Notes

to standalone financial statements for the year ended March 31, 2018

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

NOTE 1 Background

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

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

NOTE 2 Basis of Preparation

A. Statement of compliance

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

Accordingly, the Company has followed the provisions of Ind AS 101, 'First Time Adoption of Indian Accounting Standards', in preparing its opening Ind AS Balance Sheet as of the date of transition, i.e. 1 April 2016. Certain of the Company's Ind AS accounting policies used in the opening balance sheet differed from its Indian GAAP policies applied as at 31 March 2016, and accordingly adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at 1 April 2016.

Refer note 50 for the effect of transition to Ind AS on the reported financial position, financial performance and cash flows of the Company.

The financial statements were authorised for issue by the Company's Board of Directors on 17 May 2018.

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

B. Functional and presentation currency

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

C. Basis of measurement

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

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

E. Use of estimates and judgements

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

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

Judgements

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

- Note 35 – lease classification: classification of leases under finance lease or operating lease;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

- Note 3(c)(iii) –Estimation of Useful lives of intangible and depreciable assets
- Note 28 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 32 – Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 34 –Fair value of share based payments
- Note 41 – Impairment of trade receivables and financial assets.

E. Current and non-current classification

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

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

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

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

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

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

Operating cycle

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

F. Measurement of fair values

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

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

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

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

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

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

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

Note 34 – Share-based payment arrangements; and

Note 41 – Financial instruments.

NOTE 3 Significant Accounting Policies

a. Foreign currency

i. Functional currency

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

ii. Foreign currency transactions

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

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

b. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets:

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

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Debt investments at FVOCI

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

Equity investments at FVOCI

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

v. Derivatives and Embedded derivatives

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

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

c. Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

iii. Subsequent expenditure

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

iv. Depreciation

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

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

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

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

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

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

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

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

d. Intangible assets

Recognition and measurement

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

Subsequent expenditure

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

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation

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

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

e. Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

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

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

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

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is 90 days or more past due.

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

Measurement of expected credit losses

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

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

Presentation of allowance for expected credit losses in the balance sheet

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

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

Write-off

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

ii. Impairment of Non-financial assets

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

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

f. Employee benefits

i. Short-term employee benefits

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

ii. Share-based payment transactions

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

iii. Defined contribution plans

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

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

iv. Defined benefit plans

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

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

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

v. Other long-term employee benefits

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

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

g. Provisions (other than for employee benefits)

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

Warranties

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

Onerous contracts

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

h. Contingent liabilities

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

i. Revenue

Revenue is measured at the fair value of the consideration received or receivable and is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and specific criteria as per the respective arrangements have been met.

i. Sale of License

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

ii. Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Software Development Services

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

The Company is also involved in time and material contracts and recognizes revenue on a man month basis.

Digitization services

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

Annual Technical services

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

iii. **Sale of right to use software**

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

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

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

iv. **Multiple deliverable arrangements**

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate units of account is based on the relative fair value of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

j. Recognition of dividend income, interest income or expense

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

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

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

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

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

k. Sale of investments

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

l. Leases

i. **Determining whether an arrangement contains a lease**

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

ii. **Assets held under leases**

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

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

iii. Lease payments

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

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

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

m. Income tax

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

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

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

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

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

n. Cash and Cash Equivalents

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

o. Earnings per share ("EPS")

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

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

p. Share Capital

Equity Shares

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

Compulsorily convertible preference shares

The embedded derivative liability on initial recognition has been separated from the underlying equity instrument and recorded at fair value. The difference between the fair value of the combined CCPS instrument and the fair value of the embedded derivative liability has been recorded as the value of the equity host contract. The embedded derivative has been fair valued through profit or loss at each balance sheet date.

Upon conversion of CCPS into equity shares the resultant gain/loss on the down-round derivative is recognised in profit or loss. The original equity component remains as equity/is transferred within equity.

Dividends

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

q. Segment

Segment reporting

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

Identification of segments:

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

r. ESOP Trust

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

s. Rounding of amounts

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

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

4 Property, plant and equipment and Capital work in progress

	Freehold land	Leasehold land*	Buildings	Plant and machinery	Leasehold improvements	Vehicles	Office equipment	Furniture and fixtures	Computer and servers	Total	Capital work in progress#
Cost (refer note 50)											
Deemed cost as at 1 April 2016	4.71	3,523.68	1,069.76	221.03	5.99	135.91	332.02	232.57	703.45	6,229.12	604.61
Additions during the year	-	-	33.98	18.93	-	-	16.95	10.16	160.09	240.11	503.68
Less: Disposals during the year	-	-	-	1.08	-	-	0.12	-	5.74	6.94	-
Balance as at 31 March 2017	**4.71**	**3,523.68**	**1,103.74**	**238.88**	**5.99**	**135.91**	**348.85**	**242.73**	**857.80**	**6,462.29**	**1,108.29**
Additions during the year	-	-	602.25	69.86	-	14.58	85.56	74.91	295.89	1,143.05	685.80
Less: Disposals during the year	-	-	-	9.77	-	-	17.07	8.78	-	35.62	134.62
Balance as at 31 March 2018	**4.71**	**3,523.68**	**1,705.99**	**298.97**	**5.99**	**150.49**	**417.34**	**308.86**	**1,153.69**	**7,569.72**	**1,659.47**
Accumulated Depreciation (refer note 50)											
Balance as at 1 April 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year (refer note 30)	-	39.74	20.24	30.41	5.99	20.73	45.32	32.38	227.86	422.67	-
Less: Disposals during the year	-	-	-	0.54	-	-	0.12	-	3.87	4.53	-
Balance as at 31 March 2017	**-**	**39.74**	**20.24**	**29.87**	**5.99**	**20.73**	**45.20**	**32.38**	**223.99**	**418.14**	**-**
Charge for the year (refer note 30)	-	39.46	20.96	39.78	-	24.05	67.22	44.29	276.44	512.20	-
Less: Disposals during the year	-	-	-	3.30	-	-	16.75	5.46	-	25.51	-
Balance as at 31 March 2018	**-**	**79.20**	**41.20**	**66.35**	**5.99**	**44.78**	**95.67**	**71.21**	**500.43**	**904.83**	**-**
Carrying amount (net)											
Balance as at 1 April 2016	**4.71**	**3,523.68**	**1,069.76**	**221.03**	**5.99**	**135.91**	**332.02**	**232.57**	**703.45**	**6,229.12**	**604.61**
Balance as at 31 March 2017	**4.71**	**3,483.94**	**1,083.49**	**209.01**	**-**	**115.18**	**303.65**	**210.35**	**633.81**	**6,044.15**	**1,108.29**
Balance as at 31 March 2018	**4.71**	**3,444.48**	**1,664.79**	**232.62**	**-**	**105.71**	**321.67**	**237.65**	**653.26**	**6,664.89**	**1,659.47**

As at 31 March 2018 properties with a carrying amount of INR 472.93 lakhs (31 March 2017: INR 483.20 lakhs, 1 April 2016: INR 493.59 lakhs) are subject to first charge to working capital loans from banks.

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

Capital work in progress represents construction of new office, cost incurred upto 31 March 2018 totaled to INR 1,659.47 lakhs.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

5 Intangibles

	Computer software
Cost (refer note 50)	
Deemed cost as at 1 April 2016	103.01
Additions during the year	26.62
Balance as at 31 March 2017	129.63
Additions during the year	74.61
Balance as at 31 March 2018	**204.24**
Accumulated Amortisation (refer note 50)	
Balance as at 1 April 2016	-
Amortisation (refer note 30)	59.20
Balance as at 31 March 2017	59.20
Amortisation (refer note 30)	55.48
Balance as at 31 March 2018	**114.68**
Carrying amount (net)	
Balance as at 1 April 2016	**103.01**
Balance as at 31 March 2017	**70.43**
Balance as at 31 March 2018	**89.56**

6 Investment in subsidiaries

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Investments in equity instruments - at cost (unquoted)			
6,000 (31 March 2017: 6,000, 1 April 2016: 6,000) common stock of USD 200 each, fully paid up of Newgen Software Inc. USA.	522.52	515.35	509.82
1,000,000 (31 March 2017: 1,000,000, 1 April 2016: 1,000,000) common shares of CAD 0.10 each, fully paid up of Newgen Software Technologies Canada, Limited.	56.40	55.86	55.00
250,000 (31 March 2017: 250,000, 1 April 2016: 250,000) ordinary shares of SGD 1 each, fully paid up of Newgen Software Technologies Pte. Limited.	114.12	111.97	111.73
210,000 (31 March 2017: 210,000, 1 April 2016: 210,000) equity shares of INR 10 each, fully paid up of Newgen Computers Technologies Limited.	46.50	46.50	46.50
20,000,000 (31 March 2017: 20,000,000, 1 April 2016: Nil) common stock of GBP 0.01 each, fully paid up of Newgen Software Technologies (UK) Ltd.	178.65	178.43	-
	918.19	**908.11**	**723.05**
Aggregate book value of unquoted investments	918.19	908.11	723.05

Note: The Company has opted to measure its investment in subsidiary at deemed cost i.e. previous GAAP carrying amount in accordance with Ind AS 101 “First-time Adoption of Indian Accounting Standard”. Also refer note 50.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits	264.79	206.43	194.85
	264.79	**206.43**	**194.85**

8 Non-current financial assets - others

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Bank deposits			
- pledged with tax authorities	2.25	2.25	2.25
- held as margin money*	202.49	131.54	155.62
Interest accrued on deposits	107.19	21.44	-
Earnest money deposits			
Unsecured, considered good	236.60	72.48	11.92
Unsecured, considered doubtful	123.21	123.21	123.46
Less: Loss allowance for doubtful deposits	(123.21)	(123.21)	(123.46)
	548.53	**227.71**	**169.79**

*Balances with bank held as margin money INR 202.49 lakhs (31 March 2017: INR 131.54 lakhs, 1 April 2016: INR 155.62 lakhs) represents the margin money on account of guarantees issued to government customers.

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

9 Income tax assets (net)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income tax (net of provision of INR 8,622.29 lakhs (31 March 2017: INR 7,010.66 lakhs, 1 April 2016: INR 5,430.15 lakhs)	1,277.88	852.26	808.69
	1,277.88	**852.26**	**808.69**

10 Other non-current assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	120.50	105.39	46.07
Capital advances	235.73	-	-
	356.23	**105.39**	**46.07**

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

11 Investments

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Investments in bonds (unquoted)			
Bonds at FVOCI			
Investment in government bonds	959.03	971.10	445.20
Investment in other bonds	726.46	711.69	-
	1,685.49	**1,682.79**	**445.20**
Investments in mutual funds (unquoted)			
Mutual Funds at FVTPL			
Investment in arbitrage funds	-	-	2,367.13
Investment in debt mutual funds	3,336.58	3,183.25	1,703.81
	3,336.58	3,183.25	4,070.94
	5,022.07	**4,866.04**	**4,516.14**
Aggregate book value of unquoted investments	5,022.07	4,866.04	4,516.14
Aggregate market value of unquoted investments	5,022.07	4,866.04	4,516.14

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

12 Trade receivables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured*			
- Considered good	20,392.66	18,588.04	15,575.18
- Considered doubtful	4,000.87	5,976.64	5,566.26
	24,393.53	**24,564.68**	**21,141.44**
Less: Loss allowance for trade receivables			
- unsecured, considered doubtful	(4,000.87)	(5,976.64)	(5,566.26)
	20,392.66	**18,588.04**	**15,575.18**

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

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

13 Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash on hand	4.52	6.26	4.32
Balances with banks			
- in current accounts*#	5,116.27	2,012.42	2,079.67
Balances with scheduled banks in deposit accounts with original maturity of less than 3 months#	8,400.00	800.00	-
	13,520.79	**2,818.68**	**2,083.99**

*Current account balances with banks include INR 112.24 lakhs (31 March 2017: INR 36.69 lakhs, 1 April 2016: INR 41.11 lakhs) held at a foreign branch.

