S R & Associates LLP

Chartered Accountants

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

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Independent Auditor's Report

To The Members of Newgen Software Technologies Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Newgen Software Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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



B S R & Associates (a partnership firm with Registration No. BA6922b) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

Registered Office :
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company did not have any pending litigations which would materially impact its financial position;
 - ii. The Company did not have any foreseeable losses on long term contracts and had no derivative contracts outstanding as at 31 March 2016; and



B S R & Associates LLP

iii. The Company did not have any dues on account of Investor Education and Protection Fund.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No.: 116231W/ W-100024



Rakesh Dewan

Partner

Membership No.: 092212

Place: Gurgaon
Date: 22 July 2016

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 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management according to a phased program over a period two years. In accordance with this programme, fixed assets at certain locations have been physically 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, the discrepancies noticed on such verification were not material.
- (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 deed of the immovable property is held in the name of the Company except for a land transferred from subsidiary pursuant to its merger into the Company as mentioned below:

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

- (ii) The Company does not hold any inventory at the end of the year, neither any inventory has been purchased during the year. Accordingly, para 3(ii) of the order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, para 3(iii) of the order is not applicable.
- (iv) The Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under section 185 and 186 of the Companies Act, 2013. Accordingly, para 3(iv) of the order is not applicable.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the activities carried out by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales tax, Service tax, Duty of customs, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of Duty of excise.



According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2016 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 material dues of Income tax, Sales tax, Service tax, Duty of customs or Value added tax, which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

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

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

Amount paid represents amount adjusted by tax authorities from refund order of subsequent years.

- (viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. Further, there were no debentures issued during the year or outstanding as at 31 March 2016.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and the term loans were applied for the purposes for which those were raised.
- (x) According to the information and explanations given to us, no fraud on the Company by its officers or employees has been noticed or reported during year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or 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 Financial Statements, as required, by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (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: Gurgaon
Date: 22 July 2016

Annexure B to the Independent Auditor's Report of even date on the Standalone Financial Statements of Newgen Software Technologies Limited for the year ended 31 March 2016

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

We have audited the internal financial controls over financial reporting of Newgen Software Technologies Limited ("the Company") as of 31 March 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the ICAI.

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 22 July 2016

Newgen Software Technologies Limited
Balance Sheet as at 31 March 2016

	Note	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Equity and liabilities			
Shareholders' funds			
Share capital	3	6,309.41	6,306.31
Reserves and surplus	4	15,916.80	13,800.79
		<u>22,226.21</u>	<u>20,107.10</u>
Non-current liabilities			
Long term provisions	5	1,121.58	824.99
Other long term liabilities	6	1,316.91	-
		<u>2,438.49</u>	<u>824.99</u>
Current liabilities			
Short term borrowings	7	5,883.19	4,458.43
Trade payables	8		
dues to micro and small enterprises		-	-
dues to others		1,416.85	1,271.47
Other current liabilities	9	5,065.53	3,724.44
Short term provisions	5	965.65	1,476.34
		<u>13,331.22</u>	<u>10,930.68</u>
Total		<u><u>37,995.92</u></u>	<u><u>31,862.77</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	5,528.99	2,165.64
Intangible assets	11	103.01	75.47
		<u>5,632.00</u>	<u>2,241.11</u>
Capital work-in-progress		604.62	475.70
		<u>6,236.62</u>	<u>2,716.81</u>
Non-current investments	12	707.80	759.12
Deferred tax assets (net)	13	854.60	598.56
Long-term loans and advances	14	1,176.23	699.68
Other non-current assets	15	157.87	104.38
		<u>9,133.12</u>	<u>4,878.55</u>
Current assets			
Current investments	16	4,501.67	5,978.28
Trade receivables	17	19,438.35	17,290.04
Cash and bank balances	18	2,009.95	1,540.21
Short-term loans and advances	14	507.64	590.99
Other current assets	15	2,405.19	1,584.70
		<u>28,862.80</u>	<u>26,984.22</u>
Total		<u><u>37,995.92</u></u>	<u><u>31,862.77</u></u>
Significant accounting policies	2		

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

As per our report of even date attached

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

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 22 July 2016



Diwakar Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 22 July 2016



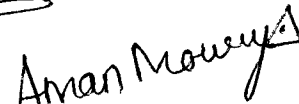
T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 22 July 2016



Arun Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: 22 July 2016



Aman Mourya
Company Secretary
Membership No: 27299

Place: New Delhi
Date: 22 July 2016

Newgen Software Technologies Limited
Statement of Profit and Loss for the year ended 31 March 2016

	Note	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Revenue			
Revenue from operations	19	31,280.57	28,004.56
Other income	20	267.57	780.11
Total revenue		31,548.14	28,784.67
Expenses			
Purchases of stock-in-trade	21	-	17.33
Employee benefits	22	16,346.45	13,057.74
Finance costs	23	340.44	182.22
Depreciation and amortisation	24	431.74	429.84
Other expenses	25	11,025.87	9,456.23
Total expenses		28,144.50	23,143.36
Profit before exceptional item and tax		3,403.64	5,641.31
Exceptional item	31	-	565.92
Profit before tax		3,403.64	6,207.23
Tax expense			
Current tax		808.65	1,419.84
MAT credit entitlement		(74.85)	-
Tax expense/(reversal) for earlier year		69.73	(33.49)
Deferred tax credit		(256.06)	(78.82)
Profit after tax for the year		2,856.17	4,899.70
Earnings per equity share (face value of Rs. 10 per share)			
Basic earning per share	30	5.68	9.90
Diluted earning per share		4.81	8.37

Significant accounting policies

2

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

As per our report of even date attached

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

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



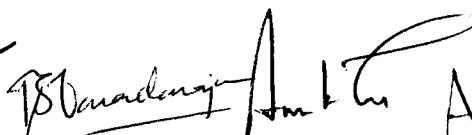
Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 22 July 2016



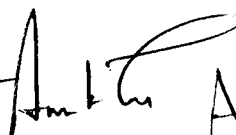
Diwakar Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 22 July 2016



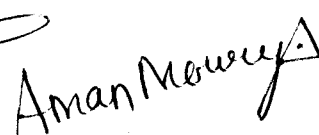
T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 22 July 2016



Arun Kumar Gupta
Chief Financial
Officer

Place: New Delhi
Date: 22 July 2016



Aman Mourya
Company Secretary
Membership No: 27299

Place: New Delhi
Date: 22 July 2016

Newgen Software Technologies Limited
Cash flow statement for the year ended 31 March 2016

	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
A. Cash flow from operating activities:		
Net Profit before tax	3,403.64	6,207.23
<i>Adjustments for:</i>		
Depreciation and amortisation	431.74	429.84
Exceptional item (refer note 31)	-	(565.92)
Net Loss/(gain) on sale/retirement of fixed assets	12.20	(1.84)
Provision for doubtful trade receivables	632.03	488.25
Advances written off	3.37	-
Bad debts written off	18.56	10.60
Provision for earnest money deposit	2.19	4.97
Employee stock compensation expense	4.98	-
Diminution in market value of current investments	25.18	21.72
Unrealised foreign exchange difference (net)	(83.18)	(133.90)
Finance costs	340.44	182.22
Dividend income on current investments	(5.42)	-
Profit on sale on current investments	(181.40)	(568.22)
Interest income	(29.55)	(48.16)
Operating profit before working capital changes	4,574.78	6,026.79
<i>Adjustments for working capital changes:</i>		
(Decrease)/increase in trade payables	144.87	592.13
(Decrease)/increase in other current and non current liabilities	999.47	651.23
(Decrease)/increase in provisions	401.69	209.99
Decrease/(increase) in trade receivables	(2,665.70)	(4,353.98)
Decrease/(increase) in loans and advances	58.44	(344.64)
Decrease/(increase) in other current assets and non-current assets	(770.15)	(389.88)
Cash generated from operating activities	2,743.40	2,391.64
Income tax paid (net of refund)	(1,648.58)	(1,273.88)
Net cash generated from operating activities	1,094.82	1,117.76
B. Cash flow from investing activities:		
Purchase of fixed assets including capital advances	(2,181.20)	(1,014.41)
Sale of fixed assets	5.55	3.15
Purchase of current investments	(2,180.65)	(6,000.00)
Proceeds from sale of current investments	3,781.40	6,068.22
Dividend income on current investments	5.42	-
Interest received	17.23	45.68
Investment in bank deposits (net)	(18.49)	(17.33)
Net cash used in investing activities	(570.74)	(914.69)
C. Cash flow from financing activities:		
Proceeds from borrowings (net)	1,387.94	508.48
Loan repaid by Newgen ESOP Trust	19.50	51.01
Dividend paid (including corporate dividend distribution tax)	(1,163.11)	(923.26)
Finance cost	(292.15)	(182.21)
Net cash used in financing activities	(47.82)	(545.98)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	476.26	(342.92)
Amount transferred consequent to amalgamation of subsidiary (refer note 41)	6.68	-
Effect of foreign exchange	(13.20)	(14.71)
Cash and cash equivalents at the beginning of the year	1,540.21	1,897.83
Cash and cash equivalents at the end of the year (refer note 18)	2,009.95	1,540.21

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


Significant accounting policies (refer note 2)

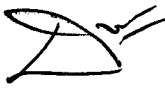
The notes referred to above form an integral part of the financial statements


As per our report of even date attached

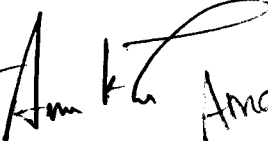
For **BSR & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W / W-100024

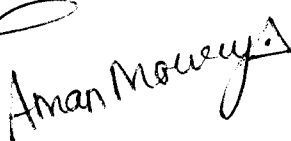
For and on behalf of the Board of Directors of
Newgen Software Technologies Limited


Rakesh Dewan
Partner
Membership No.: 092212


Diwakar Nigam
Managing Director
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Arun Kumar Gupta
Chief Financial
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Company Secretary
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Place: Gurgaon
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1. Background

Newgen Software Technologies Limited (hereinafter referred to as 'Newgen' or the 'Company') is a global software company and is engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from Workflow Automation to Document Management to Imaging. Newgen provides a complete range of software that helps automate business processes. Newgen's solutions enable document intensive organizations /industries such as Finance and Banking, Insurance and Government Departments to improve productivity through better document management and workflow implementation.

2. Significant accounting policies

a) Basis of preparation

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

b) Current - Non Current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

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



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a) Use of estimates

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

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

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

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

c) Intangible fixed assets

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

d) Depreciation and amortisation

The management has determined the estimated useful lives of the assets based on the consideration of useful lives as prescribed under part C of Schedule II of the Act and the period over which the Company expects to derives estimated economic benefits from the use of such assets. The estimated useful lives of asset determined in current year is as follows:

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

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



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

During the previous year the method of depreciation had been changed and the Company is depreciating all tangible and intangible assets on straight line method (SLM) previously Written down vale (WDV). Leasehold land is amortized over lease period i.e. 90 years.

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

g) Impairment of assets

The management assesses at each Balance Sheet date whether there is any indication that a fixed asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

h) Investments

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

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

i) Inventories

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

j) Revenue recognition

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

When a fixed price sales arrangement contains multiple-elements, such as sale of licenses for software products, implementation services and other services, revenue for each element is based on revenue arrangements in which a customer may purchase a combination of its services. Revenue from multiple- element arrangements is recognized, for each respective element, based on (1) the attainment of the delivery criterion; (2) its fair value, which is determined using the selling price hierarchy of vendor-specific objective evidence ("VSOE") of fair value, third-party evidence or best estimated selling price, as applicable, and (3) its allocated selling price, which is based on the relative sales price method except where fair value of delivered component is not determinable residual method is followed.

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

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

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

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

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



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

Rental income from office equipments given on operating lease is recognised on a straight-line basis over the lease term.

k) Other income

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

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

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

l) Trade receivables

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

m) Foreign currency transactions

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

n) Leases

Operating leases

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

o) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

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

p) Employee benefits

Short term employee benefits

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

Post employment benefits

Defined contribution plans

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



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Defined benefit plans

The Company's gratuity plan is a defined benefit plan. Present value of obligations under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

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

Other long term benefits

The obligation in respect of compensated absences is provided on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government bonds as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

q) Employee share based compensation

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

r) Segment accounting policies

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

i) Segment assets and liabilities

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

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

ii) Segment revenue and expenses

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

iii) Unallocated assets, liabilities, revenue and expenses

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



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

s) Taxation

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

Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

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

t) Earnings per share

The Company reports basic and diluted earnings / (loss) per equity share in accordance with Accounting Standard 20, "Earnings Per Share" specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The basic earnings / (loss) per share is computed by dividing the net profit / (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed after adjusting the effects of all dilutive potential equity shares, if any, except when the results will be anti-dilutive.

u) Cash and cash equivalents

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



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

3 Share capital

Authorised

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount (Rs. lakhs)	Number of shares	Amount (Rs. lakhs)
Equity shares of Rs. 10 each	6,30,50,000	6,305.00	6,30,00,000	6,300.00
Equity share capital with differential voting rights of Rs. 10 each	200	0.02	200	0.02
0.01% Compulsory convertible preference shares of Rs. 10 each	1,19,99,800	1,199.98	1,19,99,800	1,199.98
	7,50,50,000	7,505.00	7,50,00,000	7,500.00

Issued, subscribed and paid up

Equity shares of Rs. 10 each, fully paid up				
At the beginning of the year	5,40,13,800	5,401.38	87,94,800	879.48
Add: Issue of bonus shares	-	-	4,39,74,000	4,397.40
Add: Issued during the year to Newgen ESOP Trust	-	-	12,45,000	124.50
As the end of the year	5,40,13,800	5,401.38	5,40,13,800	5,401.38
Less Recoverable from Newgen ESOP Trust (refer note 33)	12,14,048	121.40	12,45,000	124.50
	5,27,99,752	5,279.98	5,27,68,800	5,276.88

Equity share capital with Differential voting rights (DVR) of Rs. 10 each, fully paid up

At the beginning of the year	120	0.01	20	0.00
Add: Issue of bonus shares	-	-	100	0.01
At the end of the year	120	0.01	120	0.01

0.01% Compulsory convertible preference shares of Rs. 10 each, fully paid up

At the beginning of the year	1,02,94,230	1,029.42	17,15,705	171.57
Add: Bonus shares issued during the year	-	-	85,78,525	857.85
At the end of the year	1,02,94,230	1,029.42	1,02,94,230	1,029.42
	6,30,94,102	6,309.41	6,30,63,150	6,306.31

3(a) Terms/rights attached to equity shares

The company has two classes of equity shares i.e equity shares having a par value of Rs.10 per share and equity shares with differential voting rights having par value of Rs.10 per share.