Balance with banks and deposits includes INR 58.80 lakhs and INR 8,400 lakhs respectively as unutilized amounts of the IPO proceeds.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

14 Current financial assets - Loans

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans to employees*	20.03	26.64	35.04
Security deposits	297.24	41.40	-
	317.27	**68.04**	**35.04**

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

15 Current financial assets - Others

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(unsecured considered good, unless otherwise stated)			
Interest accrued on deposits	0.67	0.67	30.12
Interest accrued but not due on government bonds	84.53	39.18	32.13
Unbilled revenue*			
- other than related parties	5,079.43	2,500.35	2,274.31
- related parties	12.56	68.63	68.63
Earnest money deposits	-	-	14.30
Receivable from employees for issue of shares	-	0.56	-
	5,177.19	**2,609.39**	**2,419.49**

*Unbilled revenue pertains to consideration receivable in respect of initial sale of software and services.

16 Other current assets

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advances to vendors	11.04	17.90	8.88
Balances with government authorities*	137.47	191.92	152.80
Advance to employees	207.91	117.41	35.05
Prepaid expenses	284.81	283.80	244.64
	641.23	**611.03**	**441.37**

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

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

17 Share capital

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Authorised share capital						
Equity shares of INR 10 each	98,000,000	9,800.00	64,400,000	6,440.00	63,050,000	6,305.00
Equity share capital with differential voting rights of INR 10 each	200	0.02	200	0.02	200	0.02
0.01% Compulsory convertible preference shares of INR 10 each	11,999,800	1,199.98	11,999,800	1,199.98	11,999,800	1,199.98
	110,000,000	**11,000.00**	**76,400,000**	**7,640.00**	**75,050,000**	**7,505.00**

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
Issued, subscribed and paid up	**Number of shares**	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Equity share capital of INR 10 each, fully paid up	69,235,701	6,923.57	64,308,030	6,430.80	54,013,800	5,401.38
Equity share capital with differential voting rights (DVR) of INR 10 each, fully paid up	-	-	120	0.01	120	0.01
0.01% Compulsory convertible preference shares of Rs. 10 each, fully paid up	-	-	-	-	10,294,230	1,029.42
Balance	**69,235,701**	**6,923.57**	**64,308,150**	**6,430.81**	**64,308,150**	**6,430.81**
Less : Shares held by Trust	1,351,584	135.16	1,995,064	199.51	2,223,735	222.37
Total Share capital	**67,884,117**	**6,788.41**	**62,313,086**	**6,231.30**	**62,084,415**	**6,208.44**

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

	As at 31 March 2018		As at 31 March 2017	
Equity share capital of INR 10 each, fully paid up	**Number of shares**	**Amount**	**Number of shares**	**Amount**
At the beginning of the year	64,308,030	6,430.80	54,013,800	5,401.38
Add: Shares issued on conversion of preference shares	-	-	10,294,230	1,029.42
Add: Equity shares with differential voting rights reclassified to equity shares during the year	120	0.01	-	-
Add: Equity shares issued during the year through initial public offer*	3,877,551	387.76	-	-
Add: Issued during the year to Newgen ESOP Trust	1,050,000	105.00	-	-
At the end of the year	**69,235,701**	**6,923.57**	**64,308,030**	**6,430.80**
Less: Shares held by trust	1,351,584	135.16	1,995,064	199.51
Total equity share capital	**67,884,117**	**6,788.41**	**62,312,966**	**6,231.29**

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

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

Terms/rights attached to equity shares

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

	As at 31 March 2018		As at 31 March 2017	
Equity share capital with differential voting rights (DVR) of INR 10 each, fully paid up	**Number of shares**	**Amount**	**Number of shares**	**Amount**
At the beginning of the year	120	0.01	120	0.01
Less: Re-classification to equity shares during the year	(120)	(0.01)	-	-
At the end of the year	**-**	**-**	**120**	**0.01**

Equity shares with differential voting rights :

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

Expiration of differential rights:

Pursuant to the shareholder subscription agreement dated 31 October 2013, each Ascent DVR and an IDGVI DVR shall be compulsorily converted at no cost to the Investors, into equity shares in the ratio of 1:1 at any time as may be determined by the investors in their sole discretion. Upon conversion of the Ascent DVR and the IDGVI DVR , such differential voting and dividend rights, as mentioned above, on the shares held by each of the investors have automatically expired. During the year ended 31 March 2018 each equity share with DVR has been re-classified into equity shares.

	As at 31 March 2018		As at 31 March 2017	
0.01% Compulsory convertible preference shares of INR 10 each, fully paid up	**Number of shares**	**Amount**	**Number of shares**	**Amount**
At the beginning of the year	-	-	10,294,230	1,029.42
Less: Preference shares conversion to equity shares during the year	-	-	10,294,230	1,029.42
At the end of the year	-	-	-	-

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 INR 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

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

(Mauritius) Limited, were acquired by Ascent (670,790 CCPS) and IDGVI (343,995 CCPS). Further, during the year ended 2014-15, the Company has also allotted 225,192 number of CCPS to Ascent and 115,478 number of CCPS to IDGVI.

Pursuant to Shareholders agreement executed on 31 October 2013, between Newgen Software Technologies Ltd and Ascent, IDGVI, SAPV (Mauritius) (individually referred as investor and together referred to as investor group), Newgen Employees Trust and Mr. Diwakar Nigam, Mr. T.S. Varadarajan, Mrs. Priyadarshini Nigam and Mrs. Usha Varadarajan, and Share purchase cum Subscription agreement dated 31 October 2013, between Newgen Software Technologies Ltd, Ascent, IDGVI, SAPV (Mauritius), Mr. Diwakar Nigam, Mr. T.S. Varadarajan, Mrs. Priyadarshini Nigam and Mrs. Usha Varadarajan, the investor group were entitled to receive dividends in preference to any dividends on the equity shares of the Company at the rate of 0.01% (Zero point Zero One Per cent) per annum on the investors subscription consideration, pro rata on a fully diluted basis. However, all the preferential dividend and differential voting rights have already been expired due to conversion of CCPS into Equity.

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

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

Conversion of Compulsory convertible preference shares into equity

Pursuant to the Shareholders Agreement, during the year ended 31 March 2017, all issued 10,294,230 CCPS of Rs.10/- each have been converted into 10,294,230 equity shares of Rs.10/- each in the ratio of 1:1, at no cost to the investors. Equity shares of the Company allotted upon conversion of the CCPS, rank pari passu in all respects including as to dividend, voting rights, with the existing fully paid up equity shares of face value of Re. 10/- each of the Company.

17 A Details of shareholders holding more than 5% shares in the Company

Equity shares of INR10 each, fully paid up held by:

	As at 31 March 2018		31 March 2017		1 April 2016	
	Number	**% Holding**	**Number**	**% Holding**	**Number**	**% Holding**
- Mr. Diwakar Nigam	18,422,406	28.65%	18,422,406	28.65%	18,422,406	34.11%
- Mr. T.S. Varadarajan	15,009,306	23.34%	15,009,306	23.34%	15,009,306	27.79%
- Mrs. Priyadarshini Nigam	7,968,906	12.39%	7,968,906	12.39%	7,968,906	14.75%
- Mrs. Usha Varadarajan	4,528,320	7.04%	4,528,320	7.04%	4,528,320	8.38%
- Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	-	-	7,464,510	11.61%	-	-

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

	As at 31 March 2018		31 March 2017		1 April 2016	
	Number	**% Holding**	**Number**	**% Holding**	**Number**	**% Holding**
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	-	-	60	50.00%	60	50.00%
IDG Ventures India Fund II LLC	-	-	60	50.00%	60	50.00%

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

0.01% Compulsory Convertible Preference Shares of Rs.10 each, fully paid up held by:	As at 31 March 2018		31 March 2017		1 April 2016	
	Number	% Holding	Number	% Holding	Number*	% Holding
SAPV (Mauritius)	-	-	-	-	2,161,500	21.00%
Unit Trust of India Investment Advisory Services Limited, A/C Ascent India Fund III	-	-	-	-	5,375,892	52.22%
IDG Ventures India Fund II LLC	-	-	-	-	2,150,334	20.89%
Pandara Trust Scheme-1	-	-	-	-	606,504	5.89%

*Adjusted for bonus issue, refer note 17 C

17 B Shares reserved for issue under Employee stock option plan

Terms attached to stock options granted to employees are described in note 34 regarding share based payments.

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

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

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014
Equity shares of INR 10 each	-	-	-	43,974,000	-
Equity share capital with differential voting rights of INR 10 each	-	-	-	100	-
0.01% Compulsory convertible preference shares of INR 10 each	-	-	-	8,578,525	-

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

	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014
Equity shares of INR 10 each	1,050,000	-	-	1,245,000	-

17 D Securities premium

Securities premium is used to record the premium received on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

Newgen ESOP Trust reserve

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

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

Share options outstanding reserve

The Company has established various equity-settled share-based payment plans for certain employees of the Company. Refer to note 34 for further details on these plans.

18 Non-current financial liabilities - Borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current maturities of finance lease obligations (secured)*	1,316.66	1,617.99	1,917.45
	1,316.66	**1,617.99**	**1,917.45**

*** Finance lease obligations**

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

Finance lease obligations are payable as follows:

Particulars	As at 1 April 2016		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Less than one year	315.25	240.16	555.40
Between one and five years	1,204.62	615.64	1,820.26
More than five years	712.83	4,973.29	5,686.12
Particulars	**As at 31 March 2017**		
Less than one year	302.25	205.49	507.74
Between one and five years	1,051.96	481.51	1,533.47
More than five years	566.03	4,901.93	5,467.97
Particulars	**As at 31 March 2018**		
Less than one year	302.25	170.37	472.62
Between one and five years	684.42	442.27	1,126.69
More than five years	566.40	4,832.93	5,399.33

Effective interest rate on above borrowings is 11.68%.

19 Derivative

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Derivative liability	-	-	136.00
	-	**-**	**136.00**

20 Non-current provisions

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for employee benefits (refer note 28)			
- provision for gratuity	1,266.07	1,113.20	865.24
- provision for compensated absences	387.30	329.77	256.35
	1,653.37	**1,442.97**	**1,121.59**

Notes to the Standalone Financial Statements
for the year ended 31st March, 2018

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

21 Current financial liabilities - Borrowings

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans from banks			
Pre-shipment loans (secured)*	4,946.27	5,226.18	5,883.19
	4,946.27	**5,226.18**	**5,883.19**

*Pre-shipment loans carry interest rate @ LIBOR plus margin which varied from 2.13% to 4.45% per annum. These are secured by first pari passu charge over all future and present stock, book debts and equitable mortgage of land and building with carrying amount of INR 472.93 lakhs (31 March 2017: INR 483.20 lakhs, 1 April 2016: INR 493.59) and are repayable within 180 days from the date of disbursement.

22 Trade payables

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
- Total outstanding dues to creditors other than micro and small enterprises	2,143.75	1,714.52	1,405.47
	2,143.75	**1,714.52**	**1,405.47**

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

a) Refer note 37 for Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

b) Refer note 46 for dues to related parties

c) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 47

23 Current financial liabilities - Others

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of finance lease obligations	302.25	302.25	315.25
Employee related payables	2,983.39	2,411.84	1,702.40
Payable in respect of retention money	47.92	28.10	11.64
Earnest money deposits	1.00	0.50	-
Payable for capital assets	241.35	126.67	17.47
	3,575.91	**2,869.36**	**2,046.76**

24 Deferred income

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance billing	3,582.77	3,029.27	2,586.77
Advance from customers	25.22	9.39	7.51
	3,607.99	**3,038.66**	**2,594.28**
Other current liabilities	**As at 31 March 2018**	**As at 31 March 2017**	**As at 1 April 2016**
Statutory dues payable	1,313.63	526.97	410.42
Advance from employees for share options	6.76	0.77	1.35
	1,320.39	**527.74**	**411.77**

Notes to the Standalone Financial Statements
for the year ended 31st March, 2018

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

25 Current provisions

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Provision for employee benefits (refer note 28)			
- provision for gratuity	141.39	165.27	134.70
- provision for compensated absences	69.89	68.40	55.17
	211.28	**233.67**	**189.87**

26 Revenue from operations

	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products - softwares	12,996.88	10,946.89
Sale of services		
- Implementation	11,768.53	10,381.22
- Scanning	1,950.01	1,698.67
- AMC/ATS	7,934.91	7,060.67
- Support	10,268.75	8,026.60
- SaaS revenue	1,033.28	197.36
	45,952.36	**38,311.41**

27 Other income

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income under the effective interest rate method:		
- on security deposits at amortised cost	31.21	24.16
- government and other bonds at FVOCI	131.56	35.11
Interest income on fixed deposits	159.32	22.16
Other interest income	1.10	2.02
Profit on sale of mutual funds (net) at FVTPL	60.73	589.89
Dividend income from mutual funds at FVTPL	87.86	1.75
Fair value changes of financial assets at FVTPL	25.48	-
Provision no longer required written back	229.75	-
Reversal of derivative liability	-	136.00
Miscellaneous income	31.18	15.52
	758.19	**826.61**

28 Employee benefits expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	20,434.76	17,060.34
Contribution to provident and other funds (refer note i below)	672.31	609.44
Expenses related to compensated absences (refer note ii below)	244.17	228.20
Share based payment - equity settled	215.64	119.40
Expense related to defined benefit plan (refer note iii below)	272.39	242.81
Staff welfare expenses	446.59	373.00
	22,285.86	**18,633.19**

(i) Defined contribution plans:

The Company makes contributions, determined as a specified percentage of the employee salaries in respect of qualifying employees towards provident fund, which is a defined contribution plan. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 672.31 lakhs (31 March 2017: INR 609.44 lakhs).

(ii) Compensated absences:

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

	31 March 2018	31 March 2017	1 April 2016
Discounting rate (p.a.)	7.80%	7.35%	7.95%
Future salary increase (p.a.)	7.00%	7.00%	7.00%

(iii) Defined Benefit Plan:

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

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

ii) On death in service: As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period. Gratuity payable to employee in case (i) and (ii), as mentioned above, is computed as per the Payment of Gratuity Act, 1972 except the Company does not have any limit on gratuity amount

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Movement in net defined benefit (asset) liability

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

	Defined benefit obligation		
	31 March 2018	31 March 2017	1 April 2016
Expense recognised in profit or loss			
Opening balance	1278.47	999.93	679.45
Included in profit or loss:			
Current service cost	178.42	163.31	138.60
Past service cost			
Interest cost (income)	93.97	79.49	54.36
	1,550.86	1,242.73	872.41
Remeasurements recognised directly in other comprehensive income			
Remeasurement loss (gain) arising from:			
Demographic assumptions	(6.31)	-	64.56
Financial assumptions	(44.89)	51.64	104.00
Experience adjustment	(29.64)	31.24	(0.61)
	(80.84)	82.88	167.95
Other			
Contributions paid by the employer			
Benefits paid	(62.57)	(47.15)	(40.43)
Closing balance	1,407.45	1,278.46	999.93
Total	**1,407.45**	**1,278.46**	**999.93**

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

	Defined benefit obligation		
	31 March 2018	**31 March 2017**	**1 April 2016**
B. Defined benefit obligations			
i. Actuarial assumptions			
The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).			
Discount rate	7.80	7.35	7.95
Salary escalation rate	7.00	7.00	7.00
Mortality rate	100% of IALM (2006 - 08)	100% of IALM (2006 - 08)	100% of IALM (2006 - 08)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(63.05)	68.33	43.70	46.77
Future salary growth (0.50% movement)	68.53	(63.79)	46.70	44.04
Attrition rate (0.50% movement)				

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

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

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

	31 March 2018	**31 March 2017**	**1 April 2016**
Net defined benefit asset		-	-
Total employee benefit asset	-	-	-
Net defined benefit liability			
Liability for Gratuity	1407.46	1,278.47	999.93
Liability for Compensated absences	457.19	398.17	311.52
Total employee benefit liabilities	**1,864.65**	**1,676.64**	**1,311.45**
Non-current:			
Gratuity	1,266.07	1,113.20	865.23
Compensated absences	387.30	329.77	256.35
Current:			
Gratuity	141.39	165.27	134.70
Compensated absences	69.89	68.40	55.17

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

29 Finance costs

	For the year ended 31 March 2018	For the year ended 31 March 2017
Finance cost on finance lease obligations	205.49	240.16
Interest expense on packing credit	160.88	156.81
Other finance costs	79.03	128.63
Net loss on foreign currency transactions and translation*	75.28	-
	520.68	**525.60**

*To the extent considered as an adjustment to finance cost

30 Depreciation and amortization expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 4)	1,514.62	1,204.80
Amortisation of intangible assets (refer note 5)	55.48	59.20
	567.68	**481.87**

31 Other expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
Rent	1,514.62	1,204.80
Repairs and maintenance	308.81	296.82
Rates and taxes	144.77	219.32
Travelling and conveyance	5,462.40	4,404.37
Legal and professional fees	1,846.20	1,378.72
Payment to auditors*	61.18	35.00
Electricity and water	329.93	307.78
Advertising and sales promotion	358.19	435.77
Membership and subscription fee	505.67	375.20
Brokerage and commission	605.53	483.41
Communication costs	365.95	324.12
Software and license maintenance	305.58	370.35
Expenditure on corporate social responsibility	107.31	105.09
Donation	32.00	28.20
Operation and maintenance	490.77	454.39
Printing and stationery	632.06	585.50
Loss on sale of property, plant and equipment	3.15	0.12
Property, plant and equipment written off	-	0.59
Loss allowance on trade receivables	462.52	1,353.40
Loss allowance on other financial assets	-	6.55
Security charges	200.79	156.24
Net foreign exchange fluctuation loss	1.95	189.47
Fair value changes of financial assets at FVTPL	-	5.57
Miscellaneous expenses	503.77	451.22
	14,243.15	**13,172.00**

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

	For the year ended 31 March 2018	For the year ended 31 March 2017
***Payment to Auditors#**		
As auditor:		
- Statutory audit fee	40.00	34.00
- Limited review fee	7.50	-
- Others	11.43	-
- Reimbursement of expenses	2.25	1.00
	61.18	**35.00**

#Excludes fee paid to statutory auditor amounting to INR 82.67 Lakhs for IPO related services

32 Income Tax

	For the year ended 31 March 2018	For the year ended 31 March 2017
A. The major components of income tax (expense) / income are		
Recognised in profit or loss		
Tax expense	1,549.01	1,540.62
MAT credit entitlement	(86.97)	-
Tax expense for earlier years	64.50	126.24
Deferred tax (credit)	503.55	(133.89)
Total	**2,030.10**	**1,532.97**
Recognised in Other comprehensive income		
Tax impact on		
- Re-measurement on defined benefit plan	(43.73)	28.31
- Fair value of Debt instruments through other comprehensive income	0.16	(9.20)
Total	**(43.57)**	**19.12**

B. Reconciliation of effective tax rate

	31 March 2018		31 March 2017	
Profit before tax		9,093.18		6,325.36
Tax using the Company's tax rate	34.61%	3,049.64	34.61%	2,189.08
Effect of deduction under section 10AA of the Income tax Act, 1961	-11.57%	(1,052.22)	-13.76%	(870.20)
Effect of expenses permanently disallowed under the Income Tax Act, 1961	0.19%	16.89	2.73%	172.45
Effect of income exempt/ taxed on lower rate	-0.58%	(53.04)	-1.45%	(91.41)
Others	0.04%	3.36	0.12%	7.88
Income tax recognised in statement of profit and loss for the current year	21.62%	1,965.59	22.24%	1,406.73

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

C. Deferred tax assets (net)

Deferred tax relates to the following:		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deferred tax related to items recognised in OCI:				
Deferred tax assets (gross)				
Investments at fair value through OCI		-	-	1.17
Remeasurement of defined benefit liability (asset)		-	28.31	-
	(a)	**-**	**28.31**	**1.17**
Deferred tax liabilities				
Investments at fair value through OCI		7.87	8.03	-
Remeasurement of defined benefit liability (asset)		15.42	-	-
	(b)	**23.29**	**8.03**	**-**
Deferred tax related to items recognised in statement of profit and loss:				
Deferred tax liabilities (gross)				
Property, plant and equipment		251.36	314.72	300.22
Others		11.11	-	
	(c)	**262.47**	**314.72**	**300.22**
Deferred tax assets (gross)				
Others		-	8.87	14.74
Loss allowance on other financial assets		42.63	42.64	42.73
Loss allowance on trade receivables		1,384.62	2,068.39	1,926.37
Derivative		-	-	46.00
Provision for employee benefits		667.62	530.78	472.45
	(d)	**2,094.87**	**2,650.68**	**2,502.29**
	(e) = (d) - (c)	**1,832.40**	**2,335.96**	**2,202.07**
Deferred tax assets (net)	**(a) + (e) - (b)**	**1,809.12**	**2,356.24**	**2,203.24**
MAT credit entitlement		86.97	-	89.02
Total Deferred tax assets (net)		**1,896.09**	**2,356.24**	**2,292.26**

D. Movement in temporary differences

31 March 2018

Particulars	Balance as at 1 April 2017	Recognised in profit or loss during FY 2017-18	Recognised in OCI during FY 2017-18	Balance as at 31 March 2018
Investments at fair value through OCI	(8.03)	-	(0.16)	(7.87)
Remeasurement of defined benefit liability (asset)	28.31	-	43.73	(15.42)
Property, plant and equipment	(314.72)	(63.36)	-	(251.36)
Loss allowance on other financial assets	42.64	0.01	-	42.63
Loss allowance on trade receivables	2,068.39	683.77	-	1,384.62
Provision for employee benefits	530.78	(136.84)	-	667.62
Others	8.87	19.97	-	(11.11)
Total	**2,356.24**	**503.55**	**43.57**	**1,809.12**