Equity shares:

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

Equity shares with differential voting rights (DVR):

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

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

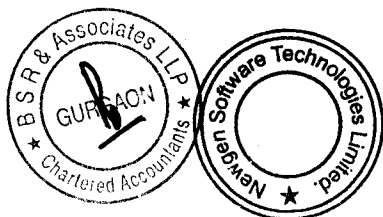
Each of the shareholder with differential voting rights shall, at all times up to the conversion thereof, are entitled to a fixed preferential and cumulative dividend of one-hundredth percent (0.01%) of the investment amount and resolved to be so distributed as such dividend in respect of each financial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

*Adjusted for bonus issue (Refer note 3c)

Expiration of differential rights:

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

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



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

3(b) Terms/rights attached to preference shares

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

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

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

- (a) such amount as would be distributed to such investor group member in proportion to its shareholding percentage in the Company; or
 (b) for each Equity Security held by the Investor, the price at which each Investor subscribed to it or acquired it from the respective sellers and for each SAPV Security, the price at which SAPV subscribed to such SAPV Security.

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

During the year ended 2014-15, IDVG transferred 606,540 (adjusted for bonus issue) to Pandara Trust Scheme-I.

- 3(c)** During ended year 2014-15, the Company had issued bonus shares in proportion of five shares for every one existing share pursuant to resolution passed by the shareholders on 18 September 2014. Accordingly, the company allotted 43,974,000 equity shares, 8,578,525 compulsorily convertible preference shares and 100 equity shares (with differential voting rights) of face value Rs. 10 each as fully paid up bonus shares by transfer of Rs. 5,255.26 lakhs to Share Capital Account on record date 9 July 2014 by utilisation of Security Premium Account. Consequently, the earnings per share have been adjusted for the year ended 31 March 2015.

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

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding in the shares	Number of shares*	% holding in the shares
Equity shares of Rs.10 each, fully paid up held by:				
- Mr. Diwakar Nigam	1,84,22,406	34.11%	1,84,22,406	34.11%
- Mr. T.S. Varadarajan	1,50,09,306	27.79%	1,50,09,306	27.79%
- Mrs. Priyadarshini Nigam	79,68,906	14.75%	79,68,906	14.75%
- Mrs. Usha Varadarajan	45,28,320	8.38%	45,28,320	8.38%

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

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding in the shares	Number of shares *	% holding in the shares
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	60	50	60	50
IDG Ventures India Fund II LLC	60	50	60	50

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

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding in the shares	Number of shares *	% holding in the shares
SAPV (Mauritius)	21,61,500	21.00%	21,61,500	21.00%
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	53,75,892	52.22%	53,75,892	52.22%
IDG Ventures India Fund II LLC	21,50,334	20.89%	21,50,334	20.89%
Pandara Trust Scheme- I	6,06,504	5.89%	6,06,504	5.89%

3(e) Shares reserved for issue under option

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



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

	<u>As at 31 March 2016 (Rs. lakhs)</u>	<u>As at 31 March 2015 (Rs. lakhs)</u>
4 Reserves and surplus		
Capital redemption reserve		
At the beginning and end of the year	87.95	87.95
	<u>87.95</u>	<u>87.95</u>
Securities premium account		
At the beginning of the year	1,126.60	5,717.41
Add: Issue of shares to Newgen ESOP Trust	-	659.85
Add: Share premium on fresh issue of compulsory convertible preference shares	-	-
Add: Share premium on fresh issue of equity shares with differential voting rights	-	-
Less: Share issue expenses written off	-	-
Less: Amount utilized for issuance of bonus shares (refer note 3(c))	-	5,255.26
Add: Transferred from employee stock options outstanding account on exercise of stock options issued to employees (refer note 33)	6.64	4.60
	<u>1,133.24</u>	<u>1,126.60</u>
Less: Recoverable from Newgen ESOP Trust (refer note 33)	643.45	659.85
At the end of the year	<u>489.79</u>	<u>466.75</u>
Employee stock options outstanding (refer note 33)		
At the beginning of the year	18.35	24.32
Add: Employee stock compensation expense	4.98	-
Less: Transferred to general reserve on account of lapse of stock options issued to employees (refer note 33)	0.21	1.37
Less: Transferred to securities premium account on exercise of stock options issued to employees	6.64	4.60
At the end of the year	<u>16.48</u>	<u>18.35</u>
General reserve		
At the beginning of the year	1,491.88	1,000.54
Add: Transferred from employee stock options outstanding account on lapse of stock options issued to employees (refer note 33)	0.21	1.37
Less: Adjustment on account of amalgamation (Refer note 41)	46.32	-
Add: Transferred from statement of Profit and Loss	285.62	489.97
At the end of the year	<u>1,731.39</u>	<u>1,491.88</u>
Surplus of Statement of Profit and Loss		
At the beginning of the year	11,735.86	8,524.88
Add: Profit for the year	2,856.17	4,899.70
Add: Adjustment on account of amalgamation (Refer note 41)	60.56	-
Less: Adjustment of Depreciation due to Change in useful Life (net of Deferred tax of Rs. 18.22 Lakhs) (refer note 32)	-	35.64
Less: Appropriations		
Proposed dividend on equity shares	540.14	810.18
Dividend distribution tax on proposed dividend on equity shares	110.59	165.88
Proposed dividend on preference shares	103.80	155.26
Dividend distribution tax on proposed dividend on preference shares	21.25	31.79
Transfer to general reserve	285.62	489.97
At the end of the year	<u>13,591.19</u>	<u>11,735.86</u>
	<u>15,916.80</u>	<u>13,800.79</u>



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

5 Provisions

	Long-term		Short-term	
	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Provision for employee benefits (refer note 27)				
Provision for gratuity	865.23	627.76	134.70	51.69
Provision for compensated absences	256.35	197.23	55.17	33.08
	1,121.58	824.99	189.87	84.77
Other provisions				
Provision for income-tax [net of advance tax Rs 1434.14 lakhs previous year Rs 1,180.53 lakhs]	-	-	-	228.46
Proposed dividend on equity shares	-	-	540.14	810.18
Dividend distribution tax on proposed dividend on equity shares	-	-	110.59	165.88
Proposed dividend on preference shares	-	-	103.80	155.26
Dividend distribution tax on proposed dividend on preference shares	-	-	21.25	31.79
	-	-	775.78	1,391.57
	1,121.58	824.99	965.65	1,476.34



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6 Other Long Term Liabilities

	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Deferred liability for leasehold land (Refer note no. 45)	1,316.91	-
	1,316.91	-

7 Short-term borrowings

Loans from banks (secured)*		
Pre-shipment loans	5,883.19	4,458.43
	5,883.19	4,458.43

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

8 Trade payables

Trade payables		
- dues to micro and small enterprises	-	-
- dues to others	1,416.85	1,271.47
	1,416.85	1,271.47

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information currently available with the Company, there are no amounts payable to micro and small enterprises as at 31 March 2016 and 31 March 2015.

9 Other current liabilities

Deferred revenue	2,586.77	1,847.79
Other payables		
- employee related payables	1,702.41	1,475.32
- statutory dues payable	410.43	376.34
- deferred liability against leasehold land (Refer note no. 45)	292.65	-
- advance from customers	7.51	8.19
- dues in respect of purchase/construction of fixed assets	17.47	16.80
- interest accrued but not due on deferred liability	48.29	-
	5,065.53	3,724.44



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10 Tangible assets

(Rs. lakhs)

Asset description	Gross block							
	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015	Addition on account of Amalgamation*	Additions	Deletions/ adjustments	As at 31 March 2016
Freehold land	4.28	-	-	4.28	0.43	-	-	4.71
Leasehold Land	39.90	-	-	39.90	-	2,802.15	-	2,842.05
Buildings	622.47	401.25	-	1,023.72	21.52	189.32	21.52	1,213.04
Leasehold improvements	153.08	-	-	153.08	-	-	-	153.08
Plant and machinery	280.10	4.48	-	284.58	-	102.79	20.63	366.74
Furniture and fixtures	233.99	5.27	-	239.26	-	153.20	10.35	382.11
Office equipments	345.76	37.84	-	383.60	-	130.42	27.52	486.50
Vehicles	172.02	49.68	12.90	208.80	-	35.87	3.94	240.73
Computer and servers	1,445.99	276.47	-	1,722.46	-	322.49	48.38	1,996.57
Total	3,297.59	774.99	12.90	4,059.68	21.95	3,736.24	132.34	7,685.53

* Refer note 41

Asset description	Depreciation							
	As at 31 March 2014	Dep/ adjustment for the year**	On deletions/ adjustments#	As at 31 March 2015	Adjustment on account of Amalgamation	Depreciation for the year	On deletions/ adjustments	As at 31 March 2016
Freehold land	-	-	-	-	-	-	-	-
Leasehold Land	6.88	0.39	-	7.27	-	11.24	-	18.51
Buildings	235.87	(111.67)	-	124.20	1.20	39.40	21.52	143.28
Leasehold improvements	139.49	7.60	-	147.09	-	-	-	147.09
Plant and machinery	150.42	(38.04)	25.15	137.53	-	25.81	17.63	145.71
Furniture and fixtures	171.09	(42.21)	-	128.88	-	27.77	7.11	149.54
Office equipments	145.20	(17.33)	1.64	129.51	-	41.16	16.19	154.48
Vehicles	94.25	4.04	(8.15)	90.14	-	18.61	3.94	104.81
Computer and servers	1,094.03	11.81	23.58	1,129.42	-	211.90	48.20	1,293.12
Total	2,037.23	(185.41)	42.22	1,894.04	1.20	375.89	114.59	2,156.54

**refer note 31

refer note 32

Asset description	Net block		
	As at 31 March 2015		As at 31 March 2016
Freehold land	4.28		4.71
Leasehold Land	32.63		2,823.54
Buildings	899.52		1,069.76
Leasehold improvements	5.99		5.99
Plant and machinery	147.05		221.03
Furniture and fixtures	110.38		232.57
Office equipments	254.09		332.02
Vehicles	118.66		135.92
Computer and servers	593.04		703.45
Total	2,165.64		5,528.99

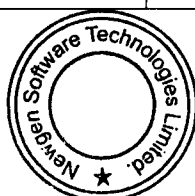
11 Intangible assets

(Rs. lakhs)

Asset description	Gross block							
	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015	Addition on account of Amalgamation	Additions	Deletions/ adjustments	As at 31 March 2016
Software	717.36	28.11	-	745.47	-	83.40	-	828.86
Total	717.36	28.11	-	745.47	-	83.40	-	828.86

Asset description	Amortisation							
	As at 31 March 2014	Dep/ adjustment for the year	On deletions/ adjustments	As at 31 March 2015	Adjustment on account of Amalgamation	Depreciation for the year	On deletions/ adjustments	As at 31 March 2016
Software	620.68	49.32	-	670.00	-	55.85	-	725.85
Total	620.68	49.32	-	670.00	-	55.85	-	725.85

Asset description	Net block		
	As at 31 March 2015		As at 31 March 2016
Software	75.47		103.01
Total	75.47		103.01



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

12 Non-current investments

(valued at cost unless stated otherwise)

Long-term and unquoted investment in equity instruments of wholly owned subsidiaries

Trade investments

	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
6,000 (previous year 6,000) common stock of USD 200 each, fully paid up of Newgen Software Inc. USA.	496.75	496.75
1,000,000 (previous year 1,000,000) common shares of CAD 0.10 each, fully paid up of Newgen Software Technologies Canada, Limited.	53.30	53.30
250,000 (previous year 250,000) ordinary shares of SGD 1 each, fully paid up of Newgen Software Technologies Pte. Limited.	111.25	111.25
210,000 (previous year 210,000) equity shares of Rs. 10 each, fully paid up of Newgen Computers Technologies Limited	46.50	46.50
5,000 (previous year 5,000) equity shares of Rs. 100 each, fully paid up of Sundeeep Import Export Limited*	-	51.32

	707.80	759.12
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Aggregate amount of unquoted investments	707.80	759.12
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* Subsidiary merged with the company w.e.f. 1st April, 2015 (refer note 41)

13 Deferred tax assets (net)

Deferred tax asset on:

Provision for gratuity	333.95	226.26
Provision for compensated absences	121.12	90.03
Bonus payable	17.38	0.76
Provision for doubtful trade receivables	589.40	448.03
Provision for doubtful loans and advances	42.73	41.97
Others	18.28	7.52
	1,122.86	814.57

Deferred tax liability on:

Excess of written down value of fixed assets over books of accounts	268.26	216.01
	268.26	216.01

	854.60	598.56
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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

14 Loans and advances

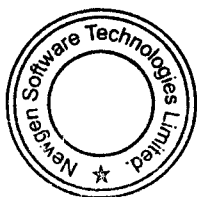
(unsecured and considered good, unless stated otherwise)

	Long-term		Short-term	
	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Capital advances	-	157.13	-	-
Security deposits	264.57	258.16	-	-
Loans and advances to related party				
- Newgen ESOP Trust	1.00	1.00	-	-
Earnest money deposits				
- considered good	12.94	-	14.30	50.13
- considered doubtful	123.46	-	-	121.27
	136.40	-	14.30	171.40
Less: provision for doubtful deposits	123.46	-	-	121.27
	12.94	-	14.30	50.13
Advances to vendors	-	-	8.88	90.12
Loans to employees	-	-	35.04	10.88
Octroi charges recoverable	-	-	1.31	-
Advance to employees	-	-	35.06	81.51
Prepaid expenses	-	-	261.56	238.64
Advance income tax [net of provision of 5,430.15 lakhs] (Previous year Rs. 3,212.40 lakhs)	808.70	199.59	-	-
MAT credit entitlement	89.02	83.80	-	-
Balances with statutory authorities				
- Service tax refundable/adjustable	-	-	151.49	119.71
	910.66	283.39	507.64	590.99
	1,176.23	699.68	507.64	590.99

15 Other assets

(Unsecured and considered good, unless stated otherwise)

	Non-current		Current	
	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Bank deposits not due for realization within 12 months from the reporting date				
- pledged with tax authorities	2.25	4.25	-	-
- held as margin money	155.62	100.13	-	-
Unbilled revenue				
- other than related parties	-	-	2,274.31	1,492.79
- related parties	-	-	68.63	80.00
Interest accrued on deposits	-	-	30.12	11.91
Interest accrued but not due on government bonds	-	-	32.13	-
	157.87	104.38	2,405.19	1,584.70



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

	<u>As at</u> <u>31 March 2016</u> <u>(Rs. lakhs)</u>	<u>As at</u> <u>31 March 2015</u> <u>(Rs. lakhs)</u>
16 Current investments <i>(Valued at cost or fair value whichever is less)</i>		
Quoted		
Investment in arbitrage funds (refer note 40)	2,353.10	2,978.28
Investment in debt security mutual funds (refer note 40)	1,700.00	3,000.00
Investment in government bond (refer note 40)	448.57	-
	<u>4,501.67</u>	<u>5,978.28</u>
17 Trade receivables <i>(Unsecured, unless stated otherwise)</i>		
Trade receivables		
Outstanding for a period exceeding six months from the date they were due for payment		
- considered good	4,706.87	3,687.64
- considered doubtful	<u>1,703.09</u>	<u>1,294.58</u>
	6,409.96	4,982.22
Less: provision for doubtful debts	<u>1,703.09</u>	<u>1,294.58</u>
	4,706.87	3,687.64
Other trade receivables	14,731.48	13,602.40
	<u>19,438.35</u>	<u>17,290.04</u>
18 Cash and bank balances		
Cash and cash equivalents		
- Cash on hand	4.52	2.18
- Balances with banks		
On current accounts*	2,005.43	1,517.54
Other bank balances		
- Held as margin money#	-	20.49
	<u>2,009.95</u>	<u>1,540.21</u>

*Current account balances with banks include Rs. 41.11 lakhs (previous year: Rs. 54.26 lakhs) held at a foreign branch which are not freely remissible to the company because of exchange restrictions.