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

31 March 2017

Particulars	**Balance as at 1 April 2016**	**Recognised in profit or loss during FY 2016-17**	**Recognised in OCI during FY 2016-17**	**Balance as at 31 March 2017**
Investments at fair value through OCI	1.17	-	(9.20)	(8.03)
Remeasurement of defined benefit liability (asset)	-	-	28.31	28.31
Derivative	46.00	(46.00)		-
Property, plant and equipment	(300.22)	(14.50)	-	(314.72)
Loss allowance on other financial assets	42.73	(0.09)	-	42.64
Loss allowance on trade receivables	1,926.37	142.02	-	2,068.39
Provision for employee benefits	472.45	58.33	-	530.78
Others	14.74	(5.87)	-	8.87
Total	**2,203.24**	**133.89**	**19.11**	**2,356.24**

33 Earnings per share (EPS)

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

i. Profit attributable to Equity holders of the Company

	31 March 2018	**31 March 2017**
	INR	**INR**
Profit attributable to equity holders of the company	7,063.09	4,792.39
Profit attributable to equity holders of the company for basic and diluted earnings	**7,063.09**	**4,792.39**

ii. Weighted average number of ordinary shares

	31 March 2018	**31 March 2017**
	INR	**INR**
Opening balance of equity's shares	62,313,086	51,790,185
Conversion of convertible preference shares into equity shares	-	10,294,230
Effect of equity shares issued through initial public offer	658,652	-
Effect of share options exercised	739,355	28,037
Weighted average number of shares for basic EPS	**63,711,093**	**62,112,452**
Effect of dilution:		
Add: Equity shares held by Newgen ESOP Trust with respect to options not exercised by employees but outstanding	1,633,736	1,337,237
Weighted average number of shares for diluted EPS	65,344,829	63,449,689

Basic and Diluted earnings per share

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

	31 March 2018	31 March 2017
	INR	INR
Basic earnings per share	11.09	7.72
Diluted earnings per share	10.81	7.55

34 Share-based payment arrangements:

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Company had established Employees Stock Option Plan-1999 (ESOP 1999) and Employees Stock Option Plan-2000 (ESOP 2000) in the year 1999-00 and 2000-01 respectively, administered through 'Newgen Employees Trust' (ESOP Trust) set-up for this purpose, for a total grant of 293,160 and 600,000 options respectively, at an Exercise Price of INR80 and INR 40 per option respectively, to the employees of the Company. Under the terms of the original plans, these options are vested on a graded vesting basis over a maximum period of Four (4) years from the date of grant and are to be exercised either in part(s) or full, within a maximum period of five and four years respectively from the date of last vesting. During the year ended 31 March 2000, 586,320 equity shares were issued to ESOP Trust as bonus shares in the ratio of 1:2. Further, 4,093,350 equity shares were also issued to ESOP Trust as bonus shares in the ratio of 1:5 during the year ended 31 March 2015.

The Board of Directors of the Company time to time extended the maximum exercise period for ESOP 1999 and ESOP 2000. During the year 2014-15, the Board of Directors of the Company in their meeting dated 24 December 2014 extended the maximum exercise period for ESOP 1999 and ESOP 2000 to five years and four year respectively from the last vesting date or 31 December 2018, whichever is later.

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

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

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

Following table represents general terms of the grants for the ESOP outstanding as on 31 March 2018, during the previous year 2016-17 there were no grants made.

ESOP schemes	Grant Date	No. of Options Outstanding	Exercise Price	Weighted average remaining life	Vesting Period
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jan-2015	1,702,708	INR 63.00	5.76	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Jul-2017	335,025	INR 63.00	8.23	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Sep-2017	130,000	INR 63.00	8.43	4 years
Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	1-Oct-2017	75,750	INR 63.00	8.51	4 years

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

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

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

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

Particulars	Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)
	Grant II, III and IV
	31 March 2018
Fair value of options at grant date	100.23
Share price at grant date	134.53
Exercise price	63.00
Expected volatility (weighted-average)	55.59%
Expected life (weighted-average)	9 years
Expected dividends	0.00%
Risk-free interest rate (based on government bonds)	6.78%

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

C. Reconciliation of outstanding share options

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

Employees Stock Option Plan-1999 (ESOP 1999)	Number of options 31 March 2018	Weighted average exercise price 31 March 2018	Number of options 31 March 2017	Weighted average exercise price 31 March 2017	Number of options 1 April 2016	Weighted average exercise price 1 April 2016
Options outstanding as at the beginning of the year	52,600	INR 4.45	57,600	INR 4.45	57,600	INR 4.45
Add: Options granted during the year	-	-	-	-	-	-
Less: Options lapsed during the year	-	-	-	-	-	-
Less: Options exercised during the year	52,600	INR 4.45	5,000	INR 4.45	-	-
Options outstanding as at the year end	-	INR 4.45	52,600	INR 4.45	57,600	INR 4.45
Exercisable as at year end	-		52,600		57,600	
Weighted - average contractual life	-		1.75 Years		2.75 Years	

Employees Stock Option Plan-2000 (ESOP 2000)	Number of options 31 March 2018	Weighted average exercise price 31 March 2018	Number of options 31 March 2017	Weighted average exercise price 31 March 2017	Number of options 1 April 2016	Weighted average exercise price 1 April 2016
Options outstanding as at the beginning of the year	386,700	INR 6.67	483,800	INR 6.67	678,180	INR 6.67
Add: Options granted during the year	-	-	-	-	-	-
Less: Options lapsed during the year	-	-	30,000	INR 6.67	9,600	INR 6.67
Less: Options exercised during the year	386,700	INR 6.67	67,100	INR 6.67	184,780	INR 6.67
Options outstanding as at the year end	-	INR 6.67	386,700	INR 6.67	483,800	INR 6.67
Exercisable as at year end	-		386,700		483,800	
Weighted - average contractual life	-		2.09 years		3.11 years	

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Newgen Employees Stock Option Scheme 2014 (Newgen ESOP 2014)	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	31 March 2018	31 March 2018	31 March 2017	31 March 2017	1 April 2016	1 April 2016
Options outstanding as at the beginning of the year	3,061,209	INR 63.00	3,384,305	INR 63.00	3,653,525	INR 63.00
Add: Options granted during the year	562,550	INR 63.00	-	-	-	-
Less: Options lapsed during the year	126,096	INR 63.00	166,525	INR 63.00	213,175	INR 63.00
Less: Options exercised during the year	1,254,180	INR 63.00	156,571	INR 63.00	56,045	INR 63.00
Options outstanding as at the year end	2,243,483	INR 63.00	3,061,209	INR 63.00	3,384,305	INR 63.00
Exercisable as at year end	445,616		777,170		288,188	
Weighted - average contractual life	6.38 years		6.76 years		7.76 years	

C. Expense recognised in statement of profit and loss

For details on the employee benefits expense, refer note 28

35 Operating leases

A. Leases as lessee

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

i. Future minimum lease payments

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

	31 March 2018	31 March 2017	1 April 2016
Less than one year	1,150.13	1,024.35	934.97
Between one and five years	1,732.52	2,113.83	2,236.27
More than five years	-	-	-
	2,882.65	3,138.17	3,171.24

ii. Amounts recognised in profit or loss

	31 March 2018	31 March 2017
Lease expense	1,514.62	1,204.80
	1,514.62	1,204.80

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

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

	31 March 2018	31 March 2017	1 April 2016
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	759.70	1,733.00	574.98

1. For other commitments - Non-cancellable operating, and finance leases, refer Note 35 and 18 respectively

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

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 28 February 2018 and 31 March 2017 has been made in the financial statements based on information received and available with the Company. Based on the information currently available with the Company, there are no dues payable to Micro and Small Suppliers as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Final dividend of INR 2.00 per share (31 March 2017: INR 1.5/-)	1,384.71	964.62
Corporate dividend tax	283.94	196.37

39 Utilization of CSR expenses

As per Section 135 of the Companies Act 2013, the following is the detail of corporate social responsibility expenses incurred by the Company: Gross amount to be spent by the Company during the year ended 31 March 2018 is INR 106.13 lakhs (previous year INR. 97.05 lakhs). Amount spent during the year ended 31 March 2018:

Particulars	Paid	Liability yet to be paid	Total
i) For purpose mentioned as under	104.31	3.00	107.31

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

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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40 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 2018 and 31 March 2017. Further, the management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

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

42 Expenses incurred by the Company aggregating to INR 2,627.44 Lakhs in connection with the IPO have been partly adjusted towards the securities premium account and partly recovered from the selling shareholders. The IPO expenses amounting to INR 1,646.71 (excluding certain expenses which are directly attributable to the Company such as legal counsel cost, auditor fee, listing fee, advertisement & marketing expenses and depository fees amounting to INR 980.73 Lakhs), have been allocated between the Company and each of the selling shareholders in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by the existing shareholders and the total amount charged in securities premium is INR 1,349.15 Lakhs.

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

44 Dividend remittances in foreign currency:

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Year to which the dividend relates	2016-17	2015-16
Amount remitted during the year (INR in lakhs)	77.21	51.78
Number of non-resident shareholders	2	2
Number of shares on which dividend was due	5,147,340	5,147,340

45 Details of current Investments (refer note 11)

Particulars	Number of Units as at			Amount in Lakhs as at		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
Investment in debt mutual funds						
Reliance Short Term Fund- Direct Growth Plan	634,842	-	-	213.85	-	-
ICICI Prudential Short Term Plan	860,077	-	-	322.56	-	-
IIFL Dynamic Bond Fund	1,442,783	-	-	200.83	-	-
Franklin Templeton MF	11,122	-	-	425.20	-	-
Aditya BSL MF	3,202,906	-	-	426.14	-	-
ICICI Prudential MF	2,185,596	-	-	425.63	-	-
UTI Income Opportunities Fund - Direct Plan-Growth	2,617,879	-	-	442.00	-	-
Kotak Income Opportunities Fund- Monthly Growth	2,194,751	-	-	440.56	-	-
L&T Income Opportunities Fund Direct Plan-Growth	2,157,674	-	-	439.81	-	-
Tata Short Term Fund	-	1,273,800	-	-	401.05	-
Reliance Short Term Fund	-	634,842	-	-	200.61	-
UTI Short Term Income Fund	-	1,974,451	-	-	401.27	-
ICICI Prudential Short Term Plan	-	860,077	-	-	301.29	-
UTI Income Opportunities Fund	-	3,748,856	-	-	420.28	-
Kotak Income Opportunities Fund	-	3,948,263	-	-	419.36	-
BNP Paribas Medium Term Income Fund	-	4,137,952	-	-	413.80	-
L&T Income Opportunities Fund Direct Plan	-	3,734,193	-	-	419.20	-
IIFL Cash Opportunities Fund	-	1,817,389	-	-	206.40	-
HSBC Income Fund - Short Term Plan	-	-	784,326	-	-	200.42
BNP Paribas Flexi Debt Fund	-	-	770,208	-	-	200.57

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

Particulars	Number of Units as at			Amount in Lakhs as at		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
Birla Sun Life Dynamic Bond Fund	-	-	1,694,757	-	-	450.55
Reliance Regular Savings Fund	-	-	970,116	-	-	200.33
Kotak Bond Fund-Growth	-	-	465,943	-	-	200.46
UTI Bond Fund -Growth	-	-	441,319	-	-	200.60
IDFC Dynamic Bond Fund	-	-	1,366,352	-	-	250.88
Investment in arbitrage funds						
HDFC Balanced Fund	-	-	413,056	-	-	439.23
Tata Balanced Fund	-	-	259,035	-	-	423.85
DSP BR Balanced Fund	-	-	413,307	-	-	440.03
ICICI Prudential Equity Income Fund	-	-	3,417,969	-	-	355.13
ICICI Prudential Balanced Advantage Fund	-	-	1,374,705	-	-	352.47
JPMorgan India Equity Income Fund	-	-	3,285,737	-	-	356.43
Investment in government bonds						
8.40% Indian Railway Finance Corporation Limited	40,000	40,000	40,000	466.42	468.74	445.20
7.35% NHAI 2031 (Int Pyt date 1Apr)	45,000	45,000		492.61	502.36	
Investment in Other Bonds						
IIFL SUB DEBT 9.25%	20			220.42		
IIFL Perpetual Debt Product		200			204.95	
11% Bank of India Perpetual Bond	10	10		99.83	104.62	
10.40% Vijaya Bank Perpetual Bond (int pyt date 31Mar)	40	40		406.21	402.12	
				5,022.07	**4,866.04**	**4,516.14**

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

46 Related party transactions

A. List of subsidiaries

Set out below is the list of subsidiaries:

Name of the company	Country of incorporation	Ownership interest		
		31 March 2018	31 March 2017	1 April 2016
Newgen Software Inc.	United States of America	100%	100%	100%
Newgen Software Technologies Pte Ltd.	Singapore	100%	100%	100%
Newgen Software Canada Ltd.	Canada	100%	100%	100%
Newgen Software Technologies (UK) Ltd.	United Kingdom	100%	100%	-
Newgen Computers Technologies Limited	India	100%	100%	100%

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

B. Transactions with Key Management Personnel

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

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post - employment defined benefit plan(see note 28)

Executive officers also participate in the Company's share option plan as per the conditions laid down in that scheme (see note 28 and note 34).

List of key management personnel and their relatives

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

Key management personnel compensation

	Transaction value		Balance payable		
	For the year ended 31 March 2018	For the year ended 31 March 2017	31 March 2018	31 March 2017	1 April 2016
Salaries, wages and bonus*	758.51	475.71	261.39	23.64	17.53
Diwakar Nigam	160.35	85.37	8.24	5.02	6.07
T.S. Varadarajan	76.32	42.33	4.53	2.37	2.82
Priyadarshini Nigam	39.28	30.64	2.79	1.79	2.16
Arun Kumar Gupta	75.88	53.46	26.93	2.20	0.54
Virender Jeet	150.19	91.01	82.59	4.39	2.78
Surender Jeet Raj	134.22	85.84	70.59	4.14	3.09
Tarun Nandwani	121.41	74.59	65.72	3.73	0.07
Shubhi Nigam	0.87	12.47	-	-	-

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

	Transaction value		Balance payable		
	For the year ended 31 March 2018	For the year ended 31 March 2017	31 March 2018	31 March 2017	1 April 2016
Dividend paid (excluding dividend distribution tax)	**699.32**	**465.92**	**-**	**-**	**-**
Diwakar Nigam	276.34	184.22	-	-	-
T.S. Varadarajan	225.14	150.09	-	-	-
Priyadarshini Nigam	119.53	79.69	-	-	-
Arun Kumar Gupta	0.66	0.37	-	-	-
Virender Jeet	3.24	2.16	-	-	-
Surender Jeet Raj	3.16	2.00	-	-	-
Tarun Nandwani	3.33	2.11	-	-	-
Usha Varadarajan	67.92	45.28	-	-	-
Share-based payments	**50.46**	**3.67**	**-**	**-**	**-**
Arun Kumar Gupta	7.51	1.43	-	-	-
Virender Jeet	16.33	-	-	-	-
Surender Jeet Raj	14.82	-	-	-	-
Tarun Nandwani	11.80	2.24	-	-	-

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

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

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash. For the year ended 31 March 2018 and 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period.

	Transaction value		Balance receivable		
	For the year ended 31 March 2018	For the year ended 31 March 2017	31 March 2018	31 March 2017	1 April 2016
Sale of products and services					
Subsidiaries					
Newgen Software Inc., USA	6,393.04	6,520.77	2,218.41	2,445.16	1,861.20
Newgen Singapore	843.77	114.90	165.90	111.87	54.91
Newgen Software Canada Ltd.	597.99	562.28	424.85	368.20	249.88
Newgen Software Technologies (UK) Ltd.	52.09	243.14	53.15	236.76	-
Rent expense					
Subsidiary					
Newgen Computers Technologies Limited	7.20	6.00	0.54	-	-
Paid on behalf of					

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

	Transaction value		Balance receivable		
	For the year ended 31 March 2018	For the year ended 31 March 2017	31 March 2018	31 March 2017	1 April 2016
Subsidiary					
Newgen Computers Technologies Limited	0.65	0.63	-	-	-
Recovered from					
Subsidiary					
Newgen Computers Technologies Limited	0.65	0.63	-	-	-
Investment in subsidiaries - share based payment					
Newgen Software Inc., USA	7.17	6.25	-	-	-
Newgen Singapore	2.15	0.24	-	-	-
Newgen Software Canada Ltd.	0.54	0.86	-	-	-
Newgen Software Technologies (UK) Ltd.	0.23	0.36	-	-	-

D. Investment in subsidiaries

Subsidiary Company	31 March 2018	31 March 2017	1 April 2016
Newgen Software Inc. USA	522.52	515.35	509.82
Newgen Software Technologies Canada, Ltd.	56.40	55.86	55.00
Newgen Software Technologies Pte. Ltd.	114.12	111.97	111.73
Newgen Computers Technologies Limited	46.50	46.50	46.50
Newgen Software Technologies (UK) Ltd.	178.65	178.43	-
	918.19	**908.11**	**723.05**

47 Financial instruments – Fair values and risk management

i. Accounting classification and fair values

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

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

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31 March 2018	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Other financial assets	15	-	-	5,177.19	5,177.19	-	-	-	-
		3,336.58	**1,685.49**	**40,221.23**	**45,243.30**	**5,022.07**	**-**	**-**	**5,022.07**
Financial liabilities									
Financial laibilities not measured at fair value									
Long-term maturities of finance lease obligations (secured)	19	-	-	1,316.66	1,316.66	-	1,316.66	-	1,316.66
Short term borrowings	21	-	-	4,946.27	4,946.27	-	4,946.27	-	4,946.27
Trade payables	22	-	-	2,143.75	2,143.75	-	-	-	-
Other financial liabilities	23	-	-	3,575.91	3,575.91	-	302.25	-	302.25
		-	**-**	**11,982.59**	**11,982.59**	**-**	**6,565.18**	**-**	**6,565.18**

		Carrying amount				Fair value			
31 March 2017	**Note**	**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Financial assets measured at fair value									
Investments in debt mutual funds	11	3,183.25	-	-	3,183.25	3,183.25	-	-	3,183.25
Investments in bonds	11	-	1,682.79	-	1,682.79	1,682.79	-	-	1,682.79
Financial assets not measured at fair value									
Other non-current financial asset	8	-	-	227.71	227.71	-	-	-	-
Trade receivables	12	-	-	18,588.04	18,588.04	-	-	-	-
Cash and cash equivalents	13	-	-	2,818.68	2,818.68	-	-	-	-
Loans	7 and 14	-	-	295.75	295.75	-	-	-	-
Other financial assets	15	-	-	2,609.39	2,609.39	-	-	-	-
		3,183.25	**1,682.79**	**24,539.57**	**29,405.61**	**4,866.04**	**-**	**-**	**4,866.04**

		Carrying amount				Fair value			
31 March 2017	**Note**	**FVTPL**	**FVTOCI**	**Amotised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities									
Financial liabilities not measured at fair value								-	-
Long-term maturities of finance lease obligations (secured)	18	-	-	1,617.99	1,617.99	-	1,617.99		1,617.99
Short term borrowings	21	-	-	5,226.18	5,226.18	-	5,226.18	-	5,226.18
Trade payables	22	-	-	1,714.52	1,714.52	-	-	-	-
Other financial liabilities	23	-	-	2,869.36	2,869.36	-	302.25	-	302.25
		-	**-**	**11,428.05**	**11,428.05**	**-**	**7,146.42**	**-**	**7,146.42**

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

		Carrying amount				Fair value			
1 April 2016		**FVTPL**	**FVTOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Financial assets measured at fair value									
Investments in debt mutual funds	11	1,703.81	-	-	1,703.81	1,703.81	-	-	1,703.81
Investments in arbitrage funds	11	2,367.13	-	-	2,367.13	2,367.13	-	-	2,367.13
Investments in bonds	11	-	445.20	-	445.20	445.20	-	-	445.20
Financial assets not measured at fair value									
Other Non-current financial asset				169.79	169.79	-	-	-	-
Trade receivables	12	-	-	15,575.18	15,575.18	-	-	-	-
Cash and cash equivalent	13	-	-	2,083.99	2,083.99	-	-	-	-
Loans	7 and 14	-	-	229.89	229.89	-	-	-	-
Other financial assets	15	-	-	2,419.49	2,419.49	-	-	-	-
		4,070.94	**445.20**	**20,478.34**	**24,994.48**	**4,516.14**	**-**	**-**	**4,516.14**
Financial liabilities									
Financial liabilities measured at fair value									
Derivative liability	19	136.00	-	-	136.00	-	-	136.00	136.00
Financial liabilities not measured at fair value									
Long-term maturities of finance lease obligations (secured)	18	-	-	1,917.45	1,917.45	-	1,917.45	-	1,917.45
Short term borrowings	21	-	-	5,883.19	5,883.19	-	5,883.19	-	5,883.19
Trade payables	22	-	-	1,405.47	1,405.47	-	-	-	-
Other financial liabilities	23	-	-	2,046.76	2,046.76	-	315.25	-	315.25
		136.00	**-**	**11,252.88**	**11,388.88**	**-**	**8,115.89**	**136.00**	**8,251.89**

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

ii) Measurement of fair values

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

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

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

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

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for the year ended 31st March, 2018

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

Particulars	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair vale measurement
Financial assets measured at FVTPL				
Investments in debt mutual funds	Level 1	Market valuation technique: Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.	Not applicable	Not applicable
Investments in arbitrage funds	Level 1			
Financial assets measured at FVTOCI				
Investments in bonds	Level 1	Market valuation technique: The fair value of bonds is based on direct and market observable inputs.	Not applicable	Not applicable
Derivative liability measured at fair value				
Derivative liability	Level 3	The fair valuation of embedded anti dilution derivative in CCPS as per Binomial option pricing model. The Binomial model is an extension of the Black Scholes model and incorporates an optimal decision making framework by backward induction.	- Forecast annual revenue growth rate - Forecast EBITDA margin - Risk adjusted discount rate	The estimated fiar value would increase (decrease) if: -:the annual revenue growth rate were higher (lower) - the EBITDA margin were higher (lower) - ther risk adjusted discount rate were lower (higher)
Financial liabilities measured at Amortised cost				
Long term borrowings	Level 2	Discounted cash flow: The valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate	Not applicable	Not applicable
Short term borrowings	Level 2			

There have been no transfers in either direction for the years ended 31 March 2018, 31 March 2017 & 31 March 2016.