Balance with Banks held as margin money Rs. Nil (previous year: Rs. 20.49 lakhs) represents the margin money on account of guarantees issued to sales tax department and government customers.

Details of bank balances/deposits

Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	-	20.49
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	155.62	100.13
	<u>155.62</u>	<u>120.62</u>



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
19 Revenue from operations		
Sale of products - softwares	6,187.92	7,199.16
Sale of services	25,091.38	20,765.04
Sale of stock-in-trade	1.27	26.10
Rental income for office equipments given on operating lease for service delivery (refer note 28)	-	14.26
	<u>31,280.57</u>	<u>28,004.56</u>
20 Other income		
Interest income on bank deposits	29.55	48.16
Dividend income on mutual fund investment	5.42	-
Profit on sale on mutual fund investment	181.40	568.22
Net foreign exchange fluctuation gain	37.70	102.03
Bad debts recovered	1.90	-
Interest on Income tax refund	-	54.80
Miscellaneous income	11.60	5.06
Net gain on sale/retirement of fixed assets	-	1.84
	<u>267.57</u>	<u>780.11</u>
21 Purchases of stock-in-trade		
Purchases of stock-in-trade	-	17.33
	<u>-</u>	<u>17.33</u>
22 Employee benefits		
Salaries, wages and bonus	14,808.07	11,887.46
Contribution to provident fund and other funds	593.27	471.63
Employee stock compensation expense (refer note 33)	4.98	-
Compensated absences (refer note 27)	191.11	166.37
Gratuity (refer note 27)	360.91	225.93
Staff welfare	388.11	306.35
	<u>16,346.45</u>	<u>13,057.74</u>
23 Finance costs		
Interest expense on borrowings	125.72	125.04
Interest on deferred liability for leasehold land	153.64	-
Other borrowing costs - bank charges	61.08	57.18
	<u>340.44</u>	<u>182.22</u>
24 Depreciation and amortisation		
Depreciation on tangible assets (refer note 31)	375.89	380.52
Amortisation on intangible assets	55.85	49.32
	<u>431.74</u>	<u>429.84</u>



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Rent (refer note 28)	1,085.87	606.96
Travelling and conveyance	3,657.43	3,540.11
Legal and professional	1,101.79	988.26
Digitisation (scanning) charges	562.93	449.65
Advertisement and publicity	349.06	604.91
Insurance	189.76	140.17
Brokerage and commission (refer note 38)	723.72	572.19
Repairs and maintenance:		
- buildings	75.62	74.46
- computers	265.88	104.14
- others	131.12	104.02
Rates and taxes	53.72	67.80
Recruitment	110.82	113.69
Donation	28.20	32.32
Office maintenance expense	399.50	278.41
Communication	291.70	294.70
CSR Expenditure (refer note 43)	48.83	24.76
Electricity and water	314.11	262.85
Auditors' remuneration		
- Statutory audit fee	20.00	15.00
- Group audit fee	14.00	12.00
- Reimbursement of expenses	1.50	1.30
Provision for doubtful trade receivables	632.03	488.25
Bad debt written off	18.56	10.60
Advances written off	3.37	-
Provision for loans and advances	2.19	4.97
Membership and subscription	308.03	192.80
Security charges	148.32	127.32
Equipment hiring charges	31.43	33.84
Software and license maintenance expense	305.64	227.39
Printing and stationery	76.72	50.42
Net loss on sale/retirement of fixed assets, net	12.20	-
Diminution in market value of current investment (refer note 40)	25.18	21.72
Miscellaneous expenses	36.64	11.22
	11,025.87	9,456.23



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26 Commitments

Capital commitments:

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for in the financial statements aggregate to Rs.574.98 lakhs (previous year Rs. 2,853.58 lakhs).

27 Employee benefits

a) Defined contribution plan

The Company makes contributions towards employees' provident fund scheme. Under this scheme, the Company is required to contribute a specified percentage of payroll cost, as specified in the rules of this scheme, to this defined contribution scheme. During the year, the Company recognised Rs. 593.27 lakhs (previous year Rs. 471.63 lakhs) as expense towards contribution to this plan and included in "Employee benefits expense" in Note 22.

b) Defined benefit plan

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







Particulars	31 March 2016 (Rs. lakhs)	31 March 2015 (Rs. lakhs)
Change in present value of obligation		
Present value of obligation at the beginning of the year	679.45	497.13
Current service cost	138.60	99.77
Interest cost	54.36	42.26
Actuarial (gain) / loss	167.95	83.90
Benefits paid	(40.43)	(43.61)
Present value of obligation at the end of the year	999.93	679.45
Liability recognised in the financial statements	999.93	679.45
Expense recognised in the Statement of Profit and Loss		
Current service cost	138.60	99.77
Interest cost	54.36	42.26
Actuarial (gain) / loss	167.95	83.90
Expense recognised in the Statement of Profit and Loss	360.91	225.93

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

Particulars	31 March 2016	31 March 2015
Economic assumptions:		
Discount rate*	7.95%	8.00%
Expected future salary increase**	7.00%	6.00%
Average remaining working lives of employees (years)	30.48	28.62
Demographic assumptions:		
Retirement age	60 years	58 years
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Withdrawal rates:		
- Upto 30 years	21%	21%
- 31 to 40 years	15%	5%
- Above 40 years	5%	1%

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

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

Experience adjustment:

Particulars	(Rs. lakhs)				
	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
Present value of obligation at the end <i>Net liability recognised in balance sheet</i>	999.93 (999.93)	679.45 (679.45)	497.12 (497.12)	423.50 (423.50)	333.99 (333.99)
Experience adjustment on plan liabilities (loss) / gain	0.61	(18.20)	(37.00)	3.30	0.44

c) Other long term benefits

An amount of Rs. 191.11 lakhs (previous year Rs. 166.37 lakhs) pertaining to compensated absences is recognised as an expense and included in "Employee benefits expense" in Note 22.

28 Leases

Operating leases as lessee

The Company has taken various cancellable and non-cancellable leases for office premises and residential accommodation for some of its employees. Lease expense amounted to Rs. 1085.87 lakhs [previous year 606.96 lakhs (net of recovery from lessor of Rs. 141.56 on delay in handover of leased office premises)] for the year ended 31 March 2016. The future minimum lease payments under the non-cancellable leases as at year end is as below:

Particulars	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Not later than one year	819.63	797.62
Later than one year and not later than five years	2,077.05	723.80
Later than five years	-	-

Operating leases as lessor

The lease arrangements range for a period between 12 and 36 months and are cancellable in nature. Rental income recognised during the year in the Statement of Profit and Loss amounts is Rs. NIL (previous year Rs. 14.26 lakhs). During the current year company has not given any office equipments on lease to a customer for service delivery.

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

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

Financial information relating to the primary segments is presented below:

Particulars	(Rs. lakhs)				
	India	EMEA	APAC	USA	Total
Segment revenue	11,350.02 (10,362.82)	11,544.28 (9,976.36)	2,142.52 (1,367.04)	6,243.75 (6,298.34)	31,280.57 (28,004.56)
Segment result	876.42 (1,839.58)	1,611.88 (2,092.00)	377.66 (108.49)	1,222.13 (1,433.12)	4,088.09 (5,473.19)
Unallocated income					267.57 (1,346.03)
Less: Unallocated expenditure					952.01 (611.99)
Profit before tax					3,403.64 (6,207.23)
Tax expense					547.47 (1,307.53)
Profit for the year					2,856.17 (4,899.70)

Figures in brackets represents previous year figures.



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Assets and liabilities of reportable primary segment are as follows:

(Rs. lakhs)

Particulars	India	EMEA	APAC	USA	Total
Segment assets by location	18,592.24 (10,610.61)	10,714.88 (8,341.28)	1,990.31 (1,096.78)	3,025.23 (2,654.54)	34,322.66 (22,703.21)
Unallocated assets					3,673.26 (9,159.56)
Total assets					37,995.92 (31,862.77)
Segment liabilities by location	4,790.70 (2,465.49)	2,898.00 (2,051.98)	388.80 (364.58)	622.80 (647.29)	8,700.30 (5,529.34)
Capital employed					22,226.21 (20,107.10)
Unallocated liabilities					7,069.41 (6,226.33)
Total liabilities					37,995.92 (31,862.77)

Figures in brackets represents previous year figures.

Secondary segment is not applicable.

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

(Rs. lakhs)

Particulars	India	EMEA	APAC	USA	Total
Capital expenditure	3,819.64 (803.09)	- -	- -	- -	3,819.64 (803.09)
Depreciation and amortisation	431.74 (429.84)	- -	- -	- -	431.74 (429.84)
Provision for doubtful debts	328.53 (326.78)	259.69 (85.73)	43.82 (75.74)	- -	632.03 (488.25)
Provision for doubtful loans and advances	2.19 (4.97)	- -	- -	- -	2.19 (4.97)

Figures in brackets represents previous year figures.

30 Earnings per share

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit for the year as per Statement of Profit and Loss (Rs. lakhs) (A)	2,856.17	4,899.70
Less: preference dividend and dividend distribution tax thereon (Rs. lakhs)	124.02	186.02
Less: compulsory dividend on convertible preference share and dividend distribution tax thereon (Rs. lakhs)	1.03	1.03
Net profit attributable to equity shareholders (Rs. lakhs) (B)	2,731.12	4,712.65
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share* (C)	4,80,63,569	4,75,99,705
Dilutive impact of compulsory convertible preference shares* (D)	1,02,94,230	1,02,94,230
Dilutive impact of employee stock options* (E)	10,17,860	6,59,951
Weighted average number of equity shares outstanding during the year used in computing dilutive earning per share* [(F) = (C) + (D) + (E)]	5,93,75,659	5,85,53,886
Earnings per share in rupees (face value per equity share Rs. 10 each)*		
- Basic [(B)/(C)]	5.68	9.90
- Diluted [(A)/(F)]	4.81	8.37

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



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

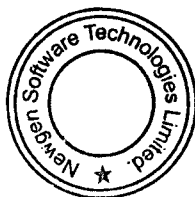
Particulars	Number of equity shares	Weighted average number of shares
Equity shares of face value of Rs. 10 per share:		
As at 1 April 2015 shares outstanding for the purpose of basic Earning per share	4,79,74,440	4,79,74,440
Add: ESOP exercised during the year	2,40,825	89,129
As at 31 March 2016 shares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

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

Particulars	Number of equity shares*	Weighted average number of shares*
Equity shares of face value of Rs. 10 per share:		
As at 1 April 2014 shares outstanding for the purpose of basic Earning per share	4,74,24,180	4,74,24,180
Add: ESOP exercised during the year (refer to note 33)	5,50,260	1,75,525
Add: Equity DVR Primary Issue during the year	-	-
As at 31 March 2015 shares outstanding for the purpose of basic Earning per share	4,79,74,440	4,75,99,705
Add: Shares held by ESOP Trust with respect to options not granted/exercised by employees but outstanding	47,94,480	
As at 31 March 2015 shares outstanding	5,27,68,920	

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

- 31 During the year ended 2014-15, the Company had revised its policy of providing depreciation on fixed assets effective 1 April 2014, depreciation during the last year had been provided on a straight line basis for tangible assets compared to the policy of providing depreciation on a written down value basis for tangible assets upto 31 March 2014. As a result of such change in policy, the Company has recorded a credit of Rs. 565.92 lakhs which had been shown as an "Exceptional item" in the Statement of Profit and Loss. Had the Company continued providing for depreciation on a written down value method, the depreciation and amortization expense for the year ended 31 March 2015 would have been higher by Rs. 137.25 lakhs. The depreciation and amortization for the year amounted to Rs. 429.84 lakhs excluding the credit impact of Rs. 565.92 lakhs as a result of revision of policy and accordingly a net credit of Rs. 136.07 lakhs was recorded in the Statement of Profit and Loss of last year.
- 32 During the year ended 2014-15, the Company had changed the estimated useful lives of fixed assets. The management has determined the estimated useful lives of the fixed assets based on consideration of useful lives as prescribed under part C of Schedule II of the Act and the period over which the Company expects to derive estimated economic benefits from the use of such assets. As a result of change in useful lives, the Company had adjusted an amount of Rs. 35.64 lakhs (net of deferred tax of Rs. 18.22 lakhs) from the opening reserves during last year in accordance with requirement of Part C of Schedule II of the Act.



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33 Employee Stock Option Plan (ESOP)

a) The Company had established Employees Stock Option Plan-1999 (ESOP 1999) and Employees Stock Option Plan-2000 (ESOP 2000), administered through Newgen Employees Trust' (ESOP Trust) especially set-up for this purpose, for a total grant of 293,160 and 600,000 options respectively, at an Exercise Price of Rs. 80 and Rs. 40 per option respectively, to the employees of the Company. Under the terms of the original plans, these options are vested on a graded vesting basis over a maximum period of Four (4) years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of five and four years respectively from the date of last vesting. During the year ended 31 March 2000, 586,320 equity shares were issued to ESOP Trust as bonus shares in the ratio of 1:2. Further, 4,093,350 equity shares were also issued to ESOP Trust as bonus shares in the ratio of 1:5 during the year ended 31 March 2015.

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

b) 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 previous year Company has granted 3,653,525 options at an exercise price of Rs. 63 per option, to the employees of the Company. Out of the above grants, 1,245,000 options were granted through Newgen ESOP Trust. Under the terms of the plans, these options are vested on a graded vesting basis over a maximum period of four years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of five from the date of last vesting.

c) The Company had given advance of Rs. 784.35 lakhs to the Newgen ESOP trust for the issue of shares in the year ended 31 March 2015 of Rs. 10 each at a price of Rs.63 per equity share (including a share premium of Rs. 53). Consequently, share capital and securities premium of the Company includes Rs.124.50 lakhs and Rs.659.85 lakhs respectively against the equity shares of Rs. 10 each issued to the Newgen ESOP Trust. The amounts collected by the trust as exercise price on exercise of stock options by the employees will be transferred to the Company and such receipts are adjusted from the advances recoverable from ESOP Trust. In accordance with the "Guidance Note on Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India, the amount recoverable from Newgen ESOP Trust as at 31 March 2016 amounting to Rs. 764.85 lakhs (previous year Rs. 784.35 lakhs) in respect of loan given to the trust to acquire the Company's shares (including share premium) has been reduced from the share capital and securities premium account with respect to ESOP 1999, ESOP 2000 and Newgen ESOP 2014 schemes.