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

C. Financial risk management

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

i. Risk management framework

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

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

ii. Credit risk

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Trade receivables	20,392.66	18,588.04	15,575.18
Loans	582.06	274.47	229.89
Cash and cash equivalents	13,520.79	2,818.68	2,083.99
	34,495.51	**21,681.19**	**17,889.06**

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

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

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

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

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

Notes to the Standalone Financial Statements
for the year ended 31st March, 2018

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

Trade and other receivables

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

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

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

	Carrying amount		
	31 March 2018	**31 March 2017**	**1 April 2016**
India	7,994.27	6,692.89	4,778.97
USA	2,643.93	2,760.89	2,114.40
EMEA	7,946.49	7,591.20	7,081.34
APAC	1,807.97	1,543.06	1,600.47
	20,392.66	**18,588.04**	**15,575.18**

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

As at 31 March 2018	Gross carrying amount	Weighted-average loss rate	Loss allowance	credit-impaired
0-3 months past due	16,452.48	4.11%	676.50	No
3-6 months past due	3,053.35	12.90%	393.77	No
6-9 months past due	1,197.55	21.62%	258.95	No
9-12 months past due	381.15	34.90%	133.02	No
12-15 months past due	389.65	42.90%	167.15	No
15-18 months past due	328.23	47.89%	157.20	No
18-21 months past due	170.55	52.45%	89.45	No
21-24 months past due	269.15	61.10%	164.46	No
above 24 months past due	2,151.41	91.12%	1,960.37	No
	24,393.53		**4,000.87**	

As at 31 March 2017	Gross carrying amount	Weighted-average loss rate	Loss allowance	Credit-impaired
0-3 months past due	15,545.40	3.74%	581.93	No
3-6 months past due	1,025.87	13.02%	133.55	No
6-9 months past due	864.78	22.11%	191.23	No
9-12 months past due	461.44	35.70%	164.75	No
12-15 months past due	1,720.62	45.82%	788.47	No
15-18 months past due	667.44	51.90%	346.40	No
18-21 months past due	229.94	56.46%	129.82	No
21-24 months past due	202.65	66.32%	134.40	No
above 24 months past due	3,846.55	91.15%	3,506.09	No
	24,564.68		**5,976.64**	

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

As at 1 April 2016	Gross carrying amount	Weighted-average loss rate	Loss allowance	Credit-impaired
0-3 months past due	11,312	4.50%	509.16	No
3-6 months past due	2,961	14.17%	419.62	No
6-9 months past due	639	22.75%	145.46	No
9-12 months past due	314	34.99%	109.70	No
12-15 months past due	1,547	44.60%	689.97	No
15-18 months past due	289	52.22%	151.09	No
18-21 months past due	277	56.23%	155.99	No
21-24 months past due	231	64.71%	149.77	No
above 24 months past due	3,570.65	90.61%	3,235.49	No
	21,141.44		**5,566.26**	

Movement in allowance for impairment in respect of trade receivables

	Impairment in trade receivables
Balance as at 1 April 2016	5,566.26
Impairment loss recognised	1,353.40
Amounts written off	943.02
Balance as at 31 March 2017	**5,976.64**
Impairment loss recognised	462.52
Amounts written off	2,438.29
Balance as at 31 March 2018	**4,000.87**

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

Debt securities

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

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

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

	Net carrying amount		
	31 March 2018	**31 March 2017**	**1 April 2016**
India	5,022.07	4,866.04	2,149.01
Other Regions	-	-	-
	5,022.07	**4,866.04**	**2,149.01**

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

Notes to the Standalone Financial Statements

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

Cash and cash equivalents

The Company held cash and cash equivalents of INR 13,520.79 at 31 March 2018 (31 March 2017: INR 2,818.68 lakhs 1 April 2016: INR 2,083.99 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on renowned rating agencies.

iii. Liquidity risk

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

The company's primary sources of liquidity include cash and bank balances, deposits, undrawn borrowings and cash flow from operating activities. As at 31 March 2018, the Company had a working capital of Rs. 29,265.58 (31 March 2017: 15,951.06 and 31 March 2016: 12,523.87) including cash and cash equivalent of INR 13,520.79 (31 March 2017: 2,818.68 and 31 March 2016: 2,083.99) and current investments of INR 5,014.54 (31 March 2017: 4,862.67 and 31 March 2016: 4,516.14).

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

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

Particulars	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
As at 31 March 2018	2,041.27		2,041.27			
As at 31 March 2017	1,773.82		1,773.82			
As at 1 April 2016	116.81		116.81			

Exposure to liquidity risk

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

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

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

			Contractual cash flows				
31 March 2018	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Payable for capital assets	241.35	241.35	-	241.35	-	-	-
Total	**11,982.58**	**17,362.31**	**5,127.14**	**5,709.16**	**437.51**	**689.18**	**5,399.33**

			Contractual cash flows				
31 March 2017	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Finance lease obligations (including current maturities)	1,920.24	7,509.18	-	507.74	472.62	1,060.84	5,467.97
Employee related payables	2,411.84	2,411.84	2,411.84	-	-	-	-
Trade and other payables	1,714.52	1,714.51	1,714.51	-	-	-	-
Pre-shipment loans (secured)	5,226.18	5,226.18	304.94	4,921.24	-	-	-
Payable in respect of retention money	28.10	28.10	-	28.10	-	-	-
Earnest money deposits	0.50	0.50	-	0.50	-	-	-
Payable for capital assets	126.67	126.67	-	126.67	-	-	-
	11,428.05	**17,016.98**	**4,431.29**	**5,584.25**	**472.62**	**1,060.84**	**5,467.97**

			Contractual cash flows				
1 April 2016	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Finance lease obligations (including current maturities)	2,232.70	8,061.79	12.54	542.86	507.74	1,312.52	5,686.12
Employee related payables	1,702.40	1,702.40	1,702.40	-	-	-	-
Trade and other payables	1,405.47	1,405.46	1,405.46	-	-	-	-
Pre-shipment loans (secured)	5,883.19	5,883.19	771.60	5,111.60	-	-	-
Payable in respect of retention money	11.64	11.64	-	11.64	-	-	-
Payable for capital assets	17.47	17.47	-	17.47	-	-	-
	11,252.87	**17,081.95**	**3,892.00**	**5,683.57**	**507.74**	**1,312.52**	**5,686.12**

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

Notes to the Standalone Financial Statements

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iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the company's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company is exposed to currency risk on account of its borrowings, receivables and other payables in foreign currency. The functional currency of the company is Indian Rupee. The foreign currency exchange management policy is to minimize economic and transactional exposures arising from currency movements against the US dollar, Euro, GBP, Canadian dolar, Abar Emirates Dhiram, Saudi Riyal, Singapore dollar and Japanese Yen. The company manages the risk by netting off naturally occurring opposite exposures wherever possible, and then dealing with any material residual foreign currency exchange risks if any."

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2017, March 31, 2017 and April 1, 2016 are as below:

PARTICULARS	Currency	31 March 2018		31 March 2017		1 April 2016	
		Amount in foreign currency (lakhs)	Amount in local currency (lakhs)	Amount in foreign currency (lakhs)	Amount in local currency (lakhs)	Amount in foreign currency (lakhs)	Amount in local currency (lakhs)
Financial assets							
Trade and other receivables*							
	USD	207.57	13,500.77	219.19	14,210.08	204.70	13,578.21
	AED	5.22	92.64	3.54	62.51	0.52	9.40
	CAD	8.41	424.85	7.56	368.19	4.90	249.88
	EUR	1.55	125.00	1.87	129.74	2.06	154.65
	GBP	0.69	63.71	3.71	300.34	1.56	148.15
	SAR	7.41	128.63	7.41	128.04	8.48	149.64
	SGD	3.34	165.90	2.41	111.86	1.12	54.91
Bank balance-Dubai	AED	6.28	111.39	2.07	36.69	2.28	41.11
Travelling Advance to employees	USD	2.12	136.97	1.58	104.65	0.53	34.03
	AED	1.45	25.75	0.61	10.98	0.11	2.89
	CAD	0.07	3.85	0.02	0.92	0.04	1.88
	GBP	0.02	2.13	-	-	0.01	0.74
	SGD	0.07	3.38	-	-	0.03	1.70
	EURO	0.10	8.53	0.03	1.98	0.04	3.24
Financial liabilities							
Trade and other payables							
	USD	(3.82)	(246.02)	(1.63)	(107.66)	(1.29)	(86.93)
	GBP	-	-	(0.03)	(2.45)		-
	EURO	(0.01)	(0.64)	(0.03)	(2.32)		-
Short term borrowings	USD	(76.05)	(4,946.27)	(80.60)	(5,226.18)		(5,883.23)

* gross of loss allowance

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollar, Euro, GBP, Canadian dolar, Abar Emirates Dhiram, Saudi Riyal, Singapore dollar and Japanese Yen at reporting date would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	For the year ended 31 March 2018		For the year ended 31 March 2017	
Effect in thousands of INR	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
1% movement				
USD	84.43	(84.43)	89.82	(89.82)
EUR1	1.32	(1.32)	1.29	(1.29)
GBP1	0.66	(0.66)	2.98	(2.98)
CAD1	4.28	(4.28)	3.68	(3.68)
SGD1	1.69	(1.69)	1.12	(1.12)
AED1	1.37	(1.37)	1.10	(1.10)
SAR1	1.29	(1.29)	1.28	(1.28)
	95.05	**(95.05)**	**101.26**	**(101.26)**

Interest rate risk

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

a) Exposure to interest rate risk

The Company is exposed to both fair value interest rate risk as well as cash flow interest rate risk arising both on short-term and long-term floating rate instruments.

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

	Nominal amount in INR		
	31 March 2018	**31 March 2017**	**1 April 2016**
Fixed-rate instruments			
Financial assets	10,607.50	2,684.62	638.11
Financial liabilities	(1,618.91)	(1,920.24)	(2,232.70)
	8,988.59	764.38	(1,594.59)
Variable-rate instruments			
Financial assets	-	-	-
Financial liabilities	(4,946.27)	(5,226.18)	(5,883.19)
	(4,946.27)	(5,226.18)	(5,883.19)
Total	**4,042.32**	**(4,461.79)**	**(7,477.78)**

b) Sensitivity analysis

Fair value sensitivity analysis for fixed-rate instruments

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

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity by INR 12.27 lakhs after tax (31 March 2017: INR 17.53 lakhs)

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Cash flow sensitivity analysis for variable-rate instruments

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

	Profit or loss	
	100 bp increase	100 bp decrease
31 March 2018		
Variable-rate instruments	(63.72)	63.72
Cash flow sensitivity (net)	(63.72)	63.72
31 March 2017		
Variable-rate instruments	(52.26)	52.26
Cash flow sensitivity (net)	(52.26)	52.26

Market price risk

a) Exposure

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

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

b) Sensitivity analysis

Company is having investment in mutual funds, government bonds, other bonds and investment in subsidiaries. For such investments classified at Fair value through other comprehensive income, a 2% increase in their fair value at the reporting date would have increased equity by INR 0.32 lakhs after tax (31 March, 2017: INR 21.96 lakhs). An equal change in the opposite direction would have decreased equity by INR 0.32 lakhs after tax (31 March, 2017: INR (21.96) lakhs)

For such investments classified at Fair value through profit or loss, the impact of a 2% increase in their fair value at the reporting date on profit or loss would have been an increase of INR 65.26 after tax (31 March, 2017: INR 41.63 lakhs). An equal change in the opposite direction would have decreased profit or loss by INR 65.26 after tax (31 March, 2017: INR (41.63) lakhs)

48 Capital Management

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

The company manages its capital structure and makes adjustments to it as and when required. To maintain or adjust the capital structure, the company may pay dividend or repay debts, raise new debt or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2018, 31 March 2017 and 1 April 2016.