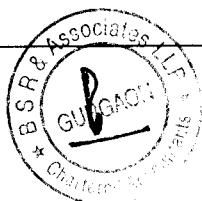
d) In accordance with the "Guidance Note on Accounting for Employee Share-based Payments", the Company has valued the Employee Stock Options granted during the year, on Intrinsic Value Method, i.e., the excess of the fair market value of the underlying equity shares as of the date of the grant of the options over the exercise price of the option. Such excess, if any is recognized as stock compensation cost and has been amortised in accordance with the requirements of Guidance note.

e) Stock compensation expense under the Fair Value Method has been determined based on fair value of the stock options. The fair value of stock options was determined using the Black Scholes option pricing model with the following assumptions:

Particulars	Employee Stock Option Scheme 2014
Expected volatility	-
Risk free interest rate	8.04%
Exercise price (Rs.)	63.00
Expected dividend yield	1.34%
Life of options	9 years
Fair value of options as at the grant date (Rs.)	19.27

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit for the year as reported in the Statement of Profit and Loss (Rs. lakhs) (A)	2,856.17	4,899.70
Net profit attributable to equity shareholders (Rs. lakhs)(Refer note 30) (B)	2,731.12	4,712.65
Add: Stock-based employee compensation expense included in reported net profit (Rs. lakhs) (C)	4.98	-
Less: Stock-based employee compensation expense determined under fair value based method (Rs. lakhs) (D)	2.63	7.97
Proforma net profit (Rs. lakhs) [(E) = (B) + (C) - (D)]	2,733.46	4,704.68
Proforma net profit - diluted (Rs. lakhs) [(F) = (A) + (C) - (D)]	2,858.51	4,891.73
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share (G)	4,80,63,569	4,75,99,705
Weighted average number of equity shares outstanding during the year used in computing dilutive earning per share (H)	5,93,75,659	5,85,53,886
Earnings per share - as reported		
- Basic [(B)/(G)]	5.68	9.90
- Diluted [(A)/(H)]	4.81	8.37
Earnings per share - adjusted pro forma		
- Basic [(E)/(G)]	5.69	9.88
- Diluted [(F)/(H)]	4.81	8.24



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Newgen Software Technologies Limited
Notes to the financial statements for the year ended 31 March 2016

ESOP Plan	Outstanding at the beginning of the year	Bonus Option Granted	Options granted during the year	Options exercised during the year*	Options lapsed/Adj during the year*	Options forfeited during the year	Options outstanding at the end of the year	Options exercisable at the end of year
ESOP 1999	57,600.00 (14,880.00)	- (66,150.00)	- -	- (5,430.00)	- (18,000.00)	- -	57,600.00 (57,600.00)	57,600.00 (57,600.00)
ESOP 2000	6,78,180.00 (2,11,160.00)	- (6,97,300.00)	- -	1,84,780.00 (1,83,330.00)	9,600.00 (46,950.00)	- -	4,83,800.00 (6,78,180.00)	4,83,800.00 (4,14,180.00)
ESOP 2014	36,53,525.00 -	- -	- (36,53,525.00)	56,045.00 -	2,13,175.00 -	- -	33,84,305.00 (36,53,525.00)	2,88,188.00 (3,65,352.00)

Figures in brackets represents previous year figures

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

f) The weighted average share price at the date of exercise for stock options exercised during the period was Rs. 63. The options outstanding at 31 March 2016 had an exercise price of Rs. 4.445[#], Rs. 6.667[^] and Rs. 63 for the options under ESOP Plan 1999, ESOP Plan 2000 and ESOP Plan 2014 respectively.

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

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

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

Particulars	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Employee compensation cost pertaining to employee stock compensation plans	4.98	-
Liability for employee stock options outstanding as at year end*	16.48	18.35
Intrinsic value of the vested rights at the end of the year*	16.48	18.35

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



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34 Related party disclosure

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

Nature of relationship	Name of related party
Wholly owned subsidiaries	Newgen Software Inc., USA Newgen Software Technologies Canada, Limited Newgen Software Technologies Pte. Limited, Singapore Newgen Computers Technologies Limited, India Newgen Software Technologies (UK) Ltd.

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

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

c) Transactions with related parties during the year:

Nature of transaction	Name of related party	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Sale of products and services	Newgen Software Inc.	4,859.85	5,301.97
	Newgen Software Technologies Canada, Ltd.	808.42	998.62
	Newgen Software Technologies Pte. Ltd.	-	92.12
Rent expense	Newgen Computers Technologies Limited	6.00	6.00
	Sundeep Import Export Pvt. Limited [†]	-	9.00
Expenses Paid on behalf of Subsidiaries	Newgen Computers Technologies Limited	3.18	-
	Sundeep Import Export Pvt. Limited [†]	-	1.71
Loan received back	Newgen Employees Trust	19.50	51.01
Salary and other benefits*	Diwakar Nigam - Managing Director	73.19	73.19
	T.S. Varadarajan - Whole Time Director	35.88	35.94
	Priyadarshini Nigam - Whole Time Director	26.32	26.32
	Arun Kumar Gupta-Chief Financial officer	57.28	42.40
	Aman Mourya-Company Secretary	6.75	-
Bonus issue of shares	Diwakar Nigam - Managing Director	-	1,535.20
	T.S. Varadarajan - Whole Time Director	-	1,250.78
	Priyadarshini Nigam - Whole Time Director	-	664.08
	Newgen Employees Trust	-	111.34

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

[†] Refer Note 41

d) Outstanding balances as at year end

Particulars	Name of related party	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Trade receivables	Newgen Software Inc.	1,861.20	2,246.45
	Newgen Software Technologies Canada, Ltd.	249.88	237.22
	Newgen Software Technologies Pte. Ltd.	54.91	96.18
Investment in subsidiaries	Newgen Software Inc. USA	496.75	496.75
	Newgen Software Technologies Canada, Ltd.	53.30	53.30
	Newgen Software Technologies Pte. Ltd.	111.25	111.25
	Newgen Computers Technologies Limited	46.50	46.50
	Sundeep Import Export Pvt. Limited #	-	51.32
Unbilled revenue	Newgen Software Inc.	68.63	80.00
Salary and other benefits payable	Diwakar Nigam - Managing Director	6.07	6.07
	T.S. Varadarajan - Whole Time Director	2.82	2.82
	Priyadarshini Nigam - Whole Time Director	2.16	2.16
	Arun Kumar Gupta-Chief Financial officer	0.54	1.86
	Aman Mourya-Company Secretary	1.29	-

[#] Refer Note 41



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

Particulars	Currency	As at 31 March 2016		As at 31 March 2015	
		Amount in foreign currency (lakhs)	Amount in local currency (Rs. lakhs)	Amount in foreign currency (lakhs)	Amount in local currency (Rs. lakhs)
Trade Receivables	USD	193.49	12,834.68	160.96	10,074.64
	AED	0.52	9.40	0.50	8.41
	CAD	4.90	249.88	4.83	237.22
	EUR	2.06	154.65	4.53	306.03
	GBP	1.56	148.15	1.02	93.86
	SAR	8.48	149.64	6.37	105.77
	SGD	1.12	54.91	2.12	96.18
Trade Payable	USD	1.29	86.93	0.31	19.42
Brokerage and commission	USD	7.98	510.93	4.61	282.83
Short-term borrowings	USD	88.70	5,883.23	71.23	4,458.43
Salaries and bonus	AED	0.92	17.13	1.23	20.65
Travelling expense	USD	3.50	201.59	4.46	217.48
	AED	1.97	35.63	2.30	23.29
	CAD	0.06	1.46	0.55	19.72
	GBP	0.05	3.60	0.01	1.17
	SGD	0.08	2.28	0.04	1.89
	EURO	0.05	1.25	-	-

36 Expenditure in foreign currency:

Particulars	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Travelling expense (net of reimbursements)	1,537.46	1,409.41
Membership and subscription	181.94	172.30
Salaries and bonus	364.78	227.92
Brokerage and commission	685.46	552.04
Legal and professional	401.62	388.80
Software Maintenance	31.09	-
Advertisement and Exhibition	71.39	86.13
Rent	59.93	50.78
Dubai Expenses	124.76	-
Others	11.42	111.63

37 Earnings in foreign currency:

Particulars	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Export of software products and services	19,911.61	18,093.90

38 Prior period items:

Particulars	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Income	-	-
Sale of product	-	152.93
Expenses	-	-
Brokerage and commission	-	62.92



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39 Dividend remittances in foreign currency:

Particulars	31 March 2016	31 March 2015
Year to which the dividend relates	2014-15	2013-14
Amount remitted during the year (Rs. lakhs)	77.52	68.50
Number of non-resident shareholders	2	2
Number of shares on which dividend was due *	51,47,340	9,08,929

* Adjusted for bonus issue

40 Details of current investments

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

Fund House	Number of Units as at		Amount in Lakhs as at	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Investment in debt security mutual funds				
BNP Paribas Medium Term Income Fund	-	17,88,973	-	200.00
Franklin India Short Term Income Plan	-	6,984	-	200.00
Reliance Dynamic Bond Fund	-	13,19,032	-	250.00
UTI-Dynamic Bond Fund	-	15,87,816	-	250.00
Franklin India Income Builder Account- Plan A	-	6,22,252	-	300.00
ICICI Prudential Income Plan	-	8,00,915	-	350.00
IDFC Super Saver Income Fund - Investment Plan	-	8,82,997	-	300.00
Franklin India Short Term Income Plan	-	6,979	-	200.00
DSP Blackrock bond Fund	-	4,53,732	-	200.00
HSBC Income Fund - Short Term Plan	7,84,326	6,50,474	200.00	150.00
BNP Paribas Flexi Debt Fund	7,70,208	10,37,594	200.00	250.00
Birla Sun Life Dynamic Bond Fund	16,94,757	6,14,890	450.00	150.00
Reliance Regular Savings Fund	9,70,116	10,55,114	200.00	200.00
Kotak Bond Fund- Growth	4,65,943	-	200.00	-
UTI Bond Fund -Growth	4,41,319	-	200.00	-
IDFC Dynamic Bond Fund	13,66,352	-	250.00	-
			1,700.00	3,000.00
Investment in government bond				
Indian Railway Finance Corporation Limited (SR-92 8.4 BD 18FB29)	40,000	-	448.57	-
Investment in arbitrage funds				
HDFC Balanced Fund	4,13,056	4,13,056	439.23	443.85
Tata Balanced Fund	2,59,035	2,59,035	423.84	443.15
DSP BR Balanced Fund	4,13,307	4,13,307	440.03	442.99
ICICI Prudential Equity Income Fund	34,17,969	34,17,969	350.00	350.00
ICICI Prudential Balanced Advantage Fund	13,74,705	13,74,705	350.00	348.63
JPMorgan India Equity Income Fund	32,85,737	32,85,737	350.00	349.66
IDFC arbitrage fund	-	21,91,937	-	400.00
Edelweiss Arbitrage Fund	-	19,35,584	-	200.00
			2,353.10	2,978.28
			4,501.67	5,978.28

Quoted current investment

Particulars	31 March 2016	31 March 2015
Aggregate book value	4,548.57	6,000.00
Aggregate market value	4,518.67	5,994.28



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Newgen Software Technologies Limited

Notes to the financial statements for the year ended 31 March 2016

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

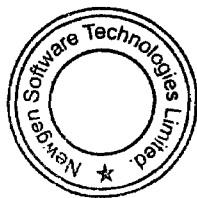
- a) The assets and liabilities of the transferor company and its operating results have been incorporated in the transferee Company's books with effect from 1 April 2015 i.e. the appointed date.
- b) The transferor companies has been dissolved without undergoing the process of winding up with effect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

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

- e) Alignment of accounting policies and changes in estimates
In accordance with the Scheme, the Company has carried out necessary adjustments to align the accounting policies of the Transferor Companies with that of the Company.

42 As at 31 March 2016, the Company has gross foreign currency receivables amounting to Rs. 14,344.84 Lakhs (previous year Rs. 11,527.62 Lakhs). Out of these receivables, Rs.3,754.91 Lakhs (previous year Rs.2,367.97 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. 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.

43 As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Board of directors . The areas for CSR activities are promoting education, health care, sanitation, digital literacy and livelihood enhancement and participation in SOS Children's Village Projects in Faridabad. Accordingly, the Company has spent INR 48.83 lakhs out of the total CSR expenditure budget of Rs. 100.62 lakhs.



Handwritten signatures: *BS*, *TS*, *AG*, *Am.*

- 44 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company has got the updated documentation for the international transactions entered into with the associated enterprises during the financial year. Accordingly, the management believes that there has been no change in the nature of its international transactions with the associated enterprises during the year ended 31 March 2016. Further, the management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

As per our report of even date attached

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



Rakesh Dewan
Partner
Membership No.: 092212


Place: Gurgaon
Date: 22 July 2016

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



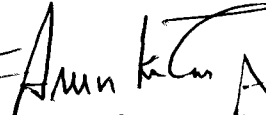
Diwakar Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 22 July 2016



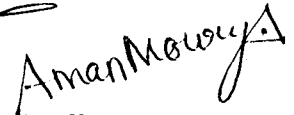
T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 22 July 2016



Arun Kumar Gupta
Chief Financial
Officer

Place: New Delhi
Date: 22 July 2016



Aman Mourya
Company Secretary
Membership No: 27299

Place: New Delhi
Date: 22 July 2016

Newgen Software Technologies Limited

Consolidated Financial Statements for the year ended

31 March 2016

B S R & Associates LLP

Chartered Accountants

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

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

Independent Auditor's Report

To the Members of Newgen Software Technologies Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Newgen Software Technologies Limited ('the Holding Company') and its subsidiaries (collectively called 'the Group' or 'the Company') which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial



B S R & Associates LLP

control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on other relevant financial information of the subsidiary as noted in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We have not audited the financial statements and other information of certain subsidiaries. These subsidiaries account for total assets of Rs. 358.70 lakhs as at 31 March 2016, total revenue of Rs. 1,210.16 lakhs and total net cash outflows amounting to Rs. 48.04 lakhs for the year ended 31 March 2016 as shown in the consolidated financial statements. Of the above:

- a) The financial statements and other financial information of Newgen Software Technologies Canada, Ltd and Newgen Software Technologies PTE, Ltd (Singapore) incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('local GAAP') and have been audited by other auditors duly qualified to act as auditors in those respective countries. These subsidiaries account for total assets of Rs. 306.86 lakhs as at 31 March 2016, total revenue of Rs. 1,210.16 lakhs and total net cash outflows amounting to Rs. 48.77 lakhs for the year ended 31 March 2016 as shown in these consolidated financial statements. The audit reports on the local GAAP financial statements and other information of the above entities have been furnished to us by the management. For the purposes of preparation of consolidated financial results, the aforesaid local GAAP financial statements have been restated by the management of the holding company so that they conform to the generally accepted accounting principles in India (Indian GAAP). This has been done on the basis of a reporting package prepared by the Company and examined by us which covers accounting and disclosure requirements and adjustments applicable to the consolidated financial statements under the Indian GAAP. Our opinion on the consolidated financial statements, in so far as it relates to the amounts included in respect of these subsidiaries, is based upon our reliance on work done and reports of the other auditors and the procedures carried out on the reporting package, as above.
- b) The financial statements and other financial information of Newgen Computer Technologies Limited, India have been audited by other auditor. The subsidiary account for total assets of Rs. 51.84 lakhs as at 31 March 2016, total revenue of Rs. Nil and total net cash flows amounting to Rs. 0.73 lakhs for the year ended 31 March 2016 as shown in these consolidated financial statements.



B S R & Associates LLP

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

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

Report on Other Legal and Regulatory Requirements

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 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 auditor referred in paragraph (b) of the 'Other matters' section above;
- (c) The report on the financial information of the merging company audited by the other auditor referred in paragraph b) of the 'Other Matters' section above has been sent to us and has been properly dealt with by us in the audit of the standalone financial statements of the Holding Company and in preparing this report;
- (d) The consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company, incorporated in India, none of the directors of the Group, incorporated in India, is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and



B S R & Associates LLP

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

- i. The Group did not have any pending litigations which would materially impact its financial position;
- ii. The Group did not have any foreseeable losses on long term contracts and had no derivative contracts outstanding as at 31 March 2016; and
- iii. The Holding Company and its subsidiary incorporated in India did not have any dues on account of Investor Education and Protection Fund.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No.: 116231W/ W-100024



Rakesh Dewan

Partner

Membership No.: 092212

Place: Gurgaon

Date: 22 July 2016

Annexure A to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Newgen Software Technologies Limited for the year ended 31 March 2016

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

In conjunction with our audit of the consolidated financial statements of the Company for the year ended on that 31 March 2016, we have audited the internal financial controls over financial reporting of Newgen Software Technologies Limited ("the Holding Company") and its subsidiary company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the ICAI.

Other matter

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

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 22 July 2016

Newgen Software Technologies Limited
Consolidated Balance Sheet as at 31 March 2016

	Note	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	6,309.41	6,306.31
Reserves and surplus	4	16,064.61	13,793.68
		<u>22,374.02</u>	<u>20,099.99</u>
Non-current liabilities			
Long-term provisions	5	1,121.58	824.99
Deferred tax liabilities (net)	12.2	24.64	24.81
Other Long Term Liabilities	6	1,336.16	18.54
		<u>2,482.38</u>	<u>868.34</u>
Current liabilities			
Short-term borrowings	7	5,883.19	4,458.43
Trade payables	8	-	-
dues to micro and small enterprises		-	-
dues to others		1,485.43	1,440.88
Other current liabilities	9	5,756.11	4,114.84
Short-term provisions	5	1,024.93	1,491.29
		<u>14,149.66</u>	<u>11,505.44</u>
Total		<u>39,006.06</u>	<u>32,473.77</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	5,592.82	2,245.44
Intangible assets	11	103.01	75.47
		<u>5,695.83</u>	<u>2,320.91</u>
Capital work-in-progress		604.61	475.77
		<u>6,300.44</u>	<u>2,796.68</u>
Deferred tax assets (net)	12.1	854.61	598.55
Long-term loans and advances	13	1,240.93	750.37
Other non-current assets	14	162.44	143.95
		<u>8,558.42</u>	<u>4,289.55</u>
Current assets			
Current investments	15	4,501.67	5,978.28
Trade receivables	16	20,550.59	17,608.78
Cash and bank balances	17	2,358.24	1,867.55
Short-term loans and advances	13	599.29	692.50
Other current assets	14	2,437.85	2,037.11
		<u>30,447.64</u>	<u>28,184.22</u>
Total		<u>39,006.06</u>	<u>32,473.77</u>
Significant accounting policies	2		

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

As per our report of even date attached

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

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 22 July 2016



Diwakar Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 22 July 2016



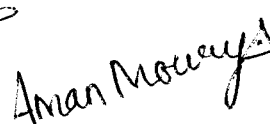
T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 22 July 2016



Arun Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: 22 July 2016



Aman Mourya
Company Secretary
Membership No: 27299

Place: New Delhi
Date: 22 July 2016

Newgen Software Technologies Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2016

Note	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Revenue		
Revenue from operations	18	34,680.50
Other income	19	288.33
Total Revenue		34,968.83
Expenses		
Purchases of stock-in-trade	20	-
Employee benefits	21	18,319.83
Finance costs	22	349.15
Depreciation and amortisation	23	436.60
Other expenses	24	12,387.07
Total Expenses		31,492.65
Profit before exceptional item and tax		3,476.18
Exceptional item		-
Profit before tax		3,476.18
Tax expense		
Current tax		864.41
MAT credit entitlement		(74.85)
Tax expense/(reversal) for earlier year		69.73
Deferred tax credit		(256.06)
Profit after tax for the year		2,872.95
Earnings per equity share (face value of Rs. 10 per share)		
Basic earning per share (in Rs.)	29	5.72
Diluted earning per share (in Rs.)		4.84
		10.69
		9.01
Significant accounting policies	2	

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

As per our report of even date attached.

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

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



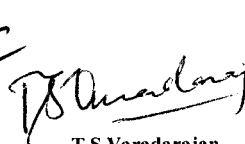
Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 22 July 2016



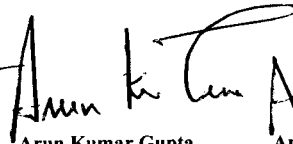
Diwakar Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 22 July 2016



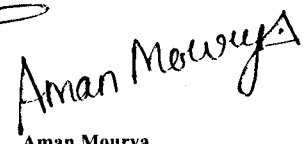
T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 22 July 2016



Arun Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: 22 July 2016



Aman Mourya
Company Secretary
Membership No: 27299

Place: New Delhi
Date: 22 July 2016

	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
A. Cash flow from operating activities:		
Net Profit before tax	3,476.18	6,619.82
<i>Adjustments for:</i>		
Depreciation and amortisation	436.60	436.94
Exceptional item (refer note 30)	-	(582.21)
Net Loss/(gain) on sale/retirement of fixed assets	12.20	(3.04)
Provision for doubtful trade receivables	745.68	661.37
Advances written off	3.37	-
Bad debts written off	18.56	10.60
Provision for earnest money deposit	2.19	4.97
Employee stock compensation expense	4.98	-
Diminution in market value of current investment	25.18	21.72
Unrealised foreign exchange difference (net)	(77.84)	(138.37)
Finance cost	340.45	182.22
Dividend income on current investments	(5.42)	-
Profit on sale on current investments	(181.40)	(568.22)
Interest income	(30.00)	(52.44)
Operating profit before working capital changes	4,770.73	6,593.36
<i>Adjustments for working capital changes:</i>		
(Decrease)/increase in trade payables	(733.48)	631.54
(Decrease)/increase in other current and non current liabilities	1,256.30	691.32
(Decrease)/increase in provisions	401.70	207.23
Decrease/(increase) in trade receivables	(2,665.74)	(4,951.41)
Decrease/(increase) in loans and advances	62.68	(415.61)
Decrease/(increase) in other current assets and non-current assets	(323.90)	(581.95)
Cash generated from operating activities	2,768.29	2,174.47
Income tax paid (net of refund)	(1,655.19)	(1,273.88)
Net cash generated from operating activities	1,113.10	900.60
B. Cash flow from investing activities:		
Purchase of fixed assets including capital advances	(2,189.18)	(1,038.54)
Sale of fixed assets	5.55	3.15
Purchase of current investments	(2,180.69)	(6,000.00)
Proceeds from sale of current investments	3,781.40	6,068.22
Dividend income on current investments	5.42	-
Interest received	17.68	76.47
Investment in bank deposits (net)	(18.49)	(1.83)
Net cash used in investing activities	(578.31)	(892.53)
C. Cash flow from financing activities:		
Proceeds from borrowings (net)	1,387.94	508.48
Loan repaid by Newgen ESOP Trust	19.50	51.01
Dividend paid (including corporate dividend distribution tax)	(1,163.11)	(923.26)
Finance cost	(292.16)	(182.22)
Net cash used in financing activities	(47.83)	(545.99)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	486.96	(537.92)
Effect of foreign exchange	3.73	(16.18)
Cash and cash equivalents at the beginning of the year	1,867.55	2,421.65
Cash and cash equivalents at the end of the year (refer note 17)	2,358.24	1,867.55


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

Significant accounting policies (refer note 2)


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

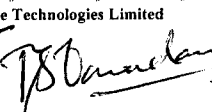
As per our report of even date attached

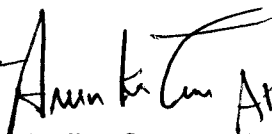
For **BSR & Associates LLP**
Chartered Accountants
Firm Registration No.:
116231W / W-100024

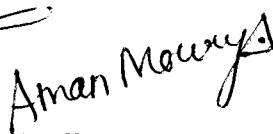

Rakesh Dewan
Partner
Membership No.: 092212

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: 27299

Place: Gurgaon
Date: 22 July 2016

Place: New Delhi
Date: 22 July 2016

Place: New Delhi
Date: 22 July 2016

Place: New Delhi
Date: 22 July 2016

Place: New Delhi
Date: 22 July 2016

Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2016

1. Background

Newgen Software Technologies Limited (hereinafter referred to as ‘Newgen’ or the ‘Company’ or the ‘Holding Company’) and its subsidiaries (hereinafter referred to as the ‘group’) is a global software company and is engaged in the business of software product development including designing and delivering end-to-end software solutions covering the entire spectrum of software services from Workflow Automation to Document Management to Imaging. Group provides a complete range of software that helps automate business processes. Newgen’s solutions enable document intensive organizations /industries such as Finance and Banking, Insurance and Government Departments to improve productivity through better document management and workflow implementation.

2. Significant accounting policies

a) Basis of preparation

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

b) Principles of consolidation

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

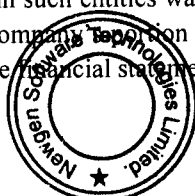
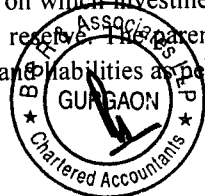
Name of Subsidiaries	Country of Incorporation	Effective Shareholding (%)
Newgen Software Inc.	U.S.A	100
Newgen Software Technologies Canada, Limited	Canada	100
Newgen Software Technologies PTE, Limited	Singapore	100
Newgen Computer Technologies Limited	India	100
Sandeep Import Export Private Limited*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

*Merged with the Holding Company with effect from 1 April 2015. (Refer Note 36)

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

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

The excess/deficit of cost to the parent company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognized in the consolidated financial statements as goodwill/capital reserve. The parent company’s portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2016

if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

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

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

c) Current - Non Current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

Current liabilities include current portion of non-current financial liabilities.

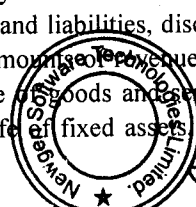
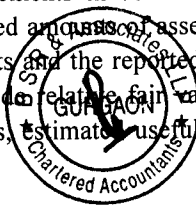
All other liabilities are classified as non-current.

Operating cycle

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

d) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Examples of such estimates include the fair value of goods and services, provisions of future obligation under employee retirement benefit plans, estimate useful life of fixed assets, provision for doubtful debts and loans and



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advances and provision for income-tax. Actual results could differ from these estimates. Any revisions to estimates are recognised prospectively in current and future periods.

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

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

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

f) Intangible fixed assets

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

g) Depreciation and amortisation

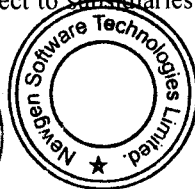
The management has determined the estimated useful lives of the assets based on the consideration of useful lives as prescribed under part C of Schedule II of the Act and the period over which the Company expects to derives estimated economic benefits from the use of such assets. Leasehold land is amortized over lease period i.e. 90 years. The estimated useful lives of asset determined are as follows:

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

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

During the previous year the method of depreciation had been changed from Written down vale (WDV) to straight line method (SLM) for all tangible and intangible assets. The policy had been changed to reflect the pattern in which economic benefits of the assets are consumed based on historical and future expected use and therefore results in presentation of financial results in a more appropriate manner.

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



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h) Impairment of assets

The management assesses at each Balance Sheet date whether there is any indication that a fixed asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

i) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is presented under 'current assets' in consonance with the current/ non-current classification scheme of schedule III of Companies Act, 2013.

Non current investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value determined by category of investment. The fair value is determined using quoted market price/market observable information adjusted for cost of disposal. On disposal of the investment, the difference between its carrying amount and net disposal proceeds is charged to profit and loss.

j) Inventories

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

k) Revenue recognition

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

When a fixed price sales arrangement contains multiple-elements, such as sale of licenses for software products, implementation services and other services, revenue for each element is based on revenue arrangements in which a customer may purchase a combination of its services. Revenue from multiple-element arrangements is recognized, for each respective element, based on (1) the attainment of the delivery criterion; (2) its fair value, which is determined using the selling price hierarchy of vendor-specific objective evidence ("VSOE") of fair value, third-party evidence or best estimated selling price, as applicable, and (3) its allocated selling price, which is based on the relative sales price method except where fair value of delivered component is not determinable residual method is followed.

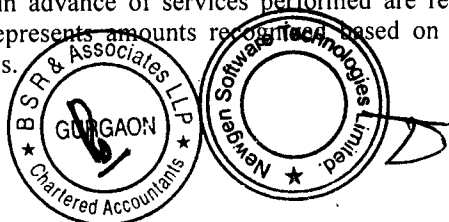
The revenues from fixed price contracts for software development is recognized based on proportionate completion method and foreseeable losses on the completion of contract, if any, are recognised immediately.