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

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

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total liabilities	6,565.18	7,146.42	8,115.89
Less: Cash and cash equivalent	13,520.79	2,818.68	2,083.99
Adjusted net debt (a)	(6,955.61)	4,327.74	6,031.90
Total equity (b)	39,971.22	24,769.14	20,536.28
Total equity and net debt (a+b) = c	33,015.61	29,096.87	26,568.18
Capital gearing ratio (a/c)	-21.07%	14.87%	22.70%

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

49 Segment reporting

A. Basis for Segmentation

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

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

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

B. Information about reportable segments

Year ended 31 March 2018

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

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

Year ended 31 March 2017

Particulars	Reportable segments				
	India	EMEA	APAC	USA	Total Segment
Revenue					
External revenue	16,922.79	11,480.51	2,728.47	7,179.63	38,311.41
Inter-segment revenue	-	-	-	-	-
Total Segment Revenue	16,922.79	11,480.51	2,728.47	7,179.63	38,311.41
Segment profit before income tax	3,026.45	1,877.39	416.51	1,367.68	6,688.02
Segment assets	8,337.96	9,044.35	1,903.52	3,650.74	22,936.57
Segment liabilities	4,330.14	3,102.91	553.87	854.80	8,841.72
Capital expenditure during the year	279.28	-	-	-	279.28

C. Reconciliations of information on reportable segments to Ind AS

Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Revenue			
Total revenue for reportable segments		45,952.36	38,311.41
Elimination of inter-segment revenue			-
Total revenue		**45,952.36**	**38,311.41**
(b) Profit / (loss) before tax			
Total profit before tax for reportable segments		9,566.78	6,688.02
Unallocated amounts:			
- Unallocated income		758.20	826.63
- Other corporate expenses		1,231.79	1,189.28
Total profit before tax from operations		**9,093.18**	**6,325.36**
(c) Assets			
Total assets for reportable segments		28,081.49	22,936.57
Other unallocated amounts		30,665.35	18,503.66
Total assets		**58,746.84**	**41,440.23**
(d) Liabilities			
Total liabilities for reportable segments		10,599.78	8,841.72
Other unallocated amounts		8,175.84	7,829.37
Total liabilities		**18,775.62**	**16,671.09**

C. Information about major customers

No customer individually accounted for more than 10% of the revenues in the year ended 31 March 2018 and 31 March 2017.

50 First Time Adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the company's date of transition).

In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act ('previous GAAP' or 'Indian GAAP').

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A Exemptions Applied:-

Ind AS 101 First-Time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from the retrospective application of certain Ind AS. The Company has applied the following exemptions:

I Property, plant and equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

II Share- based payment transactions

Ind AS 101 gives an option to apply Ind AS 102 Share-based payment only on ESOP's that are unvested as on the transition date.

Accordingly, the Company has elected to apply Ind AS 102 i.e. fair value only those options that are unvested as on the date of transition.

III Investment in subsidiaries

Under previous GAAP, investment in subsidiaries were being carried in the balance sheet at cost. Ind AS 101 permits the Company to measure its investment in subsidiaries at its previous GAAP carrying amount as at the date of transition as deemed costs.

Accordingly, the Company has opted to measure its investment in subsidiary at the previous GAAP carrying amount as at the date of transition as deemed costs.

B The following mandatory exceptions have been applied:

I Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company has made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition and determination of discounted value of financial instrument carried at amortised cost as these were not required under previous GAAP.

II Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

III De-recognition of financial assets and liabilities

"As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financials Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions . The company has elected to apply dercognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

C Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

Particulars	Notes to first time adoption	Share capital	Retained earnings	Newgen ESOP reserve	Other comprehensive income	Securities Premium	Capital redemption reserve	Share options outstanding reserve	General reserve	Total
Balance as at 1 April 2016 as per previous GAAP		6,309.41	13,591.19	-	-	489.79	87.95	16.48	1,731.39	22,226.21
Derivative	D.1	-	(136.00)	-	-	-	-	-	-	(136.00)
Expected credit loss	D.2	-	(3,863.17)	-	-	-	-	-	-	(3,863.17)
Adjustment on account of consolidation of trust	D.3	(100.97)	-	175.75	-	(4.35)	-	-	-	70.43
Employee stock compensation expense	D.4	-	(235.97)	-	-	8.63	-	242.59	-	15.25
Gain/(loss) arising from fair valuation of investments	D.5	-	17.84	-	(3.37)	-	-	-	-	14.46
Gain on discounting of long term financial assets and liabilities, net	D.6	-	92.36	-	-	-	-	-	-	92.36
Measurement of security deposits at amortised costs	D.7	-	(7.63)	-	-	-	-	-	-	(7.63)
Adjustment for dividend	D.8	-	775.78	-	-	-	-	-	-	775.78
Deferred tax on above adjustments	D.10	-	1,347.41	-	1.17	-	-	-	-	1,348.58
Balance as at 1 April 2016 as per Ind AS		**6,208.44**	**11,581.82**	**175.75**	**(2.21)**	**494.07**	**87.95**	**259.07**	**1,731.39**	**20,536.28**
Balance as at 31 March 2017 as per previous GAAP		6,338.31	18,391.14	-	-	645.69	87.95	13.09	1,732.08	27,208.26
Expected credit loss	D.2	-	(3,938.27)	-	-	-	-	-	-	(3,938.27)
Adjustment on account of consolidation of trust	D.3	(107.01)	-	200.22	-	(78.57)	-	-	-	14.65
Employee stock compensation expense	D.4	-	(355.37)	-	-	32.75	-	346.27	(0.69)	22.97
Gain/(loss) arising from fair valuation of investments	D.5	-	18.54	-	23.21	-	-	-	-	41.75
Gain on discounting of long term financial assets and liabilities, net	D.6	-	85.59	-	-	-	-	-	-	85.59
Measurement of security deposits at amortised costs	D.7	-	(9.52)	-	-	-	-	-	-	(9.52)
Remeasurements of gain/(loss) on defined benefit obligations	D.9	-	82.88	-	(82.88)	-	-	-	-	-
Deferred tax on above adjustments	D.10	-	1,323.44	-	20.28	-	-	-	-	1,343.72
Balance as at 31 March 2018 as per Ind AS		**6,231.30**	**15,598.43**	**200.22**	**(39.39)**	**599.87**	**87.95**	**359.37**	**1,731.39**	**24,769.14**

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

D Notes to first time adoption

D.1 Measurement of financial liabilities at amortised cost

The Company had issued certain compulsory convertible preference shares. Under previous GAAP these were being classified under Equity. Under Ind AS, the embedded derivative liability on initial recognition has been separated from the underlying equity instrument and recorded at fair value. The difference between the fair value of the combined CCPS instrument and the fair value of the embedded derivative liability has been recorded as the value of the equity host contract. The embedded derivative has been fair valued through profit or loss at each balance sheet date. Upon conversion of CCPS into equity shares the resultant gain/loss on the down-round derivative is recognised in profit or loss. The original equity component remains as equity. The impact arising from the change is summarised below:

Standalone statement of profit and loss	**For the year ended 31 March 2017**
Reversal of derivative liability	136.00
Adjustment before income tax	136.00

Standalone balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Derivative liability	-	136.00
Adjustment to retained earnings	-	136.00

D.2 Expected credit loss

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. The impact arising from the change is summarised below:

Standalone statement of profit and loss	**For the year ended 31 March 2017**
Loss allowance on trade receivables	75.10
Adjustment before income tax	75.10

Standalone balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Trade receivables	(3,938.27)	(3,863.17)
Adjustment to retained earnings	(3,938.27)	(3,863.17)

D.3 Newgen ESOP Trust consolidation

In previous GAAP, the Newgen ESOP Trust has been considered as a separate legal entity and loan given to trust has been disclosed as a reduction from share capital and securities premium. However under Ind AS, the ESOP trust has been treated as an extension of the Company and accordingly shares held by Newgen ESOP Trust are netted off from the total share capital. Consequently, all the assets and liabilities of the trust are accounted as assets and liabilities of the Company, except for profit / loss on issue of shares to the employees and dividend received by trust which are directly adjusted in the Newgen ESOP Trust reserve. The impact arising from the change is summarised below:

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

Standalone balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Cash and cash equivalents	17.01	74.03
Loans	(2.00)	(2.00)
Current financial assets	0.56	-
Trade payables	0.17	0.25
Share capital	(107.01)	(100.97)
Newgen ESOP reserve	200.22	175.75
Securities premium	(78.57)	(4.36)
Other current liabilities	0.77	1.35
Adjustment to retained earnings	-	-

D.4 Share - based payments measurement

Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. The impact arising from the change is summarised below:

Standalone statement of profit and loss	**For the year ended 31 March 2017**
Share based payment - equity settled	119.40
Adjustment before income tax	119.40

Standalone balance sheet	**As at 31 March 2017**	**As at 1 April 2016**
Share options outstanding reserve	346.27	242.59
Securities premium	32.75	8.63
General reserve	(0.69)	-
Investment in subsidiary	22.97	15.25
Adjustment to retained earnings	355.37	235.97

D.5 Fair valuation of investments

Under the previous GAAP, investments in government bonds and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2017. The impact arising from the change is summarised below:

Standalone statement of profit and loss	**For the year ended 31 March 2017**
Fair value changes of financial assets at FVTPL - other expenses	(0.71)
Adjustment before income tax	(0.71)

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

Standalone other comprehensive income	For the year ended 31 March 2017
Fair value changes of financial assets at FVOCI	26.59
Adjustment before income tax	26.59

Standalone balance sheet	As at 31 March 2017	As at 1 April 2016
Current investment	41.75	14.46
Adjustment to retained earnings	41.75	14.46

D.6 Finance lease

Under the previous GAAP, leasehold land is capitalized at the amount of upfront premium paid and annual rentals paid are charged to profit or loss.

Under Ind AS, the finance lease obligations are required to be measured at amortised costs. Accordingly, the Company has recorded its lease obligations (premium and rentals) at amortised costs. The impact arising from the change is summarised below:

Standalone statement of profit and loss	For the year ended 31 March 2017
Interest expense	64.57
Depreciation on leasehold land	8.07
Rent expenses	(65.85)
Adjustment before income tax	6.80

Standalone balance sheet	As at 31 March 2017	As at 1 April 2016
Leasehold liability	593.73	600.54
Leasehold land	679.61	700.14
Prepayments	(32.92)	(32.92)
Interest accrued but not due	(32.69)	(25.69)
Adjustment to retained earnings	85.59	92.36

D.7 Measurement of security deposits at amortised costs

Under the previous GAAP, interest free lease security deposits are recorded at their transaction value.

Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits through amortised costs under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. The impact arising from the change is summarised below:

Standalone statement of profit and loss	For the year ended 31 March 2017
Interest income	24.16
Rent expenses	25.91
Adjustment before income tax	(1.75)

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

Standalone balance sheet	As at 31 March 2017	As at 1 April 2016
Loans	(89.49)	(69.71)
Prepayments	80.48	62.07
Adjustment to retained earnings	(9.52)	(7.63)

D.8 Proposed dividend

"Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend (along with related dividend distribution tax) was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. The impact arising from the change is summarised below: "

Standalone Balance sheet	As at 31 March 2017	As at 1 April 2016
Short term provision		(775.78)
Adjustment to retained earnings		775.78

D.9 Remeasurements of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses are directly recognized in equity through other comprehensive income. Under the previous GAAP such gains and losses were recognized in profit or loss. As a result of this change, the profit for the year ended 31 March 2017 has increased by INR 82.88 lakhs. There is no impact on the total equity.