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

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

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

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



Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2016

Rental income from office equipments given on operating lease is recognised on a straight-line basis over the lease term.

l) Other income

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

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

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

m) Trade receivables

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

n) Foreign currency transactions

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

o) Leases

Operating leases

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

p) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

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

q) Employee benefits

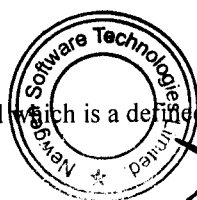
Short term employee benefits

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

Post employment benefits

Defined contribution plans

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



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Defined benefit plans

The Company's gratuity plan is a defined benefit plan. Present value of obligations under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

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

Other long term benefits

The obligation in respect of compensated absences is provided on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government bonds as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

r) Employee share based compensation

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

s) Segment accounting policies

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

i) Segment assets and liabilities

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

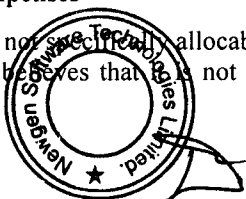
Segment liabilities include sundry creditors, other liabilities and staff benefits. Segment liabilities do not include share capital, reserves and surplus, provision for income tax and other liabilities not specifically identifiable with a segment.

ii) Segment revenue and expenses

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

iii) Unallocated assets, liabilities, revenue and expenses

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



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relating to such assets, liabilities, revenue and expenses and accordingly such assets, liabilities, revenue and expenses are separately disclosed as 'unallocated'.

t) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expense is recognised in the Consolidated Statement of Profit and Loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

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

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

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

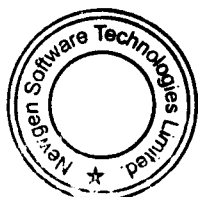
The credit available under the Income tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the respective entities will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

u) Earnings per share

The Company reports basic and diluted earnings / (loss) per equity share in accordance with Accounting Standard 20, "Earnings Per Share" specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The basic earnings / (loss) per share is computed by dividing the net profit / (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed after adjusting the effects of all dilutive potential equity shares, if any, except when the results will be anti-dilutive.

v) Cash and cash equivalents

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



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	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount (Rs. lakhs)	Number of shares	Amount (Rs. lakhs)
3 Share capital				
Authorised				
Equity shares of Rs. 10 each	6,30,50,000	6,305.00	6,30,00,000	6,300.00
Equity share capital with differential voting rights of Rs. 10 each	200	0.02	200	0.02
0.01% Compulsory convertible preference shares of Rs. 10 each	1,19,99,800	1,199.98	1,19,99,800	1,199.98
	<u>7,50,50,000</u>	<u>7,505.00</u>	<u>7,50,00,000</u>	<u>7,500.00</u>
Issued, subscribed and paid up				
Equity shares of Rs. 10 each, fully paid up				
At the beginning of the year	5,40,13,800	5,401.38	87,94,800	879.48
Add: Issue of bonus shares	-	-	4,39,74,000	4,397.40
Add: Issued during the year to Newgen ESOP Trust	-	-	12,45,000	124.50
At the end of the year	5,40,13,800	5,401.38	5,40,13,800	5,401.38
Less: Recoverable from Newgen ESOP Trust (refer note 32)	12,14,048	121.40	12,45,000	124.50
	<u>5,27,99,752</u>	<u>5,279.98</u>	<u>5,27,68,800</u>	<u>5,276.88</u>
Equity share capital with Differential voting rights (DVR) of Rs. 10 each, fully paid up				
At the beginning of the year	120	0.01	20	0.00
Add: Issue of bonus shares	-	-	100	0.01
At the end of the year	<u>120</u>	<u>0.01</u>	<u>120</u>	<u>0.01</u>
0.01% Compulsory convertible preference shares of Rs. 10 each, fully paid up				
At the beginning of the year	1,02,94,230	1,029.42	17,15,705	171.57
Add: Bonus shares issued during the year	-	-	85,78,525	857.85
At the end of the year	<u>1,02,94,230</u>	<u>1,029.42</u>	<u>1,02,94,230</u>	<u>1,029.42</u>
	<u>6,30,94,102</u>	<u>6,309.41</u>	<u>6,30,63,150</u>	<u>6,306.31</u>

3(a) Terms/rights attached to equity shares

The company has two classes of equity shares i.e equity shares having a par value of Rs.10 per share and equity shares with differential voting rights having par value of Rs.10 per share.

Equity shares:

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

Equity shares with differential voting rights (DVR):

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

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

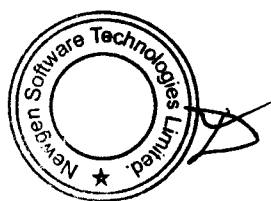
Each of the shareholder with differential voting rights shall, at all times up to the conversion thereof, are entitled to a fixed preferential and cumulative dividend of one-hundredth percent (0.01%) of the investment amount and resolved to be so distributed as such dividend in respect of each financial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

*Adjusted for bonus issue (Refer note 3c)

Expiration of differential rights:

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

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



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3(b) Terms/rights attached to preference shares

During the years ended 31 March 2008 and 31 March 2009, the Company had issued 1,014,785 compulsorily convertible preference shares (hereinafter referred to as "CCPS") of Rs. 10 each fully paid up to HAV2 (Mauritius) Limited and 360,250 CCPS of Rs. 10 each fully paid up to SAPV (Mauritius). During the financial year 2013-14, HAV2 (Mauritius) Limited, exited from the Company and two new investors namely Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund II ("Ascent") and IDG Ventures India Fund II LLC ("IDGVI") made investment in the Company. During the year ended 31 March 2014, all the CCPS held by HAV2 (Mauritius) Limited, were acquired by Ascent (670,790 CCPS) and IDGVI (343,995 CCPS). Further, during the previous year, the Company has also allotted 225,192 number of CCPS to Ascent and 115,478 number of CCPS to IDGVI.

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

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

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

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

During the year ended 2014-15, IDVG transferred 606,540 (adjusted for bonus issue) to Pandara Trust Scheme-I.

3(c) During the year ended 2014-15, the Company had issued bonus shares in proportion of five shares for every one existing share pursuant to resolution passed by the shareholders on 18 September 2014. Accordingly, the company allotted 43,974,000 equity shares, 8,578,525 compulsorily convertible preference shares and 100 equity shares (with differential voting rights) of face value Rs. 10 each as fully paid up bonus shares by transfer of Rs. 5,255.26 lakhs to Share Capital Account on record date 9 July 2014 by utilisation of Security Premium Account. Consequently, the earnings per share have been adjusted for the year ended 31 March 2015.

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

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding in the shares	Number of shares *	% holding in the shares
Equity shares of Rs. 10 each, fully paid up held by:				
- Mr. Diwakar Nigam	1,84,22,406	34.11%	1,84,22,406	34.11%
- Mr. T.S. Varadarajan	1,50,09,306	27.79%	1,50,09,306	27.79%
- Mrs. Priyadarshini Nigam	79,68,906	14.75%	79,68,906	14.75%
- Mrs. Usha Varadarajan	45,28,320	8.38%	45,28,320	8.38%

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

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding in the shares	Number of shares *	% holding in the shares
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	60	50	60	50
IDG Ventures India Fund II LLC	60	50	60	50

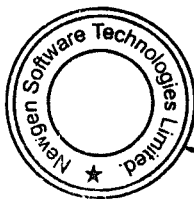
0.01% Compulsory Convertible Preference Shares of Rs.10 each, fully paid up held by:

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding in the shares	Number of shares *	% holding in the shares
SAPV (Mauritius)	21,61,500	21.00%	21,61,500	21.00%
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	53,75,892	52.22%	53,75,892	52.22%
IDG Ventures India Fund II LLC	21,50,334	20.89%	21,50,334	20.89%
Pandara Trust Scheme- I	6,06,504	5.89%	6,06,504	5.89%

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

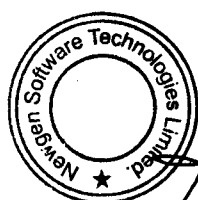
3(e) Shares reserved for issue under option

For details of shares reserved for issue under the employee stock option plan of the Company, refer note 32.



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	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
4 Reserves and surplus		
Capital redemption reserve		
At the beginning and end of the year	87.95	87.95
	87.95	87.95
Capital Reserve		
At the beginning and end of the year	0.21	0.21
	0.21	0.21
Securities premium account		
At the beginning of the year	1,126.60	5,717.41
Add: Issue of shares to Newgen ESOP Trust	-	659.85
Less: Amount utilized for issuance of bonus shares (refer note 3(c))	-	5,255.26
Add: Transferred from employee stock options outstanding account on exercise of stock options issued to employees (refer note 32)	6.64	4.60
	1,133.24	1,126.60
Less: Recoverable from Newgen Employee Trust (refer note 32)	643.45	659.85
At the end of the year	489.79	466.75
Employee stock options outstanding (refer note 32)		
At the beginning of the year	18.35	24.32
Add: Employee stock compensation expense	4.98	-
Less: Transferred to general reserve on account of lapse of stock options issued to employees (refer note 32)	0.21	1.37
Less: Transferred to securities premium account on exercise of stock options issued to employees	6.64	4.60
At the end of the year	16.48	18.35
General reserve		
At the beginning of the year	1,491.88	1,000.54
Add: Transferred from employee stock options outstanding account on lapse of stock options issued to employees (refer note 32)	0.21	1.37
Less: Adjustment in general reserve due to merger Scheme (refer note 36)	46.32	-
Add: Transferred from surplus	285.62	489.97
At the end of the year	1,731.39	1,491.88
Foreign Currency Translation Reserve		
At the beginning of the year	86.18	74.59
Movement during the year*	241.20	11.59
At the end of the year	327.38	86.18
*Includes adjustment of Rs 88.82 Lakhs relating to previous year.		
Surplus of Statement of Profit and Loss		
At the beginning of the year	11,642.36	8,056.34
Add: Profit for the year	2,872.95	5,274.74
Add: Adjustment in general reserve due to merger Scheme (refer note 36)	46.32	-
Less: Adjustment of foreign currency translation reserve relating to previous year	88.82	-
Less: Adjustment of depreciation due to change in useful life	-	35.64
Less: Appropriations		
Proposed dividend on equity shares	540.14	810.18
Dividend distribution tax on proposed dividend on equity shares	110.59	165.88
Proposed dividend on preference shares	103.80	155.26
Dividend distribution tax on proposed dividend on preference shares	21.25	31.79
Transfer to general reserve	285.62	489.97
At the end of the year	13,411.41	11,642.36
	16,064.61	13,793.68



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5 Provisions

	Long-term		Short-term	
	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Provision for employee benefits (refer note 26)				
Provision for gratuity	865.23	627.76	134.70	51.69
Provision for compensated absences	256.35	197.23	55.17	33.08
	<u>1,121.58</u>	<u>824.99</u>	<u>189.86</u>	<u>84.77</u>
Other provisions				
Provision for income-tax [net of advance tax Rs 1434.14 lakhs previous year Rs 1,180.53 lakhs]	-	-	59.29	243.41
Proposed dividend on equity shares	-	-	540.14	810.18
Dividend distribution tax on proposed dividend on equity shares	-	-	110.59	165.88
Proposed dividend on preference shares	-	-	103.80	155.26
Dividend distribution tax on proposed dividend on preference	-	-	21.25	31.79
	<u>-</u>	<u>-</u>	<u>835.07</u>	<u>1,406.52</u>
	<u>1,121.58</u>	<u>824.99</u>	<u>1,024.93</u>	<u>1,491.29</u>



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	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
6 Other Long Term Liabilities		
Deferred liability for leasehold land	1,316.91	-
Lease equalisation reserve	19.25	18.54
	1,336.16	18.54
7 Short-term borrowings		
Loans from banks (secured)*		
Pre-shipment loans	5,883.19	4,458.43
	5,883.19	4,458.43

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

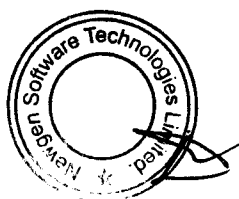
8 Trade payables

Trade payables		
- dues to micro and small enterprises	-	-
- dues to others	1,485.43	1,440.88
	1,485.43	1,440.88

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information currently available with the Company, there are no amounts payable to micro and small enterprises as at 31 March 2016 and 31 March 2015.

9 Other current liabilities

Deferred revenue	3,264.09	2,227.56
Other payables		
- employee related payables	1,712.91	1,483.19
- statutory dues payable	413.19	379.10
- deferred liability against leasehold land	292.65	-
- advance from customers	7.51	8.19
- dues in respect of purchase/construction of fixed assets	17.47	16.80
- interest accrued but not due on deferred liability	48.29	-
	5,756.11	4,114.84



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10 Tangible assets

(Rs. lakhs)

Asset description	Gross block						
	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015	Additions	Deletions/ adjustments	As at 31 March 2016
Freehold land	4.71	-	-	4.71	-	-	4.71
Leasehold Land	39.90	-	-	39.90	2,802.15	-	2,842.05
Buildings	674.12	417.97	-	1,092.09	189.32	21.52	1,259.89
Leasehold improvements	153.08	-	-	153.08	-	-	153.08
Plant and machinery	280.10	4.48	-	284.58	102.79	20.63	366.74
Furniture and fixtures	253.80	5.27	-	259.07	156.98	10.35	405.70
Office equipments	345.76	37.84	-	383.60	130.42	27.52	486.50
Vehicles	172.02	49.68	12.90	208.80	35.87	3.94	240.73
Computer and servers	1,462.15	279.84	-	1,741.99	328.35	48.38	2,021.96
Total	3,385.64	795.08	12.90	4,167.82	3,745.88	132.34	7,781.36

Asset description	Amortisation						
	As at 31 March 2014	Dep/Adjustments for the year*	On deletions/ adjustments	As at 31 March 2015	Dep/Adjustments for the year*	On deletions/ adjustments	As at 31 March 2016
Freehold land	-	-	-	-	-	-	-
Leasehold Land	6.88	0.39	-	7.27	11.24	-	18.51
Buildings	266.84	(117.31)	-	149.53	40.15	21.52	168.16
Leasehold improvements	139.49	7.60	-	147.09	-	-	147.09
Plant and machinery	150.42	(38.04)	12.58	124.96	25.81	17.63	133.14
Furniture and fixtures	182.28	(45.32)	-	136.96	27.63	7.11	157.48
Office equipments	145.20	(17.33)	1.64	129.51	41.16	16.19	154.48
Vehicles	94.25	4.04	(8.15)	90.14	18.61	3.94	104.81
Computer and servers	1,102.06	11.28	23.58	1,136.92	216.15	48.20	1,304.87
Total	2,087.42	(194.69)	29.65	1,922.38	380.75	114.59	2,188.54

* Refer Note 30 & 31

Asset description	Net block		
	As at 31 March 2015		As at 31 March 2016
Freehold land	4.71		4.71
Leasehold Land	32.63		2,823.54
Buildings	942.56		1,091.73
Leasehold improvements	5.99		5.99
Plant and machinery	159.62		233.60
Furniture and fixtures	122.11		248.22
Office equipments	254.09		332.02
Vehicles	118.66		135.92
Computer and servers	605.07		717.09
Total	2,245.44		5,592.82

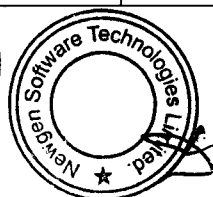
11 Intangible assets

(Rs. lakhs)

Asset description	Gross block						
	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015	Additions	Deletions/ adjustments	As at 31 March 2016
Computer software	717.36	28.10	-	745.47	83.40	-	828.86
Total	717.36	28.10	-	745.47	83.40	-	828.86

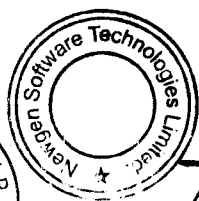
Asset description	Amortisation						
	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015	For the year	On deletions/ adjustments	As at 31 March 2016
Computer software	620.68	49.32	-	670.00	55.85	-	725.85
Total	620.68	49.32	-	670.00	55.85	-	725.85

Asset description	Net block		
	As at 31 March 2015		As at 31 March 2016
Computer software	75.47		103.01
Total	75.47		103.01



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	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
12.1 Deferred tax assets (net)		
Deferred tax asset on:		
Provision for gratuity	333.95	226.26
Provision for compensated absences	121.12	90.03
Bonus payable	17.38	0.76
Provision for doubtful trade receivables	589.40	448.03
Provision for doubtful loans and advances	42.73	41.97
Others	18.28	7.52
	1,122.86	814.57
Deferred tax liability on:		
Excess of written down value of fixed assets as per books	268.25	216.02
	268.25	216.02
	854.61	598.55
12.2 Deferred tax liabilities (net)- Newgen Software Inc (Subsidiary)		
Deferred tax asset on:		
Net operating losses carryforwards	-	6.40
	-	6.40
Deferred tax liability on:		
Excess of written down value of fixed assets as per books	8.55	8.35
Others	16.09	22.86
	24.64	31.21
	24.64	24.81



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2016

13 Loans and advances

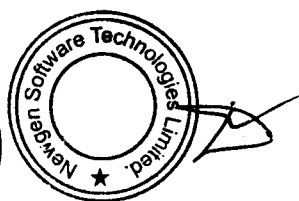
(unsecured and considered good, unless stated otherwise)

	Long-term		Short-term	
	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Capital advances	-	157.13	-	-
Security deposits	329.25	308.85	-	-
Loans and advances to related party				
- Newgen ESOP Trust	1.00	1.00	-	-
Earnest money deposits				
- considered good	12.94	-	14.30	50.13
- considered doubtful	123.46	-	-	121.27
	136.40	-	14.30	171.40
Less: provision for doubtful deposits	123.46	-	-	121.27
	12.94	-	14.30	50.13
Advances to vendors	-	-	17.08	134.31
Loans to employees	-	-	35.04	10.88
Octroi charges recoverable	-	-	1.31	-
Advance to employees	-	-	37.79	85.58
Prepaid expenses	-	-	314.94	288.28
Advance income tax [net of provision of 5492.07 lakhs] (Previous year Rs. 3212.40 lakhs)	808.72	199.59	-	-
MAT credit entitlement	89.02	83.80	-	-
Balances with statutory authorities				
- Service tax refundable/adjustable	-	-	178.82	123.32
	910.68	283.39	599.29	692.50
	1,240.93	750.37	599.29	692.50

14 Other assets

(Unsecured and considered good, unless stated otherwise)

	Non-current		Current	
	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Bank deposits not due for realization within 12 months from the reporting date				
- pledged with tax authorities	2.25	4.25	-	-
- held as margin money	160.19	139.70	-	-
Unbilled revenue	-	-	2,373.45	2,018.65
Interest accrued on deposits	-	-	31.19	18.46
Interest accrued but not due on government bonds	-	-	32.13	-
Other current assets	-	-	1.08	-
	162.44	143.95	2,437.85	2,037.11



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Newgen Software Technologies Limited
Notes to the consolidated financial statements for the year ended 31 March 2016

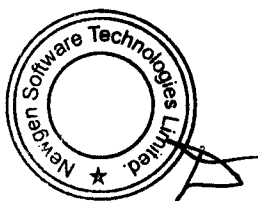
	<u>As at</u> <u>31 March 2016</u> <u>(Rs. lakhs)</u>	<u>As at</u> <u>31 March 2015</u> <u>(Rs. lakhs)</u>
15 Current investments <i>(Valued at cost or fair value whichever is less)</i>		
Quoted		
Investment in arbitrage funds (refer note 35)	2,353.10	2,978.28
Investment in debt security mutual funds (refer note 35)	1,700.00	3,000.00
Investment in government bond	448.57	-
	<u>4,501.67</u>	<u>5,978.28</u>
16 Trade receivables <i>(Unsecured, unless stated otherwise)</i>		
Trade receivables		
Outstanding for a period exceeding six months from the date they were due for payment		
- considered good	5,819.11	4,123.67
- considered doubtful	<u>1,818.33</u>	<u>1,424.44</u>
	7,637.44	5,548.11
Less: provision for doubtful debts	<u>1,818.33</u>	<u>1,424.44</u>
	5,819.11	4,123.67
Other trade receivables	14,731.48	13,485.11
	<u>20,550.59</u>	<u>17,608.78</u>
17 Cash and bank balances		
Cash and cash equivalents		
- Cash on hand	14.35	11.71
- Balances with banks		
On current accounts*	2,343.89	1,835.35
Other bank balances		
- Held as margin money#	-	20.49
	<u>2,358.24</u>	<u>1,867.55</u>

*Current account balances with banks include Rs. 41.11 lakhs (previous year: Rs. 54.26 lakhs) held at a foreign branch which are not freely remissible to the company because of exchange restrictions.

Balance with Banks held as margin money Rs. Nil (previous year: Rs. 20.49 lakhs) represents the margin money on account of gurantees issued to sales tax department and government customers.

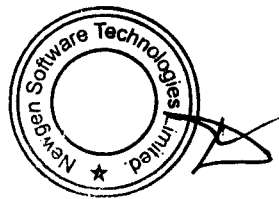
Details of bank balances/deposits

Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	-	20.49
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	160.19	139.70
	<u>160.19</u>	<u>160.19</u>



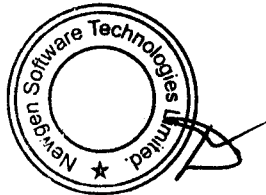
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	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
18 Revenue from operations		
Sale of products - softwares	6,767.19	7,199.16
Sale of services	27,912.04	23,759.68
Sale of stock-in-trade	1.27	26.10
Rental income for office equipments given on operating lease for service delivery (refer note 27)	-	14.26
	34,680.50	30,999.20
19 Other income		
Interest income on bank deposits	30.00	52.44
Dividend income on mutual fund investment	5.42	-
Profit on sale on mutual fund investment	181.41	568.22
Net foreign exchange fluctuation gain	19.59	91.42
Bad debts recovered	1.90	-
Interest on Income tax refund	-	54.80
Miscellaneous income	50.01	5.06
Net gain on sale/retirement of fixed assets	-	3.04
	288.33	774.98
20 Purchases of stock-in-trade		
Purchases of stock-in-trade	-	17.33
	-	17.33
21 Employee benefits		
Salaries, wages and bonus	16,781.46	13,152.08
Contribution to provident fund and other funds	593.27	471.63
Employee stock compensation expense (refer note 32)	4.98	-
Compensated absences (refer note 26)	191.11	166.37
Gratuity (refer note 26)	360.90	225.93
Staff welfare	388.11	306.87
	18,319.83	14,322.88
22 Finance costs		
Interest expense on borrowings	125.72	125.04
Interest on deferred liability for leasehold land	153.64	-
Other borrowing costs - bank charges	69.79	57.18
	349.15	182.22
23 Depreciation and amortisation		
Depreciation on tangible assets (refer note 30)	380.75	387.62
Amortisation on intangible assets	55.85	49.32
	436.60	436.94



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	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
24 Other expenses		
Rent (refer note 27)	1,210.67	692.57
Travelling and conveyance	3,909.02	3,737.56
Legal and professional	1,350.47	1,238.29
Digitisation (scanning) charges	562.93	449.65
Advertisement and publicity	398.99	778.98
Insurance	457.91	305.42
Brokerage and commission	739.20	604.77
Repairs and maintenance:		
- buildings	77.81	75.22
- computers	270.07	104.24
- others	131.57	104.02
Rates and taxes	75.91	80.38
Recruitment	182.51	210.99
Donation	28.20	32.32
Office maintenance expense	424.96	278.41
Communication	356.62	324.34
CSR Expenditure (refer note 38)	48.83	24.76
Electricity and water	314.11	262.85
Auditors' remuneration		
- Statutory audit fee	20.00	15.00
- Group audit fee	14.00	20.00
- Reimbursement of expenses	1.50	2.50
Provision for doubtful debts	745.68	661.37
Bad debt written off	18.56	10.60
Advances Written Off	3.37	-
Provision for doubtful loans and advances	2.19	4.97
Membership and subscription	402.97	272.91
Security charges	148.32	127.32
Equipment hiring charges	31.43	33.84
Software and license maintenance expense	305.64	243.02
Printing and stationery	76.72	50.42
Net loss on sale/retirement of fixed assets, net	12.20	-
Diminution in market value of current investment (refer note 35)	25.18	21.72
Miscellaneous expenses	39.53	8.77
	<u>12,387.07</u>	<u>10,777.21</u>



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25 Commitments

Capital commitments:

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for in the financial statements aggregate to Rs.574.98 lakhs (previous year Rs. 2,853.58 lakhs).

26 Employee benefits

a) Defined contribution plan

The Holding Company makes contributions towards employees' provident fund scheme. Under this scheme, the Holding Company is required to contribute a specified percentage of payroll cost, as specified in the rules of this scheme, to this defined contribution scheme. During the year, the Holding Company recognised Rs. 593.27 lakhs (previous year Rs. 471.63 lakhs) as expense towards contribution to this plan and included in "Employee benefits expense" in Note 21.

b) Defined benefit plan

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

Particulars	31 March 2016 (Rs. lakhs)	31 March 2015 (Rs. lakhs)
Change in present value of obligation		
Present value of obligation at the beginning of the year	679.45	497.13
Current service cost	138.60	99.77
Interest cost	54.36	42.26
Actuarial (gain) / loss	167.95	83.90
Benefits paid	(40.43)	(43.61)
Present value of obligation at the end of the year	999.93	679.45
Liability recognised in the financial statements	999.93	679.45
Expense recognised in the Statement of Profit and Loss		
Current service cost	138.60	99.77
Interest cost	54.36	42.26
Actuarial (gain) / loss	167.95	83.90
Expense recognised in the Statement of Profit and Loss	360.91	225.93

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

Particulars	31 March 2016	31 March 2015
Economic assumptions:		
Discount rate*	7.95%	8.00%
Expected future salary increase**	7.00%	6.00%
Average remaining working lives of employees (years)	30.48	28.62
Demographic assumptions:		
Retirement age	60 years	58 years
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Withdrawal rates:		
- Upto 30 years	21%	21%
- 31 to 40 years	15%	5%
- Above 40 years	5%	1%

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

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

Experience adjustment:

Particulars	(Rs. lakhs)				
	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
Present value of obligation at the end	999.93	679.45	497.12	423.50	333.99
Net liability recognised in balance sheet	(999.93)	(679.45)	(497.12)	(423.50)	(333.99)
Experience adjustment on plan liabilities (loss) / gain	0.61	(18.20)	(37.00)	3.30	0.44

c) Other long term benefits

An amount of Rs. 191.11 lakhs (previous year Rs. 166.37 lakhs) pertaining to compensated absences for the employees of the Holding Company is recognised as an expense and included in "Employee benefits expense" in Note 21.

27 Leases

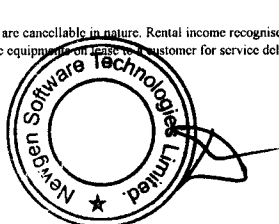
Operating leases as lessee

The Company has taken various cancellable and non-cancellable leases for office premises and residential accommodation for some of its employees. Lease expense amounted to Rs. 1210.67 lakhs [previous year Rs. 692.57 lakhs (net of recovery from lessor of Nil (Previous Year Rs. 141.56) on delay in handover of leased office premises)] for the year ended 31 March 2016. The future minimum lease payments under the non-cancellable leases as at year end is as below:

Particulars	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Not later than one year	934.97	852.71
Later than one year and not later than five years	2,236.27	839.27
Later than five years	-	-

Operating leases as lessor

The lease arrangements range for a period of 12 to 36 months and are cancellable in nature. Rental income recognised during the year in the Statement of Profit and Loss amounts is Rs. NIL (previous year Rs. 14.26 lakhs). During the current year, the company has not given any office equipment on lease to customer for service delivery.



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

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

Financial information relating to the primary segments is presented below:

(Rs. lakhs)					
Particulars	India	EMEA	APAC	USA	Total
Segment revenue	11,350.02 (10,362.82)	11,544.28 (9,976.36)	2,354.75 (1,575.77)	9,431.45 (9,084.25)	34,680.50 (30,999.20)
Segment result	880.32 (1,858.53)	1,611.88 (2,092.00)	383.35 (128.23)	1,285.05 (1,803.02)	4,160.60 (5,881.78)
Unallocated income					267.58 (1,346.03)
Less: Unallocated expenditure					952.00 (607.99)
Profit before tax					3,476.18 (6,619.82)
Tax expense					- 603.23 (1,345.08)
Profit for the year					2,872.95 (5,274.74)

Figures in brackets represents previous year figures

Assets and liabilities of reportable primary segment are as follows:

(Rs. lakhs)					
Particulars	India	EMEA	APAC	USA	Total
Segment assets by location	15,699.88 (10,735.39)	10,714.88 (8,341.28)	2,266.70 (1,290.57)	6,651.34 (3,706.11)	35,332.80 (24,073.35)
Unallocated assets					3,673.26 (8,400.42)
Total assets					39,006.06 (32,473.76)
Segment liabilities by location	4,790.98 (2,487.11)	2,898.00 (2,051.98)	457.55 (416.96)	1,416.10 (1,191.40)	9,562.63 (6,147.45)
Capital employed					22,374.02 (20,099.99)
Unallocated liabilities					7,069.41 (6,226.33)
Total liabilities					39,006.06 (32,473.77)

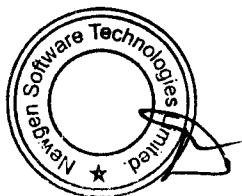
Figures in brackets represents previous year figures

Secondary segment is not applicable.