Standalone statement of profit and loss	For the year ended 31 March 2017
Employee benefit expenses	(82.88)
Adjustment before income tax	(82.88)

Standalone Other Comprehensive Income	For the year ended 31 March 2017
Re-measurement gain/(loss) on defined benefit obligations	82.88
Adjustment before income tax	82.88

Standalone balance sheet	As at 31 March 2017	As at 1 April 2016
Other comprehensive income	82.88	-
Adjustment to retained earnings	82.88	-

D.10 Deferred tax adjustment

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The impact arising from the change is summarised below:

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

Standalone statement of profit and loss	For the year ended 31 March 2017
Deferred tax charge	24.05
Adjustment before income tax	24.05

Standalone Other Comprehensive Income	For the year ended 31 March 2017
Tax impact	(19.12)
Adjustment before income tax	(19.12)

Standalone balance sheet	As at 31 March 2017	As at 1 April 2016
Deferred tax assets	1,343.72	1,348.58
Adjustment to retained earnings	1,343.72	1,348.58

Reconciliation of Equity as at 1 April 2016

	Note	As at 31 March 2016 (IGAAP)	Adjustment	As at 1 April 2016 (IND AS)
ASSETS				
Non-current assets				
Property, plant and equipment	D.6	5,528.98	700.14	6,229.12
Capital work-in-progress		604.61	-	604.61
Intangible assets		103.01	-	103.01
Investment in subsidiaries	D.4	707.80	15.25	723.05
Financial assets				
Loans	D.7 & D.3	266.56	(71.71)	194.85
Other financial assets		169.79	-	169.79
Deferred tax assets (net)	D.10	943.67	1,348.58	2,292.25
Income tax assets (net)		808.69	-	808.69
Other non-current assets	D.7	-	46.07	46.07
Total non-current assets		**9,133.11**	**2,038.33**	**11,171.45**
Current assets				
Financial assets				
Investments	D.5	4,501.68	14.46	4,516.14
Trade receivables	D.2	19,438.35	(3,863.17)	15,575.18
Cash and cash equivalents	D.3	2,009.96	74.03	2,083.99
Loans		35.04	-	35.04
Others		2,419.49	-	2,419.49
Other current assets	D.6 & D.7	458.29	(16.92)	441.37
Total current assets		**28,862.81**	**(3,791.59)**	**25,071.21**
TOTAL ASSETS		**37,995.92**	**(1,753.26)**	**36,242.66**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	50C	6,309.41	(100.97)	6,208.44
Other equity				
Securities premium	50C	489.79	4.28	494.07
Retained earnings	50C	13,591.19	(2,009.37)	11,581.82

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

	Note	As at 31 March 2016 (IGAAP)	Adjustment	As at 1 April 2016 (IND AS)
Others (including items of other comprehensive income)	50C	1,835.82	416.13	2,251.95
Total Equity attributable to the owners of the Company		**22,226.21**	**(1,689.93)**	**20,536.28**
Non-current Liabilities				
Financial liabilities				
Borrowings	D.6	1,316.91	600.54	1,917.45
Derivative	D.1	-	136.00	136.00
Long-Term Provisions		1,121.59	-	1,121.59
Total non-current liabilities		**2,438.50**	**736.54**	**3,175.04**
Current liabilities				
Financial liabilities				
Borrowings		5,883.19	-	5,883.19
Trade payables	D.3	1,405.22	0.25	1,405.47
Other financial liabilities	D.6	2,072.45	(25.69)	2,046.76
Deferred Income		2,594.28	-	2,594.28
Other current liabilities	D.3	410.42	1.35	411.77
Short term Provisions	D.8	965.65	(775.78)	189.87
Total current liabilities		**13,331.21**	**(799.87)**	**12,531.34**
Total Liabilities		**15,769.71**	**(63.33)**	**15,706.38**
TOTAL EQUITY AND LIABILITIES		**37,995.92**	**(1,753.26)**	**36,242.66**

Reconciliation of Equity as at 31 March 2017

	Note	As at 31 March 2017 (IGAAP)	Adjustments	As at 31 March 2017 (IND AS)
ASSETS				
Non-current assets				
Property, plant and equipment	D.6	5,364.54	679.61	6,044.15
Capital work-in-progress		1,108.29	-	1,108.29
Intangible assets		70.43	-	70.43
Investment in subsidiaries	D.4	885.14	22.97	908.11
Loans	D.7 & D.3	322.64	(116.21)	206.43
Other financial assets		227.71	-	227.71
Deferred tax assets (net)	D.10	1,012.52	1,343.72	2,356.24
Income tax assets (net)		852.26	-	852.26
Other non-current assets	D.7	24.91	80.48	105.39
Total non-current assets		**9,868.44**	**2,010.56**	**11,879.01**
Current assets				
Financial assets				
Investments	D.5	4,824.29	41.75	4,866.04
Trade receivables	D.2	22,526.31	(3,938.27)	18,588.04

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

	Note	As at 31 March 2017 (IGAAP)	Adjustments	As at 31 March 2017 (IND AS)
Cash and cash equivalents	D.3	2,801.67	17.01	2,818.68
Loans	D.7 & D.3	43.32	24.72	68.04
Others		2,609.39	-	2,609.39
Other current assets	D.6	643.96	(32.92)	611.03
Total current assets		**33,448.94**	**(3,887.70)**	**29,561.22**
TOTAL ASSETS		**43,317.38**	**(1,877.14)**	**41,440.23**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	50C	6,338.31	(107.01)	6,231.30
Other equity				
Securities premium	50C	645.69	(45.82)	599.87
Retained earnings	50C	18,391.14	(2,792.71)	15,598.43
Others (including items of other comprehensive income)	50C	1,833.12	506.42	2,339.54
Total equity attributable to the owners of the Company		27,208.26	(2,439.12)	24,769.14
Non-current Liabilities				
Financial liabilities				
Borrowings	D.6	1,024.26	593.73	1,617.99
Provisions		1,442.97	-	1,442.97
Total non-current liabilities		**2,467.23**	**593.73**	**3,060.96**
Current liabilities				
Financial liabilities				
Borrowings		5,226.18	-	5,226.18
Trade payables	D.3	1,714.35	0.17	1,714.52
Other financial liabilities	D.6	2,902.05	(32.69)	2,869.36
Deferred Income		3,038.66	-	3,038.66
Other current liabilities	D.3	526.97	0.77	527.74
Short term Provisions		233.67	-	233.67
Total current liabilities		**13,641.88**	**(31.75)**	**13,610.13**
Total Liabilities		**16,109.11**	**561.98**	**16,671.09**
TOTAL EQUITY AND LIABILITIES		**43,317.38**	**(1,877.14)**	**41,440.23**

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

Reconciliation of Total Comprehensive Income for the year ended 31 March 2017

Particulars	Note	For the year ended 31 March 2017 (IGAAP)	Adjustment	For the year ended 31 March 2017 (IND AS)
Income				
Revenue from operations		38,311.41	-	38,311.41
Other income	D.7 & D.1	666.45	160.16	826.61
Total income		**38,977.86**	**160.16**	**39,138.02**
Expenses				
Employee benefits expense	D.4 & D.9	18,596.66	36.53	18,633.19
Finance costs	D.6	461.02	64.58	525.60
Depreciation and amortisation expense	D.6	473.80	8.07	481.87
Other expenses	D.2 D.5 D.6 D.7	13,137.50	34.50	13,172.00
Total expenses		**32,668.99**	**143.68**	**32,812.66**
Profit before tax		**6,308.87**	**16.48**	**6,325.36**
Tax expense				
Current tax		1,540.62	-	1,540.62
Deferred tax	D.10	(157.94)	24.05	(133.89)
Tax expense for earlier years		126.24	-	126.24
		1,508.92	**24.05**	**1,532.97**
Profit for the year		**4,799.95**	**(7.57)**	**4,792.39**
Prior period item				
Profit after tax and prior period item				
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability (asset)	D.9	-	(82.88)	(82.88)
Income tax relating to items that will not be reclassified to profit or loss	D.10	-	28.31	28.31
Items that will be reclassified subsequently to profit or loss				
Debt instruments through other comprehensive income - net change in fair value	D.9	-	26.59	26.59
Income tax relating to items that will be reclassified to profit or loss	D.10	-	(9.20)	(9.20)
Other comprehensive income/(loss), net of tax		-	(37.18)	(37.18)
Total comprehensive income/(loss) for the year		**4,799.95**	**(44.76)**	**4,755.22**
Profit attributable to:				
Owners of the company		4,799.95	(7.57)	4,792.39
Profit for the year		4,799.95	(7.57)	4,792.39

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

Particulars	Note	For the year ended 31 March 2017 (IGAAP)	Adjustment	For the year ended 31 March 2017 (IND AS)
Other comprehensive income attributable to:				
Owners of the company		-	(37.18)	(37.18)
Other comprehensive income/(loss) for the year		-	(37.18)	(37.18)
Total comprehensive income attributable to:				
Owners of the company		4,799.95	(44.76)	4,755.21
Total comprehensive income/(loss) for the year		4,799.95	(44.76)	4,755.21

51 Standards issued but not yet effective

A Amendment to Ind AS 21:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the standalone financial statements and the impact is not material.

B Amendment to Ind AS 115:

Ind AS 115- Revenue from Contracts with Customers: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Moreover, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. While, the Company is in the process of implementing Ind AS 115 on financial statement, it is of the view that the accounting policy for certain streams of revenue and related expenses may undergo a change primarily on account of estimating and recognizing extended warranty and unspecified free upgrades in certain contracts and adjusting cost of acquisition of customer.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2018

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

52 Disclosure on Specified Bank Notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed as given below;

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

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

53 As at 31 March 2018, the Company has gross foreign currency receivables amounting to Rs. 15,310.75 lakhs (previous year Rs.14,344.84 lakhs). Out of these receivables, Rs.4,253.83 lakhs (previous year Rs.3,754.91 lakhs) is outstanding for more than 9 months. As per Foreign Exchange Management (Current Account) Rules, 2000 read with Master Circular No. 14/ 2014-15 dated 1 July 2014, receipt for export goods should be realized within a period of 9 months from the date of export. In case of receivables not being realised within 15 months from the date of export, prior approval from Reserve Bank of India (RBI) is required. As per the requirements of Foreign Exchange Management Act, in one calendar year, the Company is allowed to seek extension for an amount equivalent to 10% of the average collection of the last 3 years only and pursuant to the same, the Company has filed the extension for foreign currency receivables amounting to Rs. 1,414.58 lakhs during the year. For remaining receivables, the Company is in the process of applying for approval to seek extension of time beyond 9 months from export date. The management is of the view that the Company will be able to obtain approvals from the authorities for realising such funds beyond the stipulated timeline without levy of any penalties as it had bonafide reasons that caused the delays in realization.

As per our report of even date attached

For **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: Gurugram
Date: 17 May 2018

Diwakar Nigam
Managing Director
DIN: 00263222

Place: New Delhi
Date: 17 May 2018

T. S. Varadarajan
Whole Time Director
DIN: 00263115

Place: New Delhi
Date: 17 May 2018

Arun Kumar Gupta
Chief Financial Officer

Place: New Delhi
Date: 17 May 2018

Aman Mourya
Company Secretary
Membership No: 27299

Place: New Delhi
Date: 17 May 2018