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

(Rs. lakhs)					
Particulars	India	EMEA	APAC	USA	Total
Capital expenditure	3,819.64 (815.78)	-	0.57 (0.89)	8.92 (6.51)	3,829.13 (823.18)
Depreciation and amortisation	432.50 (430.66)	-	0.20 (0.16)	3.91 (6.12)	436.60 (436.94)
Provision for doubtful debts	328.53 (326.78)	259.69 (85.73)	51.29 (84.64)	106 (164.22)	745.68 (661.37)
Provision for doubtful loans and advances	2.19 (4.97)	-	-	-	2.19 (4.97)

Figures in brackets represents previous year figures



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29 Earnings per share

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit for the year as per Statement of Profit and Loss (Rs. lakhs) (A)	2,872.95	5,274.74
Less: preference dividend and dividend distribution tax thereon (Rs. lakhs)	124.02	186.02
Less: compulsory dividend on convertible preference share and dividend distribution tax thereon (Rs. lakhs)	1.03	1.03
Net profit attributable to equity shareholders (Rs. lakhs) (B)	2,747.90	5,087.69
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share* (C)	4,80,63,569	4,75,99,705
Dilutive impact of compulsory convertible preference shares* (D)	1,02,94,230	1,02,94,230
Dilutive impact of employee stock options* (E)	10,17,860	6,59,951
Weighted average number of equity shares outstanding during the year used in computing dilutive earning per share* [(F) = (C) + (D) + (E)]	5,93,75,659	5,85,53,886
Earnings per share in rupees (face value per equity share Rs. 10 each)*		
- Basic [(B)/(C)]	5.72	10.69
- Diluted [(A)/(F)]	4.84	9.01

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

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

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

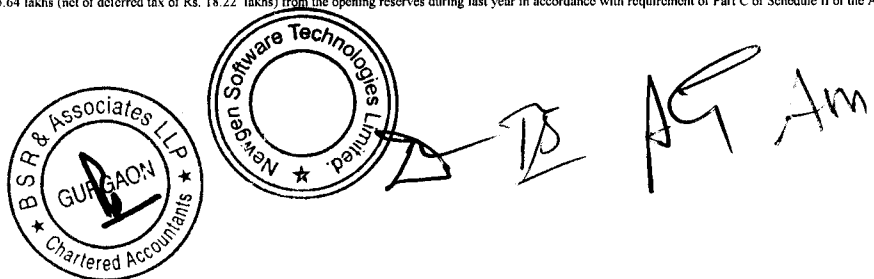
*Adjusted for bonus issue (Refer note 3(c))

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

Particulars	Number of equity shares*	Weighted average number of shares*
Equity shares of face value of Rs. 10 per share:		
As at 1 April 2014 shares outstanding for the purpose of basic Earning per share	4,74,24,180	4,74,24,180
Add: ESOP exercised during the year (refer to note 32)	5,50,260	1,75,525
Add: Equity DVR Primary Issue during the year	-	-
As at 31 March 2015 shares outstanding for the purpose of basic Earning per share	4,79,74,440	4,75,99,705
Add: Shares held by ESOP Trust with respect to options not granted/exercised by employees	47,94,480	
As at 31 March 2015 shares outstanding	5,27,68,920	

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

- 30 During the year ended 2014-15, the Company had revised its policy of providing depreciation on fixed assets effective 1 April 2014, depreciation during the last year had been provided on a straight line basis for tangible assets compared to the policy of providing depreciation on a written down value basis for tangible assets upto 31 March 2014. As a result of such change in policy, the Company has recorded a credit of Rs. 582.21 lakhs which had been shown as an "Exceptional item" in the Statement of Profit and Loss. Had the Company continued providing for depreciation on a written down value method, the depreciation and amortization expense for the year ended 31 March 2015 would have been higher by Rs. 145.27 lakhs. The depreciation and amortization for the year amounted to Rs. 436.94 lakhs excluding the credit impact of Rs. 582.21 lakhs as a result of revision of policy and accordingly a net credit of Rs. 145.27 lakhs was recorded in the Statement of Profit and Loss of last year.
- 31 During the year year 2014-15, the Company had changed the estimated useful lives of fixed assets. The management has determined the estimated useful lives of the fixed assets based on consideration of useful lives as prescribed under part C of Schedule II of the Act and the period over which the Company expects to derive estimated economic benefits from the use of such assets. As a result of change in useful lives, the Company had adjusted an amount of Rs. 35.64 lakhs (net of deferred tax of Rs. 18.22 lakhs) from the opening reserves during last year in accordance with requirement of Part C of Schedule II of the Act.



32 Employee Stock Option Plan (ESOP)

a) The Company had established Employees Stock Option Plan-1999 (ESOP 1999) and Employees Stock Option Plan-2000 (ESOP 2000), administered through Newgen Employees Trust' (ESOP Trust) especially set-up for this purpose, for a total grant of 293,160 and 600,000 options respectively, at an Exercise Price of Rs. 80 and Rs. 40 per option respectively, to the employees of the Company. Under the terms of the original plans, these options are vested on a graded vesting basis over a maximum period of Four (4) years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of five and four years respectively from the date of last vesting. During the year ended 31 March 2000, 586,320 equity shares were issued to ESOP Trust as bonus shares in the ratio of 1:2. Further, 4,093,350 equity shares were also issued to ESOP Trust as bonus shares in the ratio of 1:5 during the year ended 31 March 2015.

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

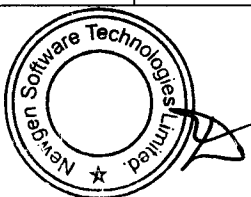
b) The Company established Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014) in the year 2014-15. The maximum numbers of grants under this Scheme shall be limited to 3,783,800 option with underlying equity shares of the Company. Pursuant to the scheme, during the previous year Company has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

c) The Company had given advance of Rs. 784.35 lakhs to the Newgen ESOP trust for the issue of shares in the year ended 31 March 2015 of Rs. 10 each at a price of Rs. 63 per equity share (including a share premium of Rs. 53). Consequently, share capital and securities premium of the Company includes Rs. 124.50 lakhs and Rs. 659.85 lakhs respectively against the equity shares of Rs. 10 each issued to the Newgen ESOP Trust. The amounts collected by the trust as exercise price on exercise of stock options by the employees will be transferred to the Company and such receipts are adjusted from the advances recoverable from ESOP Trust. In accordance with the "Guidance Note on Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India, the amount recoverable from Newgen Employee Trust as at 31 March 2016 amounting to Rs. 764.85 lakhs (previous year Rs. 784.35 lakhs) in respect of loan given to the trust to acquire the Company's shares (including share premium) has been reduced from the share capital and securities premium account with respect to ESOP 1999, ESOP 2000 and Newgen ESOP 2014 schemes.

d) In accordance with the "Guidance Note on Accounting for Employee Share-based Payments", the Company has valued the Employee Stock Options granted during the year, on Intrinsic Value Method, i.e., the excess of the fair market value of the underlying equity shares as of the date of the grant of the options over the exercise price of the option. Such excess, if any is recognized as stock compensation cost and has been amortised in accordance with the requirements of Guidance note.

Particulars	Employee Stock Option Scheme 2014
Expected volatility	-
Risk free interest rate	8.04%
Exercise price (Rs.)	63.00
Expected dividend yield	1.34%
Life of options	9 years
Fair value of options as at the grant date (Rs.)	19.27

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit for the year as reported in the Statement of Profit and Loss (Rs. lakhs) (A)	2,872.95	5,274.74
Net profit attributable to equity shareholders (Rs. lakhs)(Refer note 29) (B)	2,747.90	5,087.69
Add: Stock-based employee compensation expense included in reported net profit	4.98	-
Less: Stock-based employee compensation expense determined under fair value based method (Rs. lakhs) (D)	2.63	73.97
Proforma net profit (Rs. lakhs) [(E) = (B) + (C) - (D)]	2,750.26	5,013.71
Proforma net profit - diluted (Rs. lakhs) [(F) = (A) + (C) - (D)]	2,875.31	5,200.76
Weighted average number of equity shares outstanding during the year used in computing basic earnings per share (G)	4,80,63,569	4,75,99,705
Weighted average number of equity shares outstanding during the year used in computing dilutive earning per share (H)	5,93,75,659	5,85,53,886
Earnings per share - as reported		
- Basic [(B)/(G)]	5.72	10.69
- Diluted [(A)/(H)]	4.84	9.01
Earnings per share - adjusted pro forma		
- Basic [(E)/(G)]	5.72	10.53
- Diluted [(F)/(H)]	4.84	8.88



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

ESOP Plan	Outstanding at the beginning of the year	Bonus Option Granted	Options granted during the year	Options exercised during the year*	Options lapsed/Adj during the year*	Options forfeited during the year	Options outstanding at the end of the year	Options exercisable at the end of year
ESOP 1999	57,600.00 (14,880.00)	- (66,150.00)	-	- (5,430.00)	- (18,000.00)	-	57,600.00 (57,600.00)	57,600.00 (57,600.00)
ESOP 2000	6,78,180.00 (2,11,160.00)	- (6,97,300.00)	-	1,84,780.00 (1,83,330.00)	9,600.00 (46,950.00)	-	4,83,800.00 (6,78,180.00)	4,83,800.00 (4,14,180.00)
ESOP 2014	36,53,525.00 -	- -	(36,53,525.00)	56,045.00 -	2,13,175.00 -	-	33,84,305.00 (36,53,525.00)	2,88,188.00 (3,65,352.00)

Figures in brackets represents previous year figures

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

f) The weighted average share price at the date of exercise for stock options exercised during the period was Rs. 63. The options outstanding at 31 March 2016 had an exercise price of Rs. 4.445[#], Rs. 6.667[#] and Rs. 63 for the options under ESOP Plan 1999, ESOP Plan 2000 and ESOP Plan 2014 respectively.

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

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

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

Particulars	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Employee compensation cost pertaining to employee stock compensation plans	4.98	-
Liability for employee stock options outstanding as at year end	16.49	18.35
Intrinsic value of the vested rights at the end of the year	16.49	18.35

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



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33 Related party transactions

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

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

b) Transactions with related parties during the year:

Nature of transaction	Name of related party	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Loan received back	Newgen ESOP Trust	19.50	51.01
Salary and other benefits*	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director Arun Kumar Gupta - Chief Financial officer Aman Mourya - Company Secretary	73.19 35.88 26.32 57.28 6.75	73.19 35.94 26.32 42.40 -
Bonus issue of shares	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director Newgen Employees Trust	- - - -	1,535.20 1,250.78 664.08 111.34

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

c) Outstanding balances as at year end

Particulars	Name of related party	As at 31 March 2016 (Rs. lakhs)	As at 31 March 2015 (Rs. lakhs)
Salary and other benefits	Diwakar Nigam - Managing Director T.S. Varadarajan - Whole Time Director Priyadarshini Nigam - Whole Time Director Arun Kumar Gupta - Chief Financial officer Aman Mourya - Company Secretary	6.07 2.82 2.16 0.54 1.29	6.07 2.82 2.16 1.86 -

34 Prior period items:

Particulars	For the year ended 31 March 2016 (Rs. lakhs)	For the year ended 31 March 2015 (Rs. lakhs)
Income		
Sale of product	-	152.93
Expenses		
Brokerage and commission	-	62.92

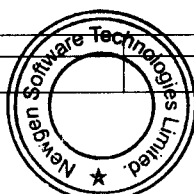
35 Details of current investments

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

Fund House	Number of Units as at		Amount in Lakhs as at	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Investment in debt security mutual funds				
BNP Paribas Medium Term Income Fund	-	17,88,973	-	200.00
Franklin India Short Term Income Plan	-	6,984	-	200.00
Reliance Dynamic Bond Fund	-	13,19,032	-	250.00
UTI-Dynamic Bond Fund	-	15,87,816	-	250.00
Franklin India Income Builder Account- Plan A	-	6,22,252	-	300.00
ICICI Prudential Income Plan	-	8,00,915	-	350.00
IDFC Super Saver Income Fund - Investment Plan	-	8,82,997	-	300.00
Franklin India Short Term Income Plan	-	6,979	-	200.00
DSP Blackrock bond Fund	-	4,53,732	-	200.00
HSBC Income Fund - Short Term Plan	7,84,326	6,50,474	200.00	150.00
BNP Paribas Flexi Debt Fund	7,70,208	10,37,594	200.00	250.00
Birla Sun Life Dynamic Bond Fund	16,94,757	6,14,890	450.00	150.00
Reliance Regular Savings Fund	9,70,116	10,55,114	200.00	200.00
Kotak Bond Fund- Growth	4,65,943	-	200.00	-
UTI Bond Fund -Growth	4,41,319	-	200.00	-
IDFC Dynamic Bond Fund	13,66,352	-	250.00	-
			1,700.00	3,000.00
Investment in government bond				
Indian Railway Finance Corporation Limited (SR-92 8 4 BD 18FB29)	40,000	-	448.57	-
Investment in arbitrage funds				
HDFC Balanced Fund	4,13,056	4,13,056	439.23	443.85
Tata Balanced Fund	2,59,035	2,59,035	423.84	443.15
DSP BR Balanced Fund	4,13,307	4,13,307	440.03	442.99
ICICI Prudential Equity Income Fund	34,17,969	34,17,969	350.00	350.00
ICICI Prudential Balanced Advantage Fund	13,74,705	13,74,705	350.00	348.63
JPMorgan India Equity Income Fund	32,85,737	32,85,737	350.00	349.66
IDFC arbitrage fund	-	21,91,937	-	400.00
Edelweiss Arbitrage Fund	-	19,35,584	-	200.00
			2,353.10	2,978.28
			4,501.67	5,978.28

Quoted current investment

Particulars	31 March 2016	31 March 2015
Aggregate book value	4,548.57	6,000.00
Aggregate market value	4,518.67	5,994.28



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- 36 Sandeep Import Export Private Limited which was consolidated until previous year has been merged into the Holding Company which has been effected on 20 June 2016, with the appointed date of 1 April 2015.
- 37 As at 31 March 2016, the Holding Company has gross foreign currency receivables amounting to Rs. 14,344.84 Lakhs (previous year Rs. 11,527.62 Lakhs). Out of these receivables, Rs. 3,754.91 Lakhs (previous year Rs. 2,367.97 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. The Holding Company is in the process of applying for approval to seek extension of time beyond 9 months from the export date. The management is of the view that the Holding Company will be able to obtain approvals from the authorities for realising such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.
- 38 As per Section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Board of directors. The areas for CSR activities are promoting education, health care, sanitation, digital literacy and livelihood enhancement and participation on SOS Children's Village Projects in Faridabad. Accordingly, the Company has spent INR 48.83 lakhs out of the total CSR expenditure budget of Rs. 100.62 lakhs.
- 39 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company has got the updated documentation for the international transactions entered into with the associated enterprises during the financial year. Accordingly, the management believes that there has been no change in the nature of its international transactions with the associated enterprises during the year ended 31 March 2016. Further, the management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
- 40 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements.

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

*Merged with effect from 1 April 2015.

As per our report of even date attached

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



Rakesh Dewan
Partner
Membership No.: 092212

Place: Gurgaon
Date: 22 July 2016

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



Diwakar Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 22 July 2016

T.S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 22 July 2016

Arun Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: 22 July 2016

Aman Mourya
Company Secretary
Membership No: 27299

Place: New Delhi
Date: 22 July 2016